



# Office of the Superintendent of Financial Institutions Canada

## Performance Report

For the period ending  
March 31, 2001

Canada

## **Improved Reporting to Parliament Pilot Document**

Each year, the government prepares Estimates in support of its request to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament.

The Estimates of the Government of Canada are structured in several parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve.

The *Report on Plans and Priorities* provides additional detail on each department and its programs primarily in terms of more strategically oriented planning and results information with a focus on outcomes.

The *Departmental Performance Report* provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the spring *Report on Plans and Priorities*.

The Estimates, along with the Minister of Finance's Budget, reflect the government's annual budget planning and resource allocation priorities. In combination with the subsequent reporting of financial results in the Public Accounts and of accomplishments achieved in Departmental Performance Reports, this material helps Parliament hold the government to account for the allocation and management of funds.

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## Foreword

In the spring of 2000 the President of the Treasury Board tabled in Parliament the document “Results for Canadians: A Management Framework for the Government of Canada”. This document sets a clear agenda for improving and modernising management practices in federal departments and agencies.

Four key management commitments form the basis for this vision of how the Government will deliver their services and benefits to Canadians in the new millennium. In this vision, departments and agencies recognise that they exist to serve Canadians and that a “citizen focus” shapes all activities, programs and services. This vision commits the government of Canada to manage its business by the highest public service values. Responsible spending means spending wisely on the things that matter to Canadians. And finally, this vision sets a clear focus on results – the impact and effects of programs.

Departmental performance reports play a key role in the cycle of planning, monitoring, evaluating, and reporting of results through ministers to Parliament and citizens. Earlier this year, departments and agencies were encouraged to prepare their reports following certain principles. Based on these principles, an effective report provides a coherent and balanced picture of performance that is brief and to the point. It focuses on results – benefits to Canadians – not on activities. It sets the department’s performance in context and associates performance with earlier commitments, explaining any changes. Supporting the need for responsible spending, it clearly links resources to results. Finally the report is credible because it substantiates the performance information with appropriate methodologies and relevant data.

In performance reports, departments strive to respond to the ongoing and evolving information needs of parliamentarians and Canadians. The input of parliamentarians and other readers can do much to improve these reports over time. The reader is encouraged to assess the performance of the organization according to the principles outlined above, and provide comments to the department or agency that will help it in the next cycle of planning and reporting.

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This report is accessible electronically from the Treasury Board of Canada Secretariat Internet site:

<http://www.tbs-sct.gc.ca/rma/dpr/dpre.asp>

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March 31, 2001**

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James Peterson  
The Secretary of State  
(International Financial Institutions)

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## **Section 1: Message from the Minister**

The Office of the Superintendent of Financial Institutions (OSFI) exists primarily to safeguard policyholders, depositors and private plan members from undue loss. It advances and administers a regulatory framework that contributes to public confidence without unduly restricting the competitiveness of the regulated entities. A secondary function is to provide actuarial and other services to the Government of Canada.

In addition to its regulatory work, OSFI formulates supervisory strategies to respond to key risk factors and identifies and assesses the emerging risks created by changing technological and market conditions and takes appropriate action as necessary.

OSFI also provides actuarial and other services to the Government of Canada, unrelated to its supervisory mandate. In order to carry out this responsibility effectively, a separate operating unit, the Office of Chief Actuary (OCA), has been created. A Consultation Committee, made up of clients of the OCA and chaired by the Superintendent, oversees its administration.

Since OSFI's regulatory and supervisory activities are funded entirely by assessments and fees collected from financial institutions and pension plans, any cost increase for these activities would not be borne by taxpayers. However, OSFI is mindful of the financial burden on the regulated entities and is committed to full and open dialogue with its stakeholders on the costs and benefits of its work.

## Section 2: Strategic Context

### 2.1 OSFI's Mission

We are the primary regulator of federal financial institutions and pension plans. Our mission is to safeguard policyholders, depositors and pension plan members from undue loss. We advance and administer a regulatory framework that contributes to public confidence in a competitive financial system. We also provide actuarial services and advice to the Government of Canada.

