



# Office of the Superintendent of Financial Institutions

**2014-15**

## Report on Plans and Priorities

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James M. Flaherty  
Minister of Finance

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## **2014-15**

### **ESTIMATES**

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#### **PART III – Departmental Expenditure Plans: Reports on Plans and Priorities**

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##### **Purpose**

Reports on Plans and Priorities (RPP) are individual expenditure plans for each department and agency. These reports provide increased levels of detail over a three-year period on an organization's main priorities by strategic outcome, program and planned/expected results, including links to related resource requirements presented in the Main Estimates. In conjunction with the Main Estimates, Reports on Plans and Priorities serve to inform members of Parliament on planned expenditures of departments and agencies, and support Parliament's consideration of supply bills. The RPPs are typically tabled soon after the Main Estimates by the President of the Treasury Board.

##### **Estimates Documents**

The Estimates are comprised of three parts:

Part I - Government Expenditure Plan - provides an overview of the Government's requirements and changes in estimated expenditures from previous fiscal years.

Part II - Main Estimates - supports the appropriation acts with detailed information on the estimated spending and authorities being sought by each federal organization requesting appropriations.

In accordance with Standing Orders of the House of Commons, Parts I and II must be tabled on or before March 1.

Part III - Departmental Expenditure Plans - consists of two components:

- Report on Plans and Priorities (RPP)
- Departmental Performance Report (DPR)

DPRs are individual department and agency accounts of results achieved against planned performance expectations as set out in respective RPPs.

The DPRs for the most recently completed fiscal year are tabled in the fall by the President of the Treasury Board.

Supplementary Estimates support Appropriation Acts presented later in the fiscal year. Supplementary Estimates present information on spending requirements that were either not

sufficiently developed in time for inclusion in the Main Estimates or have subsequently been refined to account for developments in particular programs and services. Supplementary Estimates also provide information on changes to expenditure forecasts of major statutory items as well as on such items as: transfers of funds between votes; debt deletion; loan guarantees; and new or increased grants.

For more information on the Estimates, please consult the [Treasury Board Secretariat website](#).<sup>i</sup>

### **Links to the Estimates**

As shown above, RPPs make up part of the Part III of the Estimates documents. Whereas Part II emphasizes the financial aspect of the Estimates, Part III focuses on financial and non-financial performance information, both from a planning and priorities standpoint (RPP), and an achievements and results perspective (DPR).

The Management Resources and Results Structure (MRRS) establishes a structure for display of financial information in the Estimates and reporting to Parliament via RPPs and DPRs. When displaying planned spending, RPPs rely on the Estimates as a basic source of financial information.

Main Estimates expenditure figures are based on the Annual Reference Level Update which is prepared in the fall. In comparison, planned spending found in RPPs includes the Estimates as well as any other amounts that have been approved through a Treasury Board submission up to February 1<sup>st</sup> (See Definitions section). This readjusting of the financial figures allows for a more up-to-date portrait of planned spending by program.

### **Changes to the presentation of the Report on Plans and Priorities**

Several changes have been made to the presentation of the RPP partially to respond to a number of requests – from the House of Commons Standing Committees on Public Accounts (PAC - [Report 15](#)<sup>ii</sup>), in 2010; and on Government and Operations Estimates (OGGO - [Report 7](#)<sup>iii</sup>), in 2012 – to provide more detailed financial and non-financial performance information about programs within RPPs and DPRs, thus improving the ease of their study to support appropriations approval.

- In Section II, financial, human resources and performance information is now presented at the Program and Sub-program levels for more granularity.
- The report's general format and terminology have been reviewed for clarity and consistency purposes.
- Other efforts aimed at making the report more intuitive and focused on Estimates information were made to strengthen alignment with the Main Estimates.

**How to read this document**

RPPs are divided into four sections:

Section I: Organizational Expenditure Overview

This Organizational Expenditure Overview allows the reader to get a general glance at the organization. It provides a description of the organization's purpose, as well as basic financial and human resources information. This section opens with the new Organizational Profile, which displays general information about the department, including the names of the minister and the deputy head, the ministerial portfolio, the year the department was established, and the main legislative authorities. This subsection is followed by a new subsection entitled Organizational Context, which includes the *Raison d'être*, the Responsibilities, the Strategic Outcomes and Program Alignment Architecture, the Organizational Priorities and the Risk Analysis. This section ends with the Planned Expenditures, the Alignment to Government of Canada Outcomes, the Estimates by Votes and the Contribution to the Federal Sustainable Development Strategy. It should be noted that this section does not display any non-financial performance information related to programs (please see Section II).

Section II: Analysis of Program(s) by Strategic Outcome(s)

This Section provides detailed financial and non-financial performance information for strategic outcomes, Programs and sub-programs. This section allows the reader to learn more about programs by reading their respective description and narrative entitled "Planning Highlights". This narrative speaks to key services or initiatives which support the plans and priorities presented in Section I; it also describes how performance information supports the department's strategic outcome or parent program.

Section III: Supplementary Information

This section provides supporting information related to departmental plans and priorities. In this section, the reader will find future-oriented statement of operations and a link to supplementary information tables regarding transfer payments, as well as information related to the greening government operations, internal audits and evaluations, horizontal initiatives, user fees, major crown and transformational projects, and up-front multi-year funding, where applicable to individual organizations. The reader will also find a link to the *Tax Expenditures and Evaluations Report*, produced annually by the Minister of Finance, which provides estimates and projections of the revenue impacts of federal tax measures designed to support the economic and social priorities of the Government of Canada.

Section IV: Organizational Contact Information

In this last section, the reader will have access to organizational contact information.

## **Definitions**

### *Appropriation*

Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

### *Budgetary Vs. Non-budgetary Expenditures*

Budgetary expenditures – operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to crown corporations.

Non-budgetary expenditures – net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

### *Expected Result*

An outcome that a program is designed to achieve.

### *Full-Time Equivalent (FTE)*

A measure of the extent to which an employee represents a full person-year charge against a departmental budget. FTEs are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

### *Government of Canada Outcomes*

A set of high-level objectives defined for the government as a whole.

### *Management Resources and Results Structure (MRRS)*

A common approach and structure to the collection, management and reporting of financial and non-financial performance information.

An MRRS provides detailed information on all departmental programs (e.g.: program costs, program expected results and their associated targets, how they align to the government's priorities and intended outcomes, etc.) and establishes the same structure for both internal decision making and external accountability.

### *Planned Spending*

For the purpose of the RPP, planned spending refers to those amounts for which a Treasury Board (TB) submission approval has been received by no later than February 1, 2014. This cut-off date differs from the Main Estimates process. Therefore, planned spending may include amounts incremental to planned expenditure levels presented in the 2014-15 Main Estimates.

### *Program*

A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results, and that are treated as a budgetary unit.

### *Program Alignment Architecture*

A structured inventory of a department's programs, where programs are arranged in a hierarchical manner to depict the logical relationship between each program and the Strategic Outcome(s) to which they contribute.

*Spending Areas*

Government of Canada categories of expenditures. There are [four spending areas](#)<sup>iv</sup> (social affairs, economic affairs, international affairs and government affairs) each comprised of three to five Government of Canada outcomes.

*Strategic Outcome*

A long-term and enduring benefit to Canadians that is linked to the department's mandate, vision, and core functions.

*Sunset Program*

A time-limited program that does not have on-going funding or policy authority. When the program is set to expire, a decision must be made as to whether to continue the program. (In the case of a renewal, the decision specifies the scope, funding level and duration).

