



Office of the Superintendent of  
Financial Institutions Canada

Bureau du surintendant des  
institutions financières Canada

# Office of the Superintendent of Financial Institutions

2020–21

## Departmental Plan

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The Honourable William Francis Morneau, P.C., M.P.  
Minister of Finance

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## Table of contents

From the Superintendent.....	1
Plans at a glance .....	3
Core responsibilities: planned results and resources .....	7
Financial Institution and Pension Plan Regulation and Supervision ....	7
Actuarial Services to Federal Government Organizations .....	12
Internal Services: planned results .....	17
Spending and human resources.....	21
Planned spending .....	21
Planned human resources.....	24
Estimates by vote.....	24
Condensed future-oriented statement of operations.....	25
Corporate information .....	27
Organizational profile.....	27
Raison d'être, mandate and role: who we are and what we do .....	27
Operating context .....	27
Reporting framework .....	28
Supporting information on the program inventory .....	29
Supplementary information tables .....	29
Federal tax expenditures .....	29
Organizational contact information .....	29
Appendix: definitions .....	31
Endnotes .....	35

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## From the Superintendent

I am pleased to present the 2020–21 Departmental Plan for the Office of the Superintendent of Financial Institutions (OSFI). This report explains what we do, why we do it and the results we expect to achieve during the upcoming year.



### ***What we do***

OSFI is an independent federal government agency that regulates and supervises more than 400 financial institutions (banks, insurance, trust and loan companies) and 1,200 private pension plans to determine whether they are in sound financial condition and meeting OSFI's requirements. Our mandate is to protect depositors, policyholders, financial institution creditors and pension plan members, while allowing financial institutions to compete and take reasonable risks.

The scope of our work is broad and complex. At the root of our work is risk assessment and management. We closely monitor existing and emerging risks that can negatively affect federally regulated financial institutions and private pension plans. We also scan the broader financial system and economy to identify issues and trends. We then act quickly with guidance and robust supervision when we spot risks that are not being prudently managed or mitigated.

Our strategic plan guides our work. At its centre is our vision: *building OSFI for today and tomorrow: preserving confidence, ever vigilant, always improving*. The vision focuses us on a core strategic agenda and lays out criteria for success. It emphasizes the importance of not only *what* we do, but also *how* we do it.

### ***What we are trying to achieve***

Federally regulated financial institutions operate in an environment that is constantly changing. New products, technology and regulations are more complex and require extra diligence and resources. The pace of change within the industry is accelerating and OSFI must rise to new challenges and meet expectations head-on. To continue to foster a sound and strong Canadian financial system, we are enhancing our knowledge and capacity to ensure we can respond to the evolving landscape.

In 2020-21, OSFI will strive to meet the four goals we have set for ourselves in our 2019-2022 Strategic Plan through a number of key initiatives.

***Goal 1: Federally regulated financial institution and pension plan preparedness and resilience to financial risks is improved, both in normal conditions and in the next financial stress event.***

We will refine our regulatory frameworks for capital and liquidity to align with international reforms and tailor these for the Canadian market. We will also revise our regulatory and supervisory approaches to better suit small and medium-sized institutions. We will continue to prepare for the implementation of new financial and accounting reporting standards as well as

regulatory returns and monitoring metrics where appropriate. We will assess institutions' corporate governance practices to judge whether they are meeting our revised Corporate Governance Guideline. We will work with our federal partners to strengthen our crisis preparedness framework. We will explore threats associated with climate change and catastrophic events to determine appropriate regulatory and supervisory actions.

***Goal 2: Federally regulated financial institutions and pension plans are better prepared to identify and develop resilience to non-financial risks before they negatively affect their financial condition.***

OSFI will strengthen its oversight capabilities of non-financial risks in such areas as operational resilience, technology, cyber, and culture and conduct. We will advance work in the cyber area within the broader context of the Government of Canada's cyber strategy, and assess options for overseeing the management of cyber risk by financial institutions. We will deepen our understanding of risk factors arising from fintech and adjust prudential expectations if warranted.

***Goal 3: OSFI's agility and operational effectiveness are improved.***

OSFI will ensure it has the right people, skills and infrastructure to meet the needs of the organization and that these can be leveraged in a timely and effective manner.

***Goal 4: Support from Canadians and cooperation from the financial industry are preserved.***

OSFI will enhance its accountability with external stakeholders through increased transparency, consultation and communications to maintain the trust and confidence Canadians have in the safety and soundness of financial institutions and pension plans.

### ***Our people and partners***

Canada's financial system is among the strongest in the world. Among the reasons for this is our excellent collaboration and coordination with our federal partners, including the Department of Finance, Bank of Canada, Financial Consumer Agency of Canada and the Canada Deposit Insurance Corporation. This helps make our system work well and promotes public confidence.

As a knowledge-based organization, our greatest asset is our people. OSFI is fortunate to have a dedicated and talented workforce. Together, we are working to build OSFI for today and tomorrow: preserving confidence, ever vigilant and always improving.

Canada's prosperity depends on a properly functioning, efficient financial services sector. We all benefit from having strong and competitive financial institutions in which Canadians can place their trust and confidence.

OSFI's job is to contribute to the strength and stability of the Canadian financial system and I am confident that we will meet our mandate in 2020-2021 and beyond.

Jeremy Rudin  
Superintendent

## Plans at a glance

**Goal 1:** Federally regulated financial institution and pension plan preparedness and resilience to financial risks is improved, both in normal conditions and in the next financial stress event.

OSFI will continue to enhance its supervisory practices and their consistency across like institutions so that federally regulated financial institutions (FRFIs) and pension plans are able to continue to provide financial services to Canadians and maintain market confidence, both in normal conditions and in times of stress.

