

# Effective Consumer Protection and Education

## 2014-2017 Strategic Business Plan



**FINANCIAL AND  
CONSUMER SERVICES  
COMMISSION**

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regulation • education • protection

Approval Date: 16 December 2013  
Effective Date: 1 April 2014  
Review Date: December 2014

## 2014-2017 STRATEGIC DIRECTION

The overall responsibility for approving the strategic direction of the Commission rests with the members, acting collectively as the board of directors. Our strategic direction sets out how we will conduct our business and fulfil our role in accordance with the mandate established by legislation. The Commission's authority is derived from legislation and articulated in its By-laws and Governance Policy.

**Our Vision** - A confident, dynamic and informed financial and consumer marketplace for New Brunswick.

**Our Mandate** - Protect consumers and enhance public confidence in the financial and consumer marketplaces through the provision of regulatory and educational services.

### Our Values

**Leadership** -we adhere to best practices and high standards to ensure regulatory and organizational excellence;

**Integrity** - we are fair, ethical, transparent and accountable for our actions;

**Responsiveness** - we provide pro-active, efficient and timely services; we listen to understand and address the needs of our stakeholders and staff; and

**Commitment** - we invest in our staff by encouraging innovation and developing expertise and leadership.

### Regulatory Requirements

The three requirements of an effective regulatory structure are:

- A legislated and legitimate foundation to achieve the intended public purpose of consumer protection;
- An organization that has the sustainable, operational and financial capacity to deliver on its mandate; and
- An organization that creates and delivers value to the public.

## OUR CORPORATE PROFILE

The Financial and Consumer Services Commission is an arm's length self-funded independent Crown Corporation under Part IV of the *Public Service Labour Relations Act*.

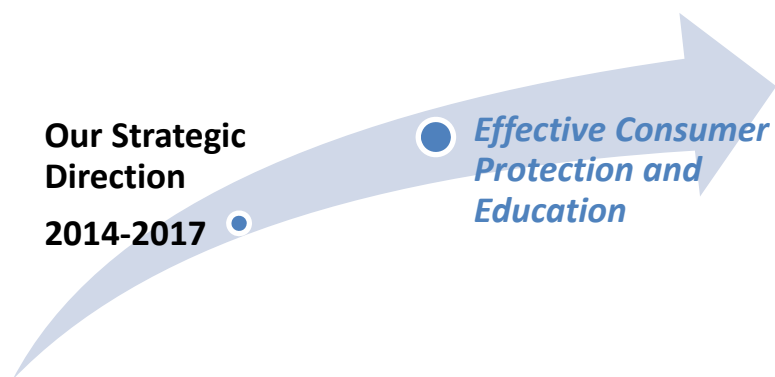
The Commission is responsible for the regulation of securities, insurance, pensions, credit unions, caisses populaires, trust and loan companies and consumer protection. The Commission has defined rule-making authority in the various prescribed areas of its responsibilities.

The Commission has a board of directors consisting of a Chair and up to 10 part-time members. Membership includes the best mix of background, skills, diversity and experience required to guide the Commission's strategy and ongoing business operations, and to establish the rules governing the regulated sectors within its defined authority. Members are independent and have a reputation for integrity in order to generate public confidence in the Commission. The Chair and the members are appointed by the Lieutenant-Governor in Council for terms up to 5 years and can be reappointed.

The Acts administered by the Commission include the:

- *Auctioneers Licence Act*
- *Commissioners for Taking Affidavits Act*
- *Co-operative Associations Act*
- *Credit Unions Act*
- *Franchises Act*
- *Insurance Act*
- *Nursing Home Pension Plans Act*
- *Pre-arranged Funeral Services Act*
- *Securities Act*
- *Collection Agencies Act*
- *Consumer Product Warranty & Liability Act*
- *Cost of Credit Disclosure Act*
- *Direct Sellers Act*
- *Gift Cards Act*
- *Loan and Trust Companies Act*
- *Pension Benefits Act*
- *Real Estate Agents Act*
- *Securities Transfer Act*

Hearings take place before the Financial and Consumer Services Tribunal funded by, but otherwise independent of the Commission. The Tribunal provides independent adjudication services where required under the various statutes for which the Commission is responsible.



Our strategic direction for the upcoming three-year period is built around meeting our strategic intent; that is, effective consumer protection and education. Our vision, mandate and values as defined in our strategic direction support this intent.

