



Office of the Superintendent of
Financial Institutions Canada

Bureau du surintendant des
institutions financières Canada

Office of the Superintendent of Financial Institutions

2014-15

Departmental Performance Report

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



Canada 

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Table of Contents

Superintendent's Message	1
Section I: Organizational Expenditure Overview	3
Organizational Profile	3
Organizational Context	4
Actual Expenditures	11
Alignment of Spending With the Whole-of-Government Framework	13
Departmental Spending Trend	14
Estimates by Vote	14
Section II: Analysis of Programs by Strategic Outcome	15
Strategic Outcome 1: A safe and sound Canadian financial system	15
Program 1.1: Regulation and Supervision of Federally Regulated Financial Institutions	15
Sub-Program 1.1.1: Risk Assessment and Intervention	18
Sub-Program 1.1.2: Regulation and Guidance	20
Sub-Program 1.1.3: Approvals and Precedents	23
Program 1.2: Regulation and Supervision of Federally Regulated Private Pension Plans	25
Strategic Outcome 2: A financially sound and sustainable Canadian public retirement income system	27
Program 2.1: Actuarial Valuation and Advisory Services	27
Sub-Program 2.1.1: Services to the Canada Pension Plan and Old Age Security Program	29
Sub-Program 2.1.2: Services to Public Sector Pension and Insurance Programs	31
Sub-Program 2.1.3: Services to the Canada Student Loans and Employment Insurance Programs	33
Internal Services	35
Section III: Supplementary Information	37
Financial Statements Highlights	37
Financial Statements	39
Supplementary Information Tables	39
Tax Expenditures and Evaluations	39
Section IV: Organizational Contact Information	41
Appendix: Definitions	43
Endnotes	47

Superintendent's Message

It has been a privilege to serve my first year as Superintendent of Financial Institutions, and to helm an agency that plays a central role in maintaining the safety and soundness of Canada's financial system for the benefit of all Canadians.

In 2014-15, the Office of the Superintendent of Financial Institutions (OSFI) undertook a number of initiatives to further strengthen Canada's system of financial regulation and supervision.

OSFI issued the Residential Mortgage Insurance Underwriting Practices and Procedures guideline, following extensive consultation with the industry. The guideline enhances disclosure practices for mortgage insurers and outlines sound risk management principles, including setting prudent requirements for lenders and applying appropriate due diligence to lenders' practices. OSFI also issued new or updated guidelines on Leverage Requirements and Liquidity Adequacy Requirements for deposit-taking institutions, Minimum Continuing Capital and Surplus Requirements for life insurers, and the Minimum Capital Test for property and casualty insurers.



Canada's strong regulatory regime is a result of the cooperation and collaboration that exists among our government partners, who are the Bank of Canada, the Department of Finance, Canada Deposit Insurance Corporation, and the Financial Consumer Agency of Canada. This collaboration was highlighted in the 2014 report of the International Monetary Fund's Financial Sector Assessment Program review of Canada, which spoke favourably of the effectiveness of the oversight of Canada's financial system.

Internally, OSFI continues to enhance both our supervisory capacity and processes. In 2014-15, we embarked on implementing a flatter organizational structure to broaden the executive team, improve communication within OSFI and reduce key person risk. We also launched a multi-year project that will enhance our supervisory methodology and processes, supported by the right enabling technology. Finally, we continued the development of a supervision training program to support the needs of supervisory employees, many of whom are relatively new to OSFI.

In my first year as Superintendent, I have observed close at hand the sustained dedication of my OSFI colleagues. Their professionalism, knowledge and integrity greatly contribute to our collective success and allow Canadians to continue to have confidence in Canada's financial system.

Jeremy Rudin

Section I: Organizational Expenditure Overview

Organizational Profile

Appropriate Minister: William Francis Morneau

Institutional Head: Jeremy Rudin

Ministerial Portfolio: Finance

Enabling Instrument(s): *Office of the Superintendent of Financial Institutions Act* ([OSFI Act](#))ⁱ

Year of Incorporation / Commencement: 1987

Organizational Context

Raison d'être

OSFI was established in 1987 by an Act of Parliament: the *Office of the Superintendent of Financial Institutions Act* (OSFI Act). OSFI supervises and regulates all banks in Canada and all federally incorporated or registered trust and loan companies, insurance companies, cooperative credit associations, fraternal benefit societies and private pension plans. Under the OSFI Act, the Superintendent is solely responsible for exercising OSFI's authorities and is required to report to the Minister of Finance from time to time on the administration of the financial institutions legislation.

Responsibilities

OSFI's mandate is to:

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

From its mandate, OSFI has identified two strategic outcomes:

1. A safe and sound Canadian financial system
2. A financially sound and sustainable Canadian public retirement income system

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

OSFI works with a number of key partners on the Financial Institutions Supervisory Committee (FISC), which the Superintendent chairs, including the Department of Finance, the Bank of Canada, Canada Deposit Insurance Corporation and the Financial Consumer Agency of Canada. Together, these organizations constitute Canada's network of financial regulation and supervision, and provide a system of depositor and policyholder protection.

The Office of the Chief Actuary (OCA), which is an independent unit within OSFI, provides actuarial valuation and advisory services to the Government of Canada in the form of reports tabled in Parliament. While the Chief Actuary reports to the Superintendent, he is solely responsible for the content and actuarial opinions in reports prepared by the OCA. He is also solely responsible for the actuarial advice provided by the OCA to the relevant government

departments, including the executive arm of provincial and territorial governments, which are co-stewards of the Canada Pension Plan (CPP).

Strategic Outcomes and Program Alignment Architecture (PAA)

1. Strategic Outcome: A safe and sound Canadian financial system

1.1 Program: Regulation and Supervision of Federally Regulated Financial Institutions

1.1.1 Sub-Program: Risk Assessment and Intervention

1.1.2 Sub-Program: Regulation and Guidance

1.1.3 Sub-Program: Approvals and Precedents

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

2. Strategic Outcome: A financially sound and sustainable Canadian public retirement income system

2.1 Program: Actuarial Valuation and Advisory Services

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

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

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

Internal Services

Organizational Priorities

Organizational Priorities

Priority	Type ¹	Strategic Outcome(s) and/or program(s)
Anticipating and Responding to Risks Emanating from the Economy and Financial System	Ongoing	Strategic Outcomes One and Two
Summary of Progress		
<p>In 2014-15, the following steps were undertaken and successfully contributed to fostering a safe and sound Canadian financial system through the provision of guidance and strong oversight in targeted areas and by drawing from results of international financial sector reviews.</p> <p>Steps Taken</p> <ul style="list-style-type: none"> • Issued the final version of the Residential Mortgage Insurance Underwriting Practices and Procedures guideline. • Continued development of a new capital framework for mortgage insurers. • Conducted stress tests for the largest banks and life insurers that included the impact of high 		

¹ Type is defined as follows: previously committed to—committed to in the first or second fiscal year prior to the subject year of the report; ongoing—committed to at least three fiscal years prior to the subject year of the report; and new—newly committed to in the reporting year of the Report on Plans and Priorities or the Departmental Performance Report.

<p>consumer debt and other adverse shocks.</p> <ul style="list-style-type: none"> • Conducted supervisory reviews focused on cyber security self-assessments and outsourcing. • Responded to recommendations from the International Monetary Fund Financial Sector Assessment Program (FSAP) update for Canada as a way to further build on the overall strength of Canada's financial system, as acknowledged in the FSAP.

Priority	Type	Strategic Outcome(s) and/or program(s)
Enhancing Supervisory Processes	Ongoing	Strategic Outcome One

Summary of Progress

In 2014-15, the following steps were undertaken and successfully contributed to fostering a safe and sound Canadian financial system through OSFI's continuing work towards enhancing its processes for supervisory activities.

Steps Taken

- Embarked on a multi-year project to improve OSFI supervisory tools and technology, with Phase 1 completed and Phase 2 launched.
- Conducted a pilot assessment of risk culture at a federally regulated financial institution (FRFI), with plans to develop and roll out an OSFI approach over time at large complex institutions.
- Completed reviews of the internal audit function of a number of FRFIs (banks and insurance companies) in the context of their risk management practices.

Priority	Type	Strategic Outcome(s) and/or program(s)
Anticipating and Responding to Risks Emanating from Regulatory Reform	Ongoing	Strategic Outcomes One and Two

Summary of Progress

In 2014-15, the following steps were undertaken and successfully contributed to fostering a safe and sound Canadian financial system as well as a financially sound and sustainable Canadian public retirement income system through the provision of guidance and by drawing from and contributing to international financial sector forums.

Steps Taken

- Issued new/revised guidelines, advisories or letters, including:
 - Liquidity Adequacy Requirements guideline
 - Leverage Requirements guideline
 - Minimum Continuing Capital and Surplus Requirements guideline
 - Minimum Capital Test guideline
 - Derivatives Sound Practices guideline
 - Changes to the Membership of the Board or Senior Management advisory
 - Early Adoption of International Financial Reporting Standards 9 Financial Instruments for Domestic Systemically Important Banks advisory
- Issued a policy paper for the Life Insurance Capital Framework Standard Approach, as well as Quantitative Impact Study No. 6 on various aspects of the framework.
- Participated actively on various international committees that develop regulatory frameworks for banks and insurers, including:
 - the Financial Stability Board;
 - the Basel Committee on Banking Supervision;
 - the International Association of Insurance Supervisors.