Key objectives related to this goal include:

- Improving the consistency, accuracy and timeliness of risk assessments and making intervention more effective.
- Applying a more risk-based and principles-based approach to regulation and supervision.
- Further adapting regulatory and supervisory approaches to the size and complexity of FRFIs as well as their risk profile; specifically the risk that they pose to the rights and interests of depositors, policy holders and creditors.

The successful achievement of this goal would be characterized by the following:

- FRFIs have the financial strength to meet their obligations to policyholders, depositors, and other creditors.
- FRFIs have effective capital and liquidity risk management practices.
- FRFIs and pension plans have effective governance and risk management practices that keep pace with existing and emerging risks and support the early detection of issues.

**Goal 2:** Federally regulated financial institutions and pension plans are better prepared to identify and develop resilience to non-financial risks before they negatively affect their financial condition.

OSFI is pursuing efforts in the oversight of non-financial risks to support their effective management by FRFIs and pension plans.

Key objectives related to this goal include:

- Continuing to develop OSFI's regulatory and supervisory approaches to technology risks, including digitization, cloud computing, risk modelling and cyber risk.
- Adopting more insightful and effective approaches for risks arising from culture and conduct.

The successful achievement of this goal would be characterized by the following:

- FRFIs and pension plans manage their non-financial risks in a manner that maintains public confidence.
- FRFI and pension plan operational disruptions are minimized.

### **Goal 3: OSFI's agility and operational effectiveness are improved.**

OSFI will continue to strive to ensure that the right people, skills and infrastructure are in place to meet the needs of the organization and that these can be leveraged in a timely and effective manner.

Key objectives related to this goal include:

- Nurturing a culture of high performance that embodies OSFI's values and encourages diversity of thought.
- Modernizing OSFI's supervisory processes and practices through, but not limited to, the development and implementation of new technology.
- Better leveraging of OSFI's data assets by improving data management and analytics.

The successful achievement of this goal would be characterized by the following:

- Employees are clear about their roles. They are committed to continuous improvement and to working as One Office. They understand and embrace OSFI's values and have a positive attitude about their work and each other.
- Employees benefit from comprehensive orientation, training, and career development plans.
- Infrastructure and data are effective at supporting business needs.
- Decision-making authority is clear. Input is given early and fearlessly. Decisions are made in a timely manner and executed faithfully.

### **Goal 4: Support from Canadians and cooperation from the financial industry are preserved.**

OSFI will continue to focus on earning the trust and respect of Canadians so that confidence in the safety and soundness of financial institutions and pension plans is maintained.

Key objectives related to this goal include:

- Improving Canadians' understanding of what OSFI does.
- Further advancing the protection of OSFI's information resources.
- Enhancing OSFI's accountability to external stakeholders through increased transparency, consultation and communications.

The successful achievement of this goal would be characterized by the following:



- Financial institutions, government agencies and other stakeholders see OSFI as expert, credible, effective, open, impartial, balanced and responsive.
- Stakeholders’ trust in OSFI endures over time and OSFI can rely on strong relationships with stakeholders when they are needed, particularly in times of crisis.

For more information on OSFI’s plans, priorities and planned results, see the “Core responsibilities: planned results and resources” section of this report.



## Core responsibilities: planned results and resources

This section contains detailed information on OSFI’s planned results and resources for each of its core responsibilities.

### Financial Institution and Pension Plan Regulation and Supervision

#### **Description**

The Office of the Superintendent of Financial Institutions advances a regulatory framework designed to control and manage risk to federally regulated financial institutions and private pension plans and evaluates system-wide or sectoral developments that may have a negative impact on their financial condition. It also supervises financial institutions and pension plans to determine whether they are in sound financial condition and meeting regulatory and supervisory requirements. The Office promptly advises financial institutions and pension plan administrators if there are material deficiencies, and takes corrective measures or requires that they be taken to expeditiously address the situation. It acts to protect the rights and interests of depositors, policyholders, financial institution creditors and pension plan beneficiaries, while having due regard for the need to allow financial institutions to compete effectively and take reasonable risks.

#### **Planning highlights**

To support OSFI’s Strategic Plan priorities, over the reporting period OSFI will focus on a number of key initiatives in areas such as capital, accounting, reinsurance, governance, crisis management, and non-financial risks.

Capital rule-making initiatives will focus on implementing Basel III capital and liquidity reforms. OSFI’s ongoing work to tailor its domestic capital and liquidity frameworks for small- and medium-sized deposit-taking institutions (DTIs) will continue. The Office will also participate in various fora to advance the development of international capital standards.

OSFI requires domestic systemically important banks (D-SIBs) to hold a Domestic Stability Buffer. This buffer contributes to D-SIBs’ resilience to key vulnerabilities and system-wide risks. OSFI will continue to review this buffer semi-annually and will publicly disclose any change to its level and the rationale for the change stemming from these reviews. More transparency on the buffer will support the banks’ ability to use it in times of stress by increasing understanding of its purpose and when it should be used.

With regard to accounting initiatives, OSFI will prepare for the implementation of the International Financial Reporting Standard (IFRS) 17 - Insurance Contracts by adapting its capital tests for mortgage, life, and property and casualty (P&C) insurers, monitoring industry progress, and publicly consulting on new regulatory returns. In addition, OSFI will conduct public consultations on the implementation of the market discipline (Pillar 3) disclosure

requirements and assess the interaction of the expected credit loss framework with the regulatory capital framework for deposit-taking institutions. In 2020, OSFI will continue to focus on the quality of external audits of financial institutions (FIs) by chairing the Financial Stability Board Roundtable on Audit Quality, participating in actions resulting from the October 30, 2019 Canadian Audit Quality Roundtable and considering the need for consistent assurance over capital returns.

With respect to reinsurance, following the issuance of a discussion paper in June 2018 and the analysis of industry feedback in 2019-20, OSFI will put forward draft proposals for changes to expectations and guidance relating to its reinsurance framework.

