

2018-2021 Strategic Business Plan



Excellence and Innovation in Regulation and Education

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**FINANCIAL AND
CONSUMER SERVICES
COMMISSION**

regulation • education • protection



**COMMISSION DES SERVICES
FINANCIERS ET DES SERVICES
AUX CONSOMMATEURS**

réglementation • éducation • protection

Overview of the Commission

Our Corporate Profile

The Financial and Consumer Services Commission (FCNB) is New Brunswick's financial and consumer services regulator. We are an arm's length, self-funded Crown Corporation under Part IV of the *Public Service Labour Relations Act*. We are responsible for the regulation of securities, insurance, pensions, credit unions, mortgage brokers, payday lenders, loan and trust companies and a wide range of consumer protection legislation. We have defined rule-making authority in the administration of this legislation.

The Acts administered by the Commission include the:

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| • <i>Auctioneers Licence Act</i> | • <i>Consumer Product Warranty & Liability Act</i> |
| • <i>Collection Agencies Act</i> | • <i>Cost of Credit Disclosure and Payday Loans Act</i> |
| • <i>Commissioners for Taking Affidavits Act</i> | • <i>Co-operative Associations Act</i> |
| • <i>Credit Reporting Services Act</i> | • <i>Credit Unions Act</i> |
| • <i>Direct Sellers Act</i> | • <i>Franchises Act</i> |
| • <i>Gift Cards Act</i> | • <i>Insurance Act</i> |
| • <i>Loan and Trust Companies Act</i> | • <i>Mortgage Brokers Act</i> |
| • <i>Nursing Home Pension Plans Act</i> | • <i>Pension Benefits Act</i> |
| • <i>Pre-arranged Funeral Services Act</i> | • <i>Real Estate Agents Act</i> |
| • <i>Securities Transfer Act</i> | • <i>Securities Act</i> |
| • <i>Teachers' Pension Plan Act</i> | • <i>Financial and Consumer Services Commission Act</i> |

Our board of directors consists of an independent Chair with seven independent members. The Commission, acting as a board, needs to have the appropriate mix of background, skills, diversity and experience required to guide our strategy and ongoing business operations, and to establish the rules governing the regulated sectors within our defined authority. Members have to have a reputation for integrity in order to generate public confidence in the Commission.

The Financial and Consumer Services Tribunal provides adjudication services as required under the various statutes for which the Commission is responsible. Hearings take place before the Tribunal which is adjudicatively independent, but is administratively supported and funded by the Commission. Tribunal members need to have an appropriate mix of background and experience in order for the Tribunal to be effective.

The Chair and members for both the Commission and Tribunal are appointed by the Lieutenant-Governor in Council for terms up to five years and can be reappointed.

Our Strategic Planning

The Commission's authority is derived from legislation and regulation. It is also articulated in its By-laws and Governance Policy. The Commission members, acting collectively as the board of directors, have overall responsibility for setting the strategic direction of the organization. Our strategic direction describes how we will conduct our business and fulfil our role in accordance with the mandates established in the various pieces of legislation for which we are responsible.

We are diligent in evaluating the New Brunswick landscape for matters of importance to our key audiences. Our planning approach incorporates strategic issue identification and a development process that involves staff, management and Commission members to consider and address the issues. Our strategic planning is built around meeting our strategic intent of excellence in regulation, education and consumer protection.

The mandate, vision and values as defined in our strategic direction support this intent. The Commission reviews and updates our strategic outlook annually, looking forward in a rolling three-year timeframe.

Our Strategic Direction



Being an Effective Regulatory Agency

As a regulator, we set standards for the industries we regulate. In order to instill confidence and credibility in the regulatory environment, we must hold ourselves to high standards. We strive to be a leading-edge, innovative regulator in the province and a leader amongst regulators in the smaller jurisdictions in Canada.

