

**BC Financial Services Authority
(BCFSA)**

2021/22 – 2023/24

Service Plan

April 2021



For more information on BC Financial Services Authority contact:

Suite 2800 – 555 West Hastings Street
Vancouver BC V6B 4N6

Phone: 1+(604) 660-3555
Fax: 1+(604) 660-3368
Toll Free: 1-866-206-3030

General Email:
BCFSA@bcfsa.ca

Or visit our website at
<https://www.bcfsa.ca>

Published by BC Financial Services Authority

Board Chair's Accountability Statement



The 2021/22 – 2023/24 BC Financial Services Authority (“BCFSA”) Service Plan was prepared under my direction in accordance with the [*Budget Transparency and Accountability Act*](#) (“BTAA”). The Plan is consistent with government’s strategic priorities and fiscal plan. The Board is accountable for the contents of the Plan, including what has been included in the Plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the Plan.

All significant assumptions, policy decisions, events and identified risks, as of February 2021, have been considered in preparing the Plan. The performance measures presented are consistent with the BTAA, BCFSA’s mandate and goals, and focus on aspects critical to the organization’s performance. The targets in this Plan have been determined based on an assessment of BCFSA’s operating environment, forecast conditions, risk assessment and past performance.

A handwritten signature in black ink that reads "Stanley Hamilton". The signature is written in a cursive, flowing style.

Stanley Hamilton
Board Chair

Table of Contents

Board Chair’s Accountability Statement	3
Strategic Direction and Alignment with Government Priorities.....	5
Operating Environment.....	6
Performance Plan	7
Financial Plan.....	17
Financial Summary	17
Key Forecast Assumptions and Risks.....	17
Risks and Sensitivities	18
Management’s Perspective on the Financial Outlook	18
Appendix A: Hyperlinks to Additional Information.....	19
Corporate Governance	19
Organizational Overview	19
Additional Information	19

Strategic Direction and Alignment with Government Priorities

In 2021/22, British Columbians continue to face significant challenges as a result of the global COVID-19 pandemic. Recovering from the pandemic will require focused direction, strong alignment and ongoing engagement between public sector organizations and the Government of British Columbia. The government has identified five foundational principles that will inform each Crown agency’s policies and programs and contribute to COVID recovery: putting people first, lasting and meaningful reconciliation, equity and anti-racism, a better future through fighting climate change and meeting our greenhouse gas commitments, and a strong, sustainable economy that works for everyone.

BC Financial Services Authority (“BCFSA”) is a Vancouver-based Crown agency of the Government of British Columbia. BCFSA has four core business areas that are organized around its areas of regulatory responsibility: pension plans, mortgage brokers, financial institutions (including credit unions, insurance, and trust companies) and the Credit Union Deposit Insurance Corporation (“CUDIC”).

BCFSA was established by the *Financial Services Authority Act, 2019* (“FSAA”). FSAA is designed to improve accountability and oversight at BCFSA and align with regulatory best practices.

BCFSA administers the following statutes found through these links:

- [*Financial Services Authority Act, 2019*](#)
- [*Credit Union Incorporation Act*](#)
- [*Financial Institutions Act*](#)
- [*Insurance Act*](#)
- [*Insurance \(Captive Company\) Act*](#)
- [*Mortgage Brokers Act*](#)
- [*Pension Benefits Standards Act*](#)

BCFSA’s operations are aligned with the priorities set out in its [Mandate Letter](#) issued by the Minister of Finance of British Columbia (“Minister of Finance”).

A properly functioning and efficient financial services sector in which British Columbians can place their trust and confidence is essential to the Province’s economy. To achieve this objective, BCFSA safeguards the interests of depositors, policyholders, beneficiaries, pension plan members and home buyers while at the same time allowing the financial sector to take reasonable risks and compete effectively. BCFSA’s goal is to balance sector competitiveness with financial stability and federal and international standards with local market realities.

Operating Environment

BCFSA began operations as a new Crown agency on November 1, 2019 by assuming the regulatory accountabilities of the Financial Institutions Commission (“FICOM”). The transition was driven by the need to create a modern, efficient, and effective regulator with the independence and flexibility necessary to regulate a financial services sector that has grown both in importance and complexity.

On November 12, 2019, [the Minister of Finance announced](#) that BCFSA would also become responsible for regulation of the real estate industry, including licensing, conduct, investigations and discipline. The consolidation of real estate regulation within BCFSA is expected to be completed by the end of 2021.