Participating (par) business comprises a significant portion of the in-force life insurance business in Canada and the *Insurance Companies Act* places specific responsibility on OSFI for ensuring fairness in the treatment of par policyholders. The management of par business will be an increasing area of focus for OSFI and FRFIs can anticipate reviews of this line of business over the next three to five years

Following the release of a revised *Corporate Governance Guideline* in 2018, OSFI has continued to monitor FRFI governance practices, focusing on board effectiveness. In addition, OSFI plans to build on its industry culture scan and reviews conducted in 2019-20 to enhance its ability to assess and address issues related to risk governance and culture.

OSFI will continue to assess FRFIs' compliance with Guideline B-20 – *Residential Mortgage Underwriting Practices and Procedures*. Supervisors are clarifying expectations as new products / practices emerge and they will continue to focus on institutions with vulnerable funding models. In addition, consistent with its guideline review practices, OSFI will assess, on an ongoing basis, whether updates to Guideline B-20 are warranted.

OSFI will continue its initiative on DTI Crisis Preparedness initiated in 2019-20. The initiative builds on recent experiences as well as learnings from tabletop exercises and aims to strengthen OSFI's overall ability to manage crisis in an effective and agile way.

In the coming year, OSFI will enhance its understanding and share its findings with the financial industry on the potential financial impact associated with climate risks. While weather related catastrophes directly affect general insurers, other financial institutions in the insurance sector and in the banking sector may also be affected due to damage to communication networks, property, supply chains, etc. Additionally, there is potentially significant risk to asset values (i.e., "transition" risk) as society moves from carbon-linked assets to a lower carbon-linked environment. The impact will depend on the speed at which the transition will take place. OSFI has asked larger insurers to develop climate change scenarios for their Own Risk and Solvency Assessment (ORSA). OSFI will also ask life and P&C insurers to perform a biennial climate change stress test with specific scenarios following the implementation of IFRS-17.

While continuing to work within the broader context of the Government of Canada’s cyber strategy, OSFI aims to enhance its capabilities and expectations related to technology and cyber risk. It will begin to develop an intelligence-led approach (using data and crime intelligence) to managing and assessing technology and cyber risk at FRFIs and will continue to work toward a more agile model for sharing findings with them. Building on a public discussion paper to seek input in areas such as operational resilience, cyber risk, and emerging technologies, OSFI will conduct consultations to inform future revisions to regulatory guidance and expectations.

OSFI will continue to work towards strengthening its understanding of the risks and challenges posed by FRFIs’ use of advanced analytics (e.g., artificial intelligence [AI]). While the adoption of AI has been measured, OSFI expects the level of sophistication of techniques used and areas of application to substantially increase. As such, within the scope of its mandate, OSFI will continue to evolve its expectations around model risk management, including developing regulatory expectations around the use of AI tools. Furthermore, OSFI will continue to pursue its objective of forming a comprehensive view of model risk at the enterprise level.

In the area of advanced technologies, OSFI will enhance its understanding of risks posed by quantum computing, recognizing the threats it poses in a number of domains, including but not limited to encryption, cyber security and data privacy.

Regarding the regulation and supervision of federally regulated private pension plans (PPPs), OSFI will finalize its internal review of how it supervises PPPs’ investments and will begin implementing recommendations stemming from the review. As a separate project, OSFI will examine to what extent PPPs investment decisions should involve consideration of climate change, environmental, social, and governance factors. OSFI will also perform a technology risk review as it applies to PPPs and will consider whether supervisory practices should be changed or guidance developed in this area. Further to the 2019-20 examination of the defined contribution plans OSFI supervises, which focused on plan fees and investment options, OSFI will review and, if necessary, revise applicable supervisory procedures and external guidance to enhance its risk-based supervision of these plans.

## **Experimentation**

OSFI continues to support the Government of Canada’s commitment to innovation. While continuous improvement is generally sought through consultations and lessons learned exercises, where possible, OSFI explores new ways to enhance its efficiency and effectiveness. For example, OSFI is looking into what and how it communicates to better support transparency and effective messaging to its stakeholders. In addition, OSFI is experimenting with its processes to roll out new guidance faster in an effort to be more agile in regulatory development.

## Planned results for Financial Institution and Pension Plan Regulation and Supervision

Departmental result	Departmental result indicator	Target	Date to achieve target	2016–17 actual result	2017–18 actual result	2018–19 actual result
Federally regulated financial institutions and private pensions plans are in sound financial condition	% of financial institutions with a Composite Risk Rating of low or moderate.	At least 80%	March 31, 2021	95%	94%	94%
	Number of financial institutions for which the supervisory rating <sup>1</sup> (i.e., risk level) has increased by two or more levels within a three month period.	1	March 31, 2021	0	2	5 <sup>2</sup>
	Number of pension plans for which the supervisory rating <sup>3</sup> (i.e., risk level) has increased by two or more levels within a three month period.	1	March 31, 2021	1	0	0
Regulatory and supervisory frameworks contribute to the safety and soundness of the Canadian	The Office of the Superintendent of Financial Institutions' level of compliance with the International Monetary Fund's Financial Sector	100%	March 31, 2024	N/A <sup>4</sup>	N/A	N/A

<sup>1</sup> Supervisory ratings are aligned with the risk profile of institutions and range from 0 (normal) to 4 (non-viable/insolvency imminent). Significant increases in ratings, as opposed to progressive ones, can signal issues with the timelines or effectiveness of OSFI supervisory efforts.

<sup>2</sup> Four FRFIs jumped two levels at once due to capital management concerns whereas another moved two levels due to concerns relating to quality / level of capital and controls.

<sup>3</sup> Supervisory ratings are aligned with the risk profile of pension plans and range from 0 (normal) to 4 (non-viable/insolvency imminent). Significant increases in ratings, as opposed to progressive ones, can signal issues with the timelines or effectiveness of OSFI supervisory efforts.