*Whole-of-Government Framework*

A map of the financial and non-financial contributions of federal organizations receiving appropriations that aligns their Programs to a set of high level outcome areas defined for the government as a whole.





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## Message from the Superintendent

This report highlights OSFI's priorities for the 2014-2015 fiscal year. Anticipating and responding to risks emanating from the economy and the financial system is a key priority of OSFI, given our mandate. Thus we will continue to focus on the global economy, and the impact of interest rate conditions on the risk profile of financial institutions and pension plans, and closely monitor household debt levels and real estate lending in Canada. Also responding to external risks, we will focus on assessing institutions' operational risks, including those related to cyber security and outsourcing.



We will continue to participate actively in ongoing peer reviews by the Financial Stability Board (FSB) and the Basel Committee on Banking Supervision (BCBS), as these are important barometers of how we are doing. As well, we will focus on any recommendations contained in the International Monetary Fund's Financial Sector Assessment Program (FSAP) report, was published in 2014.

Another key priority is related to enhancing OSFI's supervisory processes. For large complex federally regulated financial institutions in particular, we will focus on new areas, such as their risk culture. We will also continue to focus on early intervention.

We will monitor implementation of international regulatory reforms and consider appropriate actions for Canada. In the insurance sector, we will implement the reforms set out in the update to the Life Insurance Regulatory Framework and the proposed changes to property and casualty insurance capital requirements. In the pensions sector, we will support the licensing and registering of new Pooled Registered Pension Plans (PRPPs).

To continue fulfilling its mandate, OSFI will also look inward, to further strengthen its high performing and effective workforce, and make investments in corporate infrastructure, particularly in renewing IT systems.

Strong cooperation and communication with our federal partners, such as the Bank of Canada, the Department of Finance, Canada Deposit Insurance Corporation and the Financial Consumer Agency of Canada, will help us continue to achieve our mandate in 2014-15 and in the years to follow.

The contribution to public confidence OSFI has been able to make comes down - as always - to the individual contributions of our employees. Our people are the most important element of our effectiveness. When my term ends in June 2014, I know that my successor, and all Canadians, will be able to count on the ongoing dedication and professionalism of OSFI employees throughout 2014-2015 and beyond.



## Section I: Organizational Expenditure Overview

### Organizational Profile

**Minister:** James M. Flaherty

**Superintendent:** Julie Dickson

**Ministerial portfolio:** Finance

**Year established:** 1987

**Main legislative authorities:** *Office of the Superintendent of Financial Institutions Act* ([OSFI Act](#))<sup>v</sup>

## Organizational Context

### Raison d'être

OSFI was established in 1987 by an Act of Parliament: the *Office of the Superintendent of Financial Institutions Act* (OSFI Act). It is an independent agency of the Government of Canada and reports to Parliament through the Minister of Finance.

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 private pension plans. OSFI's mandate does not include consumer-related issues or the securities industry.

The Office of the Chief Actuary, which is an independent unit within OSFI, provides actuarial valuation and advisory services for the Canada Pension Plan, the Old Age Security program, the Canada Student Loans and Employment Insurance Programs and other public sector pension and benefit plans.

### Responsibilities

The Office of the Superintendent of Financial Institutions (OSFI) was created to contribute to public confidence in the Canadian financial system.

Under our legislation, our mandate is to

- Supervise federally regulated financial institutions (FRFI) and pension plans to determine whether they are in sound financial condition and meeting minimum plan funding requirements respectively, and are complying with their governing law and supervisory requirements;
- Promptly advise institutions and plans in the event there are material deficiencies and take or require management, boards or plan administrators to take necessary corrective measures expeditiously;
- Advance and administer a regulatory framework that promotes the adoption of policies and procedures designed to control and manage risk;
- Monitor and evaluate system-wide or sectoral issues that may impact institutions negatively.

OSFI's legislation has due regard to the need to allow institutions to compete effectively and take reasonable risks. Our legislation also recognizes that management, boards of directors and plan administrators are ultimately responsible and that financial institutions and pension plans can fail.

The Office of the Chief Actuary, which is part of OSFI, provides actuarial services to the Government of Canada.

## Strategic Outcomes and Program Alignment Architecture (PAA)

- 1 **Strategic Outcome One:** A safe and sound Canadian financial system
  - 1.1 **Program:** Regulation and Supervision of Federally Regulated Financial Institutions
    - 1.1.1 **Sub-Program:** Risk Assessment and Intervention
    - 1.1.2 **Sub-Program:** Regulation and Guidance
    - 1.1.3 **Sub-Program:** Approvals and Precedents
  - 1.2 **Program:** Regulation and Supervision of Federally Regulated Private Pension Plans
- 2 **Strategic Outcome Two:** A financially sound and sustainable Canadian public retirement income system
  - 2.1 **Program:** Actuarial Valuation and Advisory Services
    - 2.1.1 **Sub-Program:** Services to the Canada Pension Plan and Old Age Security Program
    - 2.1.2 **Sub-Program:** Services to Public Sector Pension and Insurance Programs
    - 2.1.3 **Sub-Program:** Services to the Canada Student Loans and Employment Insurance Programs

### Internal Services

## Organizational Priorities

Priority	Type	Strategic Outcome(s)
Anticipating and Responding to Risks Emanating from the Economy and Financial System	Ongoing	Strategic Outcomes One and Two
<b>Description</b>		
<p><b>Why is this a priority?</b></p> <p>Economic and financial conditions have a significant impact on the environment within which financial institutions operate. A clear understanding of the risks emanating from the economy and financial systems ensures that effective regulatory and supervisory actions are undertaken.</p> <p><b>Plans for meeting the priority</b></p> <ul style="list-style-type: none"> <li>• Focus on the impact of interest rate conditions on the risk profile of institutions via stress testing; continued monitoring of high household indebtedness and real estate lending.</li> <li>• Respond to recommendations stemming from the International Monetary Fund's Financial Sector Assessment for Canada. As well, participate in and achieve strong results from ongoing peer reviews by the Financial Stability Board (FSB) and the Basel Committee on Banking Supervision (BCBS), such as the BCBS' 2014 review of Basel III implementation in Canada.</li> <li>• Continue to focus on operational risk, including growing cyber security risk data aggregation and outsourcing risks.</li> </ul>		

Priority	Type	Strategic Outcome(s)
Enhancing Supervisory Processes	Ongoing	Strategic Outcome One
<b>Description</b>		
<p><b>Why is this a priority?</b></p> <p>Increasing the effectiveness of supervision is a key pillar of the FSB's efforts to reduce risk in the financial system. In order to remain effective as a supervisor, OSFI must continue to evolve and enhance its supervisory practices in response to changes in the economy and the financial system as well as to meet rising international standards.</p> <p><b>Plans for meeting the priority</b></p> <ul style="list-style-type: none"> <li>• Review OSFI intervention processes at FRFIs to ensure a more timely response to OSFI's expectations.</li> <li>• For large complex FRFIs in particular, focus on new supervisory areas such as assessing risk culture, and implementation of risk appetite.</li> <li>• Establish a process to continually review expectations for small institutions, particularly small and mid-sized banks that would consider the impact of guidelines, methodology and supervisory activities and ensure that these are appropriately scaled to size and complexity.</li> <li>• Review risk management practices in FRFIs in the area of internal audit and succession planning.</li> </ul>		



