



Office of the Superintendent of
Financial Institutions Canada

Bureau du surintendant des
institutions financières Canada

Office of the Superintendent of Financial Institutions

2019–20

Departmental Plan

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



OSFI
BSIF

Canada 

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Superintendent's message

I am pleased to present the 2019–20 Departmental Plan for the Office of the Superintendent of Financial Institutions (OSFI). This report provides parliamentarians and Canadians with information about what we do and the results we will strive 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 their 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.



OSFI closely monitors current and emerging risks that have the potential to have a material impact on federally regulated financial institutions and pension plans. We focus on the identification of severe but plausible scenarios while remaining vigilant in our assessment of how risks are being managed and mitigated and whether adequate capital and liquidity levels are being maintained.

A properly functioning, efficient financial services sector in which Canadians can place their trust and confidence is essential to Canada's economy. When our financial institutions are sound, efficient and competitive, we all benefit.

What we are trying to achieve

OSFI is guided by the five points of its vision statement: we are results-oriented; we are principles-based; we are risk-based; we take a balanced approach; and we set the benchmark for prudential regulation and supervision. Our plans and priorities support this vision, and assist OSFI in achieving our desired strategic outcomes.

Over the coming year, OSFI will focus on the following four broad priorities:

- 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
- 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’s agility and operational effectiveness are improved
- Support from Canadians and cooperation from the financial industry are preserved

More specifically, we will:

- revise capital rules for deposit-taking institutions to implement Basel III capital and liquidity reforms
- modernize OSFI’s supervisory processes, tools and practices through the development and implementation of new technology
- prepare for the implementation of new international financial reporting standards
- revise guidance to ensure the sound management of reinsurance risks by insurers
- work with our federal partners to enhance our crisis preparedness framework
- evaluate our role in the management of cyber risk by financial institutions in light of the new Canadian Cyber Security Centre
- raise awareness and understanding of our role and mandate

Internally, we are enhancing our efficiency and effectiveness in the areas of strategic planning and change management, human resources and communications.

Our people and partners

Regulating and supervising financial institutions and private pension plans relies on the dedication of employees who are knowledgeable, passionate and determined to keep Canada’s financial system strong and resilient. Our Human Capital Strategy is helping us attract, retain and develop our people. Its focus is in five key areas: leadership development, talent management, learning and development, culture and community building, and enterprise change management.

The strong relationships we have built with our regulatory partners help us to meet our mandate, and increase the confidence Canadians have in their financial system. At the federal level, these partners include the Department of Finance, the Bank of Canada, the Financial Consumer Agency of Canada and the Canada Deposit Insurance Corporation.

I am confident that, guided by our mandate and plans, and supported by our solid relationships with our federal partners, OSFI will continue to contribute to the strength and stability of the Canadian financial system.

Jeremy Rudin
Superintendent

Plans at a glance and operating context

The Canadian economic environment continues to be characterized by high levels of household indebtedness, which is of concern over the planning horizon given the continued elevated housing prices in some markets and the potential for increasing interest rates. To contribute towards the resiliency of financial institutions, OSFI proactively monitors and assesses the potential impact of adverse economic conditions and implements changes as appropriate.

OSFI also needs to align its regulatory and supervisory capacity and approaches with the growing size and complexity of the Canadian financial sector.

As financial institutions continue to focus on cost efficiencies and product innovation, they are placing greater reliance on technology and a variety of third party providers. This increased dependency contributes to technology risks and requires financial institutions to develop more robust IT risk management frameworks, including increased cyber security readiness capability.

In the interest of maintaining public confidence, OSFI continues to focus on earning the trust and respect of Canadians and it remains accountable to external stakeholders through increased transparency, consultation and communications.

There is heightened awareness within the financial services industry and particularly amongst life and property and casualty insurers of the threats to the industry associated with climate change and catastrophic events. In support of financial stability, OSFI is exploring regulatory responses to these threats.

Within this context, OSFI has established priorities and plans for regulating and supervising financial institutions and private pension plans.

Priority A: Federally regulated financial institution and pension plans' 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 priority 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 priority 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.

Priority B: 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 priority 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 priority 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.

Priority C: 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 priority 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 priority 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.

Priority D: 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 priority 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 priority 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 “Planned results” section of this report.

Planned results: what we want to achieve this year and beyond

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

Over the planning period, OSFI will focus on its priorities through a number of planned initiatives in such areas as capital, accounting, reinsurance, governance, crisis management, non-financial risks, and private pension plans' supervision.