Priority	Type	Strategic Outcome(s) and/or program(s)
A High-Performing and Effective Workforce	Ongoing	Strategic Outcomes One and Two
Summary of Progress		
<p>In 2014-15, the following steps were undertaken and successfully contributed to fostering a safe and sound Canadian financial system as well as a financially sound and sustainable Canadian public retirement income system by helping to ensure that OSFI has the capacity and expertise it needs to deliver on business objectives.</p> <p>Steps Taken</p> <ul style="list-style-type: none"> • Initiated the development of a multi-year Supervision training program to support the needs of Supervision Sector employees. • Ensured change management work streams were built into all Information Management / Information Technology (IM/IT) projects. • Continued enhancements to the corporate planning processes to further integrate Human Resources planning and Enterprise Risk Management processes. • Implemented targeted action plans where necessary to address areas identified for improvement in the 2013-1014 employee survey. 		

Priority	Type	Strategic Outcome(s) and/or program(s)
An Enhanced Corporate Infrastructure	Ongoing	Strategic Outcomes One and Two
Summary of Progress		
<p>In 2014-15, the following steps were undertaken and successfully contributed to fostering a safe and sound Canadian financial system as well as a financially sound and sustainable Canadian public retirement income system by helping to ensure that OSFI has the information, tools and systems it needs to deliver on business objectives.</p> <p>Steps Taken</p> <ul style="list-style-type: none"> • Completed the five-year Information Technology Renewal program, including implementation of: <ul style="list-style-type: none"> • an integrated Enterprise and Resource Planning module for Finance-related processes (SAP); • a Correspondence and Enquiry Management system for external inquiries; • a Regulatory Returns System (jointly with the Bank of Canada and Canada Deposit Insurance Corporation) for validation and processing of all regulatory return data; • an upgraded Business Intelligence solution to provide robust insurance industry data for analysis. • Continued to apply the Regulatory Data Governance Framework to approve and prioritize OSFI regulatory data requests. 		

Risk Analysis

The environment within which OSFI operates is constantly evolving and becoming more complex. Uncertain economic and financial conditions create challenges for financial institutions and pension plan sponsors. OSFI's ability to achieve its mandate and objectives is impacted by the range of risks that exist in such circumstances.

While this section focuses on external risks, OSFI has also dedicated significant efforts to managing internal risks related to its human resources, systems and processes. This is

noteworthy given the important role that OSFI staff and supporting operations play in responding to changes in the business environment.

OSFI priorities are informed by risks identified through the enterprise-wide risk management process. As a result, there is a strong alignment between the risk response strategies noted in the following table and the steps taken under the first two Priorities as described in the previous section on Organizational Priorities.

In 2014-15, OSFI paid particular attention to three risk areas that are detailed below.

Key Risks

Risk	Risk Response Strategy	Link to Program Alignment Architecture
<p>Economic, Industry and Regulatory Environment: risk pertaining to the ability of FRFIs and pension plans to cope with the slow economic growth accompanied by exceptionally low interest rates and rising household indebtedness.</p> <p>The risk also links to:</p> <ul style="list-style-type: none"> • strategies and business models adopted by FRFIs and pension plans to address potential threats in such an environment; and, • OSFI's ability to foster resilience by positively influencing regulatory changes in the financial sector and through the design and application of its supervisory framework. 	<p>The risk was identified in the 2014-15 <i>Report on Plans and Priorities</i> (RPP). Risk responses during 2014-15 included:</p> <ul style="list-style-type: none"> • Undertaking a number of cross-sector reviews in a variety of key areas. • Meeting regularly with domestic partners to assess macroeconomic and financial system vulnerabilities and risks. • Participating in the development of international rules that contribute to a strong and stable global financial system. • Participating in international forums and facilitating domestic events to develop, discuss and implement best practices. • Issuing the <i>Residential Mortgage Insurance Underwriting Practices and Procedures Guideline</i> to support sound mortgage insurance underwriting and to guide interactions between mortgage insurers and mortgage lenders. • Continuing to develop guidance and a supervision training program in support of the Supervisory Framework, including the launch of a multi-year project aimed at improving supervisory tools. <p>The risk response strategy continued to be effective in identifying areas where financial institutions and pension plans were exposed to risk, and allowed for early intervention actions.</p> <p>Also refer to performance information presented under Programs 1.1 and 1.2.</p>	<p>Strategic Outcome One: <i>A safe and sound Canadian financial system.</i></p> <p>Program 1.1: <i>Regulation and Supervision of Federally Regulated Financial Institutions</i></p> <p>Program 1.2: <i>Regulation and Supervision of Federally Regulated Private Pension Plans</i></p>
<p>Capital Adequacy, Leverage and Liquidity: risk stemming from the</p>	<p>This risk was identified in the 2014-15 RPP. Risk responses during 2014-15 included:</p> <ul style="list-style-type: none"> • Undertaking the 6th Quantitative Impact Study 	<p>Strategic Outcome One: <i>A safe and sound Canadian financial</i></p>

Risk	Risk Response Strategy	Link to Program Alignment Architecture
<p>redesign of the Basel capital framework for banks and from the need to update prudential regulatory frameworks to address past disruptions in global financial markets. The risk encompasses the downstream effects – intended and unintended – of the changes made.</p>	<p>to better assess the impact of possible changes to the Life Capital Framework to be implemented in 2018.</p> <ul style="list-style-type: none"> • Furthering the development of revised parental stand-alone capital requirements for banks and insurance companies. • Collaborating with the International Association of Insurance Supervisors in the area of global capital requirements and the supervision of internationally active insurers. • Issuing the <i>Liquidity Adequacy Requirements Guideline</i> and the <i>Leverage Requirements Guideline</i> to ensure that OSFI's guidance is consistent with the Basel Committee on Banking Supervision Basel III requirements. • Releasing a more risk sensitive standardized approach to the minimum capital test for property and casualty insurers. <p>The risk response strategy continued to contribute to the effective mitigation of the risk given that it supported strengthening the frameworks for capital, leverage and liquidity consistent with international developments that, in turn, promote a more resilient global financial sector.</p> <p>Also refer to performance information presented under the Program 1.1.</p>	<p>system.</p> <p>Program 1.1: <i>Regulation and Supervision of Federally Regulated Financial Institutions</i></p>
<p>Changes to International Financial Reporting Standards (IFRS) and Auditing Standards: changes in standards will affect accounting, loan values and provisions, actuarial standards, and the regulatory capital regime.</p> <p>The risk relates to OSFI's ability to perform accurate risk assessments of financial institutions and to adjust the regulatory capital framework.</p>	<p>This risk was identified in the 2014-15 RPP. Risk responses during 2014-15 included:</p> <ul style="list-style-type: none"> • Issuing expectations with regard to the early adoption of the IFRS 9. • Issuing public disclosure requirements related to Basel III <i>Leverage Ratio Guideline</i>, the <i>Liquidity Coverage Ratio Guideline</i>, and the Basel III Pillar 3 composition of capital. • Working closely with major Canadian banks to ensure the implementation of the 32 Enhanced Disclosures Task Force recommendations on financial risk disclosures. This has resulted in substantial improvement to risk disclosures and virtually full compliance with the recommendations. • Issuing letters to the deposit-taking institutions, life insurers and property and casualty insurers on OSFI's expectations with regard to the implementation of certain international and domestic external audit quality initiatives. <p>The risk response strategy continued to effectively</p>	<p>Strategic Outcome One: <i>A safe and sound Canadian financial system.</i></p> <p>Program 1.1: <i>Regulation and Supervision of Federally Regulated Financial Institutions</i></p>

Risk	Risk Response Strategy	Link to Program Alignment Architecture
	<p>ensure that OSFI's prudential views were communicated and understood. It also ensured that financial institutions were aware of OSFI expectations regarding the adoption of amended accounting standards.</p> <p>Also refer to performance information presented under the Program 1.1.</p>	

During 2014-15, equity market volatility, elevated domestic household indebtedness, exceptionally low interest rates, and falling oil prices continued to be seen as sources of potential systemic vulnerability. While financial institutions' performance during this period was stable or improved slightly from the previous year, OSFI continued to monitor the global economy and assess the potential impact of various events on the risk profiles of FRFIs.

Federally regulated private pension plans experienced a more challenging period in 2014-15 compared to the previous year, primarily due to further declines in long-term interest rates. While this resulted in a slight deterioration in solvency positions for defined benefit pension plans, the impact on required solvency funding payments is expected to be moderated given that federal solvency funding requirements are based on a pension plan's average solvency position over the past three years. For federally regulated defined benefit pension plans as a whole, the three-year average solvency ratio for the period ending December 2014 is slightly higher than it was for the period ending December 2013.

Throughout 2014-15, OSFI undertook a number of actions to strengthen its approach to financial regulation and supervision. OSFI continued to work with various federal government organizations to review developments in the financial system as well as to discuss and coordinate approaches to overseeing the financial sector. OSFI also engaged with international partners in an ongoing effort to strengthen global regulation and supervision frameworks. These collaborative efforts continue to support the sound management of risks within OSFI's environment which, in turn, promotes confidence in the financial system.

Actual Expenditures

Budgetary Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2014–15 Total Authorities Available for Use ²	2014–15 Actual Spending (authorities used) ³	Difference (actual minus planned)
142,763,529	142,763,529	142,774,685	146,308,874	3,545,345

Human Resources (Full-Time Equivalents [FTEs])

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
669	687	18

² Represents actual in-year authorities available for use, and does not include an administrative carry-forward that appears on OSFI's public accounts.