Priority	Type	Strategic Outcome(s)
Anticipating and Responding to Risks Emanating from Regulatory Reform	Ongoing	Strategic Outcome One
<b>Description</b>		
<p><b>Why is this a priority?</b></p> <p>The global regulatory agenda is changing rapidly. A clear understanding of developments ensures that appropriate actions are undertaken by OSFI to maintain an effective Canadian regulatory framework that continues to be responsive to international reforms.</p> <p><b>Plans for meeting the priority</b></p> <p><u>Banking Reforms:</u></p> <ul style="list-style-type: none"> <li>• Monitor the implementation of banking reforms in other jurisdictions, especially the extent to which they exceed agreed minima, and consider appropriate responses for Canada.</li> <li>• Monitor bank responses to global regulatory reforms and adjust, as appropriate, supervisory or regulatory requirements.</li> <li>• Support Financial Institutions Supervisory Committee (FISC) partner agencies in establishing a sound resolution framework for major banks in Canada.</li> </ul> <p><u>Insurance Reforms:</u></p> <ul style="list-style-type: none"> <li>• Implement the suite of domestic reforms set out in the Life Insurance Regulatory Framework publication, as well as proposed changes to property and casualty insurance capital requirements.</li> <li>• Actively participate in the development of global insurance capital standards. In addition, monitor the implementation of prudential insurance reforms in other jurisdictions and consider appropriate Canadian responses.</li> <li>• Develop a separate capital guideline and update the methodology for determining additional capital requirements for private sector mortgage insurance companies.</li> </ul> <p><u>Pension Reforms:</u></p> <ul style="list-style-type: none"> <li>• Support the implementation of Pooled Registered Pension Plans (PRPP)</li> </ul> <p><u>Accounting, Auditing and Information Disclosure Reforms:</u></p> <ul style="list-style-type: none"> <li>• Actively support the International Accounting Standards Board in achieving convergence with the Financial Accounting Standards Board. In the event of lack of convergence, assess and recommend any actions that need to be taken with respect to OSFI prudential standards.</li> <li>• Ensure that major FRFIs continue to be among the leaders in publicly disclosing information on their financial condition and risk management practices.</li> </ul>		

Priority	Type	Strategic Outcome(s)
A High-Performing and Effective Workforce	Ongoing	Strategic Outcomes One and Two
<b>Description</b>		
<p><b>Why is this a priority?</b></p> <p>Focusing on the learning and development of OSFI employees and enhancing their ability to plan for and adapt to change, will allow for continuing to successfully meet OSFI business goals.</p> <p><b>Plans for meeting the priority</b></p> <ul style="list-style-type: none"> <li>• Deliver internal services, including change management support, to effectively respond to business needs in a timely way while ensuring compliance with OSFI's values and Government of Canada expectations.</li> <li>• Continue to promote the best use of resources, including enhancing OSFI's integrated planning process and supporting documentation, so that resource gaps (skills, tools &amp; financial) and action plans to mitigate risks can be identified more readily.</li> <li>• Continue to actively develop OSFI employees by ensuring that both individual and group learning needs are identified and delivered in a timely and effective way.</li> </ul>		

Priority	Type	Strategic Outcome(s)
An Enhanced Corporate Infrastructure	Ongoing	Strategic Outcomes One and Two
<b>Description</b>		
<p><b>Why is this a priority?</b></p> <p>Continuous strengthening of internal systems, processes, and controls will enable OSFI to work more effectively and efficiently.</p> <p><b>Plans for meeting the priority</b></p> <ul style="list-style-type: none"> <li>• Complete the current Information Technology Renewal (ITR) program and prepare OSFI to be able to adopt future emerging technologies in support of planned business needs.</li> <li>• Continue to develop enterprise-wide information and FRFI data management strategies and frameworks to facilitate informed decision making and efficiently manage OSFI's corporate records.</li> <li>• Continue to strengthen OSFI's framework of internal controls, including reviewing and improving key internal processes, through a risk-based approach.</li> <li>• Define the workplace of the future (physical space, systems, etc.) and develop a plan for achieving it as we enter into new office leases.</li> </ul>		

## Risk Analysis

### Key Risks

Risk	Risk Response Strategy	Link to Program Alignment Architecture
<p><b>Economic, Industry and Regulatory Environment:</b> risk pertaining to the ability of FRFIs and pension plans to cope with the slow economic growth accompanied by exceptionally low interest rates and rising household indebtedness.</p> <p>The risk also links to:</p> <ul style="list-style-type: none"> <li>• strategies and business models adopted by FRFIs and pension plans to yield benefits in such an environment; and</li> <li>• OSFI's ability to foster resilience by positively influencing regulatory changes in the financial sector and through the design and application of its supervisory framework.</li> </ul>	<p>The risk was first identified in the 2012-13 Report on Plans and Priorities (RPP).</p> <p>In addition to continuing to monitor FRFIs and private pension plans, collaborating with various domestic partners to discuss and coordinate approaches to oversight of the financial sector, and participating in international forums to develop and implement best practices, risk response strategies to be specifically implemented in 2014-15 include:</p> <ul style="list-style-type: none"> <li>• Enhancing collaboration with various domestic partners to discuss and coordinate approaches to advance analysis of macroeconomic and systemic risk issues.</li> <li>• Finalization of guidance for mortgage insurance.</li> </ul> <p>Measures that will be used to gauge the effectiveness of the above risk responses implemented in 2014-2015 include:</p> <ul style="list-style-type: none"> <li>• Introduce a new guideline for mortgage insurance companies.</li> </ul>	<p>Program 1.1: <i>Regulation and Supervision of Federally Regulated Financial Institutions</i></p> <p>Program 1.2: <i>Regulation and Supervision of Federally Regulated Private Pension Plans</i></p>
<p><b>Capital Adequacy, Leverage and Liquidity:</b> risk stemming from the redesign of the Basel capital framework for banks and from the need to update prudential regulatory frameworks to address past disruptions in global financial markets. The risk encompasses the downstream effects – intended and unintended – of the changes made.</p>	<p>The risk was first identified in the 2012-13 RPP.</p> <p>In addition to implementing Basel III reforms and monitoring the implementation of banking reforms in other jurisdictions, while at the same time giving consideration to appropriate responses for Canada, OSFI will focus on:</p> <ul style="list-style-type: none"> <li>• Advancing work on a framework for liquidity and leverage requirements.</li> <li>• Advancing work in developing more risk-sensitive capital frameworks for insurance companies.</li> <li>• Furthering the development of revised parental stand-alone capital requirements for banks and insurance companies.</li> </ul> <p>Measures that will be used to gauge the</p>	<p>Program 1.1: <i>Regulation and Supervision of Federally Regulated Financial Institutions</i></p>