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

In June and December 2018, OSFI posted information on the Domestic Stability Buffer held by domestic systemically important banks (D-SIBs) to protect against risks associated with systemic vulnerabilities. OSFI reviews the buffer semi-annually and publicizes any change to its level and the rationale for the change. More transparency on the buffer will support banks' ability to use it in times of stress by increasing understanding of its purpose and how it should be used.

With regard to accounting-related initiatives, OSFI will prepare for the implementation of the International Financial Reporting Standard (IFRS) 17 *Insurance Contracts*. Implementation of this standard will result in significant changes to insurance accounting. OSFI will adapt its capital tests for mortgage, life and P&C insurers, monitor industry progress through semi-annual progress reports, create new industry regulatory returns, provide training and review existing monitoring tools.

Also in the accounting area, OSFI will conduct public consultations on guidance for Canadian DTIs on the implementation of the Basel Committee on Banking Supervision's second and third phases of the market discipline framework (Pillar 3) disclosure requirements and will chair and host the Financial Stability Board Roundtable on Audit Quality in 2019, with the goal of promoting financial stability by enhancing public confidence over audit quality.

OSFI will continue its work on updating the reinsurance framework. Following the issuance of a discussion paper in June 2018 and the analysis of industry feedback in 2019-20, OSFI expects to advance draft proposals for changes to expectations and guidance relating to the reinsurance framework.

In September 2018, OSFI released a revised *Corporate Governance Guideline* that rationalized and clarified its expectations for Boards of Directors. The revised guidance allows Boards to focus on issues that are critical to the safety and soundness of the FRFI, notably risk governance and culture. OSFI will continue to work closely with the industry to monitor FRFI governance practices and assess whether the governance review objectives were achieved. OSFI will also enhance its ability to assess and address issues related to risk governance and culture.

As part of its supervisory work, OSFI will monitor FRFIs' implementation of other major guidance initiatives, including the revised Guideline B-20 – *Residential Mortgage Underwriting Practices and Procedures* that came into force on January 1, 2018. OSFI will continue its supervisory assessments related to industry compliance with Guideline B-20. OSFI will also maintain its focus on institutions with vulnerable funding models.

In order to ensure its readiness to manage crisis situations, OSFI will further work to enhance its crisis preparedness framework in partnership with Financial Institution Supervisory Committee (FISC) agencies. Finally, it will conduct table top exercises at least annually and evolve the breadth and depth of the crisis management scenarios used in these exercises.

In the coming year, OSFI will enhance its capabilities with respect to non-financial risks. It will undertake further work regarding operational resilience, technology, cyber, culture, and conduct risks. In the cyber area, OSFI will work within the broader context of the Government of Canada's overall cyber strategy. Within the scope of its mandate, OSFI will continue to assess options for overseeing the management of cyber risk by financial institutions. It will continue to actively participate in international forums such as the G7 Cyber Expert Group, the Financial Stability Board's Cyber Incident Response and Recovery working group and the Senior Supervisors Group (SSG) Cyber Security and Operational Resilience working group. OSFI will also deepen its understanding of risk factors arising outside of its direct responsibilities (e.g., financial technologies) and will adjust its prudential expectations if warranted.

Regarding the regulation and supervision of federally regulated private pension plans (PPPs), OSFI will continue its internal review on how it supervises PPPs' investments and, if

appropriate, will implement any recommendations stemming from the review. OSFI will also continue to examine the defined contribution plans it supervises, focusing on plan fees and investment options. If necessary, OSFI will revise applicable supervisory procedures and external guidance to enhance its risk-based supervision of these plans.

Planned results

Departmental Results	Departmental Result Indicators	Target	Date to achieve target	2015–16 Actual results	2016–17 Actual results	2017–18 Actual results
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.	80%	March 31, 2020	94%	95%	94%
	Number of financial institutions for which the supervisory rating ¹ (i.e., risk level) has increased by two or more levels within a three month period.	1	March 31, 2020	1	0	2
	Number of pension plans for which the supervisory rating ² (i.e., risk level) has increased by two or more levels within a three month period.	1	March 31, 2020	1	1	0

¹ 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.

² 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.