³ The majority of OSFI's expenditures are recovered via spendable revenue. In order to provide an accurate representation of OSFI's spending, amounts shown reflect gross expenditures.

Budgetary Performance Summary for Strategic Outcome(s) and Program(s) (dollars)

Strategic Outcome(s), Program(s) and Internal Services	2014-15 Main Estimates	2014-15 Planned Spending	2015-16 Planned Spending	2016-17 Planned Spending	2014-15 Total Authorities Available for Use	2014-15 Actual Spending (authorities used)	2013-14 Actual Spending (authorities used)	2012-13 Actual Spending (authorities used)
Strategic Outcome 1: A safe and sound Canadian financial system.								
Regulation and Supervision of Federally Regulated Financial Institutions	77,788,097	77,788,097	78,956,478	79,794,022	77,788,097	79,674,770	75,599,505	67,148,283
Regulation and Supervision of Federally Regulated Private Pension Plans	4,420,260	4,420,260	4,105,818	4,149,267	4,420,260	3,944,690	4,342,314	4,719,130
Subtotal	82,208,357	82,208,357	83,062,296	83,943,289	82,208,357	83,619,460	79,941,819	71,867,413
Strategic Outcome 2: A financially sound and sustainable Canadian public retirement income system.								
Actuarial Valuation and Advisory Services	5,231,775	5,231,775	6,130,074	6,198,059	5,239,142	5,092,171	5,209,861	4,475,526
Subtotal	5,231,775	5,231,775	6,130,074	6,198,059	5,239,142	5,092,171	5,209,861	4,475,526
Internal Services Subtotal	55,323,397	55,323,397	58,741,742	73,145,748	55,327,186	57,597,243	65,650,453	52,296,952
Total	142,763,529	142,763,529	147,934,112	163,287,096	142,774,685	146,308,874	150,802,133	128,639,891

Total actual spending in 2014-15 increased by 13.7% from 2012-13. During this period, resources were added to the Regulation and Supervision of Federally Regulated Financial Institutions program to address OSFI's expanded mandate to include the oversight of Canada Mortgage and Housing Corporation's (CMHC) commercial activities, increased work related to credit risk, a revised approach to assessing operational risk, and new work related to corporate governance. Spending in 2014-15 also included a one-time payment related to the Government of Canada's (GoC) move to an employee compensation model of "pay in arrears".

Spending in Internal Services decreased by 12.3% in 2014-15 from 2013-14 due to the completion of OSFI's five-year Information Technology Renewal (ITR) program and the return to normal levels of investments in IM/IT to upgrade systems and renew core infrastructure and applications. The increase of 24.5% in planned spending in 2016-17 is in part due to relocation costs that had been planned for the Toronto office. At the time of writing, however, indications from Public Works and Government Services Canada suggest that the office will likely remain in its existing space. A reduction in OSFI's 2016-17 planned spending as a result of avoiding a relocation will be reflected in the 2016-17 Report on Plans and Priorities.

Spending within the Regulation and Supervision of Federally Regulated Private Pension Plans program has decreased every year since 2012-13, when the development of a new system to

enhance pension plan supervision was completed. Spending in 2014-15 was 9.2% lower than the previous year due to vacancies and non-recurring legal fees incurred in 2013-14.

Spending in the Actuarial Valuation and Advisory Services program decreased by 2.3% in 2014-15 compared to prior year due to the triennial Canada Pension Plan peer review that occurred in 2013-14. Planned spending in 2015-16 onward is expected to increase due to staffing of vacant positions and new resources to address incremental work related to actuarial valuations.

Total actual spending in 2014-15 was 2.5% higher than planned, largely due to the one-time payment related to the GoC's move to pay in arrears, the revised timelines to complete certain projects within OSFI's ITR program, and an increase in FTEs in the Regulation and Supervision of Federally Regulated Financial Institutions program for the reasons noted above.

Alignment of Spending With the Whole-of-Government Framework

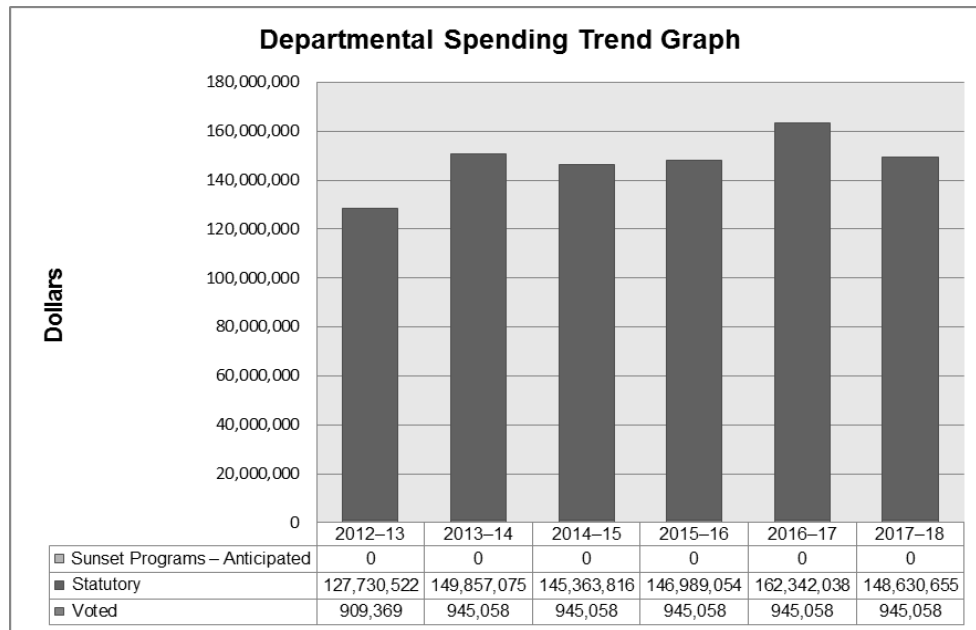
Alignment of 2014–15 Actual Spending With the [Whole-of-Government Framework](#)ⁱⁱ (dollars)

Strategic Outcome	Program	Spending Area	Government of Canada Outcome	2014–15 Actual Spending
1. A safe and sound Canadian financial system.	1.1 Regulation and Supervision of Federally Regulated Financial Institutions	Economic Affairs	Strong economic growth	79,674,770
	1.2 Regulation and Supervision of Federally Regulated Private Pension Plans	Economic Affairs	Income security and employment for Canadians	3,944,690
2. A financially sound and sustainable Canadian public retirement income system.	2.1 Actuarial Valuation and Advisory Services	Economic Affairs	Income security and employment for Canadians	5,092,171

Total Spending by Spending Area (dollars)

Spending Area	Total Planned Spending	Total Actual Spending
Economic Affairs	87,440,132	88,711,631
Social Affairs	0	0
International Affairs	0	0
Government Affairs	0	0

Departmental Spending Trend



The 2013-14 fiscal year saw a growth in expenditures of 17.2%. This was primarily due to the payouts related to the curtailment of severance for unionized employees, the full-year impact of employees hired during 2012-13, normal inflation and merit adjustments, investments in OSFI's ITR initiative, and the settlement of a pay equity claim dating from 1987 to 1997 that was previously provisioned for but paid out in 2013-14.

OSFI's 2014-15 expenditures decreased by 3.0%, largely due to the non-recurring costs in 2013-14 related to the aforementioned curtailment of severance and settlement of the pay equity claim.

OSFI's overall spending is expected to be relatively stable in 2015-16, increasing primarily by normal merit and inflationary adjustments. Expenditures in 2016-17 are planned to increase by 10.4% due to the Toronto office relocation costs. However, as noted in the Budget Performance Summary section, a reduction in OSFI's 2016-17 planned spending as a result of avoiding a relocation will be reflected in its 2016-17 Report on Plans and Priorities.

Over the planning years, OSFI's staff complement is expected to remain relatively stable.

Estimates by Vote

For information on OSFI's organizational voted and statutory expenditures, consult the [Public Accounts of Canada 2015](#),ⁱⁱⁱ which is available on the Public Works and [Government Services Canada website](#).^{iv}

Section II: Analysis of Programs by Strategic Outcome

Strategic Outcome 1: A safe and sound Canadian financial system

In 2014-15, OSFI continued to contribute to *a safe and sound Canadian financial system* by maintaining robust regulatory and supervisory frameworks and diligently applying them to the institutions and pension plans it oversees. The effectiveness of services provided is attested by the performance results attained.