<sup>4</sup> The Financial Sector Assessment Program (FSAP) review is conducted every five years. As such, the result is reported as "N/A" in the years when a result is not available. In previous Departmental Plans, the result from the most recent assessment was carried forward in the years that an assessment was not conducted. The most recent review was conducted in 2018-19 however, the result will be only available in 2019-20.

financial system	Assessment Program core principles					
	The Office of the Superintendent of Financial Institutions' level of compliance with Basel standards as assessed by the Regulatory Consistency Assessment Programme of the Bank for International Settlements.	90%	March 31, 2021	100%	N/A <sup>5</sup>	100%

Financial, human resources and performance information for OSFI's Program Inventory is available in the [GC InfoBase](#).<sup>i</sup>

#### Planned budgetary financial resources for Financial Institution and Pension Plan Regulation and Supervision

2020–21 budgetary spending (as indicated in Main Estimates)	2020–21 planned spending	2021–22 planned spending	2022–23 planned spending
116,299,648	116,299,648	114,718,139	116,484,717

Note - Planned spending is expected to decrease between 2020-21 and 2021-22 with the completion a multi-year information technology project to renew OSFI's supervisory tools.

Financial, human resources and performance information for OSFI's Program Inventory is available in the [GC InfoBase](#).<sup>ii</sup>

<sup>5</sup> The Regulatory Consistency Assessment Programme review is conducted every two years therefore the result is calculated once every two years. As such, the result is reported as "N/A" in the years an assessment is not conducted. In previous Departmental Plans the result from the most recent assessment was carried forward in the years that an assessment was not conducted. The most recent review was conducted in 2018-19 and the result is reported in 2018-19.

## Planned human resources for Financial Institution and Pension Plan Regulation and Supervision

2020–21 planned full-time equivalents	2021–22 planned full-time equivalents	2022–23 planned full-time equivalents
574	562	557

Financial, human resources and performance information for OSFI's Program Inventory is available in the [GC InfoBase](#).<sup>iii</sup>

## Actuarial Services to Federal Government Organizations

### Description

The Office of the Chief Actuary provides a range of actuarial services, including statutory actuarial valuations required by legislation and checks and balances on the future costs of programs for the Canada Pension Plan, Old Age Security, Employment Insurance and Canada Students Loans Programs, as well as pension and benefits plans covering the Federal Public Services, the Canadian Forces, the Royal Canadian Mounted Police, federally appointed Judges and Members of Parliament.

### Planning highlights

During the 2020-21 fiscal year, the OCA will submit the Actuarial Report on the Old Age Security (OAS) Program as at December 31, 2018 to the Minister of Employment and Social Development Canada for tabling before Parliament. The OAS Program is an important pillar of Canada's retirement income system and is financed from Government of Canada general tax revenues. The purpose of this triennial report is to inform the general public of the current and projected financial status of the OAS Program. Over the planning period, the OCA will assist the federal, provincial and territorial ministers of Finance in their triennial review of the Canada Pension Plan. It will also begin implementing the most recent recommendations of the peer reviewers following the review of the Actuarial Report on the Canada Pension Plan as at December 31, 2018 performed during the 2019-20 fiscal year.

In 2020-21, the following actuarial reports will also be submitted to the appropriate authority for tabling before Parliament:

- Actuarial Report on the Pension Plans for the Canadian Forces Regular Force and Reserve Force as at March 31, 2019
- Actuarial Report on the Regular Force Death Benefit Account as at March 31, 2019



- Actuarial Report on the Pension Plan for the Members of Parliament as at March 31, 2019
- Actuarial Report on the Pension Plan for Federally appointed Judges as at March 31, 2019
- 2021 Employment Insurance Premium Rate Report

Furthermore, the OCA will submit the Actuarial Report on the Canada Student Loans Program as at July 31, 2019, the Actuarial Report on the Government Annuities as at March 31, 2019, and the Actuarial Report on the Civil Service Insurance Program as at March 31, 2020. The OCA will also submit various actuarial reports for the purpose of Public Accounts of Canada presenting the obligations and costs as at March 31, 2020 associated with federal public sector pension and other employee benefits, and future benefits to Veterans.

As part of its ongoing provision of sound actuarial advice, the OCA will assist several government departments such as the federal and provincial Departments of Finance, Employment and Social Development Canada, Treasury Board Secretariat, Veterans Affairs Canada, National Defense, Royal Canadian Mounted Police, the Department of Justice, and Public Services and Procurement Canada in the design, funding and administration of the plans and programs for which they are responsible.

### **Experimentation**

OSFI continues to support the Government of Canada's commitment to innovation. Given the OCA's primary responsibility is to provide actuarial advice including the preparation of actuarial reports for federal government organizations, continuous improvement is generally sought through consultations and lessons learned exercises rather than experimental projects. It is expected that these approaches will remain OSFI's primary means to enhance the OCA's effectiveness and efficiency moving forward.

## Planned results for Actuarial Services to Federal Government Organizations

Departmental result	Departmental result indicator	Target	Date to achieve target	2016–17 actual result	2017–18 actual result	2018–19 actual result
Stakeholders receive accurate and high quality actuarial information on the cost of public programs and government pension and benefit plans	% of members of a panel of Canadian peer actuaries that deem the Canada Pension Plan actuarial valuation accurate and of high quality.	100% Agreement among all three members of peer review panel	March 31, 2021	N/A <sup>6</sup>	100%	N/A
	% of public pension and insurance plan valuations that are deemed accurate and high quality.	100%	March 31, 2021	100%	100%	100%

Financial, human resources and performance information for OSFI's Program Inventory is available in the [GC InfoBase](#).<sup>iv</sup>

## Planned budgetary financial resources for Actuarial Services to Federal Government Organizations

2020–21 budgetary spending (as indicated in Main Estimates)	2020–21 planned spending	2021–22 planned spending	2022–23 planned spending
7,371,737	7,371,737	7,538,217	7,789,424

Financial, human resources and performance information for OSFI's Program Inventory is available in the [GC InfoBase](#).<sup>v</sup>

<sup>6</sup> Peer reviews occur every three years. As such, the result is reported as "N/A" in the year a review is not conducted. The last review was completed in April 2017. The next review will be completed in April 2020 and the result will be reported in 2020–21.