### EXTERNAL FORCES

Several key challenges face the organization and drive our strategic thinking. These include challenges that are international, national and provincial in scope.

The recent turmoil in global capital markets and the current state of the world economy have sparked the debate on regulatory reform, not only in how regulators are structured, but also how and what they regulate.

On 19 September 2013 the Ministers of Finance of British Columbia, Ontario and Canada announced that they have agreed to establish a cooperative capital markets regulatory system and invited Ministers responsible for securities regulation in all provinces and territories to participate in the cooperative system.

At the same time, the Council of Ministers responsible for securities regulation in Canada is developing a memorandum of agreement (MOA) that would commit governments to work closely together to develop and sustain the provincial/ territorial framework for securities regulation that inspires investor confidence and supports competitiveness, innovation and growth and sets the stage for a better coordinated development of securities regulation. We are assessing the implications of these developments.

The Commission operates collaboratively with other securities and financial sector regulators in Canada and around the world. We need to keep abreast of global developments in the financial services sector, as well as related technological developments. As well, we need to be diligent in evaluating the New Brunswick scene for matters of importance to our key audiences. Our planning approach incorporates strategic issue identification and a management process to address the issues involving staff, management and Commission members.

We are a new Commission and transition considerations continue to be a priority as we build teams, infrastructure and harmonize our framework and tools for optimum service delivery. As we consider the challenges facing New Brunswickers we are cognizant of our strengths, weaknesses,

opportunities and threats (SWOT) which have the potential to impact us both internally and externally. An analysis of these SWOT factors was completed and we have considered how we can use our strengths to take advantage of opportunities and mitigate threats and weaknesses.

## OUR BUSINESS PLAN

This document describes our business plan and how it supports our overall strategic direction for the period 2014 to 2017. The initiatives we undertake are focused on having an impact.

We examine our core business in the context of our strategic direction and how we may better concentrate our energy in order to make a significant difference in New Brunswick.

In developing our business plan we evaluated not only resource implications but also:

- the impact that a key strategic issue may have on our mandate;
- the immediacy of a key strategic issue and its required response;
- our ability to take a leadership, supportive or reactionary approach to a key strategic issue; and
- the role of our strategic partners in assisting us to address a key strategic issue.

The Business Plan is presented visually as our Strategic Map (see Table 1.0) and demonstrates how we will undertake our mandate in light of our four strategic priorities, which are:

1. Deliver Our Message
2. Modernize Our Regulatory Framework,
3. Improve Our Processes, and
4. Develop Our People.

In the context of our Strategic Direction, the plan outlines our initiatives for the 2014-17 period (see Table 2.0), and identifies the performance indicators we will use to determine our success in meeting our overall mandate. The risk analysis assesses the key areas that have the potential to interfere with carrying out our mandate successfully.

### STRATEGIC INITIATIVES AND MEASURES

Our focus is protecting New Brunswick consumers and fostering New Brunswick financial services markets. We plan a number of multi-year initiatives in each of the core business areas of our statutory mandate. These initiatives are undertaken in the context of our strategic priorities to ensure they have the desired effect and recognize national and global pressures for regulatory reform. Considerable emphasis will be placed on the implementation of legislative and regulatory changes necessary to support the fulfilment of our organizational responsibilities.

We use an annual work planning process to identify the specific undertakings, assigned responsibilities and associated timeframes planned for each year.