Program 1.1: Regulation and Supervision of Federally Regulated Financial Institutions

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

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

Budgetary Financial Resources (dollars)

2014-15 Main Estimates	2014-15 Planned Spending	2014-15 Total Authorities Available for Use	2014-15 Actual Spending (authorities used)	2014-15 Difference (actual minus planned)
77,788,097	77,788,097	77,788,097	79,674,770	1,886,673

Human Resources (FTEs)

2014-15 Planned	2014-15 Actual	2014-15 Difference (actual minus planned)
413	428	15

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Protect depositors and policy holders while recognizing that all failures cannot be prevented.	Percentage of estimated recoveries on failed institutions (amount recovered per dollar of claim).	90%	100% ⁴
	Percentage of institutions with a Composite Risk Rating of low or moderate.	80%	91%
OSFI's regulatory and supervisory framework is consistent with international standards.	OSFI's regulatory and supervisory framework is deemed consistent with international standards.	100%	100% Three key international assessments of Canada's regulatory and/or supervisory frameworks were completed during 2014-15, each resulted in an overall "compliant" rating: <ul style="list-style-type: none"> • March 2014 International Monetary Fund (IMF) Financial Sector Assessment Program (FSAP) - Basel Core Principles for Effective Banking Supervision^v • March 2014 IMF FSAP - for Insurance Core Principles^{vi} • June 2014 Basel Committee on Banking Supervision Regulatory Consistency Assessment Programme^{vii}

Program Performance Analysis and Lessons learned

In 2014-2015, high levels of domestic household indebtedness, exceptionally low interest rates, and falling oil prices continued to be seen as sources of potential systemic vulnerability. OSFI took action to address the possible impact of these challenges and achieve its strategic priorities by communicating its expectations for risk management to FRFIs and conducting significant reviews in several areas, including stress testing, cyber security, risk data aggregation,

⁴ This measure is a proxy for whether OSFI intervened early enough to protect depositors and/or policyholders. Estimated recovery is the amount on the dollar per claim each policyholder or depositor would receive upon the completion of the liquidation. Expectation \geq \$0.90. The measure is provided annually, based on the updates on the estimated recoveries received from the agent or liquidator. Liquidation may span several years (e.g. life insurance) and affect a number of annual updates to the estimated recovery. As such, an annual update is made to the actual result for this indicator, regardless of whether any FRFI's failed that year or not.

outsourcing, and internal audit. We continued to develop supporting guidance for OSFI's Supervisory Framework and initiated a review of our supervisory processes and tools.

In 2014-15, the Regulation and Supervision of Federally Regulated Financial Institutions program and its sub-programs met all performance targets. This, in combination with strong industry opinions that OSFI is effective in monitoring and supervising FRFIs (Source: [2014 Financial Institutions Survey](#)^{viii}), shows progress toward the *Strategic Outcome 1: A safe and sound Canadian financial system*.

Sub-Program 1.1.1: Risk Assessment and Intervention

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

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
55,287,655	57,979,465	2,691,810

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
282	312	30

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Issues in institutions are identified and acted on at an early stage.	Percentage of supervisory rating increases that are two or more levels within any rolling three month period.	20%	0% ⁵
	Percentage of supervisory letters that are issued within established standards.	80%	89%

Performance Analysis and Lessons Learned

The Composite Risk Rating (CRR) represents OSFI's overall assessment of an institution's safety and soundness. Beginning in 2013-14, a Branch Risk Rating (BRR) was assigned to

⁵ Any supervisory rating increases that are two or more levels within a rolling three month period may indicate that risk assessment and/or intervention activities were not timely. As such, a result of 0% exceeds the target (i.e., tolerance) of 20%.

Foreign Bank Branches (FBBs) operating in Canada, rather than a CRR, reflecting OSFI's limited access to the information needed to assess the FBB's safety and soundness. There are four possible risk ratings: 'low', 'moderate', 'above average' and 'high'. The CRR is reported to most institutions at least once a year (certain inactive or voluntary wind-up institutions may not be rated). The Supervisory Information Regulations for both banks and insurance companies prohibit institutions (or OSFI) from publicly disclosing their rating. As at the end of March 2015, OSFI had assigned CRR ratings of low or moderate to 91% and above average or high to 9% of all CRR-rated institutions. These percentages are unchanged from the previous year.

Financial institutions are also assigned an intervention (stage) rating, as described in OSFI's guides to intervention for FRFIs, which determines the degree of supervisory attention they receive. Broadly, these ratings are categorized as: normal; early warning (stage 1); risk to financial viability or solvency (stage 2); future financial viability in serious doubt (stage 3); and non-viable/insolvency imminent (stage 4). As at March 31, 2015, there were 23 staged institutions. With a few exceptions, most of the staged institutions were in the early warning (stage 1) category.

OSFI continued updating internal guidance and processes to support its risk-based Supervisory Framework, which considers an institution's inherent business risks, risk management practices (including corporate governance) and financial condition. OSFI also initiated the discovery phase of renewing systems and tools to support supervisory processes.

In 2014-15, OSFI focused on various reviews concerning risk management practices at financial institutions, including:

- Completing the Enterprise-Wide Stress Testing review which assessed stress-testing capabilities and compliance, as well as integration with institutions' business strategy, risk management and capital management decisions.
- Commencing reviews of FRFI's Own Risk & Solvency Assessments which are performed by insurers to determine if their capital position is adequate and is likely to remain so in the future.
- Conducting supervisory reviews which considered institutions' assessments of their cyber security framework and controls relative to OSFI guidance.
- Monitoring FRFIs' progress in meeting OSFI's expectations with regards to Risk Appetite Framework development and implementation.

Feedback received from the Financial Institution Survey is being considered in ensuring that our supervisory practices are appropriate to the size and complexity of smaller financial institutions.

Sub-Program 1.1.2: Regulation and Guidance

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

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
16,353,979	15,464,636	(889,343)

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
101	88	(13)

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Timely response to market changes and/or industry suggestions that guidance need updating.	Percentage of industry stakeholders who rate OSFI as good or very good at responding in a timely manner to market changes or to industry suggestions that guidance need updating.	75%	77% (Source: 2014 Financial Institutions Survey (FIS))
Guidance effectively communicates OSFI's expectations.	Percentage of industry stakeholders that rate OSFI's guidance as somewhat or very effectively indicating OSFI's expectations.	75%	85% (Source: 2014 FIS)
Industry is consulted on the development of guidance.	Percentage of industry stakeholders that rate OSFI as good or very good at consulting with industry on the development of guidance.	70%	79% (Source: 2014 FIS)

Performance Analysis and Lessons Learned

OSFI provides a regulatory framework of guidance and rules that meets or exceeds international minimums for financial institutions. In addition to issuing guidance, OSFI provides input into the development of federal legislation and regulations affecting FRFIs and comments on accounting, auditing and actuarial standards development, which includes determining how to incorporate them into the regulatory framework governing FRFIs. OSFI also participates in a number of international and domestic rule-making activities.

The following represents a list of key regulatory guidance issued and policy development undertaken during 2014-15.

Capital related guidelines, advisories and policy work:

- Liquidity Adequacy Requirements
- Leverage Requirements
- Minimum Capital Test major revision
- Interim Capital Requirements for Mortgage Insurance Companies and policy discussions on the architecture of the capital framework for mortgage insurers
- Minimum Continuing Capital and Surplus Requirements technical update
- As part of its ongoing work in the development of a revised risk based capital framework for life insurance companies, OSFI issued a policy paper on the Life Insurance Capital Framework Standard Approach and requested life insurers participate in a quantitative impact study on the standardized approach

Accounting/Disclosure related guidelines, advisories and policy work:

- Public Disclosure Requirements for Domestic Systemically Important Banks on Liquidity Coverage Ratio
- Public Capital Disclosure Requirements related to Basel III Leverage Ratio
- Early adoption of International Financial Reporting Standards (IFRS) 9 Financial Instruments for Domestic Systemically Important Banks
- OSFI worked with major Canadian banks to ensure implementation of the Enhanced Disclosures Task Force's 32 recommendations on financial risk disclosures, resulting in substantial improvement to risk disclosures

Sound Business Practice related guidelines, advisories and policy work:

- Derivatives Sound Practices guideline – aligns OSFI requirements with international standards
- Residential Mortgage Insurance Underwriting Practices and Procedures guideline
- Regulatory Compliance Management guideline
- Canadian Dollar Offered Rate (CDOR) Benchmark-Setting Submissions advisory
- Changes to the Membership of the Board or Senior Management advisory

OSFI continued work with the Department of Finance, Canada Deposit Insurance Corporation and the Bank of Canada on issues of recovery and resolution as they would relate to individual financial institutions as well as the control of systemic financial risks. These measures are designed to increase the safety and soundness of the financial system, but also to ensure that timely and effective measures can be taken should the need arise.

Sub-Program 1.1.3: Approvals and Precedents

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

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
6,146,463	6,230,669	84,206

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
30	28	(2)

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Provide transparent and timely decisions on regulatory approvals.	Percentage of industry stakeholders that understand somewhat or very well the basis upon which OSFI makes its decisions as part of the approval process.	85%	88% (<i>Source: 2014 FIS</i>)
	Percentage of completed applications for regulatory approvals that are processed within established standards.	90%	99%

Performance Analysis and Lessons Learned

OSFI administers a regulatory approval process that is prudentially effective, responsive and transparent.

The soundness of the process is supported by performance results showing that a vast majority of knowledgeable observers understand the basis upon which OSFI makes its decisions. OSFI also has performance standards establishing timeframes for processing applications for regulatory

approval and for other services, all of which were surpassed during 2014-15. More information on [service performance standards](#)^{ix} can be found on OSFI's website.

In 2014-15, OSFI processed 223 applications of which 200 were approved. Individual applications often contain multiple approval requests. The 200 approved applications involved a total of 371 approvals, 286 of which were granted by the Superintendent and 85 by the Minister. This represents an increase relative to last year, when 199 applications were processed. Most applications processed during 2014-15 related to property and casualty insurers (47%) and banks (41%).