Planned human resources for Actuarial Services to Federal Government  
Organizations

2020–21 planned full-time equivalents	2021–22 planned full-time equivalents	2022–23 planned full-time equivalents
40	40	40

Financial, human resources and performance information for OSFI's Program Inventory is available in the [GC InfoBase](#).<sup>vi</sup>



## Internal Services: planned results

### Description

Internal Services are those groups of related activities and resources that the federal government considers to be services in support of Programs and/or required to meet corporate obligations of an organization. Internal Services refers to the activities and resources of the 10 distinct services that support Program delivery in the organization, regardless of the Internal Services delivery model in a department. These services are:

- ▶ Management and Oversight Services
- ▶ Communications Services
- ▶ Legal Services
- ▶ Human Resources Management Services
- ▶ Financial Management Services
- ▶ Information Management Services
- ▶ Information Technology Services
- ▶ Real Property Management Services
- ▶ Materiel Management Services
- ▶ Acquisition Management Services

### Planning highlights

During 2020-21, OSFI will continue to refine and implement changes to its governance, processes, and tools. In support of the OSFI Strategic Plan 2019-2022, in November 2019, four new senior-level governance committees were launched and are supported by a new central Strategic Governance Office. This structure will enhance OSFI's agility and operational effectiveness by ensuring that OSFI's decisions are governed according to OSFI's risk tolerance and that clarity and transparency in decision-making is achieved. OSFI also initiated the review of its enterprise risk management (ERM) framework; development work will continue in this area in 2020-21.

During the reporting period, efforts will focus on the implementation of OSFI's 3-year Communications Strategy. This strategy provides the "roadmap" of how the communications function will help support OSFI objectives both internally and externally. It will assist ongoing reputation management while contributing to increased awareness and understanding of OSFI's work. The strategy includes an overarching framework as well as concrete tactics that build over a three-year period. It is evergreen and will be adjusted, as needed, to ensure that communications strategies and tactics meet new, emerging, and unforeseen priorities.

OSFI will begin the implementation of a new multi-year IM/IT Strategy with a focus on digital technology and new and innovative ways of working to deliver on OSFI's mandate. This includes, where it makes sense, the deployment of new and emerging technologies such as data analytics and collaboration tools in a Cloud environment. Work will continue on additional

releases of the new system for supporting core supervisory activities. OSFI will also commence the exploration of ways to more effectively collaborate with its external partners and continue to strengthen information security initiatives such as data loss prevention. As well, OSFI recently implemented phase 1 of a new application to improve internal financial management oversight and phase 2 will be deployed in various stages over the reporting period. Planning and design work is also underway to introduce a new Enterprise Time Reporting system as well as a new learning management system to better support OSFI's workforce.

In alignment with the Government of Canada's directives on developing data strategies, OSFI will finalize and begin to implement an enterprise data strategy. The strategy will focus on creating a robust data governance framework, developing analytics capabilities and collaborating with financial sector partners to ensure data is effectively and efficiently leveraged.

In line with the OSFI Strategic Plan 2019-2022, OSFI will continue to implement its multi-year Human Capital Strategy. This strategy focuses on programs and initiatives in the areas of leadership development, talent management, learning and professional development, culture and community and enterprise change management. It has an overall objective of improving OSFI's agility and operational effectiveness.

During 2020-21, OSFI will expand its talent management program to its represented employees, the goal of which is to be available to all OSFI employees so that they have rich and fulfilling careers at OSFI.

OSFI will continue to support the professional development and career paths of its employees by maintaining its investments in the development and delivery of core supervisory and corporate learning activities. In 2020-21, OSFI will develop and begin implementing a multi-year learning strategy to better align and leverage learning resources with its strategic objectives, promote a continuous learning culture, help attract, develop, motivate and retain a high-performing workforce, and build OSFI's brand as an employer of choice.

OSFI recently completed a culture assessment and refresh of its corporate values. During 2020-21, OSFI will implement the action plans for the roll out of the revised corporate values and the recommendations stemming from the culture assessment. In addition, OSFI will complete an inclusion diagnostic as a means, in addition to the annual employee survey, to foster employee engagement and measure the impact of the various activities and initiatives focused on increasing inclusiveness and awareness of diversity.

Aligned with the strategic goal of improving agility and operational effectiveness, OSFI has a three-year plan to acquire more space while developing a vision for its future workplace.

As it executes on its plans, OSFI will continue to demonstrate financial discipline and exercise prudent financial management practices (e.g., closely monitoring expenses).

## Planned budgetary financial resources for Internal Services

2020–21 budgetary spending (as indicated in Main Estimates)	2020–21 planned spending	2021–22 planned spending	2022–23 planned spending
77,384,289	77,384,289	78,251,245	81,880,445

## Planned human resources for Internal Services

2020–21 planned full-time equivalents	2021–22 planned full-time equivalents	2022–23 planned full-time equivalents
260	262	261