Risk	Risk Response Strategy	Link to Program Alignment Architecture
	<p>effectiveness of the above risk responses implemented in 2014-15 include:</p> <ul style="list-style-type: none"> <li>• Finalization of a guideline on liquidity adequacy requirements.</li> <li>• Completion of quantitative impact studies in collaboration with life insurance companies to better assess the impact of proposed changes to life insurance capital requirements.</li> <li>• Implementation of a more risk sensitive standardized approach to the minimum capital test for property and casualty insurers.</li> </ul>	
<p><b>Changes to Accounting and Auditing Standards:</b> changes in standards will affect accounting, loan values and provisions, actuarial standards, and the regulatory capital regime.</p> <p>The risk relates to OSFI's ability to perform accurate risk assessments of financial institutions and to adjust the regulatory capital framework.</p>	<p>The risk was first identified in the 2012-13 RPP.</p> <p>Risk responses reported in 2012-13 and ongoing include the following.</p> <p>In addition to monitoring and participating in domestic and international work efforts to identify and ensure that any issues that arise are addressed in FRFI prudential and disclosure requirements, OSFI will ensure that:</p> <ul style="list-style-type: none"> <li>• Changes are embedded into regulatory and supervisory processes.</li> <li>• Disclosures emanating from international bodies are treated domestically in a cohesive manner through the implementation of accounting disclosure guidance.</li> </ul> <p>Measures that will be used to gauge the effectiveness of the above risk responses implemented in 2014-15 include:</p> <ul style="list-style-type: none"> <li>• Timely changes to disclosure reporting requirements.</li> <li>• New guidance or amendments to existing guidance is clear and relevant to industry stakeholders.</li> </ul>	<p>Program 1.1: <i>Regulation and Supervision of Federally Regulated Financial Institutions</i></p>

The environment within which OSFI operates presents an array of challenges to the achievement of its mandate and objectives. While many of these challenges are consistently present, the extent to which they pose a risk to OSFI's objectives varies, depending on economic and financial conditions and the financial industry environment. OSFI's ability to achieve its mandate depends on the timeliness and effectiveness with which it identifies, evaluates, prioritizes, and develops initiatives to address areas where its exposure is greatest.

In 2012-13, OSFI identified three externally-driven risks that were of concern and put forward strategies to address them. These risks and their accompanying responses are still relevant today as mitigation actions continue to unfold. Close scrutiny is placed on these external risks in light of the rapid changes in the industry coupled with the low interest rate environment and changing international and domestic regulatory requirements.

As a byproduct of OSFI's responses to external risks stemming from the financial crisis and from continuing uncertain economic and financial conditions, the organization grew in size and underwent a number of changes, including the expansion of its supervisory mandate to include the Canada Mortgage and Housing Corporation (CMHC). While such growth and changes were necessary, they led to the identification of two risks in 2013-14:

- Organizational structure, cohesiveness and accountability (i.e. the risk to OSFI if various groups of employees within OSFI do not operate cohesively); and
- Change management (i.e. the risk to OSFI arising from how operational changes are managed).

To address these risks, OSFI will continue to dedicate resources to improving its operations. Heightened attention will be placed on management of change, particularly to the maturing of organizational change management processes and thorough information management practices and governance. OSFI will also dedicate efforts to strengthening decision making processes associated with regulatory and supervisory interventions. OSFI will continue to ensure that it is appropriately organized to support the growth and changes that took place in recent years.

While the focus of this section is on external risks (see the Key Risks table), the two key internal risks coming out of the Corporate Risk Profile are highlighted given the important role their mitigation plays in responding to changes in the business environment.

## Planned Expenditures

### Budgetary Financial Resources (Planned Spending — dollars)

<b>2014–15 Main Estimates</b>	<b>2014–15 Planned Spending</b>	<b>2015–16 Planned Spending</b>	<b>2016–17 Planned Spending</b>
142,763,529	142,763,529	163,302,148	164,621,566

The financial resources table above provides a summary of the total planned spending for OSFI for the next three fiscal years.

### Human Resources (Full-Time Equivalents—FTEs)

<b>2014–15</b>	<b>2015–16</b>	<b>2016–17</b>
669	662	662

The human resources table above provides a summary of the total planned full-time equivalent resources for OSFI for the next three fiscal years.

### Budgetary Planning Summary for Strategic Outcomes and Program(s) (dollars)

Strategic Outcomes, Programs and Internal Services	2011–12 Expenditures	2012–13 Expenditures	2013–14 Forecast Spending	2014–15 Main Estimates	2014–15 Planned Spending	2015–16 Planned Spending	2016–17 Planned Spending
<b>Strategic Outcome 1: A safe and sound Canadian financial system.</b>							
1.1 Regulation and Supervision of Federally Regulated Financial Institutions	62,789,318	67,148,283	75,355,803	77,788,097	77,788,097	79,909,307	82,886,559
1.2 Regulation and Supervision of Federally Regulated Private Pension Plans	5,529,297	4,719,130	4,577,571	4,420,260	4,420,260	4,601,001	4,772,664
<b>Strategic Outcome 1 Subtotal</b>	68,318,615	71,867,413	79,933,374	82,208,357	82,208,357	84,510,308	87,659,223
<b>Strategic Outcome 2: A financially sound and sustainable Canadian public retirement income system.</b>							
2.1 Actuarial Valuation and Advisory Services	4,179,762	4,475,526	5,163,724	5,231,775	5,231,775	5,423,820	5,631,855
<b>Strategic Outcome 2 Subtotal</b>	4,179,762	4,475,526	5,163,724	5,231,775	5,231,775	5,423,820	5,631,855
<b>Internal Services Subtotal</b>	52,324,681	52,296,952	67,433,168	55,323,397	55,323,397	73,368,020	71,330,488
<b>Total</b>	124,823,058	128,639,891	152,530,266	142,763,529	142,763,529	163,302,148	164,621,566

Actual spending increased 3.1% from 2011-12 to 2012-13, mostly within the Regulation and Supervision of Federally Regulated Financial Institutions program. During this period, OSFI's mandate expanded to include the oversight of Canada Mortgage and Housing Corporation's (CMHC) commercial activities. Spending within the Regulation and Supervision of Federally Regulated Private Pension Plans program returned to normal levels in 2012-13 with the completion of the development and implementation of a new system to enhance pension plan supervision.

Outside of the fluctuations within Internal Services outlined below, increases in 2013-14 and beyond are attributed to the full year impact of new resources added in 2012-13 and to annual merit and inflationary increases per the collective agreements.

Spending in the Internal Services program is expected to increase 28.9% in 2013-14 due to costs associated with the implementation of OSFI's Information Technology Renewal (ITR) program, an increase in FTEs to support regulatory and supervisory initiatives, higher facilities costs associated with incremental space to accommodate the larger staff complement in Toronto and Ottawa, and the settlement of a pay equity claim dating from 1987 to 1997 that was previously provisioned for but paid out in 2013-14. The reduced level of spending in 2014-15 reflects the completion of the implementation of OSFI's five-year IM/IT Strategy and the return to normal levels of investments in IM/IT to upgrade systems and renew core infrastructure and applications. Costs are expected to rise again in 2015-16 as OSFI's Toronto office lease expires in February 2016.