In keeping with the objective of enhancing the transparency of OSFI's legislative approval process and promoting a better understanding of our interpretation of the federal financial institution statutes, OSFI develops and publishes legislative guidance including advisories, rulings, and transaction instructions. In 2014-15, OSFI made revisions to the following guidance documents:

- Guide for Incorporating Banks and Federally Regulated Trust and Loan Companies;
- Advisory on the Legislative Framework for Foreign Banks;
- Advisories on Substantial Investments;
- Transaction Instructions on Related Party Asset Transactions as Part of a Restructuring; and
- Transaction Instructions on Related Party Asset Transactions with a Financial Institution.

During 2014-15, OSFI monitored the impact of the government's initiative to promote entry and growth of small financial institutions. While there was a marginal increase of new entry applications, new processes were introduced during the year and their full impact on the government's initiative may not be fully measurable for one or two more years. In addition, OSFI introduced a new process for approving reinsurance with unregistered related party reinsurers, which resulted in an increase of applications.

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

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

Budgetary Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2014–15 Total Authorities Available for Use	2014–15 Actual Spending (authorities used)	2014–15 Difference (actual minus planned)
4,420,260	4,420,260	4,420,260	3,944,690	(475,570)

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
27	26	(1)

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Issues in plans are identified and acted on at an early stage.	Percentage of stage rating increases that are two or more levels within any rolling three month period.	20%	One plan had two stage rating increases within a three month period, which represented 7% of all stage rating increases during 2014-15.
OSFI is perceived as being effective in monitoring and supervising pension plans.	Percentage of industry stakeholders that rate OSFI as “somewhat effective” or “very effective” in monitoring and supervising their pension plan(s).	75%	81% (<i>Source: 2014 Pension Plans Survey (PPS)</i>)

Expected Results	Performance Indicators	Targets	Actual Results
Guidance effectively communicates OSFI's expectations.	Percentage of industry stakeholders that rate OSFI Guidance as "somewhat effective" or "very effective" in providing an indication of OSFI's expectations.	75%	78% (Source: 2014 PPS)

Performance Analysis and Lessons Learned

Given the improved financial position of pension plans at the end of 2013, in 2014-15 OSFI consulted with various stakeholders to understand whether plan administrators and employers are considering making major changes to their risk management strategies (risk transference and investment strategies as well as plan design changes). OSFI also discussed what barriers exist to the adoption of risk management solutions. In general, OSFI has observed that plan administrators and employers are paying closer attention to their pension plans' underlying risks, and to how these risks can be managed.

Highlights of other activities completed by OSFI to support and strengthen the Regulation and Supervision of Federally Regulated Private Pension Plans include:

- Registering five Pooled Registered Pension Plan (PRPP) administrators and developing internal processes for the supervision of PRPPs.
- Supporting the Department of Finance in:
 - producing a draft PRPP Multi-lateral Agreement to promote a coordinated supervisory approach; and
 - assessing a voluntary Target Benefit Plan option under the *Pension Benefits Standards Act, 1985*.
- Providing up-to-date guidance on the status of changes to federal pension legislation and regulations through its website and *InfoPensions* newsletter. Amendments to the *Pension Benefits Standards Regulations* were approved in March 2015 and OSFI is expected to issue revised guidance in 2015-16.
- Developing a questionnaire to be sent to a number of federally regulated defined contribution pension plan administrators. The results will be analysed in 2015-2016 and will support changes, if any, to OSFI's supervision of these types of pension plans as well as PRPPs.
- Updating the Risk Assessment Framework for Federally Regulated Private Pension Plans and the accompanying guidance notes as well as reviewing OSFI's internal procedures related to the development of a pension plan's Risk Assessment Summary.
- Hosting a webinar in April 2014 that included topics on supervisory findings and expectations, actuarial concerns, and expectations with respect to regulatory approvals.

Strategic Outcome 2: A financially sound and sustainable Canadian public retirement income system

In 2014-15, OSFI continued to contribute to maintaining a *financially sound and sustainable Canadian public retirement income system* through the provision of high quality expert actuarial valuation and advice to the Government of Canada and to provincial governments that are Canada Pension Plan (CPP) stakeholders. The soundness of services provided is attested by the performance results attained.

Program 2.1: Actuarial Valuation and Advisory Services

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

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

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

Budgetary Financial Resources (dollars)

2014-15 Main Estimates	2014-15 Planned Spending	2014-15 Total Authorities Available for Use	2014-15 Actual Spending (authorities used)	2014-15 Difference (actual minus planned)
5,231,775	5,231,775	5,239,142	5,092,171	(139,604)

Human Resources (FTEs)

2014-15 Planned	2014-15 Actual	2014-15 Difference (actual minus planned)
35	32	(3)

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Stewards of Canada's public retirement income system receive accurate, high quality and timely professional actuarial services and advice.	Attestation of a panel of three Canadian peer actuaries selected by an international independent body that the OCA provides accurate, high quality and professional services and advice.	100% agreement among all three members of peer review panel	100%
	Use of the OCA's work by the Office of the Auditor General (OAG) as an independent evidence for Public Accounts Canada.	Confirmation from the OAG	Confirmation received
	Reports are provided to the Minister for tabling in Parliament as per statutory deadlines.	100%	100%

Performance Analysis and Lessons Learned

In 2014-15, the OCA continued to provide independent, accurate, high quality and timely actuarial reports, professional actuarial services and advice. This claim is supported by a third party assessment of the OCA's expertise and its compliance with professional standards.

With the view of maintaining high quality services, and as recommended by the CPP independent peer review panel, the OCA continued to maintain its programs of research on subjects relevant to the preparation of future actuarial reports.

Increasing longevity affects the sustainability of pension plans. The impact of this trend, coupled with high uncertainty with respect to the evolution of future mortality rates, makes the development of appropriate mortality assumptions of paramount importance. As stated by Chief Actuary Jean-Claude Ménard during his appearance at the House of Commons Standing Committee on Public Accounts in May 2014, the expected future mortality improvements are embedded in actuarial valuations of the pension plans prepared by the OCA. Throughout the year, the Chief Actuary and his staff delivered presentations addressing these topics to a range of national and international audiences. In 2014-15, the OCA published two mortality studies that address mortality assumptions: Actuarial Study No. 12 Mortality Projections for Social Security Programs in Canada and Actuarial Study No. 14 Pension Plan for the Public Service of Canada Mortality Study.

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

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

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
1,813,723	1,605,410	(208,313)

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
11	9	(2)

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Provide accurate, high quality and timely actuarial valuations informing CPP and OAS stakeholders and Canadians of the current and projected financial status of the Plan and Program.	CPP actuarial valuations are deemed accurate and high quality	100%	100%
	Percentage of recommendations from the previous peer review report and within the scope and influence of the OCA that are implemented before the next peer review.	80%	In progress. The recommendations will be mostly implemented as a part of the work on the 27 th CPP Actuarial Report to be completed by December 2016.
	Reports on CPP and OAS are provided to the Minister for tabling in Parliament as per statutory deadlines.	100%	100%

Performance Analysis and Lessons Learned

In 2014-15, the OCA continued to provide high quality services under its CPP and OAS sub-program, as demonstrated by performance results.

Tabling of the 12th Actuarial Report on the OAS Program

The OCA is required by law to produce an actuarial report on the OAS program every three years or whenever an amendment is made that affects the cost of benefits. The triennial 12th Actuarial Report on the OAS Program as at December 31, 2012 was tabled on August 20, 2014. This actuarial report provides information on future expenditures until 2060. The report facilitates a better understanding of the status of the OAS program and the factors that influence its costs, thereby contributing to an informed public discussion of issues related to it.

The report's key findings show that, over the long term, the ratio of total OAS expenditures to GDP is projected to reach a high of 2.8% by 2033 and then decrease slowly to a level of 2.4% by 2050.

External Peer Review of the 26th CPP Actuarial Report

In May 2014, the OCA released the findings of an external peer panel commissioned to review the 26th Actuarial Report on the CPP. The independent panel's findings confirm that the work performed by the OCA on the 26th CPP Actuarial Report meets all professional standards of practice and statutory requirements and that the assumptions and methods used are reasonable. The panel also stated that the report fairly communicates the results of the work performed by the Chief Actuary and his staff.

The peer review resulted in eight recommendations dealing with various aspects of the report including data, methodology, communication of results, and other actuarial issues. The OCA has either taken or plans to take action on these recommendations. In particular, the OCA will continue to broaden its sources of information before setting assumptions. The work performed by the Chief Actuary as Chairman of the International Social Security Association, Commission on Statistical, Actuarial and Financial Studies, as well as the OCA inter-disciplinary seminar planned for September 2015, are aimed at gathering opinions from national and international experts. The OCA will also continue to obtain expert advice from various fields such as demographics, economics, statistics and investments.

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

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

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
2,565,065	2,667,952	102,887

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
18	18	0

Performance Results

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

Performance Analysis and Lessons Learned

In 2014-15, the OCA continued to provide high quality services under its Public Sector Pension and Insurance Programs sub-program, as demonstrated by performance results.

Public Sector Insurance and Pension Plans

In 2014-15, the OCA completed four actuarial reports with respect to public sector insurance and pension plans, which were submitted to the President of the Treasury Board for tabling before Parliament. The Actuarial Report on the Pension Plan for the Members of Parliament as at March 31, 2013 and the Actuarial Report on the Regular Force Death Benefit Account as at March 31, 2013 were tabled on October 31, 2014, and the Actuarial Reports on the Pension Plans for the Canadian Forces – Regular Force and Reserve Force as at March 31, 2013 were both tabled on November 21, 2014. These reports provide actuarial information to decision makers, Parliamentarians and the public, thereby increasing transparency and confidence in Canada's retirement income system.