We are committed to providing a professional, high-quality and cost-effective service.

### 2.2 Mandate and Objectives

OSFI's primary mission is the safeguarding of policyholders, depositors and pension plan members from undue loss. OSFI does this by advancing and administering a regulatory framework that contributes to public confidence in the financial system. In doing so, OSFI strives to ensure it does not unduly impede institutions from competing effectively. In accomplishing its mission, OSFI is committed to providing a professional, high-quality and cost-effective service.

Five key objectives are derived from OSFI's mission:

**Public confidence** - contribute to public confidence by enhancing the safety and soundness of the Canadian financial system through the evaluation of system-wide risks and promotion of sound business and financial practices.

**Safeguard from undue loss** - identify institution-specific risks and trends, and intervene in a timely manner to minimize losses to policyholders, depositors and pension plan members.

**Cost-effectiveness** - maintain a full and open dialogue with our stakeholders on the costs and benefits of our work.

**Competition** - fulfil our regulatory mandate having due regard for the need to allow institutions to compete effectively.

**Quality** - provide a high-quality service by giving employees the tools and professional development to meet the challenges of a rapidly changing environment.

## 2.3 Role, Responsibilities and Organization

OSFI supervises and regulates all banks in Canada, and all federally incorporated or registered trust and loan companies, insurance companies, cooperative credit associations, fraternal benefit societies and pension plans. It was established in 1987 by an Act of Parliament, the *Office of the Superintendent of Financial Institutions Act*.

OSFI also provides actuarial advice to the Government of Canada. It conducts reviews of certain provincially chartered financial institutions by virtue of federal-provincial arrangements or through agency agreements with the Canada Deposit Insurance Corporation (CDIC).

OSFI derives powers from and is responsible for administering the following legislation:

- *Bank Act*
- *Trust and Loan Companies Act*
- *Cooperative Credit Associations Act*
- *Insurance Companies Act*
- *Pension Benefits Standards Act, 1985.*

Each of these Acts sets out the rules for the structure and operation of federally regulated financial institutions and standards for pension plans. The various Acts address the unique aspects of the industry sector each governs, but are designed to be consistent with each other.

OSFI is organized into four sectors: Supervision, Regulation, Specialist Support and Corporate Services. The organization employs over 400 people in offices located in Ottawa, Montreal, Toronto and Vancouver.

OSFI is funded mainly through asset-based, premium-based or membership-based assessments on the industry and a modified user-pay program for selected services. A small portion of OSFI's revenue is derived from the Government of Canada for actuarial services relating to the Canada Pension Plan, the Old Age Security Plan, the Canada Student Loan Program and various public sector pension and benefit plans.



## **Section 3: Performance Accomplishments**

### **3.1 Supervision of Financial Institutions and Pension Plans**

#### **3.1.1 Context and background**

Over the past several years, there has been major growth in the financial sector as assets within the system increased substantially and off-balance sheet assets, including assets under management, grew even more rapidly. Realignment continued in the sector as banks acquired the last of the large trust companies, banks and life insurance companies continued to diversify by moving aggressively into wealth management, and life insurance companies grew their stable of annuities and other banking-type products. Banks also grew their trading operations and proprietary trading became more significant as a source of banking income. Although the government turned down two proposed mergers of major banks, increasing concentration occurred in the banking, life insurance, and property and casualty insurance sectors as a result of a steady flow of smaller mergers and acquisitions and selective rationalization of business lines.

#### **3.1.2 Outcomes Achieved – The difference made on behalf of Canadians, lessons learned and any adjustments being made**

**3.1.2.1 Public Confidence** - *contribute to public confidence by enhancing the safety and soundness of the Canadian financial system through the evaluation of system-wide risks and promotion of sound business and financial practices.*

OSFI is just one of several government agencies that play an important role in contributing to confidence in the Canadian financial system. OSFI contributes to confidence by being an effective regulator and by being effective at identifying and dealing with institution and system wide risks. Confidence is also influenced by internal and external factors beyond the direct control of any of these agencies. So, while we do track public confidence, we also look for smaller, usually less direct, measurements to determine OSFI's performance.