There are a number of key elements required to achieve an effective regulatory framework and structure. We have examined various studies on this subject and done research on governance practices using several sources, such as the Organization for Economic Cooperation and Development (OECD) and Harvard University's *Strategic Management of Regulatory and Enforcement Agencies* program. In addition, we have reviewed the regulatory models in a number of different jurisdictions.

There are three key requirements of an effective regulatory structure.

3 requirements for an effective regulator:

- legislated and legitimate foundation to achieve its public purpose
- sustainable operational and financial capacity to deliver its mandate
- creates and delivers value to the public

Our strategic direction is focused on developing our capacity and expertise in these three key areas. It is only by establishing ourselves as an effective regulatory agency that we can execute on our public purpose of effective consumer protection and education.

Our Mandate (from the Legislation)

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

Our Vision (what we want to see as a result of our efforts)

For the Province - Confident, dynamic financial marketplaces and well-informed consumers.

For the Organization –A leading financial and consumer services regulator promoting excellence in consumer protection and education.

Our Values (what guides our actions)

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 proactive, efficient and timely services; we listen to understand and address the needs of our stakeholders and staff.*

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

Factors Affecting our Operations

We face a wide variety of external and internal factors that influence how we operate. The external factors predominantly relate to emerging issues such as changing technology and the proliferation of fraud; evolving demographics and their characteristics; and to changes occurring in the sectors we regulate. Internal factors relate to our structure and our ability to respond to a changing environment.

Emerging Issues

Business (legitimate and otherwise) operates in an increasingly borderless and technologically advanced world. The rising predominance of cybersecurity and the Fintech industry are good examples of this. Many of these developments have the potential to fundamentally change the traditional ‘bricks and mortar’ geographical presence way we regulate.

Fraud takes many forms and is increasingly more sophisticated and refined. With the advantages of electronic means consumers are increasingly more vulnerable and exposed to financial loss. We know that the impact of being a victim of fraud goes well beyond financial implications. Consumer awareness and fraud prevention become significantly more important.

New Brunswick is not isolated from these developments. As a regulator, we have to keep current and readily adapt in order to be effective. We keep abreast of global developments and trends in these sectors, as well as related technological developments.

Demographics

Changing demographics highlight the concern for the financial abuse of seniors. As the ‘baby boomers’ age, they are migrating their associated wealth into retirement savings. As seniors, they can be more vulnerable because of general trust factors, potential diminished mental capacity and less time to recover from a financial loss.

Combatting financial abuse of seniors will require focused and coordinated consumer protection initiatives that extend beyond our mandate. It will require the concerted and coordinated efforts of a number of stakeholders. We need to continue our active involvement in this initiative in order to counter the devastating effects of this kind of financial abuse.

Literacy

The overall state of reading literacy and financial literacy in New Brunswick is low. This presents a challenge to the effectiveness of our educational initiatives on consumer protection and fraud prevention if not addressed. Consumers need to reach a minimum level of understanding of reading and basic financial matters before the more complex educational topics can be introduced and understood. However, improving the state of financial literacy in the province will continue to require the coordinated efforts of a number of various stakeholders. We need to continue to take an active role in this initiative and endeavour to improve the awareness of financial literacy as an important issue and work towards solutions with other stakeholders.

Social Media

Social media is the predominant method of finding information and social interaction among certain sectors of the population. Getting important information out that will cut through the information noise and capture the attention of the intended audience presents a challenge. This requires us to constantly evaluate how we develop, package and distribute our educational material.

Changes in Regulated Sectors

A number of regulated sectors under our jurisdiction are undergoing fundamental changes; either to the way they are regulated or changes within their sector that will result in changes to how they are regulated.

Suppliers of Credit

New legislation to regulate mortgage brokers came into effect on 1 April 2016. Industry continues to adjust to this new reality. This requires effort on our part to ensure stakeholders understand and comply with the new requirements. Legislation to regulate payday lending and credit reporting services is expected to be in place early in 2018. We will continue to apply our regulatory and educational skills in order to effectively implement these new regulatory regimes.