Comments and recommendations identified in an Ernst & Young Report from fall 2014 regarding the actuarial reports review for Public Accounts purposes will be reflected – within the scope and influence of the OCA – in future valuation reports.

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

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

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
852,987	818,809	(34,178)

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
6	5	(1)

Performance Results

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

Performance Analysis and Lessons Learned

In 2014-15, the OCA continued to provide high quality services under its Canada Student Loans and Employment Insurance Programs sub-program, as demonstrated by performance results.

CSLP Actuarial Report

The CSLP Inter-Valuation Report as at July 31, 2013 was provided to the CSLP in June of 2014 to support Employment and Social Development Canada's (ESDC) accounting requirements as well as partners' needs, including the Office of the Auditor General, Treasury Board Secretariat, Department of Finance, and the Office of the Receiver General. The report includes a forecast of the costs and revenues of the Program for 25 years, which is through loan year 2037-38.

The statutory Actuarial Report on the CSLP as at July 31, 2014 will be submitted to ESDC in June 2015.

Actuarial Report on the Employment Insurance Premium Rate

In 2014-15, the OCA presented the Canada Employment Insurance Commission with the 2015 Actuarial Report on the Employment Insurance Premium Rate that was tabled before Parliament on September 24, 2014. This report provides the forecast break-even premium rate for the upcoming year and a detailed analysis in support of this forecast.

Internal Services

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

Budgetary Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2014–15 Total Authorities Available for Use	2014–15 Actual Spending (authorities used)	2014–15 Difference (actual minus planned)
55,323,397	55,323,397	55,327,186	57,597,243	2,273,846

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
194	201	7

Performance Analysis and Lessons Learned

During 2014-15, OSFI continued to focus on delivering effective and efficient internal services in support of business sectors, including undertaking various enhancements as evidenced by the following key achievements.

Communicating Effectively

During 2014-15, OSFI communicated its plans and activities to a wide range of stakeholders via its website and other means. As in previous years, OSFI received many requests to address external conferences and events. The Superintendent and senior OSFI officials delivered presentations across Canada and internationally. The Superintendent appeared before the Senate Standing Committee on Banking, Trade and Commerce, and the Chief Actuary appeared before the House of Commons Standing Committee on Public Accounts.

Coinciding with Jeremy Rudin's first public address as Superintendent, in September 2014, OSFI began using Twitter to broadcast content to a larger audience. OSFI tweets from two accounts: @OSFICanada (English) and @BSIFCanada (French).

Renewing Technology and Systems

2014-15 marked the successful completion of a five-year Information Technology Renewal program. By the end of the fiscal year, the last three projects concluded as planned and the new systems are providing OSFI with updated business data management capability. OSFI now uses the federal government's shared SAP platform for its financial and contracting processes; a modern HR Management System enables self-serve transactions; and a Correspondence and Enquiry Management system manages inquiries received from Parliament, federally regulated financial institutions, pension plan members, media and the general public. System upgrades delivered over the preceding four years include: on-line filing for regulatory data; business intelligence analytics tools; a new website; a risk assessment system for the Pension Plans Division; and modernized networking and technology tools. The overall result is significantly fewer applications and rationalized data, and a strong emerging focus on enterprise information management across the Office.

Managing Human Resources

In 2014-15, ongoing risks posed by the current environment, both at the level of the economy and within the financial sector, as well as internal factors, continued to have an impact on how we do our work. To mitigate these risks, a number of priorities were identified through the Human Resources (HR) planning process and the following actions were taken to address gaps:

- Supported the reorganization of the Supervision Sector, which led to the creation of new sectors for Deposit-taking Institutions, Insurance Institutions and the Supervision Support Group, with staffing expected to be completed early in 2015-16
- Provided support and oversight to contain costs and growth in the organization, and helped managers identify and reallocate resources to address organizational priorities
- Continued to update HR policies and guidelines to provide appropriate guidance to managers and employees and to support their consistent application across the organization
- Focused on employee engagement by ensuring that managers worked with employees to implement action plans to address issues raised in the bi-annual employee survey done in 2013-14
- Provided learning and development opportunities for staff across the organization based on individual learning plans in support of business plans
- Continued to support managers in handling complex performance, disability and sick leave cases on a timely basis

Section III: Supplementary Information

Financial Statements Highlights

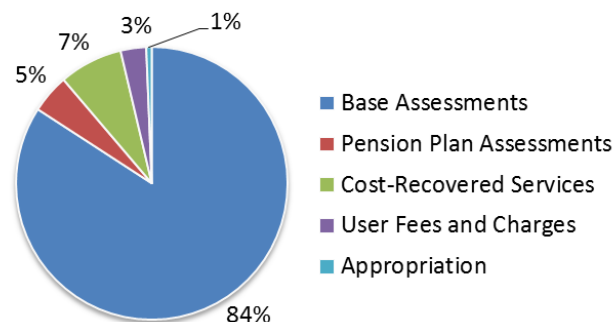
Over the course of 2014-15, OSFI continued to operate on a full accrual accounting basis in accordance with International Financial Reporting Standards.

The tables below provide highlights from OSFI's *Statement of Financial Position* and *Statement of Operations*, as presented in its audited financial statements. As such, there are differences between these tables and those presented in other sections of the *Departmental Performance Report*, which are prepared on the appropriation (i.e., modified cash) basis of accounting, in accordance with the *Guide to the Preparation of Part III of the 2014-15 Estimates*. Typically the differences stem from the accounting treatment of capital expenditures and accounts receivable.

Condensed Statement of Operations (unaudited)					
For the Year Ended March 31, 2015					
(dollars)					
Financial Information	2014–15 Planned Results	2014–15 Actual	2013–14 Actual	Difference (2014–15 actual minus 2014–15 planned)	Difference (2014–15 actual minus 2013–14 actual)
Total expenses	145,969,315	144,810,235	141,861,746	(1,159,080)	2,948,489
Total revenues	145,031,624	143,865,177	140,916,688	(1,166,447)	2,948,489
Net cost of operations before government funding and transfers	(937,691)	(945,058)	(945,058)	(7,367)	0

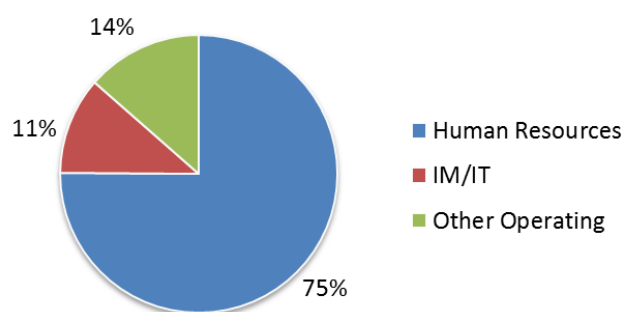
OSFI is funded mainly through asset-based, premium-based or membership-based assessments on the financial institutions and private pension plans that OSFI regulates and supervises, and a user-pay program for selected services. OSFI also receives revenues for cost-recovered services and a very small parliamentary appropriation for actuarial services relating to public sector employee pension and insurance plans. Overall, on an accrual basis, OSFI recovered all its expenses for the year.

Revenue by Type



Total expenses were \$144.8 million, a \$2.9 million or 2.1% increase from the previous year, and \$6.7 million lower than planned. The year-over-year growth was primarily driven by costs associated with OSFI’s ITR initiatives and rental costs for new space acquired in the Toronto and Ottawa offices. The lower spend than planned was largely due to the curtailment of spending in discretionary expenses and savings in personnel costs resulting from decisions to either defer staffing or not fill certain positions.

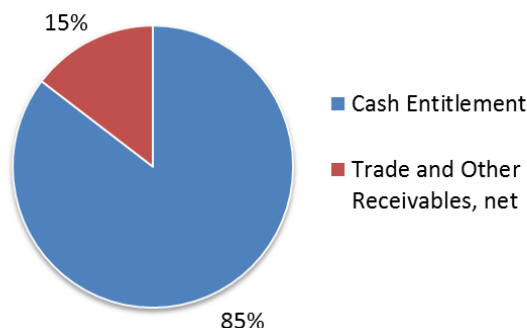
Expenses by Type



Condensed Statement of Financial Position (unaudited)			
As at March 31, 2015			
(dollars)			
Financial Information	2014–15	2013–14	Difference (2014–15 minus 2013–14)
Total net liabilities	46,683,000	38,933,000	7,750,000
Total net financial assets	51,752,000	42,596,000	9,156,000
Departmental net debt	5,069,000	3,663,000	1,406,000
Total non-financial assets	19,919,000	21,325,000	(1,406,000)
Departmental net financial position	24,988,000	24,988,000	0

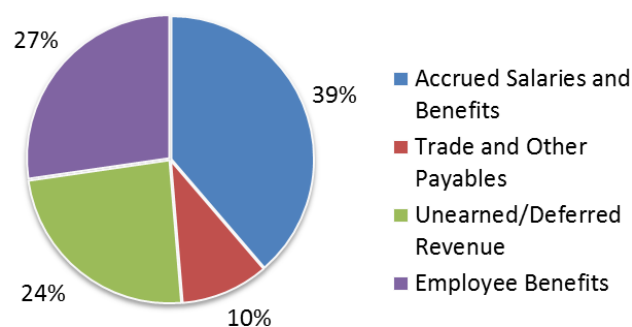
Total net financial assets at the end of 2014-15 were \$51.8 million, an increase of \$9.2 million over the previous year's assets, mostly driven by an increase in the Cash Entitlement account, which represents the amount OSFI is entitled to withdraw from the Consolidated Revenue Fund without further authority.