As well as surveys tracking overall public confidence levels, OSFI has been conducting surveys of senior executives in the financial sector, including those working at financial institutions and professionals serving the financial sector.<sup>1</sup> The survey conducted in 2000 showed improvement in most categories over a survey conducted two years earlier. It confirmed that OSFI is a well-respected regulator and seen as competent in carrying out its current responsibilities.

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<sup>1</sup> Both survey results are available on OSFI's website at [www.osfi-bsif.gc.ca](http://www.osfi-bsif.gc.ca).

The Office of the Auditor General (OAG) performed an update review in early 2000 to assess OSFI's progress in responding to recommendations from previous OAG special examinations. The Auditor General concluded in his October 2000 Report that OSFI had made good progress in addressing all recommendations.

### ***Board of Advisors***

In June 2000, OSFI established an Advisory Board to advise the Superintendent on issues related to OSFI's internal operations and general accountabilities. They also have a role in providing feedback on and reviewing OSFI's work in assessing performance. The Advisory Board is made up of seven members with a wide range of financial sector expertise and senior management and operational experience.

In its first year of operation, the Advisory Board met three times in person and once by telephone to discuss and share views on a wide array of issues, such as human resource challenges, business planning, communication strategy and emerging risks/trends in the rapidly changing financial sector. In addition, two Board sub-committees were established: one looked at how OSFI utilizes technology and the other examined OSFI's role in the regulation of capital markets. OSFI has also sought bilateral input from Board members on issues such as its *Reference Document for Assessing the Corporate Governance of Federally Regulated Financial Institutions*.

A primary objective of the Board is to provide the Superintendent with advice on appropriate plans and priorities to ensure OSFI is well positioned to meet its broad objectives. The Board has examined and commented on OSFI performance measures and has had several discussions with relevant third parties regarding OSFI's performance.

#### **3.1.2.2 Safeguard from Undue Loss - *identify institution-specific risks and trends, and intervene in a timely manner to minimize losses to policyholders, depositors and pension plan members.***

Fundamentally, stronger and better-run institutions are safer institutions. OSFI has several reasons to be optimistic about the protection being afforded to policyholders, depositors and pension plan members. In the face of many changes that occurred in the industry, the financial institutions and pension plans supervised by OSFI generally strengthened their financial positions over this period. Virtually every bank supervised by OSFI now meets our target standards for well-capitalized banks, which exceed the minimum international standards of the Basel Committee on Banking Supervision. A similar statement can be made about the trust companies we supervise. At the end of the year, virtually every insurance company supervised by OSFI exceeded its regulatory capital target, including a reasonable "prudential cushion" above minimum capital levels. In addition to strong balance sheets, most companies in the banking/deposit-taking institution and life insurance sectors achieved record or near-record earnings during the past several years. However, results in the property and casualty insurance sector

continued to weaken, reflecting cyclical factors, as well as weak investment returns and problems specific to particular markets.

In evaluating the pension plans it supervises, OSFI looks at solvency margins as one measure of health. At the end of the year 2000, few of the plans for which OSFI is responsible had negative solvency margins and programs were in place to address these situations.

The current financial strength of the financial institutions and pension plans supervised by OSFI can be credited to Canada's strong economic performance in recent years and, of course, to the managements and governing bodies of these entities. OSFI has also played a supporting role by, for example, promoting good risk management practices and encouraging institutions to strengthen capital levels and reserves for losses. In addition, consistent with its early intervention mandate, OSFI initiated a variety of actions when it concluded institutions or pension plans were taking inappropriate risks, failing to limit or control those risks adequately, or facing potential solvency problems. These actions usually encouraged institutions and plans to address OSFI's concerns and allow for their removal from OSFI's "stages of intervention".

In 1995, OSFI initiated "guides to intervention"<sup>2</sup> for the institutions and pension plans that it supervises. These guides describe OSFI's system for categorizing and dealing with institutions whose financial health has become a matter of concern or possible concern to OSFI. At March 31, 2001, OSFI was responsible for supervising some 500 financial institutions and 1,200 pension plans. Of these, 40 entities appeared on OSFI's stages of intervention, with most in the first, "early-warning" stage. This is the lowest number of staged entities since the Guides to Intervention were introduced.