Regulatory and supervisory frameworks contribute to the safety and soundness of the Canadian financial system	The Office of the Superintendent of Financial Institutions' level of compliance with the International Monetary Fund's Financial Sector Assessment Program core principles	100%	March 31, 2020	100% ³	100%	100%
	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, 2020	100% ⁴	100%	100%

Budgetary financial resources (dollars)

2019–20 Main Estimates	2019–20 Planned spending	2020–21 Planned spending	2021–22 Planned spending
93,167,592	93,167,592	94,039,930	95,712,226

Human resources (full-time equivalents)

2019–20 Planned full-time equivalents	2020–21 Planned full-time equivalents	2021–22 Planned full-time equivalents
486	485	476

³ The Financial Sector Assessment Program (FSAP) review is conducted every five years therefore the result is calculated once every five years. The result is carried forward in the years that an assessment is not conducted. The most recent review was conducted in 2018-19 and the results will be available in 2019-20.

⁴ The Regulatory Consistency Assessment Programme review is conducted every two years therefore the result is calculated once every two years. The result is carried forward in the years that an assessment is not conducted. The most recent review commenced in 2018-19 and the results will be available in 2019-20.

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 Student Loans programs, as well as pension and benefits plans covering the Federal Public Service, the Canadian Forces, the Royal Canadian Mounted Police, federally appointed judges, and Members of Parliament.

Planning highlights

In 2019-20, the Office of the Chief Actuary (OCA) will submit the triennial Actuarial Report on the Canada Pension Plan (CPP) as at December 31, 2018 to the Minister of Finance for tabling before Parliament. This triennial report projects CPP revenues and expenditures over a 75-year period in order to assess the future impact of historical and projected demographic and economic trends. The CPP is one of the cornerstones of Canada's retirement income system and is financed by contribution revenues and investment returns. For the first time, this report will cover two parts of the CPP: the Base CPP and the Additional CPP that will be implemented on January 1, 2019. The OCA will be commissioning an independent peer review of this report. The results of this peer review are expected to be released early in the fiscal year 2020-21. This will be the eighth review of this kind.

In 2019-20, the OCA will begin work on the triennial Actuarial Report on the Old Age Security as at December 31, 2018.

Over the same period, the Actuarial Report on the Pension Plan for the Royal Canadian Mounted Police as at March 31, 2018 will be submitted to the President of the Treasury Board for tabling before Parliament.

Further, the OCA will submit the Actuarial Report on the Canada Student Loans Program as at July 31, 2018, the 2020 Employment Insurance Premium Rate Report, 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, 2019. The OCA will also submit various actuarial reports for the purpose of Public Accounts Canada presenting the obligation and costs as at March 31, 2019 associated with federal public sector pension and other employee benefits, and veteran future benefits.

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.

Planned results

Departmental Results	Departmental Result Indicators	Target	Date to achieve target	2015–16 Actual results	2016–17 Actual results	2017–18 Actual results
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	100%	N/A
	% of public pension and insurance plan valuations that are deemed accurate and high quality.	100%	March 31, 2020	100%	100%	100%

Budgetary financial resources (dollars)

2019–20 Main Estimates	2019–20 Planned spending	2020–21 Planned spending	2021–22 Planned spending
6,628,923	6,628,923	6,734,116	6,947,427

Human resources (full-time equivalents)

2019–20 Planned full-time equivalents	2020–21 Planned full-time equivalents	2021–22 Planned full-time equivalents
40	40	40

Financial, human resources and performance information for OSFI's Program Inventory is available in the [GC InfoBase](#)¹.

Internal Services

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

Budgetary financial resources (dollars)

2019–20 Main Estimates	2019–20 Planned spending	2020–21 Planned spending	2021–22 Planned spending
65,622,824	65,622,824	64,894,856	65,524,570

Human resources (full-time equivalents)

2019–20 Planned full-time equivalents	2020–21 Planned full-time equivalents	2021–22 Planned full-time equivalents
230	227	226

Planning highlights

During 2018-19, OSFI implemented a new strategic planning framework, including changes to governance, processes, and tools. This framework, which will be refined over the planning period, will help focus and align OSFI's efforts and resources moving forward, thereby improving OSFI's ability to achieve its mandate.

As it executes on its plans, OSFI will continue to focus efforts on prudent fiscal management and on monitoring expenses, in line with its responsible spending practices. OSFI will be completing its business planning process for 2019-22 during the fourth quarter of 2018-19. Any changes to

current estimates arising from this process will be reflected in next year's Department Plan and Future-Oriented Statement of Operations.

Following the successful implementation of various components of the multi-year Human Capital Strategy, OSFI will continue to roll out and expand on key initiatives in the areas of leadership development, talent management, learning and professional development, culture and community and enterprise change management.

With the support of its new Inclusion Network, and in keeping with government wide efforts, OSFI will continue to promote workplace inclusion and nurture diversity of thought. OSFI also plans to undertake a culture assessment to identify strengths and opportunities and to refresh OSFI's corporate values.