Financial Services Landscape

The scope of BCFSA’s regulatory mandate reflects the size and complexity of the financial services sector in BC which, as of December 2020, included:

- 40 credit unions with more than \$71 billion in assets;
- Over 5,600 mortgage brokers and brokerages;
- 653 pension plans with approximately \$177.88 billion in assets; and
- Over 250 insurance and trust companies.

Many of the insurance and trust companies and some of the pension plans BCFSA oversees also operate in other provinces. Mortgage brokers may also be authorized to do business in other provinces. Central 1 Credit Union, which undertakes various centralized activities such as clearing and payments for credit unions, acts as a “central” in both BC and Ontario.

This landscape makes cooperation and harmonization with other regulators in Canada a priority. BCFSA is an active partner in national regulatory associations including the Canadian Council of Insurance Regulators (“CCIR”), the Credit Union Prudential Supervisors Association (“CUPSA”), the Canadian Association of Pension Supervisory Authorities (“CAPSA”) and the Mortgage Broker Regulators’ Council of Canada (“MBRCC”).

Risk Management Model and Market Conduct

BCFSA uses a risk-based prudential supervisory framework to identify imprudent or unsafe business practices and intervenes on a timely basis, as required. The principles, concepts and core processes in our supervisory framework apply to all the BCFSA regulated financial entities in British Columbia. The primary focus of BCFSA’s supervisory work is to determine the impact of current and potential future financial events, both within British Columbia and externally. To date, the financial entities regulated by BCFSA, as a whole, have shown a degree of resilience in the face of the risks posed by the pandemic.

In terms of market conduct, BCFSA will continue to monitor the impact of the pandemic on consumers of financial services and industry. The pandemic has raised some concerns regarding gaps between consumer expectations regarding certain insurance products and the actual

operation of the products. By the same token, the pandemic has prompted the development of innovative new products and approaches in the marketplace.

The real estate market changes have also reinforced the importance of advice that equips current and prospective homeowners to make decisions that are in their best long-term interests. Subject to the recommendations of the Cullen Commission of Inquiry into Money Laundering in BC, the integration with the Office of the Superintendent of Real Estate and Real Estate Council of BC should strengthen BCFSA's ability to address market conduct in the BC real estate market.

As the BC economy recovers, BCFSA will be on the lookout for financial services sector practices that take advantage of vulnerable British Columbians. We will also be reinforcing our expectation that the financial services sector treats consumers fairly.

Performance Plan

BCFSA will engage in regular communications with the Ministry of Finance toward the achievement of the goals as well as on matters within its regulatory accountabilities.

Goal 1: Risk-based Supervision and Consumer Protection

Objective 1.1: Advance BCFSA's risk-based and proportionate supervision of financial services sectors and efforts to enhance consumer protection

BCFSA's supervisory mandate includes overseeing financial institutions, pensions funds and mortgage brokers. Protecting the public is a key part of this mandate. A proportionate approach to supervision is required to protect the public while continuing to allow regulated entities and individuals to innovate and grow. International and domestic standards establish the framework for risk-based supervision.

Key Strategies:

1.1a. Update and publish BCFSA's supervisory framework (the "Supervisory Framework") to ensure a consistent approach to supervision of the financial services sector.

- Revise the Supervisory Framework to align advancements in BCFSA's regulatory approach with other federal and provincial regulators including the management of risks related to cyber, anti-money laundering and retail credit.
- Develop a supervisory 'playbook' for supervision activities to enable a consistent methodology and approach to proportionate monitoring and on-site reviews, reflective of varying size, scope, and complexity of regulated entities in BC.

1.1b. Increase number of on-site and face-to-face meetings with regulated entities and base subsequent monitoring for risk-based, prudential assessments.

- Conduct at least one (1) face-to-face meeting per quarter (which includes virtual meetings) with each financial institution (BC credit union, insurance company and trust company).

- Design and pilot of monitoring processes to complete risk assessments for pension plans. This risk assessment process, based on application of the risk framework, will include both desk and on-site reviews.
- Establish turnaround times for the delivery of supervisory letters at 60 days from the exit meeting, as of April 1, 2021.

1.1c. Increase monitoring of market conduct activities

- The goal of market conduct supervision is to proactively identify and intervene, to address harmful business practices among mortgage brokers, brokerages, and financial institutions.
- Activities may include improved data collection and reporting requirements, thematic reviews of products or business practices, the issuance of regulatory expectations, review of industry codes of conduct, and targeted monitoring of specific regulated entities and individuals.

