



# Strategy and Business Plan

**2023-2026**



**FINANCIAL AND  
CONSUMER SERVICES  
COMMISSION**

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# Board Chair Accountability Statement

The 2023-2026 Strategy and Business Plan for the Financial and Consumer Services Commission was prepared under my direction in accordance with the *Financial and Consumer Services Commission Act* and the *Accountability and Continuous Improvement Act*. As chair, I am accountable for the preparation of the plan and for achieving the specific goals and objective of the plan.

Peter Klohn

Original signed by Peter Klohn

Chair



# Introduction

The Financial and Consumer Services Commission (FCNB or the Commission) plays a critical role in New Brunswick's economy. From credit union accounts and mortgages to investments, payday loans, real estate transactions, insurance and pensions, New Brunswickers depend on financial services in one form or another. The operation of efficient financial and consumer services is dependent on effective regulation – regulation that protects the public interest. Effective regulation ensures the financial system operates in a manner that supports the effective functioning of the province's economy, to the benefit of New Brunswick households, businesses and individuals. It establishes a level-playing field, helps to protect New Brunswickers from harm, and aids in managing systemic risks in New Brunswick's financial systems. Sound regulation is at the heart of consumer protection.

Our three-year business plan builds on the five strategic goals set last year and reflects our commitment to providing regulatory services to protect the public interest, enhance public confidence and promote understanding of the regulated sectors through educational programs.



# Mandate, Vision and Values

## Our Mandate

To provide regulatory services that protect the public interest, enhance public confidence and promote understanding of the regulated sectors through educational programs.

## Our Vision

Working together for regulatory excellence in financial and consumer services for New Brunswickers.

## Our Values

### Accountable

Be accountable for our work, our words and our actions.

### Supportive

Work collaboratively, support learning and growth, and celebrate each other's successes.

### Professional

Bring our best to the table every day to deliver high quality, forward-thinking work.

### Inclusive

Respect and welcome different ideas, strengths, beliefs, interests, personal situations and diverse backgrounds.

### Respectful

Treat each other and the people we serve with dignity and respect.

### Ethical

Act with integrity, be trustworthy and fair.

# Role and Mandate

The Commission is a self-funded Crown corporation (under Part IV of the [Public Service Labour Relations Act](#)) responsible for regulating New Brunswick's financial and consumer marketplaces.

The Commission's enabling legislation is the [Financial and Consumer Services Commission Act](#). Our mandate is two-fold:

- to provide regulatory services that protect the public interest while enhancing public confidence in the regulated sectors; and
- to promote understanding of the regulated sectors through educational programs.

With offices in Fredericton and Saint John and a complement of more than 100 employees, the Commission is responsible for the administration and enforcement of the following provincial legislation:

- *Financial and Consumer Services Commission Act*
- *Auctioneers Licence Act*
- *Collection and Debt Settlement Services Act*
- *Commissioners for Taking Affidavits Act*
- *Consumer Product Warranty and Liability Act*
- *Cooperatives Act*
- *Cost of Credit Disclosure and Payday Loans Act*
- *Credit Unions Act*
- *Credit Reporting Services Act*
- *Direct Sellers Act*
- *Franchises Act*
- *Gift Cards Act*
- *Insurance Act*
- *Loan and Trust Companies Act*
- *Mortgage Brokers Act*
- *Nursing Home Pension Plans Act*
- *Pension Benefits Act*
- *Pooled Registered Pension Plans (PRPP) Act*
- *Pre-arranged Funeral Services Act*
- *Real Estate Agents Act*
- *Securities Act*
- *Securities Transfer Act*
- *Unclaimed Property Act*

The Commission works to protect the integrity of the financial and consumer marketplaces by:

- Licensing and registering more than 40,000 entities and individuals involved in insurance, securities, mortgages, direct sales, credit lenders, real estate and payday loans to ensure they are suitable for our marketplaces.
- Regulating credit unions to foster a stable system and ensure that members can access funds when they want them.
- Supervising registered pension plans to ensure compliance and work to protect New Brunswickers.
- Reviewing the disclosure that reporting issuers and businesses raising capital must provide to investors.
- Conducting compliance reviews on the operations of businesses and individuals operating in our regulated sectors to ensure they are abiding by New Brunswick's laws and regulations and meeting their obligations to consumers and investors.
- Taking action against those who contravene the province's financial and consumer services laws.
- Educating New Brunswickers so they are better equipped to make informed decisions within the marketplaces we regulate.
- Developing regulatory proposals through stakeholder consultations and collaboration with provincial, national and international regulatory counterparts, industry and consumer associations to address regulatory concerns.