## Alignment to Government of Canada Outcomes

### 2014–15 Planned Spending by [Whole-of-Government-Framework Spending Area](#) (dollars)

Strategic Outcome	Program	Spending Area	Government of Canada Outcome	2014–15 Planned Spending
1. A safe and sound Canadian financial system.	1.1 Regulation and Supervision of Federally Regulated Financial Institutions	Economic Affairs	Strong economic growth	77,788,097
	1.2 Regulation and Supervision of Federally Regulated Private Pension Plans	Economic Affairs	Income security and employment for Canadians	4,420,260
2. A financially sound and sustainable Canadian public retirement income system.	2.1 Actuarial Valuation and Advisory Services	Economic Affairs	Income security and employment for Canadians	5,231,775

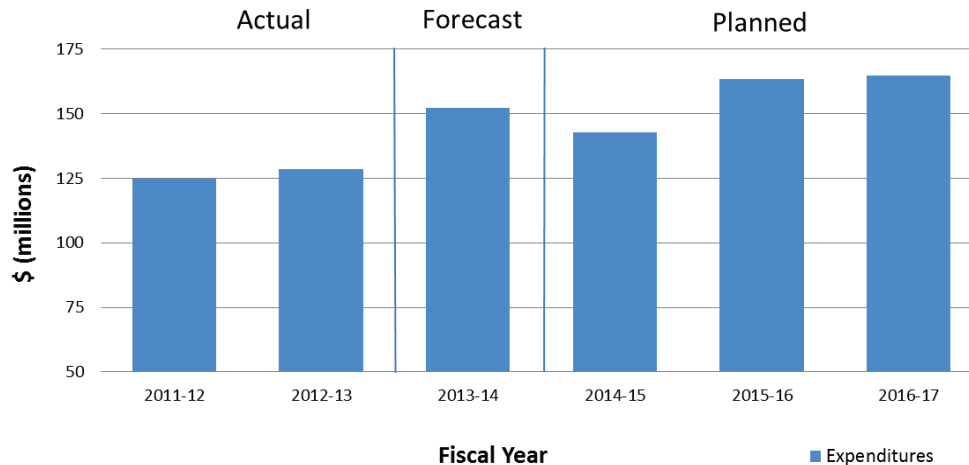
### Total Planned Spending by Spending Area (dollars)

Spending Area	Total Planned Spending
Economic Affairs	87,440,132
Social Affairs	0
International Affairs	0
Government Affairs	0



## Agency Spending Trend

### Agency Spending Trend Graph



In accordance with the Treasury Board Secretariat's *Guide to the Preparation of Part III of the 2014-2015 Estimates*, the financial and human resources presented in this Report on Plans and Priorities reflect OSFI's approved Annual Reference Level Update (ARLU) estimates, which were prepared in fall 2013. At the time of writing this Report on Plans and Priorities (RPP), OSFI was completing its business planning process for fiscal years 2014-15 to 2017-18 and assessing its capacity requirements. Any changes to OSFI's approved ARLU estimates as a result will be reflected in next year's RPP.

The 2012-13 fiscal year saw growth of 3.1%, primarily driven by an increase in personnel costs, which typically account for approximately 75% of OSFI's spending. Effective July 2012, OSFI's mandate expanded to include the review and assessment of the safety and soundness of CMHC's commercial activities, largely their mortgage insurance and securitization programs, resulting in a required increase in resources.

OSFI's 2013-14 expenditures are forecasted to increase by an additional 18.6%, to \$152,530,266 primarily due to the curtailment of severance for unionized employees, the full-year impact of employees hired during 2012-13, normal inflation and merit adjustments, investments in OSFI's Information Technology Renewal (ITR) program, and the settlement of a pay equity claim dating from 1987 to 1997 that was previously provisioned for but paid out in 2013-14.

As OSFI's 5-year ITR program is expected to be completed in 2014-15, expenditures are expected to decrease 6.4% over 2013-14, but will increase 14.4% in 2015-16 as leasehold improvements will be required with the relocation of OSFI's Toronto office when the lease expires in 2016. During the planning years, OSFI's staff complement is expected to remain relatively stable and will continue to place a priority on responding to risks emanating from the economy, with a focus on the impact of low interest rates, rising household indebtedness and ongoing challenges in major foreign economies on FRFIs, pension plans and CMHC.

## Estimates by Vote

For information on OSFI's organizational appropriations, please see the [2014–15 Main Estimates publication](#).<sup>vi</sup>

## Contribution to the Federal Sustainable Development Strategy (FSDS)

OSFI also ensures that its decision-making process includes a consideration of the FSDS goals and targets through the strategic environmental assessment (SEA). An SEA for policy, plan or program proposals includes an analysis of the impacts of the proposal on the environment, including on the FSDS goals and targets. The results of SEAs are made public when an initiative is announced or approved, demonstrating that environmental factors were integrated into the decision-making process.

## Section II: Analysis of Programs by Strategic Outcome

Strategic Outcome One: *A safe and sound Canadian financial system.*

### Program 1.1: *Regulation and Supervision of Federally Regulated Financial Institutions*

#### Description:

This program involves regulating and supervising federally regulated financial institutions (FRFIs) to determine whether they are in sound financial condition and are complying with their governing statute law and supervisory requirements; monitoring the financial and economic environment to identify issues that may impact these institutions negatively; and intervening in a timely manner to protect depositors and policyholders from undue loss, while recognizing that management and boards of directors are ultimately responsible, and that financial institutions can fail.

Costs for this program are recovered through base assessments and user fees and charges paid by the federally regulated financial institutions covered under the *Bank Act*, *Trust and Loan Companies Act*, *Insurance Companies Act* and *Cooperative Credit Associations Act*. The Office of the Superintendent of Financial Institutions also receives revenues for cost-recovered services to provinces, for which it provides supervision of their institutions on a fee for service basis.

#### Budgetary Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2015–16 Planned Spending	2016–17 Planned Spending
77,788,097	77,788,097	79,909,307	82,886,559

#### Human Resources (FTEs)

2014–15	2015–16	2016–17
413	412	412

#### Performance Measurement

Expected Results	Performance Indicators	Targets	Date to be Achieved
Protect depositors and policy holders while recognizing that all failures	Estimated Recoveries on Failed Institutions (percentage recovered per dollar of claim).	90%	March 31, 2015

Expected Results	Performance Indicators	Targets	Date to be Achieved
cannot be prevented.	Percentage of institutions with a Composite Risk Rating of low or moderate.	80%	March 31, 2015
OSFI's regulatory and supervisory framework is consistent with international standards.	OSFI's regulatory and supervisory framework is deemed consistent with international standards.	100%	March 31, 2015

### **Planning Highlights**

As outlined in the organizational priorities section of this report, the overall focus for this program continues to be anticipating and responding to economic and financial system risks and risks emanating from international and domestic regulatory reform. In responding to changes related to these risks, OSFI will continue to evolve and enhance its supervisory practices while ensuring an effective regulatory framework is in place which focuses on protecting depositors and policy holders.

OSFI will also be responding to any recommendations stemming from the 2013 International Monetary Fund's Financial Sector Assessment for Canada.

## Sub-Program 1.1.1: *Risk Assessment and Intervention*

### Description:

OSFI regulates and supervises financial institutions to determine whether they are in sound financial condition and are complying with their governing statute law and supervisory requirements. This program involves the administration and application of an effective supervisory process to assess the safety and soundness of regulated financial institutions by evaluating an institution's risk profile, financial condition, risk management processes, and compliance with applicable laws and regulations. This program includes activities to monitor and supervise financial institutions; monitor the financial and economic environment to identify emerging issues; and intervene on a timely basis when a financial institution's business practices may be imprudent or unsafe, by exercising supervisory powers to take, or require management or boards to take, necessary corrective measures as rapidly as possible to protect depositors and policy holders, while recognizing that all failures cannot be prevented.

### Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2015–16 Planned Spending	2016–17 Planned Spending
55,287,655	56,750,111	58,864,501

### Human Resources (FTEs)

2014–15	2015–16	2016–17
282	281	281

### Performance Measurement

Expected Results	Performance Indicators	Targets	Date to be Achieved
Issues in institutions are identified and acted on at an early stage.	Percentage of supervisory rating increases that are two or more levels within any rolling three month period.	20%	March 31, 2015
	Percentage of supervisory letters that are issued within established standards.	80%	March 31, 2015

### Planning Highlights

For this sub-program, OSFI will focus on enhancing its supervisory processes through the following activities:

- Review OSFI intervention processes at FRFIs to ensure more timely response to OSFI's expectations.