Credit Unions

The amalgamation of the 15 caisses populaires and transfer from provincial regulation to federal regulatory oversight resulted in the complete dismantling of that system in New Brunswick. Not only does this affect our operations, it has a significant impact on the province's 10 credit unions. We are developing a legislative proposal to significantly streamline the regulatory structure and modernize the legislation for this sector in New Brunswick. We will need to ensure our regulatory skills are able to meet the needs of a successful transition and implementation of this model.

Cooperative Capital Markets Regulatory System

One of the most significant changes results from New Brunswick's decision to join British Columbia, Saskatchewan, Ontario, Prince Edward Island, Yukon Territory and Canada to establish a cooperative capital markets regulatory system for securities. The other provinces and territories have been invited to participate in this system. This decision will have a significant impact on the Commission. Should this cooperative system proceed, it will ultimately result in the transfer of staff and revenue related to regulating this industry to the new capital markets regulator. Significant developments are occurring with this initiative; however a definitive implementation timeline has not been finalized.

We have dedicated significant effort contributing to the design and development of this new regulatory regime for securities. Our reason for participating is to ensure that the new structure adequately represents the needs of smaller jurisdictions and their capital markets. Our ultimate objective is to ensure that under this new model a competent, capable presence continues to exist in the province for the regulation of securities.

Transition for FCNB

The foundational impact to FCNB of this move to a new regulatory structure for securities cannot be under-estimated, particularly from a revenue perspective. The absence of a definitive timeline presents challenges for organizational planning and creates staff uncertainty. Our planning for the transition continues and we have designated significant resources to this undertaking. Our ultimate objective is to ensure that a competent capable, independent, self-funded regulator exists to protect consumers in New Brunswick. We have identified a number of key initiatives to be implemented in order for this to happen. Some of the more critical components require the cooperation of Government.

Government Relations

The Commission reports through the Department of Finance. As with any reporting relationship, including government, attention must be directed towards creating an understanding of our legislated mandate and the roles we play with respect to financial and consumer protection. We need to understand their issues and ensure that our respective priorities are aligned or at least not in conflict.

We have advised Government of our willingness to work with them on initiatives that streamline the regulatory structure and to further protect consumers. There are opportunities both within the province and around the region.

We are conscious of our strengths, challenges, opportunities and threats which have the potential to impact us both externally and internally. We analyse these factors to consider how we can use our strengths to take advantage of opportunities and mitigate threats and weaknesses. We operate collaboratively with other financial and consumer services regulators in Canada and North America in order to be effective.

Overview and Approach

This changing environment has a significant impact on our organizational structure and our operational budget, both of which must rise to meet the challenge. After nearly five years of operations as a consolidated financial and consumer services regulator we have been re-adapting to this changing environment yet working to preserve the underlying rationale and advantage of being an effective, independent, self-funded regulator.

We examine our core business of regulation, education and protection 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 our planning we evaluate 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.

Even though there are some significant developments in the overall scope of our regulatory responsibilities, the vision and mandate to regulate, educate and protect New Brunswick consumers still apply. Our history as an independent commission and an innovative and responsive regulator stands us in good stead to adapt and meet the challenges ahead.

Our Business Plan

Overview

Our business plan addresses how we will meet the challenges that we face and support our overall strategic direction for the period 2018 to 2021, building on the initiatives previously started.

Since the creation of FCNB in July 2013, our focus has been on integrating the staff of the founding organizations into one consolidated regulator and providing a full range of services across all regulated sectors. Our continued focus over the next three years is two-fold:

- complete the legislative and technological infrastructure needed to operate effectively as a regulator;
- concentrate on strategic initiatives that will have a positive impact on the public good.