The Commission is overseen by a board of directors, which currently consists of a chair and eight members who are appointed by the Lieutenant-Governor in Council. They are accountable to the government through the Minister of Finance and Treasury Board. The board sets and oversees the Commission's strategic direction, budget and risk management framework, approves policies, recommends changes to legislation and is responsible for management oversight. Each year, the Commission creates an annual report on its governance practices, which is available on [our website](#).



# Operating Environment

## Regulatory Environment

The scope of the Commission's regulatory mandate reflects the size and complexity of the financial services sector in New Brunswick which, as of December 31, 2022, included:

- Eight credit unions with more than \$1.4 billion in total assets
- 201 insurance companies and more than 13,600 licensed individuals in insurance
- 236 registered pension plans
- 218 mortgage brokers
- More than 1,400 real estate licensees
- More than 5,800 reporting issuers and 13,900 registered individuals in securities
- More than 2,100 collection agency and collector licences
- And more

To achieve its strategic goals and objectives, the Commission monitors the financial and consumer markets for trends and emerging risks facing New Brunswickers as the world and the economy continue to recover from the COVID-19 pandemic.

One recent regulatory development has changed the landscape for securities registrants. Effective January 1, 2023, the New Self-Regulatory Organization of Canada (New SRO) consolidated the functions of the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association of Canada to improve investor protection. FCNB recognizes New SRO and will continue, through its work with the Canadian Securities Administrators, to support its implementation.



## Economic Uncertainty

New Brunswick's economy is expected to slow in 2023 as Canada braces for a possible recession.<sup>[1]</sup> The ongoing war in Ukraine, COVID-19, inflation levels not seen since the 1980s and rate hikes are likely to cool economic growth and capital raising activity in the province. These economic uncertainties could exert pressures on several of our regulated industries as New Brunswickers alter their spending, saving and investing behaviours.

Higher borrowing costs, for example, could affect the financial stability of New Brunswick's credit union system. They may also entice mortgage brokers to increasingly turn to riskier private lenders for their clients and some vulnerable New Brunswickers to turn to payday loans. As the number of New Brunswickers searching for online payday loans increases, so too will the risk related to working with an unlicensed payday lender. These potential influences highlight the need for continued outreach to and education of New Brunswickers – efforts that have become more challenging during the pandemic as more people turn to social media for financial advice.<sup>[2]</sup>

The ongoing economic uncertainty will also make many defined benefit plan sponsors consider de-risking strategies, including purchasing insurance annuities<sup>[3]</sup>, to protect employee pension benefits. The province's *Pension Benefits Act* was amended in October 2022 to provide pension administrators a discharge of liabilities upon annuity buy-outs if certain prescribed requirements are met. In addition, the growing prevalence of defined contribution (DC) plans across Canada, including New Brunswick, is prompting the pension industry to call for improvements to plan outcomes for plan participants. Regulators will face increased demand to harmonize rules concerning variable benefit payments (currently available in all jurisdictions except New Brunswick and Newfoundland) and rules concerning variable payment lifetime annuities for DC plans and Pooled Registered Pension Plans.<sup>[4]</sup>

Given the ongoing economic uncertainty for 2023, the Commission will monitor these developments and the impacts on our regulated sectors to assess the need for regulatory guidance and oversight.