Table 1.0  
Strategic Map

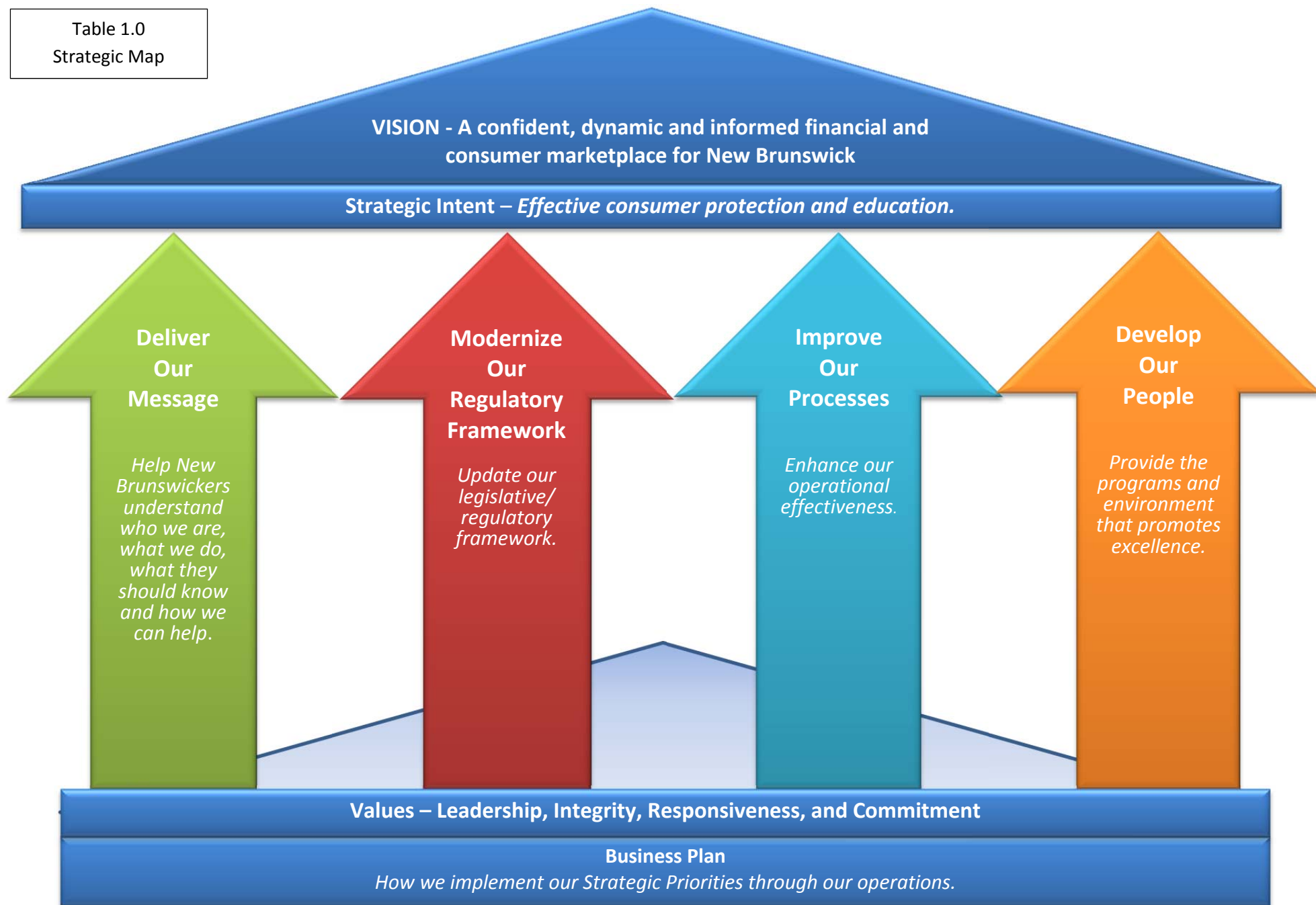


Table 2.0  
Priority Map



### RISK ANALYSIS

Members and staff identify and assess risk on an on-going basis. Understanding and considering the risks associated with our operating environment helps us to manage these risks and shape our overall plan.

The risk management process includes identifying events or situations that would prevent us from achieving our mandate; evaluating the likelihood and timing of occurrence; and determining what strategic response, if any, we need to take to minimize the impact.

We assess risk in 5 key areas: Business Operations, Finances, Human Capital, Reputation and Litigation

### REVENUE SOURCES, COST STRUCTURE AND KEY RESOURCES

The Commission has a legislated mandate with respect to each regulated sector. It is expected to have the operational and financial capacity to accomplish its mandate to create and deliver value to its principal key audiences: New Brunswick's consumers, industry participants, other regulators and the provincial government.

The Financial and Consumer Services Tribunal submits its budget annually to the Commission and the Commission allocates adequate funding for the Tribunal's operations.

#### Revenue Sources

Revenues are generated through regulatory fees payable and annual assessments made by financial market participants. Fees are applied to filings, registration, licensing, capital raising, and the costs to administer the *Insurance Act* and the *Credit Unions Act*. Fees are generally comparable to fees other jurisdictions charge for similar activities. Approximately 78% of budgeted revenues are associated with the securities sector with about 16% associated with the insurance sector.

The divisions of Financial Institutions, Consumer Affairs and Pensions also contribute to budgeted revenues.