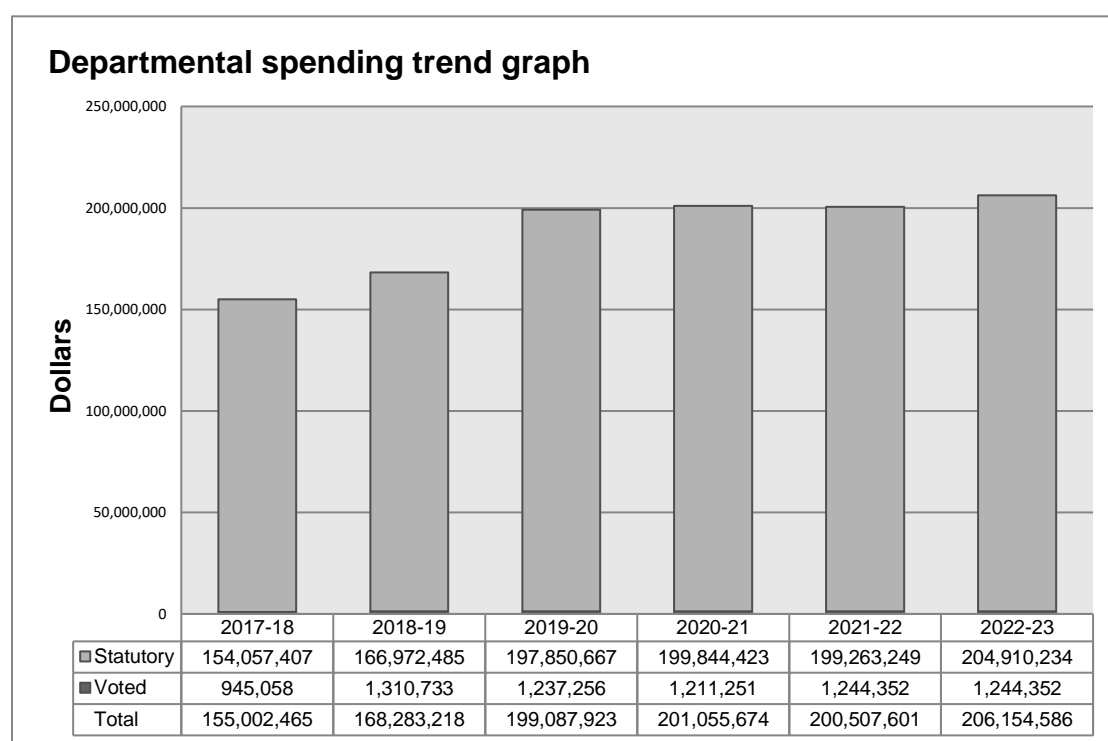
## Spending and human resources

This section provides an overview of the department’s planned spending and human resources for the next three consecutive fiscal years, and compares planned spending for the upcoming year with the current and previous years’ actual spending.

### Planned spending

#### Departmental spending 2017–18 to 2022–23

The following graph presents planned (voted and statutory) spending over time.



The graph above represents OSFI’s actual spending for 2017-18 and 2018-19 and planned spending thereafter. Statutory expenditures, which are recovered from spendable revenue, represent over 99% of total expenditures. The remainder of OSFI’s spending is funded from a parliamentary appropriation for actuarial services related to federal public sector pension and benefit plans.

OSFI completed a three-year strategic planning exercise after the 2019-20 Departmental Plan was produced. As per the resulting OSFI Strategic Plan 2019-2022, planned spending is expected to increase over the 2019-22 horizon. OSFI’s total authorities (voted and statutory) increased significantly in 2019-20 due to the implementation of the OSFI Strategic Plan 2019-2022 and the

impact of a new collective agreement signed in the second half of 2019. The implementation of the Strategic Plan will allow OSFI to keep pace with the continually evolving and increasingly complex environment within which it operates by focusing on the four priorities noted in the *Plans at a glance* section of this document.

### Budgetary planning summary for core responsibilities and Internal Services (dollars)

The following table shows actual, forecast and planned spending for each of OSFI's core responsibilities and to Internal Services for the years relevant to the current planning year.

Core responsibilities and Internal Services	2017–18 expenditures	2018–19 expenditures	2019–20 forecast spending	2020–21 budgetary spending (as indicated in Main Estimates)	2020–21 planned spending	2021–22 planned spending	2022–23 planned spending
Financial Institution and Pension Plan Regulation and Supervision	85,499,104	95,166,794	115,101,181	116,299,648	116,299,648	114,718,139	116,484,717
Actuarial Services to Federal Government Organizations	5,669,204	6,233,694	6,749,261	7,371,737	7,371,737	7,538,217	7,789,424
<b>Subtotal</b>	91,168,308	101,400,488	121,850,442	123,671,385	123,671,385	122,256,356	124,274,141
Internal Services	63,834,157	66,882,730	77,237,481	77,384,289	77,384,289	78,251,245	81,880,445
<b>Total</b>	155,002,465	168,283,218	199,087,923	201,055,674	201,055,674	200,507,601	206,154,586

OSFI's total spending increased by 8.6% in 2018-19 mainly due to an increase in personnel costs to grow capacity and staff vacant positions. The increase in personnel costs was also driven by normal escalation and merit increases, the impact of a retroactive arbitral award (with a compound effect in 2018-19) and retroactive economic increases for the executive group of employees. Forecasted spending in 2019-20 will increase by 18.3% due to the implementation of the OSFI Strategic Plan 2019-2022 and salary adjustments pursuant to the ratification of the collective agreement for OSFI employees. More specifically, planned spending in 2019-20 under

Financial Institution and Pension Plan Regulation and Supervision and Internal Services will increase by 20.9% and 15.5% respectively due to the staffing of vacancies (new and existing positions). Thereafter, overall spending is expected to increase by 1.0% in 2020-21, reflecting the impact of recently added positions, and then decrease slightly in 2021-22 with the completion of the multi-year information technology project to renew OSFI's supervisory tools. Forecasted spending is due to increase in 2022-23 mainly due to scheduled leasehold improvements as well as the acquisition and furnishing of additional workspace in Ottawa. Secondly, personnel costs will increase related to normal escalation and merit increases and the ratification of the collective agreement.