Financial Assets by Type



Total net liabilities were \$46.7 million at the end of 2014-15, which was \$7.8 million higher than the previous year. The growth was attributed primarily to an increase in the liability related to salaries and benefits due to the Government of Canada's move to pay in arrears, and to an increase in Unearned Base Assessments as a result of lower than planned spend of \$6.7 million as discussed above.

Liabilities by Type



Financial Statements

OSFI's Audited Financial Statements, which are published in the [Annual Report](#)^x can be found on OSFI's website.

Supplementary Information Tables

The [supplementary information tables](#)^{xi} listed in the 2014-15 Departmental Performance Report can be found on OSFI's website.

- ▶ Departmental Sustainable Development Strategy;
- ▶ Internal Audits; and
- ▶ User Fees, Regulatory Charges and External Fees.

Tax Expenditures and Evaluations

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

Section IV: Organizational Contact Information

Website:

<http://www.osfi-bsif.gc.ca>

General enquiries:

Email: information@osfi-bsif.gc.ca

Phone: 1-800-385-8647 (Monday through Friday, between 8:30 a.m. and 6:00 p.m. (Eastern Time)).

Head Office and mailing address:

255 Albert Street

Ottawa, Ontario

K1A 0H2

Canada

Appendix: Definitions

appropriation (*crédit*): Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (*dépenses budgétaires*): Includes operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report (*rapport ministériel sur le rendement*): Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Report on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent (*équivalent temps plein*): Is 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.

Government of Canada outcomes (*résultats du gouvernement du Canada*): A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure (*Structure de la gestion, des ressources et des résultats*): A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures (*dépenses non budgétaires*): Includes 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.

planned spending (*dépenses prévues*): For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures 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 RPPs and DPRs.

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.

priorities (*priorité*): Plans or projects 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 Strategic Outcome(s).

program (*programme*): A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture (*architecture d'alignement des programmes*): A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

Report on Plans and Priorities (*rapport sur les plans et les priorités*): Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

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.

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.

whole-of-government framework (*cadre pangouvernemental*): Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

- i. Office of the Superintendent of Financial Institutions Act, <http://laws-lois.justice.gc.ca/eng/acts/O-2.7/>
- ii. Whole-of-government framework, <http://www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx>
- iii. *Public Accounts of Canada 2015*, <http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html>
- iv. Public Works and Government Services Canada website, <http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html>
- v. International Monetary Fund's 2014 Financial Sector Assessment Program for Canada – Basel Core Principles for Effective Banking Supervision, <http://www.imf.org/external/pubs/ft/scr/2014/cr1471.pdf>
- vi. International Monetary Fund's 2014 Financial Sector Assessment Program for Canada - Insurance Core Principles, <http://www.imf.org/external/pubs/cat/longres.aspx?sk=41408.0>
- vii. Basel Committee on Banking Supervision – Regulatory Consistency Assessment Programme, http://www.bis.org/bcbs/implementation/l2_ca.pdf
- viii. Overview of the Financial Institutions Survey Findings, http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/srv-sdg/Pages/fis1415_let.aspx
- ix. Service Standards, <http://www.osfi-bsif.gc.ca/Eng/fi-if/app/aag-gad/Pages/standards.aspx>
- x. OSFI's Annual Reports, <http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/ar-ra/Pages/default.aspx>
- xi. Supplementary Tables, http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/dpr-rmr/1415/Pages/dpr1415_si.aspx
- xii. Government of Canada Tax Expenditures, <http://www.fin.gc.ca/purl/taxexp-eng.asp>

Departmental Sustainable Development Strategy

Goal: Waste and Asset Management	
Target: Green Procurement	
As of April 1, 2014, the Government of Canada will continue to take action to embed environmental considerations into public procurement, in accordance with the federal <i>Policy on Green Procurement</i> .	
Scope and Context	
The Office of the Superintendent of Financial Institutions (OSFI) procures over \$24 million in goods and services per year, across multiple commodity categories. Although greening of our procurement can be integrated throughout our activities, OSFI is focusing on three areas for green procurement: paper products and printing, toner cartridges, and office furniture.	
Performance Measurement	
Expected Result	
Environmentally responsible acquisition, use and disposal of goods and services.	
Performance Indicator	Performance Level Achieved
Departmental approach to further the implementation of the <i>Policy on Green Procurement</i> in place (as of April 1, 2014).	March 31, 2014
Number and percentage of specialists in procurement and/or materiel management who have completed the Canada School of Public Service Green Procurement course or equivalent, in the given fiscal year.	9 100%
Number and percentage of managers and functional heads of procurement and materiel whose performance evaluation includes support and contribution towards green procurement, in the given fiscal year.	2 100%
Departmental Green Procurement Target:	
By March 31, 2017, 95% of copy paper and envelope purchases will contain a minimum of 30% recycled content and be certified to a recognized environmental standard to reduce the environmental impact of its production.	
Performance Indicator	Performance Level Achieved
Dollar value of copy paper, commercial printing and envelope purchases that meet the target objective as a percentage of total dollar value of all copy paper and envelope purchases in the year in question.	Exceeded. \$105,835.99 which represents 100% of the total dollar value of all copy paper and envelopes purchased in 2014
Departmental Green Procurement Target:	
By March 31, 2017, 90% of toner cartridges are recycled at end of life.	
Performance Indicator	Performance Level Achieved
Volume of toner cartridges recycled as a percentage of total volume of all toner cartridges purchased in the year in question.	100%

Departmental Green Procurement Target:

By March 31, 2017, 70% of office furniture purchases will include criteria to reduce the environmental impact associated with the acquisition of the furniture.

Performance Indicator	Performance Level Achieved
Dollar value of office furniture purchases that meet the target objective as a percentage of total dollar value of all office furniture purchases for the year in question.	Exceeded. \$331,766.40 which represents 90% of the total dollar value of office furniture purchased in 2014.
Implementation Strategy Element or Best Practice	Performance Level Achieved
Leverage common use procurement instruments where available and feasible.	Achieved

Internal Audits

Internal Audits Completed in 2014-15

Title of Internal Audit	Internal Audit Type	Completion Date
Regulation Sector: Actuarial Division	Risk Assessment & Intervention	June 2014
Regulation Sector: Private Pension Plans Division	Risk Assessment and Intervention (Supervision)	August 2014

OSFI's Internal Audit group conducts regular internal audits. The Internal Audit Plan is recommended for approval one year at a time by the Audit Committee and approved by the Superintendent. The 2014-15 to 2016-17 Internal Audit Plan was approved in Q3 2013-14 and the 2015-16 to 2017-18 was approved in Q3 2014-15. The audit plan is subject to change from year to year depending on changes to priorities or in the business.

User Fees, Regulatory Charges and External Fees

Reporting on the *User Fees Act*

General and Financial Information by Fee

General Information

Fee name	Superintendent Non-deemed Approvals Except Deposit and Trust Agreements and Letters of Credit S1-21 Approval to maintain a representative office of a foreign bank S1-40 Reservation of a name S2-02 Accreditation of a provincial reinsurer
Fee type	Regulatory
Fee-setting authority	<i>Office of the Superintendent of Financial Institutions (OSFI) Act</i>
Year introduced	1999
Year last amended	2006
Performance standard	90% will be processed in less than 60 calendar days of receipt.
Performance results	100% were processed in less than 60 calendar days of receipt.

Financial Information, 2014–15 (dollars)

Forecast revenue	Actual revenue	Full cost
46,400	59,653	59,653

Financial Information, 2015–16, 2016–17 and 2017–18 (dollars)

Planning year	Forecast revenue	Estimated full cost
2015–16	46,400	46,400
2016–17	46,400	46,400
2017–18	46,400	46,400

General Information

Fee name	Ministerial Approvals S1-01 Letters patent of incorporation S1-02 Letters patent of continuance S1-03 Order permitting a foreign bank to carry on banking business in Canada S1-04 Order approving the insuring in Canada of risks by a foreign body corporate S1-14 Exemption from material banking group status S1-15 Approval for a foreign bank or entity associated with a foreign bank to have a financial establishment in Canada S1-16 Approval for a foreign bank or entity associated with a foreign bank in respect of investments and activities in Canada
Fee type	Regulatory
Fee-setting authority	<i>OSFI Act</i>
Year introduced	1999
Year last amended	2006
Performance standard	80% will be processed in less than 90 calendar days of receipt.
Performance results	100% were processed in less than 90 calendar days of receipt.