This revenue budget has been developed in the fall for the fiscal year starting the following April, based on information from the previous year and a portion of the current year. This presents a challenge for budget accuracy. Certain revenue is also based on expense projections for the remainder of the current year.

#### Cost Structure

Our expense budget is developed independently of our revenue budget. Several key assumptions are inherent to this budget and include: the filling of vacant and incremental positions consistent with our staffing plan, the relocation of Fredericton employees to new premises at our expected lease rate before April 1, the addition of new lease space in Saint John at our expected lease rate before April 1. Approximately 2/3 of the total expenses relate to direct staff salaries and benefits and Commission and Tribunal member compensation costs. Discretionary budgeted values are developed in order to accomplish the proposed objectives and initiatives.



## EFFECTIVE CONSUMER PROTECTION AND EDUCATION

## 2014-2017 STRATEGIC BUSINESS PLAN

We have budgeted for an annual contribution to the Consolidated Revenue Fund. The budgeted contribution for the fiscal year covered by this Business Plan is \$5.50 million.

The following table is a summary budget of the Commission's projected revenues and expenses for the three-fiscal periods ending 31 March 2015, 2016 and 2017. The revenue budget has been developed based upon

expected market activity and recent trends while expenses have been budgeted to allow the Commission to address its business plan needs.

Budget for the next three years	FY 2014/15	FY 2015/16	FY 2016/17
<b>Revenue Sources</b>			
Securities	14,361,660	14,718,900	15,084,900
Insurance	2,667,860	2,750,581	2,828,124
Credit Unions, Trust Companies & Co-ops	636,100	636,100	636,100
Consumer Affairs	324,825	331,100	337,500
Pensions	242,750	235,250	235,250
<b>Total Revenue</b>	<b>18,233,195</b>	<b>18,671,931</b>	<b>19,121,874</b>
<b>Expense Sources</b>			
Commission Governance	405,168	412,045	419,273
Hearing Tribunal	466,317	459,047	463,241
Office of the CEO	276,884	284,904	287,396
Corporate Services	1,989,393	2,022,514	2,109,175
Office of the General Counsel	1,099,382	1,119,638	1,237,781
Enforcement	716,415	732,707	745,141
Securities	1,214,891	1,242,259	1,260,241
Education and Communication	1,400,711	1,500,396	1,436,423
Consumer Affairs	654,580	670,735	687,269
Pensions	854,678	1,053,494	1,075,342
Insurance	2,012,660	2,062,581	2,105,724
Financial Institutions	751,551	772,518	789,805
<b>Total Expenses</b>	<b>11,842,630</b>	<b>12,332,838</b>	<b>12,616,811</b>
<b>Net Income</b>	<b>6,390,565</b>	<b>6,339,093</b>	<b>6,505,063</b>
Contribution to Consolidated Fund	5,500,000	5,500,000	5,500,000
<b>Subsequent General Surplus</b>	<b>890,565</b>	<b>839,093</b>	<b>1,005,063</b>