### **3.1.2.3 Competition** - *fulfil our regulatory mandate having due regard for the need to allow institutions to compete effectively.*

In the survey of senior financial sector executives cited in Section 3.1.2.1, 64% responded that OSFI strikes an appropriate balance between safety and competition.

#### ***Registration and Approvals***

One of the areas where OSFI monitors its balance between safety and competition is in the approval of transactions. OSFI is required to approve, or recommend that the Minister approve, many transactions by financial institutions. Over the last seven years, the number of transactions requiring approval has increased from approximately 200 per year to more than 700 in 2000-2001. The volume is continuing to grow. Included in these numbers are complex, multi-stage transactions and major undertakings such as

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<sup>2</sup> The first of these, for federal deposit-taking institutions, was issued jointly with the Canada Deposit Insurance Corporation.

demutualization. OSFI has sought to accommodate the growth in this activity without increasing Registration and Approvals Division staff. It has also sought to improve the level of service and speed of turnaround by re-engineering the approval process. As part of this re-engineering program, in October 2000, OSFI initiated an eight-month pilot project to help prepare for the introduction of a streamlined system of deemed approvals that will take effect once Bill C-8 comes into force in the fall of 2001. Changes under the new legislation to help speed up approvals involve 25 corporate actions that require approval of the Superintendent as prescribed by the *Bank Act*, the *Trust and Loan Companies Act*, the *Insurance Companies Act* or the *Cooperative Credit Associations Act*.

Under the deemed approval process,<sup>3</sup> when institutions file an application with OSFI, the Superintendent has a maximum 30-day period to raise concerns, seek further information or indicate that there will be a delay. If none of these actions is taken, the transaction will be deemed to have been approved. The Superintendent can also explicitly approve or deny the transaction before the end of the 30-day period.

As at May 31, 2001, ninety-one applications had been tracked as if the new legislation was in place. Two-thirds of these applications were processed within 30 days. Longer processing times for the remaining applications mainly were due to delays in receiving required information from applicants, or because transactions formed part of a larger project for which a processing date beyond 30 days was requested. Results of the pilot project to-date demonstrate that OSFI is ready to administer the new deemed approval system, which will enhance the transparency of information requirements and the turnaround time in dealing with applications.

### ***Financial Sector Policy Development***

This fiscal year, OSFI devoted significant resources to the development and refinement of Bill C-8 and related regulations.

Although OSFI has consistently played a role in supporting the development of financial sector policy and the review of legislation and regulations governing federal financial institutions, it has increasingly been responsible for developing policy, legislative and regulatory proposals that relate to issues closely aligned with OSFI's mandate. This enhanced role has enabled OSFI to use its broad knowledge of financial sector issues to more effectively support government policy initiatives that can have a significant impact on how OSFI carries out its mandate.

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<sup>3</sup> A Guidance Note regarding the deemed approvals pilot project, along with an annex containing information requirements for the 21 application types evaluated during the pilot, were posted to OSFI's Web site to assist applicants.

The new regulatory regime embodied in Bill C-8, which received Royal Assent in June 2001, is an important development in federal financial institution policy. This legislation is the result of a public policy decision to enable a more competitive environment through liberalization in several areas. During the year, OSFI's contributions to the development of the new framework included areas of policy and legislation dealing with prudential concerns.

Several initiatives, such as allowing new closely held and smaller banks, bank holding company structures and significantly expanded investment rules, could create new supervisory challenges and ultimately alter the risk characteristics of the financial sector. OSFI's responses to these challenges and its role in implementing the new legislation will be guided by its mandate, which includes recognition of the need for financial institutions to take reasonable risks so they can compete effectively. At the same time, through Bill C-8, OSFI received additional tools to deal with supervisory concerns, including the authority to remove directors and senior officers of federally regulated financial institutions and to levy administrative money penalties in specific circumstances.