1. <https://economics.td.com/provincial-economic-forecast#nb>
2. [FR15/22 Investor Behaviour and Investor Education in Times of Turmoil: Recommended Framework for Regulators based on Lessons Learned from the COVID-19 Pandemic \(iosco.org\)](#)
3. [2022 Pension Risk Transfer Poll | MetLife Retirement & Income Solutions](#)
4. [Summary of Outcomes and Recommendations at the Conclusion of the Joint FSRA/OSFI Defined Contribution Pension Plans Committee \(osfi-bsif.gc.ca\)](#)

**Environmental, Social and Governance (ESG), and Climate Change:** In September 2022, Hurricane Fiona swept over the Maritimes, causing an estimated \$660 million in insured damage<sup>[5]</sup>, making it the costliest weather event ever recorded in Atlantic Canada. According to the Insurance Bureau of Canada, insurance claims from severe weather events have quadrupled across Canada since 2008<sup>[6]</sup>, underlining the financial costs of a changing climate to both insurers and consumers. FCNB will continue to monitor these trends and participate on the Canadian Council of Insurance Regulators' working group on climate change, natural catastrophes and consumer awareness.

Growing awareness around ESG also means regulators need to consider how to support investors in obtaining ESG-related information as they make investment decisions. In 2021, the Canadian Securities Administrators published a proposed rule that would require climate-related disclosure requirements for reporting issuers (other than investment funds). The CSA is now considering feedback it received on its proposal along with important international developments that have occurred since the proposed rule was published.<sup>[7]</sup> The Commission will need to play an active role in monitoring this evolving landscape and participating in any policy-making discussions that follow.

In 2020, the World Economic Forum issued a manifesto on purpose, which included the assertion that a company's performance should be valued on how it achieves its ESG objectives.<sup>[8]</sup> FCNB embeds purpose in its strategic planning process, but is desirous of considering best practices in activating its purpose within the organization so that decisions, including those made in the day-to-day work, are made with a purpose mindset.

**Cybersecurity and Privacy Risks:** The potential for consumer harm from cybersecurity threats remains elevated with the rise in remote work, the rapid adoption of cloud-based services and world events fueling the development of new cyber attack methodologies. FCNB must continue to monitor potential vulnerabilities in its own systems and require the same of the industries and institutions it regulates as part of our efforts in consumer protection.

5. <https://atlantic.ctvnews.ca/hurricane-fiona-caused-660-million-in-insured-damage-initial-estimate-1.6115564>

6. [Ibid.](#)

7. [Canadian securities regulators consider impact of international developments on proposed climate-related disclosure rule - Canadian Securities Administrators \(securities-administrators.ca\)](#)

8. <https://perma.cc/92GH-4AH2>

**Technological Advancements:** Advances in technology have transformed the financial and consumer marketplaces and how consumers and investors participate in the financial services ecosystem. In addition, continued volatility is expected in the crypto sphere. While the Commission continues to participate in regulatory policy discussions regarding these areas, we will also continue to invest in new technologies to modernize our own systems and consider how data analytics can inform core regulatory policy decisions.

**Changing Demographics:** Much of New Brunswick’s population growth in 2022 is thanks to immigrants and Canadians moving to the province from elsewhere. FCNB will consider additional ways to educate newcomers who may be unfamiliar with our regulated areas and find themselves vulnerable to fraud. At the same time, the province is aging; those over 65 are expected to make up one quarter of the province’s population by 2035. Retirees may be more prone to investment fraud because of their built-up assets, increased reliance on others, potential diminished capacity and less time to recover from a financial loss. With our Finances50plus.ca website and other outreach tools, FCNB will continue to work on education and prevention of senior financial abuse.

**Equitable Access to Financial Services:** The financial ecosystem needs to reduce structural and systemic barriers that limit or hinder people from “accessing, understanding and using appropriate financial products, services, and education to their benefit,” according to the Financial Consumer Agency of Canada’s National Financial Literacy Strategy 2021-2026.<sup>[9]</sup> These obstacles can restrict access to credit, push consumers to higher cost products and impede Canadians from achieving better financial outcomes. FCNB is examining these structural and systemic obstacles, searching for ways our regulated sectors can serve all people and look at ways to measure the impact of our financial literacy initiatives through the lens of the national strategy.