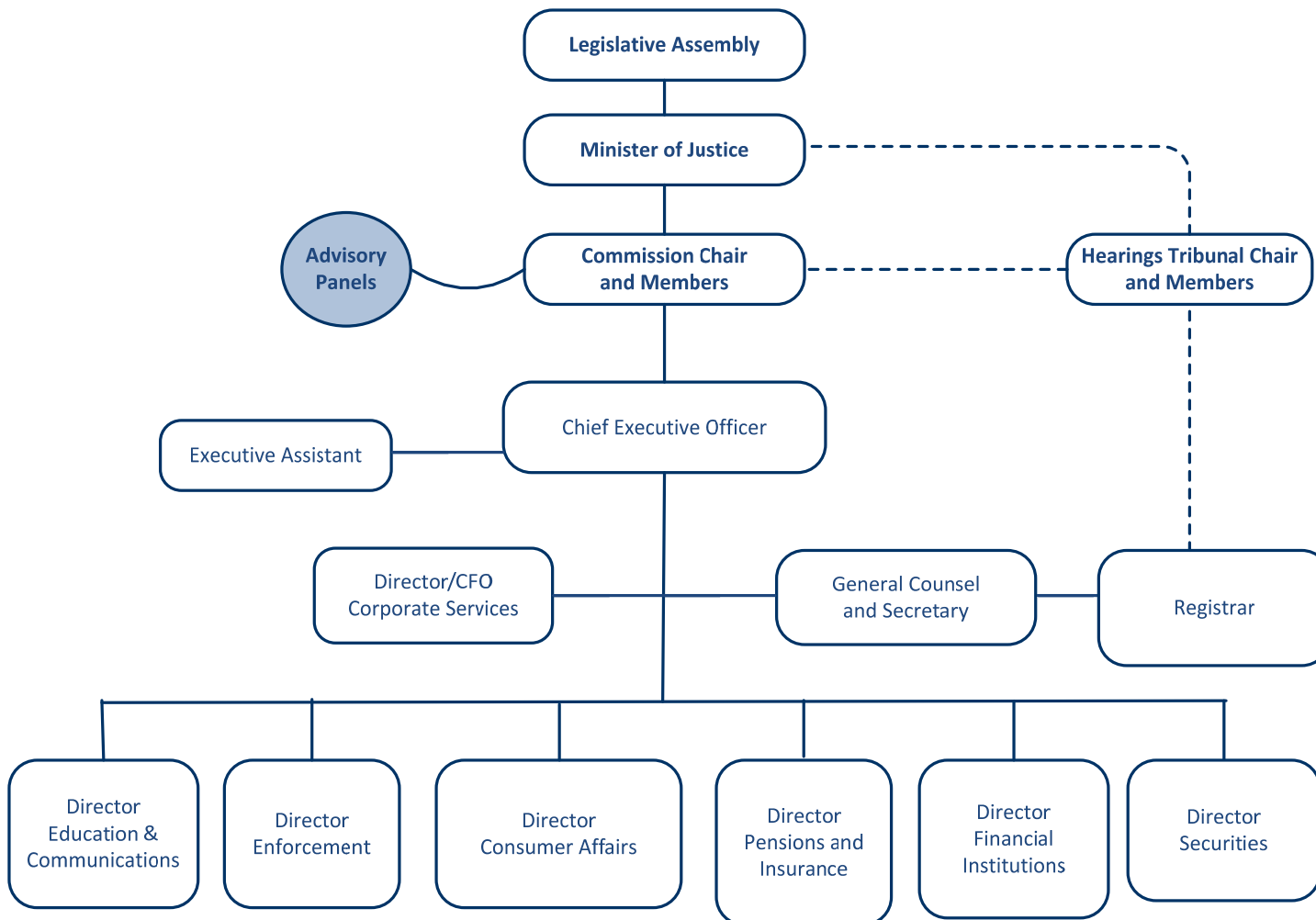


KEY RESOURCES

The Commission has identified its staff, brand, national and proprietary systems, audience relationships, effective processes, library resources, website and revenue sources as its key resources. We recognize that our biggest and most valuable resource is our highly-specialized staff. We have a complement of 81 permanent staff organized into eight divisions that align with our core business.

- General Counsel and Secretary
- Corporate Services
- Education & Communication
- Enforcement
- Consumer Affairs
- Pensions and Insurance
- Financial Institutions
- Securities

Financial and Consumer Services Commission  
1 July 2013



**ANNUAL DELIVERABLES**

The Chair and CEO have the responsibility to see that specific deliverables are developed on an annual basis for the members' consideration and approval, and to ensure that they are submitted to the Minister and Board of Management within the legislated timeframes.

**Business Plan** - The Business Plan is updated each fiscal year and integrates with our strategic direction which covers a period of three fiscal years. It outlines our broad objectives and priorities in all functional areas. The Chair, on behalf of the Commission, submits the approved Business Plan to the Minister for approval by 31 December of each year.

**Budget** - The budget is derived from the Business Plan and covers a period of one year. It outlines the amounts required for our proposed operations for the next fiscal year. The Chair, on behalf of the Commission, submits the budget to the Board of Management for its information by 31 December each year.

**Annual Audit** - The accounts and financial statements are required to be audited at least once a year by the Auditor General. The Auditor General typically carries out this audit in April/May.

**Annual Report and Financial Statements** - The Annual Report describes our progress against our strategic plan and highlights our performance against our mandate. Our Annual Report also serves the dual purpose of being a stakeholder report. The Annual Report and audited Financial Statements are required to be delivered to the Minister by 30 September each year.

**Crown Corporations Review** - The Commission is typically called before the Legislative Standing Committee on Crown Corporations to respond to questions on the activities reported in its Annual Report. The Chair and CEO appear at the review as scheduled by the Committee, after the Annual Report has been submitted.