- For large complex FRFIs in particular, focus on new supervisory areas such as assessing risk culture, and implementation of risk appetite.
- Ensuring OSFI's supervisory practices are appropriate to the size and complexity of smaller FRFIs, including foreign branches and subsidiaries.
- Continuing OSFI's evolution of its Supervisory methodology and practices.
- Conducting stress-testing for adverse scenarios and emerging risks, including risks to highly indebted consumers, shocks to interest rate, currency and equity markets, as well as a long period of low interest rates.
- Assessing operational risk, particularly in the area of cyber risk.
- Promoting improved risk management practices in FRFIs by assessing risk culture, and the effectiveness of organizations' risk appetite frameworks, strategic plans and internal control frameworks.

These efforts will contribute to reaching or exceeding established performance targets.

## Sub-Program 1.1.2: *Regulation and Guidance*

### Description:

This program involves advancing and administering a regulatory framework of rules and guidance that promotes the adoption by regulated financial institutions of sound risk management practices, policies and procedures designed to plan, direct and control the impact on the institution of risks arising from its operations. This program encompasses the issuance of regulations and guidance, input into federal legislation and regulations affecting financial institutions; contributions to accounting, auditing and actuarial standards; and involvement in a number of international regulatory activities.

### Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2015–16 Planned Spending	2016–17 Planned Spending
16,353,979	16,816,425	17,442,969

### Human Resources (FTEs)

2014–15	2015–16	2016–17
101	101	101

### Performance Measurement

Expected Results	Performance Indicators	Targets	Date to be Achieved
Timely response to market changes and/or industry suggestions that guidance need updating.	Percentage of industry stakeholders who rate OSFI as good or very good at responding in a timely manner to market changes or to industry suggestions that guidance need updating.	75%	March 31, 2015
Guidance effectively communicates OSFI's expectations.	Percentage of industry stakeholders that rate OSFI's guidance as somewhat or very effectively indicating OSFI's expectations.	75%	March 31, 2015
Industry is consulted on the development of guidance.	Percentage of industry stakeholders that rate OSFI as good or very good at consulting with industry on the development of guidance.	70%	March 31, 2015

## **Planning Highlights**

The focus of this sub-program continues to be ensuring that OSFI's regulatory framework remains effective and responsive by undertaking appropriate adjustments to align with international and domestic developments in the following areas:

### Banking:

- Implementing Basel reforms and monitoring the implementation of banking reforms in other jurisdictions, as well as monitoring the bank responses to global regulatory reforms and adjust, as appropriate, supervisory or regulatory requirements.
- Supporting FISC partner agencies in establishing a sound resolution framework for major banks and life insurers in Canada.
- Issuing a Liquidity Adequacy Requirements Guideline, updating the Derivatives Best Practices Guideline, and developing new guidance in the areas of operational risk and business continuity management.

### Insurance:

- Implementing the suite of domestic reforms set out in the Life Insurance Regulatory Framework publication, including continuing development work on more risk sensitive standardized capital framework (Minimum Continuing Capital and Surplus Requirements (MCCSR)) for life insurers (including segregated funds).
- Issuing the final version of a more risk sensitive Minimum Capital Test (MCT) guideline for property and casualty insurers.
- Developing guidelines on best practices for mortgage insurance, capital for mortgage insurance companies, and updating the methodology for determining the additional capital requirement for private sector mortgage insurers.
- Participating in the development of global insurance capital standards and monitoring the implementation of insurance reforms in other jurisdictions as well as considering appropriate Canadian responses.

### Both banking and insurance:

- Finalizing the stand alone parental capital framework.

### Accounting:

- Monitoring and participating in developments in international accounting and auditing standards to identify and ensure that any issues are addressed in FRFI prudential and disclosure requirements.
- Supporting and monitoring the efforts of the six major Canadian banks to implement the recommendations of the Financial Stability Board's Enhanced Disclosure Task Force.

These efforts will contribute to reaching or exceeding established performance targets.



## Sub-Program 1.1.3: *Approvals and Precedents*

### Description:

Federally regulated financial institutions are required to seek regulatory approval for certain types of transactions. This program: evaluates and processes applications for regulatory consent; establishes positions on the interpretation and application of the federal financial institutions legislation, regulations and guidance; identifies precedential transactions that may raise policy or precedent-setting issues and develops recommendations that recognize the need to allow institutions to compete effectively while undertaking reasonable risks that do not unduly impact the Office of the Superintendent of Financial Institution's primary stakeholders, the policyholders and depositors of FRFIs.

### Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2015–16 Planned Spending	2016–17 Planned Spending
6,146,463	6,342,771	6,579,089

### Human Resources (FTEs)

2014–15	2015–16	2016–17
30	30	30

### Performance Measurement

Expected Results	Performance Indicators	Targets	Date to be Achieved
Provide transparent and timely decisions on regulatory approvals.	Percentage of industry stakeholders that understand somewhat or very well the basis upon which OSFI makes its decisions as part of the approval process.	85%	March 31, 2015
	Percentage of completed applications for regulatory approvals that are processed within established standards.	90%	March 31, 2015

### Planning Highlights

The uncertain economic climate puts pressure on many small bank business models, which will present challenges for OSFI's review of these applications. At the same time, the federal government's initiative to promote entry and growth of small financial institutions has the potential to lead to an increase in such applications. OSFI will monitor the impact of this initiative on its approach to new entry applications and determine if any changes may be required. In addition, OSFI will introduce a new process for approving reinsurance with unregistered related reinsurers beginning in 2014.

## Program 1.2: *Regulation and Supervision of Federally Regulated Private Pension Plans*

### Description:

This program involves regulating and supervising federally regulated private pension plans to determine whether they are meeting minimum plan funding requirements and are complying with their governing law and supervisory requirements. This program provides risk assessments of pension plans covering employees in federally regulated areas of employment; timely and effective intervention and feedback to protect the financial interests of plan members and beneficiaries from undue loss, while recognizing that plan administrators are ultimately responsible, and that plans can fail; a balanced relevant regulatory framework; and a prudentially effective and responsive approvals process. This program incorporates risk assessment and intervention, regulation and guidance, and approvals and precedents related to federally regulated private pension plans under the *Pension Benefits Standards Act, 1985*. The costs for this program are recovered from pension plan fees based on the number of members in each federally regulated pension plan.

### Budgetary Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2015–16 Planned Spending	2016–17 Planned Spending
4,420,260	4,420,260	4,601,001	4,772,664

### Human Resources (FTEs)

2014–15	2015–16	2016–17
27	27	27

### Performance Measurement

Expected Results	Performance Indicators	Targets	Date to be Achieved
Issues in plans are identified and acted on at an early stage.	Percentage of stage rating increases that are two or more levels within any rolling three month period.	20%	March 31, 2015
OSFI is perceived as being effective in monitoring and supervising pension plans.	Percentage of industry stakeholders that rate OSFI as “somewhat effective” or “very effective” in monitoring and supervising their pension plan(s).	75%	March 31, 2015
Guidance effectively communicates OSFI’s expectations.	Percentage of industry stakeholders that rate OSFI Guidance as “somewhat effective” or “very effective” in providing an indication of OSFI’s expectations.	75%	March 31, 2015

**Planning Highlights**

As part of anticipating and responding to risks emanating from the economy, financial system and regulatory reform, this program will focus on:

- Continuing to develop internal processes and external guidance needed to support the implementation of Pooled Registered Pension Plans (PRPPs) as per the *Pool Registered Pensions Plans Act*.
- Working with the Canadian Association of Pension Supervisory Authority's (CAPSA) PRPP Committee to develop a coordinated supervisory approach.
- Updating and enhancing external guidance to reflect recent changes to federal pension legislation and regulations.
- Reviewing and considering modifications or enhancements to, pension supervision processes in the targeted areas of:
  - supervision of defined contribution pension plans; and
  - best practices for oversight of investment risk.