Our research has helped us focus on key elements required for a modern and responsive regulatory model thus building a critical mass of regulatory expertise. We have identified the key initiatives needed. These are:

- building an effective organizational structure able to address the challenges ahead;
- building a modern technological platform;
- updating the legislative framework, including the ability to make rules affecting operational issues so as to be responsive to changes in regulated sectors;
- ensuring revenue stability, including the ability to set our own fees so as to remain viable; and
- expanding our core competencies to other areas requiring regulation.

Key Competencies

In order to be an effective regulator we continue to develop and maintain solid skills and competencies in these areas:

- regulating
- policy development and rule-making
- licensing and registration
- compliance and enforcement
- education
- corporate governance
- administrative tribunal

The foundation that we have established in these key competencies lends itself to assuming other regulatory responsibilities related to financial and consumer protection either in the province or in the region.

As we move forward with our current mandate, the challenge is to be positioned to face future challenges and take advantage of potential opportunities presented by the creation of the cooperative Capital Markets Regulator (CMR) for securities. We have to fundamentally reconstruct the genesis of a consolidated financial and consumer services regulator without securities. This organization has to continue to operate as an effective, independent, self-funded regulator.

Strategic Initiatives and Measures

We see three strategic priorities. These are:

- **Strengthen Our Regulatory Capability** - to excel as an effective, independent, self-funded regulator.
- **Enhance Our Operational Effectiveness** - to implement the most effective organizational structures and work processes.
- **Deliver Regulatory and Educational Value to the Public** - to provide innovative programs to regulate, educate and protect New Brunswickers.

We have planned a number of multi-year initiatives for each of our identified strategic priorities. Considerable emphasis is placed on the implementation of those critical initiatives that will have an impact and support the fulfilment of our organizational responsibilities and mandate.

We use an annual work planning process to identify the specific undertakings, assigned responsibilities and associated timeframes. This phase of planning gets underway in January of each year for the start of the fiscal year in April.

The Business Plan is presented visually as Illustration 1.0. The plan outlines our initiatives for the 2018-2021 period (see table 1.0), and identifies the success indicators we will use to determine our performance in meeting our overall mandate.

STRATEGIC BUSINESS PLAN



regulation • education • protection

OUR VISION & VALUES



FOR THE PROVINCE

Confident, dynamic financial marketplaces and well-informed consumers

FOR THE ORGANIZATION

A leading financial and consumer services regulator promoting excellence in consumer protection and education

VALUES

Leadership
Integrity
Responsiveness
Commitment

STRATEGIC PRIORITIES

STRENGTHEN OUR REGULATORY CAPABILITY

to excel as an effective, independent, self-funded regulator.

ENHANCE OUR OPERATIONAL EFFECTIVENESS

to implement the most effective organizational structures and work processes.

DELIVER REGULATORY AND EDUCATIONAL VALUE TO THE PUBLIC

to provide innovative programs to regulate, educate and protect New Brunswickers.