OSFI will continue to support the professional development and career paths of its employees by pursuing its investment in the development and delivery of core supervisory and corporate learning activities.

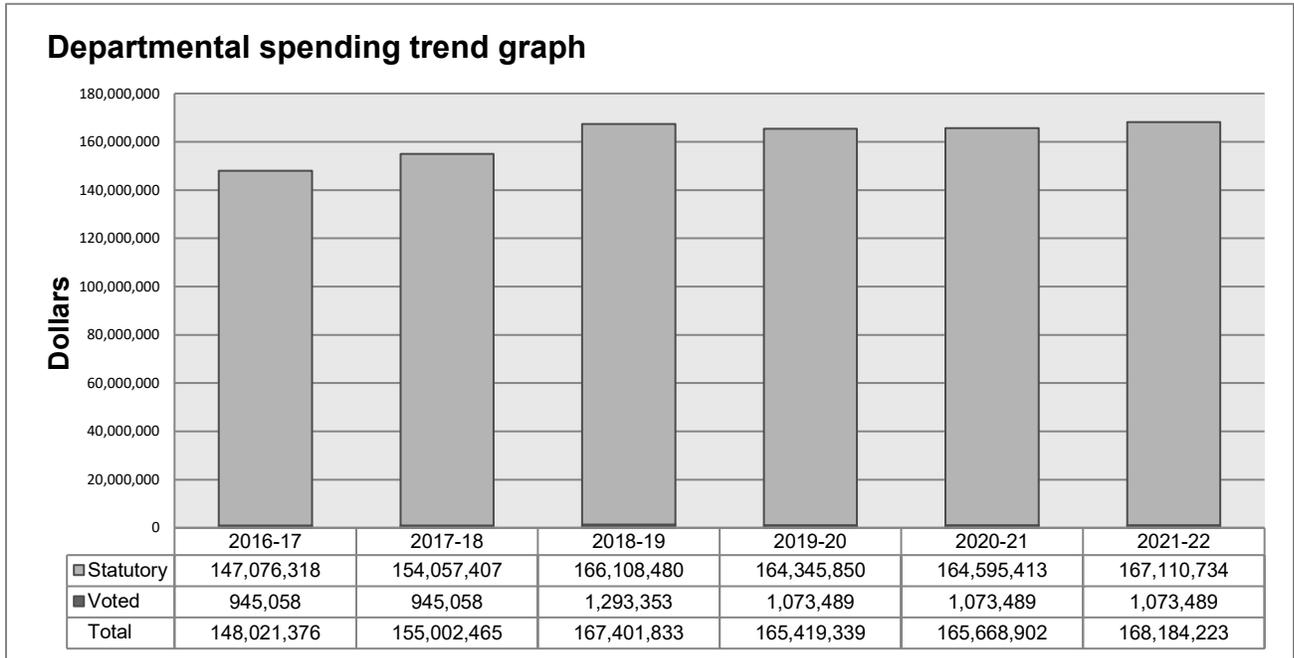
The employee survey, administered on an annual basis, fosters employee engagement by providing individuals with an opportunity to share feedback and ideas and serves as an essential tool for the organization to gauge the impact of new initiatives and to identify areas for improvement.

OSFI will begin the implementation of a new multi-year IM/IT Strategy that will focus on four key areas: information security, collaboration, data and analytics, and the implementation of a new modular supervisory system. The new strategy will support ongoing efforts to enhance OSFI's ability to preserve and keep secure its information assets, including implementation of technologies to strengthen data loss prevention. In addition, OSFI plans to implement solutions to support secure collaboration with its external partners as well as innovative solutions to support the organization's growing need for data and analytics. Implementation is underway to deploy the initial release of OSFI's new system for performing core supervisory activities in 2019-20. Planning and integration work is also ongoing to introduce a new Enterprise Time Reporting system.

OSFI continues to support the Government of Canada's commitment to innovation. Given its regulatory and supervisory mandate, 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 its organizational effectiveness and efficiency moving forward.

Spending and human resources

Planned spending



The graph above represents OSFI’s actual and planned spending from 2016-17 to 2021-22. 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. Parliamentary appropriation increased in 2018-19 due to the ratification of collective agreements. The 2018-19 parliamentary appropriation includes retroactive amounts for 2016-17 and 2017-18.