**Talent Acquisition and Retention:** To instill confidence and credibility in the regulatory environment, our people, processes and systems must keep up with the evolving needs of our regulated sectors. In a growing, diverse economy and, yet one which faces labour challenges, the Commission needs to continue to attract and retain uniquely qualified employees across a range of professional disciplines.

9. [Make Change that Counts: National Financial Literacy Strategy 2021-2026, Financial Consumer Agency of Canada](#)

# Strategic Direction

The Commission members, acting collectively as the board of directors, have overall responsibility for setting the strategic direction of the organization. This strategic direction reflects their expectations on how the organization is to fulfil its legislated mandates as established in the various pieces of legislation administered by our organization.

The 2023-2026 Strategy and Business Plan was prepared in accordance with Section 24 of the *Financial and Consumer Services Commission Act* and Section 4 of the *Accountability and Continuous Improvement Act*. Our five strategic goals are:



## **People:**

Build upon a highly skilled workforce that is passionate about what we do.



## **Process:**

Excel in the development of effective, practical and responsive regulatory services.



## **Consumers and Market Participants:**

Reduce risk and harm and build trust, awareness and fairness in financial and consumer services for New Brunswickers.



## **Financial:**

Optimize our financial capacity to accomplish our mandate and deliver value to New Brunswickers.



## **Environmental, Social and Governance (ESG):**

Embrace the ethical and practical values of ESG toward a more inclusive, sustainable and prosperous future.

## Alignment with Government Priorities

The Commission is aligned with the Province’s key priorities as set out in its most recent mandate letter and as summarized by the chart below.

Government Priorities	The Commission Aligns With These Priorities By:
<b>Energizing the private sector</b>	Reviewing and modernizing <i>Acts</i> and <i>Regulations</i> affecting the sectors we regulate, including the modernization of the <i>Insurance Act</i> and the <i>Securities Act</i> .
	Continuing to work with Canadian Securities Administrators (CSA) colleagues on policy initiatives to promote growth and vibrant capital markets.
	Pursuing projects to provide new capital raising opportunities.
<b>Vibrant and sustainable communities</b>	Increasing awareness of the new Unclaimed Property Program, which will reunite New Brunswickers with their forgotten funds.
	Continuing to look at new ways to raise public awareness of financial abuse among older and vulnerable adults.
	Developing a legislative proposal for a new Consumer Protection Act.
	Continuing to modernize the unlocking rules provided in the <i>General Regulation</i> under the <i>Pension Benefits Act</i> to provide assistance in times of financial hardship.
<b>Dependable public health care</b>	Communicable Disease Prevention Plan in place. Ongoing monitoring of public health guidance with respect to communicable diseases.
<b>World-class education</b>	Developing initiatives to improve and support financial literacy in New Brunswick.
	Contributing to making the financial ecosystem more accessible, inclusive and effective for all New Brunswickers.
<b>Affordable, responsive and high performing government</b>	Developing legislative or regulatory proposals as needed to respond to the needs of our regulated sectors.
	Maintaining a strong organizational cybersecurity posture.
	Supporting the government’s efforts to enhance the model for regulatory adjudication of our regulated sectors.
	Researching best practices in purpose governance.
	Exploring the use of advisory committees.
	Developing a forward-looking plan to review and keep current the 23 <i>Acts</i> we administer.
Five-year review of the <i>Credit Unions Act</i> .	
<b>Environment</b>	Serving on influential interjurisdictional committees looking at Environmental, Social and Governance (ESG) impact within our regulated sectors.

# Business Plan

This section describes how the Commission intends to advance its strategy.



## 1. People Goal

Build upon a highly skilled workforce that is passionate about what we do.

### **Objective 1.1: Our culture reflects our shared values and shared accountability for innovation and sustainability.**

This objective refers to our commitment to delivering on our mandate through our refreshed values, and through our expectations for continued development of skills to enable us to respond to technological innovations, automation and digital transformations in our markets.