**3.1.2.4 Quality** - *provide a high-quality service by giving employees the tools and professional development to meet the challenges of a rapidly changing environment.*

#### ***Streamlining of Guidance***

Since its inception in 1987, OSFI has produced many documents as specific needs arose for reference by federally regulated financial institutions. These documents have included Guidelines, Bulletins, Guidance Notes, Discussion Papers, Supervisory Guides, Instruction Guides and Notices. Over time, the distinction between these groupings became blurred and sometimes made the intent of documents less clear.

To address this situation, OSFI's Regulation Sector began a project during the fiscal year to develop a transparent, user-friendly framework to house the guidance produced for our stakeholders. The new categories, which are expected to be introduced on OSFI's external Web site before the end of 2001, will help users find the guidance documents of interest to them. Enhancements to the Web site, including improved search features and a redesigned navigational bar, will further assist users to quickly locate the information they require.

#### ***Human Resources***

In the most recent survey of senior financial sector executives (see Section 3.1.2.1), respondents suggested that OSFI will be challenged to keep pace with the pace of change in the financial services industry. OSFI's biggest task still lies in continuing to enhance its knowledge and competencies to be able to carry out its responsibilities successfully in the future. This has continuing implications for professional development, recruiting and human resource management.

OSFI has continued to adjust its recruitment approach to combine technical skill evaluations with more behavioural-based assessments. Tools for behavioural-based selection were developed to assist managers in assessing and selecting candidates who best meet both OSFI's current and future needs in terms of leadership ability and other key competencies.

Formal succession planning was conducted for key executive positions, which identified emerging succession requirements and core leadership competencies to meet OSFI's strategic objectives. The findings will enable OSFI to manage the leadership pipeline in the context of the business planning process by developing talent strategies, assessing possible organizational capability gaps, remedying any weaknesses, and establishing action plans for development, coaching, succession planning, and hiring.

OSFI made progress during 2000-2001 with the development of staff competency profiles, which provide OSFI's Professional Development and Training Division (PD&T) with a benchmark of knowledge and skills for each position. In 2000-2001, OSFI offered employees 155 separate courses and seminars and strove to provide training opportunities that are needs based, timely, and closely linked to OSFI's competency profiles.

The Public Service Commission has been reviewing OSFI's compliance with the principles of the *Public Service Employment Act* and the Human Resources Framework negotiated by OSFI as part of its Memorandum of Understanding with the Public Service Commission. OSFI has received consistently good reports from the Commission.

### ***Strengthening Information Management and Technology***

During the period, OSFI made important progress toward implementing its Information Management/Information Technology (IM/IT) Strategic Plan and in adopting Treasury Board of Canada Government On-Line guidelines. Significant achievements in this area included implementation of a more centralized, high-availability IM/IT infrastructure and enhanced use of Web-based technologies for internal and external applications. OSFI also continued to make progress in several other areas, including improvements to the overall security of information and the consolidation of data stores. Redesign of OSFI's Intranet and Web site facilitated the expansion of on-line services and enhanced internal and external information sharing capabilities.

### **3.1.2.5 Cost-effectiveness** – *maintain a full and open dialogue with our stakeholders on the costs and benefits of our work.*

OSFI's regulatory and supervisory activities are funded entirely by assessments and fees collected from financial institutions and pension plans, any cost increase for these activities are not borne by taxpayers. OSFI is mindful of the financial burden on the regulated entities and is committed to full and open dialogue with its stakeholders on the costs and benefits of its work. Annually, OSFI presents its budget to industry associations inviting comment and feedback.

The growth of the financial sector in terms of assets over the past several years has been substantial compared to the modest growth rate of OSFI's costs over the same period. This is a beginning toward the hard data, as opposed to anecdotal information, on OSFI's cost effectiveness that needs to be developed. During fiscal year 2001-02, cost comparisons between OSFI and other financial regulators will be added.

#### ***Web Site***

During 2000, OSFI undertook a major redesign of its Web site, which was re-launched in September of that year. The new site increases the transparency of OSFI's activities and takes better advantage of this medium's ability to make information readily accessible in a cost-effective manner to a wide range of audiences. Improvements will be made to the site on a regular basis, with the next wave of changes to occur in the latter part of 2001 in connection with the streamlining of guidance project.