Priority	Objective	Initiative	Timing	Measure
Strengthen our Regulatory Capability	to excel as an effective, independent, self-funded regulator	Modernize our regulatory framework to include updated investigative, compliance, enforcement and rule-making authority in all regulatory sectors	Multi-year By March 2019	Consistent regulatory platform in place for all regulatory sectors, including rule-making
		Implement new fee rules and revenue neutral self-funding structure	Multi-year By March 2019+	New fee rules and assessment models in place
		Implement Credit Reporting Services regulatory regime	By April 2018	New regulatory regime operationalized
		Implement Payday Lender regulatory regime	By April 2018	New regulatory regime operationalized
		Modernize <i>Credit Unions Act</i> to reflect restructured regulatory framework	Multi-year By March 2019	Legislative proposal submitted to Government for approval
		Modernize <i>Cooperative Associations Act</i>	Multi-year By March 2019	Legislative proposal submitted to Government for approval
		Develop legislative proposal for a new <i>Consumer Protection Act</i>	Multi-year By March 2020	Legislative proposal submitted to Government for approval
		Develop legislative proposal for a new <i>Insurance Act</i>	Multi-year By March 2020	Legislative proposal submitted to Government for approval
		Work with Department of Finance to implement an unclaimed property regulatory regime	Multi-year By March 2019	Legislative proposal submitted to Government for approval
Enhance our Operational Effectiveness	to implement the most effective organizational structures and work processes	Implement revised organizational structure to meet challenges of FCNB	Multi-year By March 2020	New organizational structure in place
		Implement staff training development and succession plan	Multi-year By March 2021	Competent, well-trained staff
		Implement an Emerging Issues Working Group	By July 2018	Working Group operational with defined terms of reference
		Transition designated staff to cooperative Capital Markets Regulator	By March 2020	Staff operating under new Capital Markets Regulator
		Implement electronic licensing systems in all regulatory sectors	Multi-year By March 2019+	Fully functional electronic systems operational
		Improve internal and external work processes	Multi-year By March 2021	Operational efficiencies and standards in place
Deliver Regulatory and Educational Value to the Public	to provide innovative programs to regulate, educate and protect New Brunswickers	Implement regulatory compliance strategy	Multi-year By March 2021	Compliance reviews in all sectors in accordance with plan
		Develop recommendations and initiatives to address financial abuse of seniors	Multi-year By March 2021	Implement recommendation within our mandate, forward others to Government
		Advance multi-stakeholder initiative to address financial literacy	Multi-year By March 2021	Increase awareness of the issue and expand the reach of financial literacy materials
		Deliver effective consumer fraud awareness and prevention education programs	Multi-year By March 2021	Increase awareness of consumer protection information

Table 1.0 Strategic Initiatives

Risk Analysis

Members and staff identify and assess risk on an ongoing 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 (including cybersecurity), Finances, Human Capital, Reputation and Litigation**

Revenue Sources, Cost Structure and Key Resources

The Commission has a legislated mandate with respect to each of its regulated sectors. We are expected to have the operational and financial capacity to accomplish our mandate to create and deliver value to our principal key audiences: New Brunswick's consumers, industry participants, other regulators and the provincial government. Self-funding is a key element for the independence of a regulator. Under the *Financial and Consumer Services Commission Act* the Commission has the ability to make rules relating to fees.

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

Revenue Sources

Our revenues are generated through regulatory fees and annual assessments paid by financial and consumer market participants. The underlying principle is that the cost to regulate is recovered from the industries being regulated as opposed to from the taxpayer.

The fees in many of the regulated sectors have not been updated for decades. They no longer reflect the cost of regulation and are out of step with similar fees charged in other jurisdictions. We have developed new fee schedules. We continue to work with Government to have the existing regulations repealed so that our fee schedules can be implemented. The delays in implementing new fee rules have a number of consequences. Currently, some sectors are not covering the full cost to regulate and are being cross-subsidized by others. It also represents a lost opportunity for revenue that will have a significant impact on the Commission as a whole in a post-CMR environment.

The Commission has subsidized its assessment to the credit union sector by approximately 60% as a result of the departure of the caisses populaires system to federal jurisdiction. This has been done to cushion the financial impact on that sector. The proposal to restructure the credit union regulatory framework is essential because it is expected to reduce the overall cost of regulation while modernizing the legislation and streamlining oversight. In the interim, this subsidy is expected to continue until the new legislation comes into effect.

Approximately 78% of our budgeted revenues are associated with the securities sector. This has generated a surplus for the Commission of \$6 - 9 million dollars annually. This surplus is contributed to the Province's Consolidated Fund.

Revenue Challenges

Potential changes discussed in our plan for some of our regulated sectors will place significant challenges on revenues for the organization. The Commission's surplus contributions to the Consolidated Fund will cease with the transfer of responsibility for securities regulation to the Capital Markets Regulator (CMR). In recognition of this, the financial agreement on the CMR provided for a lump-sum payment of \$45.8 million by the Federal Government to the Province to compensate for this lost revenue. This amount was paid to the Province in August 2014.