#### **Actions: To further this objective, FCNB will:**

1. Value and reward collaboration and teamwork.
2. Continue to build sectoral expertise.
3. Implement targeted leadership and group development programs for our employees.
4. Maintain a cross-divisional Emerging Issues Committee and review during strategic planning to determine required actions.

### **Objective 1.2: Our people are highly engaged and fulfilled.**

This objective reflects the Commission's intention to continue to provide an overall stimulating work environment and culture, always conducive to employee growth in skills and knowledge. To further support engagement and retention, the Commission must also continuously assess its management and work practices to support a positive human experience at work.

#### **Actions: To further this objective, FCNB will:**

1. Enable a positive employee experience by providing targeted human resources programs and services, producing an environment where employee needs and organizational strategy meet.

2. Provide ongoing support to supervisors and employees in carrying forward and monitoring our implemented Development-focused performance management and step increment compensation programs.
3. Continue to support employees' individual needs for continued learning and development.
4. Monitor human resources-related policies, directives and practices so that they remain current to support the organization's ability to attract and retain talent.
5. Foster a culture of transparency and open communications.
6. Equip leaders with the support, training and tools necessary to effectively navigate their dual role as both the recipients and leaders of change management.

**Objective 1.3: Our workplace is designed to ensure the health and safety of our people.**

As an employer, we must take every reasonable step to keep our workplace healthy and safe, making prevention a priority. We will continue to adapt our workplace practices to support our Province's efforts to combat the spread of communicable diseases while continuing to provide regulatory services.

**Actions: To further this objective, FCNB will:**

1. Continually monitor available health, safety and communicable disease management guidelines and best practices.
2. Integrate safety and health into all work practices, behaviours and conditions, including psychological safety.

People Performance Measure	Target
Employee Engagement Score	75%



## 2. Process Goal

Excel in the development of effective, practical and responsive regulatory services.

### **Objective 2.1: We are responsive to changing regulatory needs.**

As a regulator, we set standards for the industries we regulate. To instill confidence and credibility in the regulatory environment, we must be able to keep up with the pace of changes within our regulated communities. As a result, we are constantly monitoring for changes and risk conditions, and reviewing our systems and processes to see where we can realign, improve or upgrade them.

#### **Actions: To further this objective, FCNB will:**

1. Continue to modernize systems and processes used by our audiences to be more effective and efficient.
2. Research and monitor technological innovation and advances in our regulated sectors.

### **Objective 2.2: Our processes are continuously improved and fit for purpose.**

The financial and consumer markets we regulate are ever changing. To meet this challenge, we continue to enhance our workforce's management, collaboration and analytical capabilities so we can proactively identify emerging issues and provide relevant regulatory responses. We also recognize the value of continuously reviewing our internal and regulatory processes for accessibility, resourcefulness and fairness.

#### **Actions: To further this objective, FCNB will:**

1. Modernize our internal processes and systems to be more effective and efficient.

### **Objective 2.3: We foster internal technological innovation.**

We require a strong organizational foundation of systems, data management and analytics to provide efficient and effective regulation in marketplaces that evolve at an unprecedented pace. We must continually invest in our technology platforms to be able to provide timely responses to novel issues or regulatory gaps as they are identified within the marketplaces we regulate.



**Actions: To further this objective, FCNB will:**

1. Maintain a regularly reviewed and updated digital strategy to aid the Commission in its effective digital transformation.
2. Continue to invest in skill development and training within the IT division to enhance capacity in Artificial Intelligence, data analytics and cybersecurity resilience.
3. Support continuous process and product improvement within the IT division.

**Objective 2.4: Our IT systems are effective, reliable and secure.**

Rapidly evolving technologies have driven much change in the financial and consumer marketplaces. That’s why we take a proactive approach to ensure our information security operations are current, and we remain vigilant in implementing additional security tools and technology when appropriate to ensure we can achieve our mandate without disruption.