1.1d. Increase responsiveness to complaints

- BCFSFA treats all complaints seriously and is committed to responding promptly. When complaints are received, they are assessed for risk, assigned a priority and actioned appropriately.

Performance Measure(s)		2020/21 Baseline*	2021/22 Target	2022/23 Target
1.1a	Revision and modernization of current Risk Framework.	50% of Framework revised	75%	100%
1.1b	Percentage of face-to-face supervisory meetings (includes virtual meetings) with financial institutions (credit unions, insurance companies and trust companies) in the fiscal year.	75% of institutions	100%	100%
1.1c	Increase monitoring of market conduct activities.	24 examinations	28 monitoring activities	32 monitoring activities
1.1d	Increase percentage of complaints resolved within 3 months.	70% of complaints	75%	80%

*baseline measures have been established based on BCFSFA operational data

Linking Performance Measures to Objectives:

- 1.1a Ensuring the Supervisory Framework reflects current and emerging risk drivers is foundational to modern, effective, and efficient supervision of the BC financial services sector. The Supervisory Framework provides the methodology which BCFSFA follows in assessing the risk profiles of regulated entities.
- 1.1b The goal for increasing face-to-face supervisory meetings is to establish a mutual understanding of issues facing BC financial institutions and foster a better understanding of the issues by BCFSFA. Through the expanded engagement with the Provincially Regulated Financial Institutions, there is a shared accountability for ensuring regular

dialogue between stakeholders remains key to ensuring the ongoing strength and viability of the B.C. financial services system. The increased frequency of these face-to-face meetings has been facilitated with use of virtual meeting platforms, greatly enhancing the effectiveness and efficiency of these engagements for both the Provincially Regulated Financial Institutions and BCFSA.

- 1.1c An increase in market conduct monitoring activities demonstrates BCFSA's commitment to resourcing and growing its proactive conduct supervision capabilities. The expanded measure more appropriately reflects the variety of activities that make up market conduct supervision. Those activities include targeted examinations of specific regulated entities and individuals as reflected in 2020/21 performance measures, and also activities such as improved data collection and reporting requirements, thematic reviews of products or business practices, the issuance of regulatory expectations, and review of industry codes of conduct.
- 1.1d Shorter average turnaround times on complaints demonstrates responsiveness to public interest in timely resolution of the issues they raise with the regulator. The measure is not calibrated to file complexity or seriousness and will be monitored over time to validate its usefulness as a measure of BCFSA's business. For example, an increase in high complexity and serious files as a result of increased market conduct monitoring and public awareness of the regulator will increase the average complaint turnaround time.

Goal 2: External Engagement

Objective 2.1: Engage and work with government, other BC regulators, sector participants, and applicable provincial and federal governments and regulators to identify and respond to priority issues in the financial services sector, including issues associated with the COVID-19 pandemic.

In order to regulate effectively, and in a proportionate manner, BCFSA needs to engage with regulated entities and individuals to understand their views, challenges, and opportunities and to help identify potential trends needing to be addressed. As well, BCFSA needs to engage with other regulators to understand best practices and look for opportunities to harmonize regulation, where possible. This goal is an amalgamation of goals identified in the initial mandate letter and service plan, with language modified to remove specific references to the *Mortgage Brokers Act* and capture financial services sector issues more generally.

Increased engagement through the adoption of continuous monitoring and various touchpoints with sector participants allows BCFSA to improve awareness of implications of COVID-19 on the sectors. Those touchpoints include engagement with industry associations and participation in industry events, chairing and participating in regulatory forums focussed on COVID-19 including at MBRCC and CCIR, and targeted engagement with providers of certain financial products and services in B.C.

BCFSA conversations with industry inform its understanding of risks to industry and consumers of financial services, and BCFSA’s response to those risks including any regulatory easing measures.

Key Strategies:

2.1a. Active participation in regulatory associations, including working committees¹

- Participate in scheduled meetings of all regulatory associations related to BCFSA’s areas of responsibility.

2.1b. Lead or contribute to cross-jurisdictional initiatives that share information or develop harmonized positions on emerging financial regulatory issues or trends.

- BCFSA takes an active role in interprovincial forums regarding financial sector issues.

2.1c. Develop and implement a stakeholder engagement framework.