This loss of securities revenue (and associated expenses) will leave us in a deficit position, mainly because securities revenue has been cross-subsidizing part of the cost to regulate other industries. This underlines the need to update old fee schedules and assessment structures in the regulated industries that are not currently full cost-recovery.

We are also exploring a number of other options to make up for this lost revenue, such as operational efficiencies and new revenue sources in other potential areas of regulation or service delivery. These are critical to our future financial viability. As an example, we are exploring the administration of an unclaimed property regulatory regime to support our consumer protection and financial literacy initiatives.

The Commission is planning to move towards a more revenue-neutral cost recovery model. This move requires changes to our fee structures and assessment models. Changes to legislation and regulations are required so that we can implement our updated fee schedules and

introduce alternative assessment structures. We have submitted requests to Government to repeal outdated fee regulations so that we can implement these updated fees schedules. We continue to have ongoing discussions with the Government on this matter so that they understand its significance to our operations.

The process to make these changes is underway, but the transition to full cost-recovery is expected to take up to five years and will require ongoing discussions with Government. We have built a Transitional Reserve to carry us through this period. As such, we do not intend to seek transitional funding from the Government. Our ability to self-fund this transition to a revenue-neutral cost-recovery model going forward has allowed the Federal Government's payment of \$45.8 million to be available to the Consolidated Fund. In addition, our intention is that once the Commission has determined that we have achieved stable self-funding, any residual amount in our Transitional Reserve would be transferred to the Consolidated Fund.

There are a number of external developments in play and other factors with impacts that have not yet been fully determined. These present a challenge for accuracy in the preparation of our revenue budget. As these become clearer, we will make adjustments to accommodate. As such, our budget is developed with the best information available at the time.

Cost Structure

The major assumption inherent to the preparation of our budget is that the implementation of the cooperative capital markets regulator is now assumed to take place on 1 April 2020. While an actual date is unknown, adjustments to our budgets can be made once we have definitive information.

There are developments in other regulated sectors that may have an impact on our budget. These include the restructuring of the regulatory framework for credit unions. This is a result of the transfer of the amalgamated caisse populaire entity to the federally regulated system in the summer of 2016. A legislative proposal to reduce the regulatory burden on the credit unions is being developed with a view to implementation in 2019. Organizational and budgetary impacts have been made on the assumption that the Commission will assume responsibility for the inspection of credit unions as well as the oversight of the deposit protection fund.

Approximately 2/3 of our total expenses relate to direct staff and to Commission and Tribunal member compensation costs. Other discretionary items related to accomplishing the proposed objectives and initiatives are included. As well, our budget includes IT systems developments that will lead to efficiency improvements for both us and the sectors we regulate.

The budget projections for the years ending 31 March 2019 and 31 March 2020 include revenue and expenses for the full organization. After 1 April 2020, revenue and expense figures reflect the organization without

securities, based on the assumption that the cooperative capital markets regulator for securities is implemented. While this date has been set as the target for planning purposes, the potential exists to see it change. An earlier or delayed launch in the implementation will require budget adjustments. However, the budget is developed with the best information available at this time.

The budget projections for FY 2021 reflect the impact on FCNB as a result of its mandate without securities. As discussed above in the Revenue Sources section, we would no longer budget for an annual contribution to the Consolidated Revenue Fund after the implementation of the CMR. Transitional deficits will be funded from our Transitional Reserve.

The following table is a summary budget of the Commission's projected revenues and expenses for the three-fiscal periods ending 31 March 2019, 2020 and 2021. 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.