**Actions: To further this objective, FCNB will:**

1. Maintain a strong organizational cybersecurity posture and improve our cybersecurity maturity rating.

Process Performance Measure	Target
Deliver enhancements to existing regulatory systems	Complete three major updates to existing regulatory systems
Complete migration to new Microsoft 365 environment	100% completion of specified deliverables as per defined timeline



## 3. Consumer and Market Participants Goal

Reduce risk and harm, and build trust, awareness and fairness in financial and consumer services for New Brunswickers.

### **Objective 3.1 (Regulation): We excel in strategic, flexible policy development responsive to market changes.**

This objective speaks to the Commission's belief that any regulatory response or approach must begin with a strategic consideration and full understanding of a harm or issue within a market and that the correlated response must, through consultative, collaborative and flexible processes, provide regulatory activities that achieve the desired outcomes.

#### **Actions: To further this objective, FCNB will:**

1. Continue the development of a legislative proposal for phase 2 of *Insurance Act* modernization and advancing work for implementation of amendments.
2. Develop a legislative proposal to modernize the *Securities Act* to address changes in the evolving capital markets.
3. Develop a legislative proposal to amend the *General Regulation* under the *Pension Benefits Act* to both modernize and harmonize unlocking rules with those in other jurisdictions.
4. Increase awareness of the Unclaimed Property Program among both holders who need to report and New Brunswickers who may have forgotten funds to claim.
5. Continue the development of a legislative proposal (and rules) for a new Consumer Protection Act.
6. Continue the development of a legislative proposal for financial professionals' title protection.

7. Support government efforts to enhance the model for regulatory adjudication of sectors administered by the Commission.
8. Be aware of current consumer demands and needs in the development of policy.
9. Be accountable, timely and effective in working with our regulated sectors.
10. Work with regulatory counterparts to develop and implement best regulatory practices aligned and responsive to the evolving landscape and emerging trends within our regulated industries.

### **3.2 (Protection): We enhance stability of market participants, market integrity and consumer and investor protection.**

Consumers and investors are better protected if firms and individuals working in our regulated sectors understand and comply with their regulatory obligations. We regularly conduct compliance reviews on the operations of those we register or licence to make sure they are abiding by New Brunswick's laws and regulation and meeting their obligations to consumers and investors. When information we receive from complaints, audits and compliance activities or from other sources indicate that people or firms have violated these laws, we use our legislated authority to hold them accountable. When and where possible, we also take action to disrupt or stop activities at their earliest stages to reduce consumer or investor harm and work with other provincial, national and international regulators on initiatives to enhance the protection of financial consumers and investors.

#### **Actions: To further this objective, FCNB will:**

1. Promote a culture of compliance and respond decisively to misconduct.
2. Work with national and international counterparts on legislative projects, education and prevention to protect seniors from financial abuse.

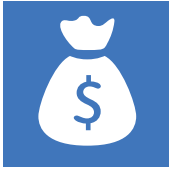
**Objective 3.3 (Education): We build and increase awareness among consumers and market participants.**

We believe New Brunswickers are better equipped to protect themselves from frauds and scams and to make informed financial and consumer decisions when they have easy access to unbiased information, understand their rights and responsibilities, and know where to turn for help. Our market participants also need to be kept apprised of their regulatory requirements and understand their responsibilities within consumer and investor protection. Through awareness campaigns, presentations and the development and sharing of resources, we work to educate our two main audiences – New Brunswickers and our regulated sectors. We do so with the help of relevant tools and media platforms that are considerate of our audiences.

**Actions: To further this objective, FCNB will:**

1. Develop and conduct educational programs with respect to financial and consumer services in collaboration with regulatory operations and our regulatory counterparts.
2. Monitor fraud threats in our regulated areas and alert New Brunswickers of issues.
3. Support the Financial and Consumer Agency of Canada’s national Financial Literacy Strategy 2021-2026 to make the financial ecosystem more accessible, inclusive and effective for all Canadians.

Consumer and Market Participants Performance Measure	Target
Stakeholder Engagement Survey Score	>70%
Service Standard/Response Time Metrics	90% meeting service standards
Regulatory Enforcement Case Assessment	80% within 30 days; 100% within 60 days of receipt of completed referral file.