The revised site contains many new features, including a financial data section for all institutions, a subscriber function that permits users to receive automatic notification when significant new material is posted to the site, and an "On the Issues" section, which highlights recent major postings.

The number of visitors to the redesigned Web site has increased steadily since its launch. An average of nearly 1,000 visitors per day log on to OSFI's Web site, with the vast majority originating from the Toronto area, followed by visitors from the Ottawa, Vancouver and Montreal regions. Visitors from financial institutions account for 65 per cent of the traffic on OSFI's site, while government visitors represent 18 per cent. There were some 900 subscribers by the end of March 2001.

#### **Challenges Remaining**

The financial strength of many of Canada's financial institutions, particularly their strong regulatory capital positions, has in some cases been achieved by their using various risk transfer techniques such as securitization, credit derivatives and financial reinsurance. Not enough is known about the success of such techniques in stress scenarios. This requires more attention from the regulatory community.

Given the current economic slowdown and the length of time that has elapsed since the last recession, OSFI must be prepared for more difficulties in its portfolio of financial institutions and pension plans, notwithstanding current strength. Preparing for problems must continue to be an important priority.

The passage of Bill C-8 creates some important new work for OSFI, including developing its supervisory program for regulated holding companies and preparing to welcome newly incorporated institutions to the financial system, some of which may have higher risk profiles than existing players.

The new Basel Capital Accord will also create significant challenges for banks and supervisors. Although OSFI's preparations are underway, more work remains. Additional effort needs to be applied to refine capital rules so they are consistent across all types of financial institutions.

OSFI has made considerable progress in enhancing the quality of its workplace, but there is still work to be done to improve coordination amongst working groups, and a better allocation of resources based on risks in the financial sector.

Technology is also an important issue for OSFI. While mapping out its directions and enhancing staff competencies, we have continued to implement our Information Management/Information Technology Strategic Plan. However, more can be done to enhance the contribution of technology to more efficient regulation and supervision.



## **3.2 Provision of Actuarial and other services to the Government of Canada**

### **3.2.1 Context and Background**

OSFI's core business is the regulation and supervision of financial institutions and pensions plans. However, it also provides actuarial advice to the Government of Canada for various pension plans and social programs. This function is carried out by the Office of the Chief Actuary (OCA), which is now structured as a division within OSFI's Specialist Support Sector.

OSFI's objective in this area is to provide actuarial and other services to the Government of Canada in a professional, efficient, cost effective and timely manner as well as providing actuarial services to public pension plans that contribute towards maintaining solvency and cost effectiveness of these plans.

The OCA provides actuarial services for the Canada Pension Plan (CPP) and Old Age Security (OAS), and pension and benefits plans covering members of the federal Public Service, the Canadian Forces, the Royal Canadian Mounted Police, federal judges and Members of Parliament. During 2000-2001, the Office was asked to provide an actuarial report on the Canada Student Loans Program.

In addition to preparing statutory actuarial reports on the financial status of the plans, the OCA provides relevant government departments with actuarial advice on the design, funding and administration of these plans. OCA clients include Human Resources Development Canada, Finance, Treasury Board, Public Works and Government Services, the Canadian Forces, the RCMP and Justice.

### **3.2.2 Outcomes Achieved – The difference made on behalf of Canadians, lessons learned and any adjustments being made**

The Office of the Chief Actuary has introduced a number of fresh approaches to carrying out its responsibilities. One of these innovations is the organization of a series of seminars to discuss the key assumptions to be used by the Chief Actuary in preparing his triennial report on the Canada Pension Plan. In November 2000, the OCA hosted the second such seminar entitled "Demographic and Economic Perspectives of Canada, Years 2000-2050." These seminars have featured presentations by experts, including leading economists, on such issues as labour force growth, labour force participation rates and changes in average income, which have been debated by participants that include officials from the federal and provincial governments.