Planned spending in Actuarial Services to Federal Government Organizations will increase by 8.3% in 2019-20 and by 9.2% in 2020-21. This is largely due to the filling of vacant positions, economic increases related to the ratification of the new collective agreement for OSFI employees and an increase in parliamentary appropriation funding from Treasury Board Secretariat. Planned spending in 2021-22 onwards is expected to remain relatively stable.

## Planned human resources

The following table shows actual, forecast and planned full-time equivalents (FTEs) for each core responsibility in OSFI's departmental results framework and to Internal Services for the years relevant to the current planning year.

### Human resources planning summary for core responsibilities and Internal Services

Core responsibilities and Internal Services	2017–18 actual full-time equivalents	2018–19 actual full-time equivalents	2019–20 forecast full-time equivalents	2020–21 planned full-time equivalents	2021–22 planned full-time equivalents	2022–23 planned full-time equivalents
Financial Institution and Pension Plan Regulation and Supervision	454	480	533	574	562	557
Actuarial Services to Federal Government Organizations	34	36	35	40	40	40
<b>Subtotal</b>	488	516	568	614	602	597
Internal Services	207	225	245	260	262	261
<b>Total</b>	695	741	813	874	864	858

The increase of 46 FTEs in 2018-19 was largely due to the staffing of vacant positions under Financial Institution and Pension Plan Regulation and Supervision and in Internal Services. The forecasted increases of 72 FTEs in 2019-20 and 61 FTEs in 2020-21 are mainly due to the implementation of the OSFI Strategic Plan 2019-2022, which will entail headcount increases across OSFI. The number of FTEs is expected to decrease in 2021-22 with the completion of a multi-year information technology project to renew OSFI's supervisory tools.

## Estimates by vote

Information on the OSFI's organizational appropriations is available in the [2020–21 Main Estimates](#).<sup>vii</sup>

## Condensed future-oriented statement of operations

The condensed future-oriented statement of operations provides an overview of OSFI's operations for 2019–20 to 2020–21.

The amounts for forecast and planned results in this statement of operations were prepared on an accrual basis. The amounts for forecast and planned spending presented in other sections of the Departmental Plan were prepared on an appropriation (i.e., modified cash) basis. Amounts may therefore differ.

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

Condensed future-oriented statement of operations for the year ending March 31, 2021 (dollars)

Financial information	2019–20 forecast results	2020–21 planned results	Difference (2020–21 planned results minus 2019–20 forecast results)
Total expenses	196,100,000	197,200,000	1,100,000
Total revenues	194,862,744	195,988,749	1,126,005
Net cost of operations before government funding and transfers	1,237,256	1,211,251	(26,005)

OSFI matches its revenues to its costs. The difference between the figures presented in the table above and the planned spending amounts provided in other sections of the Department Plan is due to a different basis of accounting and relates to non-respendable revenues, amortization of capital and intangible assets, and severance and sick leave liability adjustments.



## Corporate information

### Organizational profile

**Appropriate minister:** William Francis Morneau

**Superintendent:** Jeremy Rudin

**Ministerial portfolio:** Finance

**Enabling instrument(s):** *Office of the Superintendent of Financial Institutions Act* (OSFI Act)<sup>ix</sup>

**Year of incorporation / commencement:** 1987

### Raison d'être, mandate and role: who we are and what we do

“Raison d'être, mandate and role: who we are and what we do” is available on [OSFI's website](#).<sup>x</sup>

For more information on the department's organizational mandate letter commitments<sup>7</sup>, see the “[Minister's mandate letter](#)”.<sup>xi</sup>

### Operating context

Information on the operating context is available on [OSFI's website](#).<sup>xii</sup>

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<sup>7</sup> Note that OSFI is an agency of the Government of Canada and reports to Parliament through the Minister of Finance.

## Reporting framework

OSFI's approved Departmental Results Framework and Program Inventory for 2020–21 are as follows.

Departmental Results Framework	Core Responsibility 1 Financial Institution and Pension Plan Regulation and Supervision		Core Responsibility 2 Actuarial Services to Federal Government Organizations		Internal Services
	Departmental Result: <b>Federally regulated financial institutions and private pensions plans are in sound financial condition</b>	Indicator: <b>% of financial institutions with a Composite Risk Rating of low or moderate</b>	Departmental Result: <b>Stakeholders receive accurate and high quality actuarial information on the cost of public programs and government pension and benefit plans</b>	Indicator: <b>% of members of a panel of Canadian peer actuaries that deem the Canada Pension Plan actuarial valuation accurate and of high quality</b>	
		Indicator: <b>Number of financial institutions for which the supervisory rating (i.e. risk level) has increased by two or more levels within a three month period</b>		Indicator: <b>% of public pension and insurance plan valuations that are deemed accurate and high quality.</b>	
		Indicator: <b>Number of pension plans for which the supervisory rating (i.e. risk level) has increased by two or more levels within a three month period</b>			
	Departmental Result: <b>Regulatory and supervisory frameworks contribute to the safety and soundness of the Canadian financial system</b>	Indicator: <b>The Office of the Superintendent of Financial Institutions’ level of compliance with the International Monetary Fund’s Financial Sector Assessment Program core principles</b>			
Indicator: <b>The Office of the Superintendent of Financial Institutions’ level of compliance with Basel standards as assessed by the Regulatory Consistency Assessment Programme of the Bank for International Settlements</b>					
Program Inventory	Program: <b>Risk Assessment and Intervention – Federally Regulated Financial Institutions</b>		Program: <b>Actuarial Valuation and Advice</b>		
	Program: <b>Regulation and Guidance of Federally Regulated Financial Institutions</b>				
	Program: <b>Regulatory Approvals and Legislative Precedents</b>				
	Program: <b>Federally Regulated Private Pension Plans</b>				



## Supporting information on the program inventory

Supporting information on planned expenditures, human resources, and results related to the OSFI's Program Inventory is available in the [GC InfoBase](#).<sup>xiii</sup>

## Supplementary information tables

The following supplementary information tables are available on [OSFI's website](#).<sup>xiv</sup>

- ▶ Departmental Sustainable Development Strategy
- ▶ Gender-based analysis plus

## Federal tax expenditures

OSFI's Departmental Plan does not include information on tax expenditures that relate to its planned results for 2020–21.