## 4. Financial Goal

Optimize our financial capacity to accomplish our mandate and deliver value to New Brunswickers.

### **Objective 4.1: We have the financial capacity to accomplish our mandate.**

As a Crown corporation, FCNB is accountable – both from a financial and a legislative perspective – to the Province through the Minister of Finance and Treasury Board. We are expected to have the operational and financial capacity to accomplish our mandate.

#### **Actions: To further this objective, FCNB will:**

1. Adhere to the budget set at the beginning of each fiscal year.

### **Objective 4.2: We deliver value to our key audiences.**

We are committed to maintaining regulatory approaches and organizational practices that deliver value to our key audiences. We will continue to be flexible yet agile in our approach to regulatory policy development so as to provide the most effective oversight regime and will continue to assess how we may best adapt our approaches and processes to achieve efficiencies.

#### **Actions: To further this objective, FCNB will:**

1. Support a workplace culture accountable to our stakeholders.
2. Report to our Minister and other stakeholders in timely, accessible, consistent and transparent ways in accordance with mandated requirements.
3. Continue to meet our targeted net income.

**Objective 4.3: We are self funded.**

We are funded by the regulatory fees and assessments paid by the regulated sectors, which provides a strong foundation for the Commission as an independent regulator. The *Financial and Consumer Services Commission Act* provides the authority to make rules relating to fees and assessments.

**Actions: To further this objective, FCNB will:**

- 1. Monitor FCNB fee rules and ensure that they support maintaining our financial capacity.

Financial Performance Measure	Target
Net income target	\$6.5 M
Actual to budget variances	Total expenses not to exceed budget by 5%



## 5. Environmental, Social and Governance (ESG) Goal

Embrace the ethical and practical values of ESG toward a more inclusive, sustainable and prosperous future.

### **Objective 5.1: Our regulatory standards are consistent with societal values.**

As investors and consumers show a growing interest in products that meet certain ESG standards when investing or making spending choices, FCNB will need to play an active role in monitoring this evolving landscape and in any policy-making discussions that follow.

#### **Actions: To further this objective, FCNB will:**

1. See our leaders serve on influential interjurisdictional committees.
2. Create an internal ESG forum where leaders serving on influential interjurisdictional committees meet to exchange knowledge on ESG standards and emerging trends among regulated sectors.

### **Objective 5.2: Our culture supports diversity, equity and inclusivity.**

The Commission is building diversity within our workforce and working to ensure the employee experience is equitable and inclusive for everyone. We do this by offering learning opportunities on the subject of equity, diversity and inclusivity to develop greater awareness and common understanding among employees at all levels of the organization. The Commission recognizes that various perspectives and diversity among our staff fosters better policy making and innovation and will contribute to recruitment, retention and wellbeing at the Commission. Increased knowledge of diversity, equity and inclusion (DEI) will enhance both individual and organizational actions and help us in reaching our organizational vision.

**Actions: To further this objective, FCNB will:**

1. Provide access to and mandate self study to employees and members across the organization to grow internal competencies and nurture a culture of diversity, equity and inclusion.
2. Define a diversity, equity and inclusion strategy for FCNB.
3. Consider ESG as a factor when assessing requests for funding stakeholder events or initiatives.

**Objective 5.3: Our governance is robust and rightsized for our organization.**

The Commission is committed to regulatory leadership and strives for excellence in all aspects of its operations. We believe that strong governance practices considerate of our unique characteristics will promote responsible stewardship, ethical behaviour and effective performance.

**Actions: To further this objective, FCNB will:**

1. Continue to implement the recommendations of the organization’s 2021 governance review.
2. Finalize the implementation of a refreshed Enterprise Risk Management Framework.
3. Provide relevant and mandatory training to members to grow board competencies on ESG strategies.
4. Establish a working group to examine purpose governance.
5. Maintain a robust and up to date talent succession planning process.