Financial Information, 2014–15 (dollars)

Forecast revenue	Actual revenue	Full cost
304,000	312,488	312,488

Financial Information, 2015–16, 2016–17 and 2017–18 (dollars)

Planning year	Forecast revenue	Estimated full cost
2015–16	304,000	304,000
2016–17	304,000	304,000
2017–18	304,000	304,000

General Information

Fee name	Precedents / Rulings / Interpretations S2-01 Written, precedent-setting ruling relating to the quality of capital S2-03 Written interpretation of Acts, regulations, guidelines or rulings
Fee type	Regulatory
Fee-setting authority	<i>OSFI Act</i>
Year introduced	1999
Year last amended	2003
Performance standard	80% will be processed in less than 180 calendar days of receipt.
Performance results	100% were processed in less than 180 calendar days of receipt.

Financial Information, 2014–15 (dollars)

Forecast revenue	Actual revenue	Full cost
4,000	12,056	12,056

Financial Information, 2015–16, 2016–17 and 2017–18 (dollars)

Planning year	Forecast revenue	Estimated full cost
2015–16	4,000	4,000
2016–17	4,000	4,000
2017–18	4,000	4,000

General Information

Fee name	Non-precedential Confirmations of Quality of Capital S2-04 Written, non-precedent-setting confirmation of quality of capital
Fee type	Regulatory
Fee-setting authority	<i>OSFI Act</i>
Year introduced	1999
Year last amended	2003
Performance standard	90% will be processed in less than 60 calendar days of receipt.
Performance results	98% were processed in less than 60 calendar days of receipt.

Financial Information, 2014–15 (dollars)

Forecast revenue	Actual revenue	Full cost
36,000	243,280	243,280

Financial Information, 2015–16, 2016–17 and 2017–18 (dollars)

Planning year	Forecast revenue	Estimated full cost
2015–16	36,000	36,000
2016–17	36,000	36,000
2017–18	36,000	36,000

General Information

Fee name	Copies of Corporate Documents and Certificates of Confirmation S2-10 Copies of any one of the following corporate documents (per request and per body corporate): (a) a certificate of confirmation; (b) a certified copy of letters patent or of incorporation or amalgamation documents; and (c) the corporate history of a body corporate
Fee type	Other products and services
Fee-setting authority	<i>OSFI Act</i>
Year introduced	1999
Year last amended	2003
Performance standard	90% will be processed within 2 business days of receipt.
Performance results	100% were processed within 2 business days of receipt.

Financial Information, 2014–15 (dollars)

Forecast revenue	Actual revenue	Full cost
125,000	114,450	114,450

Financial Information, 2015–16, 2016–17 and 2017–18 (dollars)

Planning year	Forecast revenue	Estimated full cost
2015–16	125,000	125,000
2016–17	125,000	125,000
2017–18	125,000	125,000

General Information

Fee name	Fees for processing requests filed under the <i>Access to Information Act</i>
Fee type	Other products and services
Fee-setting authority	<i>Access to Information Act</i>
Year introduced	1988
Year last amended	1992
Performance standard	A response is provided within 30 days following receipt of a request; the response time may be extended under section 9 of the <i>Access to Information Act</i> .
Performance results	The department responded within 30 days in 100 per cent of cases.*

*Includes cases where a Notice of Extension is sent to the requester within 30 days of receipt of the request. The Act provides more details: <http://laws.justice.gc.ca/en/A-1/218072.htm>.

Financial Information, 2014–15 (dollars)

Forecast revenue	Actual revenue	Full cost
1,000	182	228,000

Financial Information, 2015–16, 2016–17 and 2017–18 (dollars)

Planning year	Forecast revenue	Estimated full cost
2015–16	500	230,000
2016–17	500	233,000
2017–18	500	236,000

Other information

In July 2000, the Canada Customs and Revenue Agency ruled that most of the service charges are exempted from GST under the *Excise Tax Act*.

A Regulatory fee relates to an activity undertaken by a department that is integral to the effectiveness of a program and successful achievement of the program mandate requires moderating, directing, testing, or approving the actions of external parties.

The full cost is based on the fiscal year salary levels according to collective agreements, the fiscal year Treasury Board benefit factors, and OSFI's factor for indirect costs.

Note: According to prevailing legal opinion, where the corresponding fee introduction or most recent modification occurred prior to March 31, 2004:

- the performance standard, if provided, may not have received parliamentary review;
- the performance standard, if provided, may not respect all establishment requirements under the *User Fee Act* (e.g. international comparison; independent complaint address); and,
- the performance result, if provided, is not legally subject to section 5.1 of the *User Fee Act* regarding fee reductions for unachieved performance.

Summary of Financial Information for All User Fees and Regulatory Charges

Summary of Financial Information for All User Fees and Regulatory Charges, 2014–15 (dollars)

	Forecast revenue	Actual revenue	Full cost
Regulatory subtotal	390,400	627,477	627,477
Other products and services subtotal	126,000	114,632	342,450
Total, all fee types	516,400	742,109	969,927

Summary of Financial Information for All User Fees and Regulatory Charges, 2015–16, 2016–17 and 2017–18 (dollars)

	Planning year	Forecast revenue	Estimated full cost
Regulatory subtotal	2015–16	390,400	390,400
	2016–17	390,400	390,400
	2017–18	390,400	390,400
Other products and services subtotal	2015–16	125,500	355,000
	2016–17	125,500	358,000
	2017–18	125,500	361,000
Total, all fee types	2015–16	515,900	745,400
	2016–17	515,900	748,400
	2017–18	515,900	751,400

Reporting on the *Policy on Service Standards for External Fees*

General Information by Fee

General Information

External fee name	<p>Superintendent Non-deemed Approvals Except Deposit and Trust Agreements and Letters of Credit</p> <p>S1-21 Approval to maintain a representative office of a foreign bank</p> <p>S1-40 Reservation of a name</p> <p>S2-02 Accreditation of a provincial reinsurer</p>
Service standard	90% will be processed in less than 60 calendar days of receipt.
Performance results	100% were processed in less than 60 calendar days of receipt.
Stakeholder consultation in 2014–15 or prior fiscal years	Although the number of approvals subject to a Regulatory fee represents 20% of the total approvals processed in 2014-15, OSFI applies these standards to all application for regulatory approvals in order to provide a better quality of service.

External fee name	<p>Ministerial Approvals</p> <p>S1-01 Letters patent of incorporation</p> <p>S1-02 Letters patent of continuance</p> <p>S1-03 Order permitting a foreign bank to carry on banking business in Canada</p> <p>S1-04 Order approving the insuring in Canada of risks by a foreign body corporate</p> <p>S1-14 Exemption from material banking group status</p> <p>S1-15 Approval for a foreign bank or entity associated with a foreign bank to have a financial establishment in Canada</p> <p>S1-16 Approval for a foreign bank or entity associated with a foreign bank in respect of investments and activities in Canada</p>
Service standard	80% will be processed in less than 90 calendar days of receipt.
Performance results	100% were processed in less than 90 calendar days of receipt.
Stakeholder consultation in 2014–15 or prior fiscal years	Although the number of approvals subject to a Regulatory fee represents 20% of the total approvals processed in 2014-15, OSFI applies these standards to all application for regulatory approvals in order to provide a better quality of service.

External fee name	Precedents/ Rulings/ Interpretations S2-01 Written, precedent-setting ruling relating to the quality of capital S2-03 Written interpretation of Acts, regulations, guidelines or rulings
Service standard	80% will be processed in less than 180 calendar days of receipt.
Performance results	100% were processed in less than 180 calendar days of receipt.
Stakeholder consultation in 2014–15 or prior fiscal years	Although the number of approvals subject to a Regulatory fee represents 20% of the total approvals processed in 2014-15, OSFI applies these standards to all application for regulatory approvals in order to provide a better quality of service.

External fee name	Non-precedential Confirmations of Quality of Capital S2-04 Written, non-precedent-setting confirmation of quality of capital
Service standard	90% will be processed in less than 60 calendar days of receipt.
Performance results	98% were processed in less than 60 calendar days of receipt.
Stakeholder consultation in 2014–15 or prior fiscal years	Although the number of approvals subject to a Regulatory fee represents 20% of the total approvals processed in 2014-15, OSFI applies these standards to all application for regulatory approvals in order to provide a better quality of service.

External fee name	Copies of Corporate Documents and Certificates of Confirmation S2-10 Copies of any one of the following corporate documents (per request and per body corporate): (a) a certificate of confirmation; (b) a certified copy of letters patent or of incorporation or amalgamation documents; and (c) the corporate history of a body corporate
Service standard	90% will be processed within 2 business days of receipt.
Performance results	100% were processed within 2 business days of receipt.
Stakeholder consultation in 2014–15 or prior fiscal years	Although the number of approvals subject to a Regulatory fee represents 20% of the total approvals processed in 2014-15, OSFI applies these standards to all application for regulatory approvals in order to provide a better quality of service.

Other information

During 2014-15, OSFI conducted a confidential consultation with property and casualty companies and a survey with executives of federally regulated financial institutions. Results showed that OSFI's Approvals staff is perceived to respond in a timely manner to requests for approvals and to provide opportunities for companies to discuss issues of concern. Further results showed that OSFI's guidance provides clear and transparent expectations in a way that is easy to understand. Findings from these two studies are available on [OSFI's web site](#)¹.

Disclaimer: As established pursuant to the *Policy on Service Standards for External Fees*:

- Service standards may not have received parliamentary review;
- Service standards may not respect all performance standard establishment requirements under the Users Fees Act (e.g., international comparison or independent complaint process); and
- Performance results are not legally subject to section 5.1 of the Users Fees Act regarding fee reductions for unachieved performance.

¹ http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/srv-sdg/Pages/fis1415_let.aspx