These efforts will contribute to reaching or exceeding established performance targets.

## Strategic Outcome Two: *A financially sound and sustainable Canadian public retirement income system*

### Program 2.1: *Actuarial Valuation and Advisory Services*

#### Description:

The federal government and the provinces, through the Canada Pension Plan (CPP), public sector pension arrangements and other social programs have made commitments to Canadians and have taken on emanated responsibility for the financing of these commitments. Some are long-term and it is important that decision-makers, Parliamentarians and the public understand these and the inherent risks. This program plays a vital and independent role in this process. It provides checks and balances on the future costs of the different pension plans under its responsibilities.

This program provides a range of actuarial services, under legislation, to the CPP and some federal government departments. It conducts statutory actuarial valuations of the CPP, Old Age Security (OAS) and Canada Student Loans programs, and pension and benefits plans covering the Federal Public Service, the Canadian Forces, the Royal Canadian Mounted Police (RCMP), federally appointed judges, and Members of Parliament.

The Office of the Chief Actuary (OCA) is funded by fees charged for its actuarial valuation and advisory services and by an annual parliamentary appropriation.

#### Budgetary Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2015–16 Planned Spending	2016–17 Planned Spending
5,231,775	5,231,775	5,423,820	5,631,855

#### Human Resources (FTEs)

2014–15	2015–16	2016–17
35	35	35

#### Performance Measurement

Expected Results	Performance Indicators	Targets	Date to be Achieved
Stewards of Canada's public retirement income system receive accurate, high quality and timely professional actuarial	Attestation of panel of three Canadian peer actuaries selected by an international independent body that the OCA provides accurate, high quality and professional	100% agreement among all three members of peer review panel	March 31, 2015

Expected Results	Performance Indicators	Targets	Date to be Achieved
services and advice.	services and advice.		
	Use of the OCA's work by the Office of the Auditor General (OAG) as an independent evidence for Public Accounts Canada.	Confirmation from the OAG	March 31, 2015
	Reports are provided to the Minister for tabling in Parliament as per statutory deadlines.	100%	March 31, 2015

### Planning Highlights

As part of the OCA's commitment to provide checks and balances on the future costs of the different pension plans and social programs within its scope of responsibility, the OCA will prepare several statutory reports in 2014-15.

Other projects planned include the publication of several actuarial studies as part of the implementation of recommendations from the most recent peer review. The OCA will also continue to provide expert actuarial advice and services to provincial Ministries of Finance and federal government departments such as the Treasury Board Secretariat, Employment and Social Development Canada (ESDC), Finance Canada, Department of Justice, and the Privy Council Office.

## Sub-Program 2.1.1: *Services to the Canada Pension Plan and Old Age Security Program*

### Description:

This program involves the conduct of statutory actuarial valuations of the Canada Pension Plan (CPP) and Old Age Security (OAS) Program. These valuations estimate the financial status of these plans and programs as required by legislation. This program estimates long-term expenditures, revenues and current liabilities of the Canada Pension Plan and estimates long-term future expenditures for Old Age Security programs. Pursuant to the *Canada Pension Plan* and the *Public Pensions Reporting Act*, the Office of the Chief Actuary prepares statutory triennial actuarial reports on the financial status of these programs, as required by legislation.

### Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2015–16 Planned Spending	2016–17 Planned Spending
1,813,723	1,914,429	1,987,858

### Human Resources (FTEs)

2014–15	2015–16	2016–17
11	11	11

### Performance Measurement

Expected Results	Performance Indicators	Targets	Date to be Achieved
Provide accurate, high quality and timely actuarial valuations informing Canada Pension Plan (CPP) and Old Age Security (OAS) stakeholders and Canadians of the current and projected financial status of the Plan and Program.	CPP actuarial valuations are deemed accurate and high quality	100%	March 31, 2015
	Percentage of recommendations from the previous peer review report and within the scope and influence of the Office of the Chief Actuary (OCA) that are implemented before the next peer review.	80%	March 31, 2017
	Reports on CPP and OAS are provided to the Minister for tabling in Parliament as per statutory deadlines.	100%	March 31, 2015

**Planning Highlights**

The OCA will submit the Actuarial Report on the OAS Program as at December 31, 2012 to the Minister of Employment and Social Development Canada. This actuarial report estimates the long-term future expenditures of the OAS program which is one of the cornerstones of Canada's retirement income system and is financed from Government of Canada general tax revenues. In 2014-15, the OCA will assist the federal, provincial and territorial ministers of Finance in their triennial review of the CPP. The OCA will also begin implementing the most recent Peer Reviewer recommendations following the review of the Actuarial Report (26<sup>th</sup>) on the Canada Pension Plan as at December 31, 2012 performed during the 2013-14 fiscal year.

In conducting actuarial valuation, the OCA will strive to meet or exceed its accuracy, quality, and timeliness performance targets.

## Sub-Program 2.1.2: *Services to Public Sector Pension and Insurance Programs*

### Description:

This program involves the conduct of statutory actuarial valuations of various federal public sector employee pension and insurance plans. These valuations estimate the financial status of these plans as required by legislation. Pursuant to the *Public Pensions Reporting Act*, this program involves preparing statutory triennial actuarial reports on the financial status of federal public sector employee pension and insurance plans covering the federal Public Service, the Canadian Forces, the Royal Canadian Mounted Police, the federally appointed judges and Members of Parliament. This program supports plan members, thereby serving the public interest, by ensuring good governance of the plan, appropriate disclosure in the actuarial reports and contributing to the overall accountability of the plan sponsor to members. This program also involves the provision of sound actuarial advice that assists different government departments in the design, funding and administration of these plans. As part of this program, the Chief Actuary submits the actuarial reports to the President of Treasury Board.

### Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2015–16 Planned Spending	2016–17 Planned Spending
2,565,065	2,642,102	2,743,442

### Human Resources (FTEs)

2014–15	2015–16	2016–17
18	18	18

### Performance Measurement

Expected Results	Performance Indicators	Targets	Date to be Achieved
Provide accurate, high quality and timely actuarial valuation reports on Public Pension and Insurance Plans to departments to assist with design, funding and administration of the plans.	Public Pension and Insurance Plans valuations are deemed accurate and high quality.	100%	March 31, 2015
	Reports on actuarial valuation of Public Pensions and Insurance Plans are provided to the President of Treasury Board for tabling in Parliament as per statutory deadlines.	100%	March 31, 2015



**Planning Highlights**

The OCA will submit, to the President of the Treasury Board, the Actuarial Reports on the Pension Plan for the Canadian Forces (Regular Force), the Pension Plan for the Canadian Forces (Reserve Force), the Regular Force Death Benefit Account, the Pension Plan for the Public Service of Canada, the Public Service Death Benefit Account and the Benefit Plan Financed Through the Royal Canadian Mounted Police (Dependants) Pension Fund. These reports provide actuarial information to decision makers, Parliamentarians and the public, thereby increasing transparency and confidence in Canada's retirement income system. This sub-program also involves the provision of sound actuarial advice that assists different government departments such as the Treasury Board Secretariat, Veterans Affairs Canada, National Defense, Royal Canadian Mounted Police (RCMP) and the Department of Justice in the design, funding and administration of the plans for which they are responsible.