ESG Performance Measure	Target
Number of interjurisdictional committees FCNB participates on with ESG impact	2 per regulatory operations divisions



# Budget

## Overview

We have a legislated mandate with respect to each of our regulated sectors. We are expected to have the operational and financial capacity to accomplish our mandate and deliver value to our key stakeholders, namely New Brunswick’s consumers and industry participants, other regulators and the provincial government.

In previous years, the Financial and Consumer Services Commission allocated adequate funding for the Tribunal’s operations. This process was followed for F2023/24. However, given government’s ongoing efforts to enhance the model for regulatory adjudication of sectors administered by the Commission, we anticipate associated costs in F2024/25 and F2025/26 may be paid to a third-party adjudicative body, as reflected in the budget.

## Revenue Sources

The Commission has been established with a self-funding model, which provides a strong foundation for the Commission as an independent regulator. Under the *Financial and Consumer Services Commission Act*, the Commission has been given the authority to make rules relating to fees and assessments. Accordingly, our revenues come from regulatory fees and annual assessments paid by the industries we regulate as opposed to taxpayers. And from those industries, the securities sector generates approximately 75 per cent of our budgeted revenues.

Our operations have typically generated a surplus of approximately \$6 million to \$9 million annually. This surplus is contributed to the province’s Consolidated Fund.

## Revenue Considerations

The fees in our regulated sectors continue to be updated and we have made progress in the areas of insurance and consumer affairs. We will continue to work with government to modernize our fees rules in all of our regulated sectors.



## Cost Structure

Approximately 76 per cent of our total expenses relate to staff, Commission and Tribunal member costs. Other items relate to accomplishing our proposed objectives and initiatives. Developments in our regulated sectors and new areas of regulation that could impact our budget include, among others:

- Our continued efforts to update our information technology systems and some operational systems;
- The need to implement and update our regulatory systems for new and existing areas of regulation;
- Our continued expansion of our core competencies in the areas of financial technology innovations and cybersecurity;
- Public awareness campaigns to implement the unclaimed property program in 2023-24;
- Our continued work to provide New Brunswickers with the knowledge, skills and confidence to make informed spending and investing decisions through e-learning projects, bi-annual education campaigns and various outreach programs;
- A brand rearticulation initiative to enhance communication with New Brunswickers and industry participants and strengthen trust in and promote understanding of our role as defined by our mandate.



The budget projections for the three-fiscal periods ending March 31, 2024, 2025 and 2026 include revenue and expenses for the Commission and the Tribunal.

Selected Financial Information	FY 2023/24	FY 2024/25	FY 2025/26
<b>Revenue Sources</b>			
Securities	\$ 18,245,000	\$ 18,613,000	\$ 18,981,000
Consumer Affairs	500,000	510,000	522,000
Pensions	220,000	220,000	220,000
Insurance	3,889,000	4,079,000	4,350,000
Financial Institutions	995,000	1,022,000	1,060,000
Unclaimed Property	243,000	253,000	531,000
Other Income	295,000	295,000	295,000
<b>Total Revenue</b>	<b>24,387,000</b>	<b>24,992,000</b>	<b>25,959,000</b>
<b>Expense Sources</b>			
Commissioner Expenses	308,000	312,000	315,000
Staff Salary and Benefits	12,530,000	13,311,000	14,161,000
General & Administrative	3,830,000	3,922,000	4,058,000
<b>Total Commission Expenses</b>	<b>16,668,000</b>	<b>17,545,000</b>	<b>18,534,000</b>
Tribunal Expenses	298,000	-	-
Tribunal Staff Salary and Benefits	378,000	-	-
Tribunal General & Administrative	182,000	-	-
<b>Total Tribunal Expenses</b>	<b>858,000</b>	<b>-</b>	<b>-</b>
Third Party Adjudication Recovery	-	<b>332,000</b>	<b>332,000</b>
<b>Total Expenses</b>	<b>17,526,000</b>	<b>17,877,000</b>	<b>18,866,000</b>
<b>Net Income</b>	<b>\$ 6,861,000</b>	<b>\$ 7,115,000</b>	<b>\$ 7,093,000</b>