Seven third-party requests for actuarial information and services were received during the year and handled according to the Service Charges Regulations under the *OSFI Act*. An OSFI policy that guides OCA's treatment of all such third-party requests has been in force

since April 2000. The policy ensures OCA applies standardized practices and provides transparency for its operations.

Specific services provided by OCA during the year included:

- a presentation on the financial sustainability of the CPP, delivered in March 2001 to the Canadian Outreach National Team;
- actuarial reports on the Public Service Pension Plan, the RCMP pension plan and the Public Service Life Insurance Plan, tabled in March 2001;
- actuarial advice in the design and costing of the various pension and insurance proposals for judges, as part of Bill C-12, provided at the request of both the Department of Justice and the Judicial Compensation and Benefits Commission; and
- ongoing advice and support given to the Public Sector Pension Investment Board, as well as to the Pension Advisory Committees of the Public Service, the Canadian Forces and the RCMP. Each Committee provides advice on the design, administration and funding of the plan to the relevant Minister.

## Section 4: Financial Tables

### Financial Table 1: Summary of Voted Appropriations

#### A. Authorities for 2000-01

Financial Requirements by Authority (thousand of dollars)

		2000-01 Planned Spending	2000-01 Total Authorities	2000-01 Actual
<b>Vote</b>	<b>Program Name</b>			
	<b>Office of the Superintendent of Financial Institutions</b>			
40	Program Expenditures	1,660	2,193	2,193
	<b>Total Department</b>	<b>1,660</b>	<b>2,193</b>	<b>2,193</b>

## Financial Table 2: Comparison of Total Planned Spending to Actual Spending

Departmental Planned versus Actual Spending by Business Line (thousands of dollars)

Business Lines	FTEs	Operating	Capital	Voted Grants & Contri- butions	Subtotal: Gross Voted Expend- itures	Statutory Grants And Contri- butions	Total Gross Expend- itures	Less: Revenue Credited to the Vote	Total Net Expend- itures
<b>Supervision of Financial Institutions and Pension Plans</b>									
Planned Spending	390	47,496	598		48,094		48,094	48,094	0
<i>(Total Authorities)</i>	<i>390</i>	<i>47,896</i>	<i>598</i>		<i>48,494</i>		<i>48,494</i>	<i>48,094</i>	<i>400</i>
<b>(Actuals)</b>	<b>376</b>	<b>49,481</b>	<b>1,853</b>		<b>51,334</b>		<b>51,334</b>	<b>62,668</b>	<b>(11,334)</b>
<b>Actuarial and other services to the Government of Canada</b>									
Planned Spending	20	2,877			2,877		2,877	1,217	1,660
<i>(Total Authorities)</i>	<i>20</i>	<i>3,010</i>			<i>3,010</i>		<i>3,010</i>	<i>1,217</i>	<i>1,793</i>
<b>(Actuals)</b>	<b>22</b>	<b>2,883</b>	<b>56</b>		<b>2,939</b>		<b>2,939</b>	<b>1,146</b>	<b>1,793</b>
<b>Total</b>									
Planned Spending	410	50,373	598		50,971		50,971	49,311	1,660
<i>(Total Authorities)</i>	<i>410</i>	<i>50,906</i>	<i>598</i>		<i>51,504</i>		<i>51,504</i>	<i>49,311</i>	<i>2,193</i>
<b>(Actuals)</b>	<b>398</b>	<b>52,364</b>	<b>1,909</b>		<b>54,273</b>		<b>54,273</b>	<b>63,814</b>	<b>(9,541)</b>
<b>Cost of Services Provided by Other Departments</b>									
Planned Spending									0
<i>(Total Authorities)</i>									<i>0</i>
<b>(Actuals)</b>									<b>70</b>
<b>Net Cost of the Program</b>									
Planned Spending									1,660
<i>(Total Authorities)</i>									<i>2,193</i>
<b>(Actuals)</b>									<b>(9,471)<sup>1</sup></b>

<sup>1</sup> Due to timing differences on recovery of demutualization costs.