Budgetary planning summary for Core Responsibilities and Internal Services (dollars)

Core Responsibilities and Internal Services	2016–17 Expenditures	2017–18 Expenditures	2018–19 Forecast spending	2019–20 Main Estimates	2019–20 Planned spending	2020–21 Planned spending	2021–22 Planned spending
Financial Institution and Pension Plan Regulation and Supervision	82,326,382	85,499,104	94,433,204	93,167,592	93,167,592	94,039,930	95,715,226
Actuarial Services to Federal Government Organizations	5,416,540	5,669,204	6,272,601	6,628,923	6,628,923	6,734,116	6,947,427
Subtotal	87,742,922	91,168,308	100,705,805	99,796,515	99,796,515	100,774,046	102,659,653
Internal Services	60,278,454	63,834,157	66,696,028	65,622,824	65,622,824	64,894,856	65,524,570
Total	148,021,376	155,002,465	167,401,833	165,419,339	165,419,339	165,668,902	168,184,223

OSFI's total spending increased by 4.7% in 2017-18 and is forecast to increase by 8.0% in 2018-19. This is mainly due to an increase in personnel costs related to staffing vacant positions, normal escalation and merit increases, the impact of an arbitral award pertaining to fiscal years 2014-2015 to 2017-2018 that had a compound effect in 2018-2019, and economic increases retroactive to 2014-2015 for the executive group of employees. Spending in 2019-20 decreases from 2018-19 due to non-recurring nature of the retroactive amounts for previous years. Thereafter spending is planned to increase slightly, largely due to the staffing of approved vacant positions and normal merit and economic adjustments.

OSFI's total expenditures are planned to fluctuate slightly over the planning horizon, mainly due to normal economic and merit adjustments to salary costs in accordance with collective agreements.

Other variances over the planning horizon are as follow:

- Planned spending in Financial Institution and Pension Plan Regulation and Supervision decreases by 1.3% in 2019-20 due to non-recurring costs incurred in 2018-19. Spending is thereafter expected to increase slightly due to normal merit and economic adjustments.
- Planned spending in Actuarial Services to Federal Government Organizations increases by 5.7% in 2019-20 largely due to the filling of vacant positions and normal merit increases. Spending in 2019-20 onwards is expected to remain relatively stable.

Planned human resources

Human resources planning summary for Core Responsibilities and Internal Services (full-time equivalents)

Core Responsibilities and Internal Services	2016–17 Actual full-time equivalents	2017–18 Actual full-time equivalents	2018–19 Forecast full-time equivalents	2019–20 Planned full-time equivalents	2020–21 Planned full-time equivalents	2021–22 Planned full-time equivalents
Financial Institution and Pension Plan Regulation and Supervision	443	454	483	486	485	476
Actuarial Services to Federal Government Organizations	32	34	36	40	40	40
Subtotal	475	488	519	526	525	516
Internal Services	197	207	227	230	227	226
Total	672	695	746	756	752	742

The increase of 23 full-time equivalents (FTEs) in 2017-18 and the forecast increase of 51 FTEs in 2018-19 are largely due to the staffing of vacant positions in the Financial Institution and Pension Plan Regulation and Supervision and the Internal Services programs. OSFI's FTEs are planned to remain relatively stable through 2019-20 and 2020-21. The number of FTEs is expected to decrease in 2021-22 with the completion of a long-term information technology development project.

Estimates by vote

For information on OSFI's organizational appropriations, consult the [2019–20 Main Estimates](#)ⁱⁱ.

Future-Oriented Condensed Statement of Operations

The Future-Oriented Condensed Statement of Operations provides a general overview of OSFI's operations. The forecast of financial information on expenses and revenues is prepared on an accrual accounting basis to strengthen accountability and to improve transparency and financial management. The forecast and planned spending amounts presented in other sections of the Departmental Plan are prepared on an expenditure basis; as a result, amounts may 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](#)ⁱⁱⁱ.

Future-Oriented Condensed Statement of Operations for the year ended March 31, 2020 (dollars)

Financial information	2018–19 Forecast results	2019–20 Planned results	Difference (2019–20 Planned results minus 2018–19 Forecast results)
Total expenses	170,000,000	168,303,287	-1,696,713
Total revenues	168,706,647	167,229,798	-1,476,849
Net cost of operations before government funding and transfers	1,293,353	1,073,489	-219,864

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-responsible revenues, amortization of capital and intangible assets, and severance and sick leave liability adjustments.

Additional information

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)^{iv}

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](#)^v (OSFI Additional Corporate Information).