Tax expenditures are the responsibility of the Minister of Finance, and the Department of Finance Canada publishes cost estimates and projections for government-wide tax expenditures each year in the [Report on Federal Tax Expenditures](#).<sup>xv</sup> This report provides detailed information on tax expenditures, including objectives, historical background and references to related federal spending programs, as well as evaluations, research papers and gender-based analysis. The tax measures presented in this report are solely the responsibility of the Minister of Finance.

## Organizational contact information

### Mailing address

Office of the Superintendent of Financial Institutions  
255 Albert Street  
Ottawa, Ontario K1A 0H2

**Telephone:** 1-800-385-8647

**Fax:** 1-613-952-8219

**Email:** [webmaster@osfi-bsif.gc.ca](mailto:webmaster@osfi-bsif.gc.ca)

**Website:** <http://www.osfi-bsif.gc.ca/Eng/Pages/default.aspx>



## Appendix: definitions

### **appropriation (crédit)**

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

### **budgetary expenditures (dépenses budgétaires)**

Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

### **core responsibility (responsabilité essentielle)**

An enduring function or role performed by a department. The intentions of the department with respect to a core responsibility are reflected in one or more related departmental results that the department seeks to contribute to or influence.

### **Departmental Plan (plan ministériel)**

A report on the plans and expected performance of a department over a 3-year period. Departmental Plans are tabled in Parliament each spring.

### **departmental priority (priorité ministérielle)**

A plan or project that a department has chosen to focus and report on during the planning period. Departmental priorities represent the things that are most important or what must be done first to support the achievement of the desired departmental results.

### **departmental result (résultat ministériel)**

A consequence or outcome that a department seeks to achieve. A departmental result is often outside departments' immediate control, but it should be influenced by program-level outcomes.

### **departmental result indicator (indicateur de résultat ministériel)**

A factor or variable that provides a valid and reliable means to measure or describe progress on a departmental result.

### **departmental results framework (cadre ministériel des résultats)**

A framework that consists of the department's core responsibilities, departmental results and departmental result indicators.

### **Departmental Results Report (rapport sur les résultats ministériels)**

A report on a department's actual accomplishments against the plans, priorities and expected results set out in the corresponding Departmental Plan.

**experimentation (expérimentation)**

The conducting of activities that seek to first explore, then test and compare, the effects and impacts of policies and interventions in order to inform evidence-based decision-making, and improve outcomes for Canadians, by learning what works and what doesn't. Experimentation is related to, but distinct from innovation (the trying of new things), because it involves a rigorous comparison of results. For example, using a new website to communicate with Canadians can be an innovation; systematically testing the new website against existing outreach tools or an old website to see which one leads to more engagement, is experimentation.

**full-time equivalent (équivalent temps plein)**

A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents 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.

**gender-based analysis plus (GBA+) (analyse comparative entre les sexes plus [ACS+])**

An analytical process used to assess how diverse groups of women, men and gender-diverse people experience policies, programs and services based on multiple factors including race, ethnicity, religion, age, and mental or physical disability.

**government-wide priorities (priorités pangouvernementales)**

For the purpose of the 2020–21 Departmental Plan, government-wide priorities refers to those high-level themes outlining the government's agenda in the 2015 Speech from the Throne, namely: Growth for the Middle Class; Open and Transparent Government; A Clean Environment and a Strong Economy; Diversity is Canada's Strength; and Security and Opportunity.

**horizontal initiative (initiative horizontale)**

An initiative in which two or more federal organizations are given funding to pursue a shared outcome, often linked to a government priority.

**non-budgetary expenditures (dépenses non budgétaires)**

Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

**performance (rendement)**

What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

**performance indicator (indicateur de rendement)**

A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

**performance reporting (production de rapports sur le rendement)**

The process of communicating evidence-based performance information. Performance reporting supports decision-making, accountability and transparency.

**plan (plan)**

The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

**planned spending (dépenses prévues)**

For Departmental Plans and Departmental Results Reports, planned spending refers to those amounts presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their Departmental Plans and Departmental Results Reports.

**program (programme)**

Individual or groups of services, activities or combinations thereof that are managed together within the department and focus on a specific set of outputs, outcomes or service levels.

**program inventory (répertoire des programmes)**

Identifies all of the department's programs and describes how resources are organized to contribute to the department's core responsibilities and results.

**result (résultat)**

An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

**statutory expenditures (dépenses législatives)**

Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

**strategic outcome (résultat stratégique)**

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

**target (cible)**

A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

**voted expenditures (dépenses votées)**

Expenditures that Parliament approves annually through an Appropriation Act. The vote wording becomes the governing conditions under which these expenditures may be made.

## Endnotes

- i. GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- ii. GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- iii. GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- iv. GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- v. GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- vi. GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- vii. 2018–19 Main Estimates, <https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/government-expenditure-plan-main-estimates.html>
- viii. OSFI's website, <https://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/rpp/Pages/default.aspx>
- ix. *OSFI Act*, <https://laws-lois.justice.gc.ca/eng/acts/O-2.7/>
- x. OSFI's website, <https://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/rpp/dp2021/Pages/cp-si.aspx>
- xi. Minister of Finance mandate letter, <https://pm.gc.ca/en/mandate-letters/minister-finance-mandate-letter>
- xii. OSFI's website, <https://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/rpp/dp2021/Pages/cp-si.aspx>
- xiii. GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- xiv. OSFI's website, <https://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/rpp/dp2021/Pages/default.aspx>
- xv. *Report on Federal Tax Expenditures*, <http://www.fin.gc.ca/purl/taxexp-eng.asp>