In conducting actuarial valuation, the OCA will strive to meet or exceed its accuracy, quality, and timeliness performance targets.

## Sub-Program 2.1.3: *Services to the Canada Student Loans and Employment Insurance Programs*

### Description:

Pursuant to the *Student Financial Assistance Act*, as amended by the *Budget Implementation Act*, 2009, *Employment Insurance Act*, and *Department of Human Resources and Skills Development Act* this program involves the conduct of statutory actuarial valuations of the Canada Student Loans Program (CSLP) and performing the statutory actuarial forecasts and estimates necessary to set the Employment Insurance premium rate under Section 66 of the *Employment Insurance Act*. As part of this program, the actuarial reports are submitted to the minister of Human Resources and Skills Development.

### Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2015–16 Planned Spending	2016–17 Planned Spending
852,987	867,289	900,555

### Human Resources (FTEs)

2014–15	2015–16	2016–17
6	6	6

### Performance Measurement

Expected Results	Performance Indicators	Targets	Date to be Achieved
Provide accurate, high quality and timely actuarial valuation reports on Canada Student Loans Program (CSLP) and Employment Insurance (EI) to inform stakeholders and Canadians of the future costs and rates for these programs.	Use of the OCA's actuarial valuation of the CSLP by the Office of the Auditor General (OAG) as an external audit evidence for the Public Accounts of Canada.	100%	March 31, 2015
	Actuarial reports on CSLP and EI programs are submitted to the Minister/Employment Insurance Commissioner for tabling in Parliament as per statutory deadlines.	100%	March 31, 2015

### Planning Highlights

This sub-program involves the conduct of statutory actuarial valuations of various Government of Canada social programs. The OCA will submit, to the appropriate Minister, the Canada Student Loans Program Inter-Valuation Report as at July 31, 2013, the 2015 Employment

Insurance Premium Rate Report, the Actuarial Report on the Government Annuities as at March 31, 2014, and the Actuarial Report on the Civil Service Insurance Program as at March 31, 2014. The OCA will also prepare Prospective Savings and Actuarial Tables for the ESDC. Work on the statutory Actuarial Report on the Canada Student Loans Program as at July 31, 2014 will also begin in 2014-15.

In conducting actuarial valuation, the OCA will strive to meet or exceed its accuracy, quality, and timeliness performance targets.

## Internal Services

### Description:

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

### Budgetary Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2015–16 Planned Spending	2016–17 Planned Spending
55,323,397	55,323,397	73,368,020	71,330,488

### Human Resources (FTEs)

2014–15	2015–16	2016–17
194	188	188

### Planning Highlights

OSFI's Internal Services program supports its two strategic outcomes. It is focused on the development and delivery of effective services, policies, advice and guidance in the fields of finance, human resources, security, communication, administration and internal audit. This program is further supported through the development and implementation of cost-effective, secure and reliable information management and technology systems containing relevant, accurate and timely data.

The overall objective of the program is to ensure that OSFI has the proper capacity, processes and systems to allow employees in the business sectors to focus on and perform well in their supervisory, regulatory, and actuarial valuation activities.

The focus for the internal services function includes:

- Responding to current and emerging business needs through ensuring change management support is in place and identifying and delivering learning needs in a timely and effective manner.

- Completing the current Information Technology Renewal (ITR) program and preparing OSFI to be able to adopt future emerging technologies in support of planned business needs.
- Continuing to improve our FRFI and pension plan data governance and delivery processes to ensure accurate and timely analysis for FISC partners, while minimizing burden on filers and OSFI.
- Continue to strengthen OSFI's framework of internal controls, including reviewing and improving key internal processes, through a risk-based approach.
- Developing a vision for the workplace of the future as we prepare for new office accommodation in future years.



## Section III: Supplementary Information

### Future-Oriented Statement of Operations

The future-oriented condensed statement of operations presented in this subsection is intended to serve as a general overview of OSFI's operations. The forecasted financial information on expenses and revenues are prepared on an accrual accounting basis to strengthen accountability and to improve transparency and financial management.

Because the future-oriented statement of operations is prepared on an accrual accounting basis and the forecast and planned spending amounts presented in other sections of this report are prepared on an expenditure basis, amounts will differ.

A more detailed future-oriented statement of operations and associated notes, including a reconciliation of the net costs of operations to the requested authorities, can be found on [OSFI's website](#)<sup>vii</sup>.

#### Future-Oriented Condensed Statement of Operations For the Year Ended March 31 (dollars)

Financial information	Estimated Results 2013–14	Planned Results 2014–15	Change
Total expenses	142,106,000	145,969,000	3,863,000
Total revenues	142,106,000	145,969,000	3,863,000
<b>Net cost of operations</b>	0	0	0

OSFI matches its revenues to its costs. The difference between the figures above and the planned spending amounts provided in other sections of the RPP is due to a different basis of accounting and relate to such items as non-respendable revenues, amortization, severance pay liability adjustment and accrued interest costs. The year-over-year increase of \$3,863,000 or 2.7%, in revenues and expenses in 2014-15 is largely related to the full year impact of new resources added in 2013-14 and to annual merit and inflationary increases. For more information, refer to the future-oriented statement of operations found on OSFI's Web site.

## List of Supplementary Information Tables

The supplementary information tables listed in the 2014–15 Report on Plans and Priorities can be found on [OSFI's website](#)<sup>viii</sup>.

- Greening Government Operations
- Upcoming Internal Audits and Evaluations over the next three fiscal years

## Tax Expenditures and Evaluations

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance publishes cost estimates and projections for these measures annually in the [Tax Expenditures and Evaluations](#)<sup>ix</sup> publication. The tax measures presented in the Tax Expenditures and Evaluations publication are the sole responsibility of the Minister of Finance.



## Section IV: Organizational Contact Information

### Contact Information:

Office of the Superintendent of Financial Institutions  
255 Albert Street  
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## Endnotes

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- i. Treasury Board Secretariat Estimates Publications and Appropriation Acts, <http://www.tbs-sct.gc.ca/ems-sgd/esp-pbc/esp-pbc-eng.asp>
  - ii. Selected Departmental Performance Reports for 2008-2009 – Department of Industry, Department of Transport. Report of the Standing Committee on Public Accounts, September 2010, <http://www.parl.gc.ca/HousePublications/Publication.aspx?Mode=1&Parl=40&Ses=3&Language=E&DocId=4653561&File=0>.
  - iii. Strengthening Parliamentary Scrutiny of Estimates and Supply. Report of the Standing Committee on Government and Operations Estimates, June 2012, <http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=5690996&Language=E&Mode=1&Parl=41&Ses=1>.
  - iv. Whole-of-government framework, <http://www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx>
  - v. Office of the Superintendent of Financial Institutions Act, <http://laws-lois.justice.gc.ca/eng/acts/O-2.7/>
  - vi. 2014-15 Main Estimates, <http://www.tbs-sct.gc.ca/ems-sgd/esp-pbc/esp-pbc-eng.asp>
  - vii. Future-Oriented Financial Statements, <http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/rpp/Pages/default.aspx>
  - viii OSFI's Reports on Plans and Priorities, <http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/rpp/Pages/default.aspx>
  - ix. Government of Canada Tax Expenditures, <http://www.fin.gc.ca/purl/taxexp-eng.asp>