Reporting framework

OSFI’s Departmental Results Framework (DRF) and Program Inventory (PI) of record for 2019–20 are shown below:

		Core Responsibility 1 Financial Institution and Pension Plan Regulation and Supervision	Core Responsibility 2 Actuarial Services to Federal Government Organizations		
Departmental Results Framework	Departmental Result: Federally regulated financial institutions and private pensions plans are in sound financial condition	Indicator: % of financial institutions with a Composite Risk Rating of low or moderate	Departmental Result: Stakeholders receive accurate and high quality actuarial information on the cost of public programs and government pension and benefit plans	Indicator: % of members of a panel of Canadian peer actuaries that deem the Canada Pension Plan actuarial valuation accurate and of high quality	Internal Services
		Indicator: 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		Indicator: % of public pension and insurance plan valuations that are deemed accurate and high quality.	
		Indicator: 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			
	Departmental Result: Regulatory and supervisory frameworks contribute to the safety and soundness of the Canadian financial system	Indicator: The Office of the Superintendent of Financial Institutions’ level of compliance with the International Monetary Fund’s Financial Sector Assessment Program core principles			
Indicator: 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					
Program Inventory	Program: Risk Assessment and Intervention – Federally Regulated Financial Institutions		Program: Actuarial Valuation and Advice		
	Program: Regulation and Guidance of Federally Regulated Financial Institutions				
	Program: Regulatory Approvals and Legislative Precedents				
	Program: Federally Regulated Private Pension Plans				

Supporting information on the Program Inventory

Supporting information on planned expenditures, human resources, and results related to OSFI's Program Inventory is available in the [GC InfoBase](#).^{vi}

Supplementary information tables

The following supplementary information table is available on [OSFI's website](#)^{vii}:

- ▶ [Departmental Sustainable Development Strategy](#)^{viii}

Federal tax expenditures

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 Canada publishes cost estimates and projections for these measures each year in the [Report on Federal Tax Expenditures](#).^{ix} This report also provides detailed background information on tax expenditures, including descriptions, objectives, historical information 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 the responsibility of the Minister of Finance.

Organizational contact information

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

Phone: 1-800-385-8647

Fax: 1-613-952-8219

E-mail: webmaster@osfi-bsif.gc.ca

Web: <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 an appropriated department over a three-year period. Departmental Plans are tabled in Parliament each spring.

Departmental Result (résultat ministériel)

Any change that the department seeks to influence. 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)

The department's Core Responsibilities, Departmental Results and Departmental Result Indicators.

Departmental Results Report (rapport sur les résultats ministériels)

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

evaluation (évaluation)

In the Government of Canada, the systematic and neutral collection and analysis of evidence to judge merit, worth or value. Evaluation informs decision making, improvements, innovation and accountability. Evaluations typically focus on programs, policies and priorities and examine questions related to relevance, effectiveness and efficiency. Depending on user needs, however, evaluations can also examine other units, themes and issues, including alternatives to existing interventions. Evaluations generally employ social science research methods.

experimentation (expérimentation)

Activities that seek to explore, test and compare the effects and impacts of policies, interventions and approaches, to inform evidence-based decision-making, by learning what works and what does not.

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 help identify the potential impacts of policies, Programs and services on diverse groups of women, men and gender-diverse people. The “plus” acknowledges that GBA goes beyond sex and gender differences. We all have multiple identity factors that intersect to make us who we are; GBA+ considers many other identity factors, such as race, ethnicity, religion, age, and mental or physical disability.

government-wide priorities (priorités pangouvernementales)

For the purpose of the 2019–20 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 where two or more departments 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 Information Profile (profil de l'information sur le rendement)

The document that identifies the performance information for each Program from the Program Inventory.

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.

priority (priorité)

A plan or project that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Departmental Results.

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.

sunset program (programme temporisé)

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

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. 2018–19 Main Estimates, <https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/government-expenditure-plan-main-estimates.html>
- iii. Future-Oriented Financial Statements, <http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/rpp/Pages/default.aspx>
- iv. Office of the Superintendent of Financial Institutions Act, <http://laws-lois.justice.gc.ca/eng/acts/O-2.7/>
- v. OSFI's website, <http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/rpp/dp1920/Pages/default.aspx>
- vi. GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- vii. OSFI's website, <http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/rpp/dp1920/Pages/default.aspx>
- viii. OSFI's Departmental Sustainable Development Strategy, <http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/rpp/dp1920/Pages/dsd-sdd.aspx>
- ix. Report on Federal Tax Expenditures, <http://www.fin.gc.ca/purl/taxexp-eng.asp>