- Develop and implement BCFSA's stakeholder engagement framework ensuring an integrated approach that drives awareness through consistent messaging, regarding BCFSA's brand and priorities.
- Promote and maintain of a culture of engagement with stakeholders, building relationships and fostering dialogue – both within BCFSA and across industry – in order to identify emerging trends and gaps to be addressed.
- Develop and lead the implementation of new tools (such as BCFSA’s regulatory roadmap), outreach strategies and action plans that build on industry recommendations and best practices.

Performance Measure(s)		2020/21 Baseline*	2021/22 Target	2022/23 Target
2.1a	BCFSA takes an active role in interprovincial forums regarding financial sector issues.	80% attendance	90%	100%
2.1b	Number of scheduled meetings related to emerging financial regulatory trends and issues, including those related to the COVID 19 pandemic. <ul style="list-style-type: none"> • Attendance at Provincial / Federal meetings. • Attendance at Working Committees. 	100% attendance 90% attendance	100% 95%	100% 100%
2.1c	Stakeholder Engagement Plan. <ul style="list-style-type: none"> • Percentage completion of the work to review and finalize a stakeholder engagement plan. • Appointment of an Industry Liaison Officer. 	50% complete 50% complete	75% 100%	100% 100%

*baseline measures have been established based on BCFSA operational data

¹ Objective 2.2: “Work collaboratively with government, industry and other stakeholders to review issues related to the cost and availability of insurance for strata corporations” has been introduced as Goal 5 given the scope of recommendations noted in BCFSA’s Final Report on Strata Insurance issued on December 18, 2020.

¹ This wording has been modified from last year's Service Plan, to reflect that the BCFSA is not just attending meetings but is actively participating and engaging in meetings.

Linking Performance Measures to Objectives:

- 2.1a Active participation by BCFSAs in regulatory associations through attendance at regularly scheduled meetings fosters harmonization and the development of common approaches to issues of national importance.
- 2.1b Through chairing and participating in working committees and ongoing engagement with regulatory peers, BCFSAs are aware of, and positioned to respond to emerging regulatory issues.
- 2.1c A Sector Liaison Office and established stakeholder engagement framework will ensure there is dedicated thought leadership and commitment to deepening relationships, addressing key trends and opportunities, while ensuring consistent communications that support BCFSAs vision and brand.

Goal 3: Regulatory Governance and Legislation

Objective 3.1: Continue to work with the Superintendent of Real Estate, the Ministry of Finance Policy and Legislation Division, and the Real Estate Council of BC to complete integration of real estate regulation within the BCFSAs.

In November 2019, the [Government announced](#) the establishment of BCFSAs as the integrated real estate and financial services regulator for British Columbia. BCFSAs are committed to working closely with all parties to achieve a successful transition and integration of real estate regulatory functions.

Key Strategies:

3.1 Fully participate in all relevant activities related to the establishment of a single regulator at the Ministry's request.

- Together with the Ministry, Superintendent of Real Estate, and Real Estate Council of BC, BCFSAs will develop and implement an integrated transition plan.
- BCFSAs will participate actively and fully in all relevant activities that are necessary to successfully plan and implement the inclusion of real estate in BCFSAs's mandate.
- For example, BCFSAs will be represented at all steering committee meetings, and all sub-committee meetings under the project governance framework and provide written and verbal input into operational and policy discussions. BCFSAs will work with partners to achieve all transition plan milestones.

Performance Measure(s)		2020/21 Baseline*	2021/22 Target	2022/23 Target
3.1	Percentage of participation in all relevant activities related to the establishment of a single regulator at the Ministry's request.	100% participation	100%	N/A
	Execute on relevant milestones from transition plan.	75% completion	100%	N/A

*baseline measures have been established based on BCFSAs operational data

Linking Performance Measures to Objectives:

- 3.1 The performance measures demonstrate BCFSA's commitment to working with partners to develop and implement a plan that achieves Government's goal of an integrated financial services sector regulator by the end of 2021/22.

Goal 4: Deposit Insurance

Objective 4.1: Work collaboratively with government to improve financial crisis preparedness and in particular, ensure a sustainable and effective deposit insurance program is in place.

The Credit Union Deposit Insurance Corporation ("CUDIC") is a statutory corporation continued under the *Financial Institutions Act* ("FIA") and administered by BCFSA. CUDIC is responsible for administering and operating the credit union deposit insurance fund. The FIA authorizes CUDIC to guarantee the deposits and non-equity shares of provincially incorporated credit unions in British Columbia.