### Financial Table 3: Historical Comparison of Total Planned Spending to Actual Spending

Departmental Planned versus Actual Spending by Business Line (thousands of dollars)					
Business Lines	1998-99	1999-00	2000-01		
	Actual	Actual	Planned Spending	Total Authorities	Actual
Supervision of Financial Institutions and private pension plans	5,195	6,329	0	400	(11,734)
Actuarial and other services to the Government of Canada	1,669	1,597	1,660	1,793	1,793
<b>Total</b>	<b>6,864</b>	<b>7,926</b>	<b>1,660</b>	<b>2,193</b>	<b>(9,541)</b>

### Financial Table 4: Revenues

Revenues Credited to the Vote by Business Line (thousands of dollars)					
Business Lines	1998-99	1999-00	2000-01		
	Actual	Actual	Planned Spending	Total Authorities	Actual
Supervision of financial institutions and private pension plans	43,114	46,584	48,094	48,094	62,668
Actuarial and other services to the Government of Canada	1,022	1,180	1,217	1,217	1,146
<b>Total Revenues Credited to the Vote</b>	<b>44,136</b>	<b>47,764</b>	<b>49,311</b>	<b>49,311</b>	<b>63,814</b>

### Financial Table 5: Capital Spending by Business Line

Capital Spending by Business Line (\$ thousands)					
Business Line	Actual 1998-99	Actual 1999-00	Planned Spending 2000-01	Total Authorities 2000-01	Actual 2000-01
Supervision of financial institutions and private pension plans	451	575	598	598	1,853
Actuarial and other Services to the Government of Canada	15	15			56
<b>Total</b>	<b>466</b>	<b>590</b>	<b>598</b>	<b>598</b>	<b>1,909</b>

### Financial Table 6: Contingent Liabilities

Contingent Liabilities (\$ thousands)		
List of Contingent Liabilities	<u>Amount of Contingent Liability</u>	
	March 31, 2000	March 31, 2001
Loans	–	–
Claims and Pending and Threatened Litigation		
Litigation	2,900	510
<b>Total</b>	<b>2,900</b>	<b>510</b>

## Section 5: Other Information

### Contacts for Further Information and Departmental Web Sites

Name	Title	Address	Phone	Fax
<b>Supervision of Financial Institutions and Pension Plans</b>				
Nick Le Pan	Superintendent of Financial Institutions	255 Albert Street, Ottawa, Ontario K1A 0H2	(613) 990-7500	(613) 993-6782
Edna MacKenzie	Assistant Superintendent	255 Albert Street, Ottawa, Ontario K1A 0H2	(613) 990-7491	(613) 993-6782
Julie Dickson	Assistant Superintendent	255 Albert Street, Ottawa, Ontario K1A 0H2	(613) 990-3667	(613) 993-6782
Michael Hafeman	Assistant Superintendent	255 Albert Street, Ottawa, Ontario K1A 0H2	(613) 990-7805	(613) 993-6782
John Doran	Assistant Superintendent	255 Albert Street, Ottawa, Ontario K1A 0H2	(613) 993-4096	(613) 993-6782
<b>Actuarial and Other Services to the Government of Canada</b>				
Jean-Claude Ménard	Chief Actuary	255 Albert Street, Ottawa, Ontario K1A 0H2	(613) 990-7577	(613) 990-9900
Website: <a href="http://www.osfi-bsif.gc.ca">http://www.osfi-bsif.gc.ca</a>				

### Legislation and Associated Regulations Administered by the Minister of Finance

*Bank Act S.C. 1991, c.46*

*Cooperative Credit Associations Act S.C. 1991, c.48*

*Insurance Companies Act S.C. 1991, c.47*

*Office of the Superintendent of Financial Institutions Act R.S. c. 18 (2<sup>nd</sup> Supp.), Part I*

*Pension Benefits Standards Act, 1985 R.S. c. 32 (2<sup>nd</sup> Supp)*

*Trust and Loan Companies Act S.C. 1991, c. 45*

#### **OSFI Publications \***

OSFI Bulletin

Accounting and Supervisory Guidelines

Manuals of Reporting Forms and Instructions

PBSA Update

\* A charge for printed publications may apply.