	FY 2018/2019	FY 2019/2020	FY 2020/2021
Revenue Sources			
Securities	16,716,918	17,044,250	-
Consumer Affairs	525,900	536,420	859,075
Pensions	256,500	256,500	256,500
Insurance	3,447,544	3,515,594	4,448,785
Financial Institutions	247,800	856,338	881,104
Unclaimed Property		-	350,109
Other Income	229,318	234,000	182,000
Total Revenue	21,423,980	22,443,102	6,977,573
Expense Sources			
Commissioner/Tribunal Expenses	767,999	763,853	813,107
Staff Salary and Benefits	9,245,989	9,506,779	6,438,855
General & Administrative	3,927,370	4,127,589	3,157,626
Total Expenses	13,941,358	14,398,221	10,409,588
Net Income/Loss	7,482,622	8,044,881	(\$3,432,015)
Contribution (to)/from Transitional Reserve			3,432,015
Subsequent Net Income	7,482,622	8,044,881	-

Key Resources

The Commission has identified its staff, brand, national and proprietary systems, audience relationships, effective processes, educational materials, website and revenue sources as its key resources.

We recognize that our biggest and most valuable resource is our highly-specialized staff. Commission staff are located in two offices, one in Fredericton and one in Saint John.

The organizational structure includes a complement of 88 staff organized into eight divisions that align with our core business. These are:

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

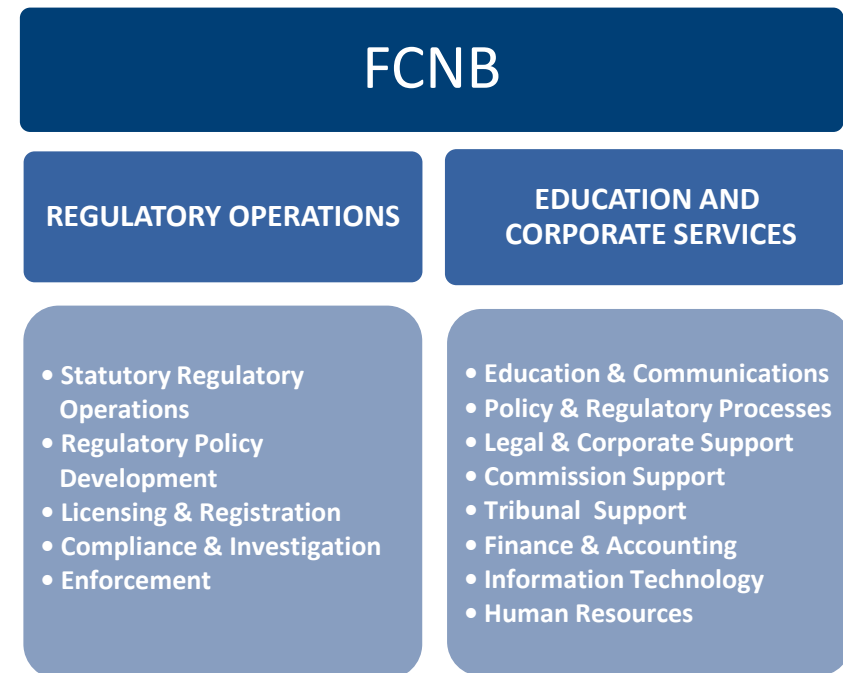
We expect to transfer 37 positions related to the regulation of securities to the cooperative capital markets regulator. This will create a full-service capability for that organization with its office in Saint John. The new capital markets regulator will assume full responsibility for the costs associated with this group.

In order to prepare for this transition we have to ensure that both organizations have the skill sets needed to fulfill their respective mandates. As a result we are investing in our staff resources as we prepare to meet this need.

The Financial and Consumer Services Commission in a post CMR environment is expected to have a smaller staff organized into two streamlined divisions. These are:

- Regulatory Operations
- Education and Corporate Services

The Commission will be a smaller organization. However, it is expected that with the two organizations (FCNB and CMR) operating in the province there will be a net add of positions to the work force.



Annual Deliverables

The Chair and CEO have the responsibility to see that the following 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 Treasury Board 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 Business Plan is submitted 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 budget is submitted to Treasury Board 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, or an Auditor approved by the Auditor General.

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.