As part of maintaining the deposit insurance fund and guarantee, CUDIC pro-actively plans for unlikely credit union failures which requires depositors to be paid out from the fund. Financial crisis preparedness requires CUDIC and BCFSA to work across the entire credit union system and with partner agencies.

BCFSA and CUDIC are committed to working collaboratively with stakeholders to maintain preparedness and confidence in the credit union system.

Key Strategies:

4.1a Implement an Effective BCFSA Deposit Premium System¹

- BCFSA and CUDIC are committed to maintaining a modern, efficient, and effective methodology in determining deposit insurance premiums that responds to the needs of a rapidly changing credit union system and its depositors. Key activities to achieve that goal include:
 - Finalize and release the deposit premiums system methodology to the credit union system for comment;
 - Continue communications and engagement with credit union system and industry associations; and
 - Approve and implement an updated deposit insurance assessment methodology.

4.1b Review and Set Deposit Insurance Fund Size

- Reflecting international best practices, BCFSA is committed to reviewing the CUDIC fund target size every four years, to ensure the fund size is credible and contributes to depositor confidence and system stability. Key activities to achieve that goal include:

- Review the approach and parameters used to determine the adequacy of the current target fund range and fund size;
- Research of cross-jurisdictional best practices regarding the establishment of deposit insurance fund targets;
- Conduct consultations with credit union system and industry associations; and
- Finalize and adopt new target fund range, target point and funding timeline.

Performance Measure(s)		2020/21 Baseline*	2021/22 Target	2022/23 Target
4.1a	Continue to implement an effective Deposit Premium System. ¹ <ul style="list-style-type: none"> • Percentage of information sessions completed post release. 	50% completion of information sessions	75%	100%
4.1b	Review and set Deposit Insurance fund size. <ul style="list-style-type: none"> • Percentage of completion of work to review, finalize and release new fund target size. 	85% complete	100%	100%

*baseline measures have been established based on BCFSA operational data

¹Previous reference to Deposit Insurance assessment methodology has been updated to Deposit Premium System which better reflects the terminology used in the sector.

Linking Performance Measures to Objectives:

- 4.1a CUDIC and BCFSA are committed to maintaining a modern, efficient, and effective methodology for setting deposit insurance premiums that respond to the needs of a rapidly changing credit union system and its depositors. Industry consultation and engagement is an ongoing cornerstone of that commitment. BCFSA will build on consultations that began in 2017 and will engage the credit union system by releasing a final proposed methodology in preparation for implementation in 2020/21.
- 4.1b Reflecting international best practices, BCFSA is committed to reviewing the CUDIC fund target size every four years, to ensure the fund size is credible and contributes to depositor confidence and system stability. In 2019/20, BCFSA engaged an actuarial firm to provide independent actuarial analysis and advice to the BCFSA and CUDIC Boards of Directors on the deposit insurance fund target range, target point, and funding timeline. The actuarial modelling is part of a comprehensive internal review of both quantitative and qualitative factors, including regulatory powers and practices.

Goal 5: Strata Insurance²

Objective 5.1: Continue to work collaboratively with government, industry and other stakeholders to review issues related to the cost and availability of insurance for strata corporations.

² Previously reflected as Objective 2.2: “Work collaboratively with government, industry and other stakeholders to review issues related to the cost and availability of insurance for strata corporations” has been introduced as Goal 5 given the scope of recommendations noted BCFSA’s Final Report on Strata Insurance issued December 18, 2020.

BCFSA is continuing its work with government, industry, and other stakeholders to seek solutions to return B.C.'s strata property insurance market to a healthy state.

In January 2020, BCFSA was asked by the British Columbia Government to formalize its research efforts to confirm changes in strata property insurance premiums and to gain further understanding of the underlying factors causing the increases. BCFSA issued an interim report on strata insurance in June 2020 and a final report on strata insurance in December 2020.

5.1a Provide strategic advice to government, other regulators and industry officials

- BCFSA is committed to work with key stakeholders to find viable solutions that will address rising premium costs and supply issues in the BC strata property insurance market.

Key activities to achieve that goal include:

- Continue to monitor the status of the market to inform future potential government actions;
- Provide advice as requested to government on potential actions;
- Work with other key stakeholders to address information gaps in BC's strata property market; and
- Work with other Canadian regulators and industry on improving supply of strata property insurance including having dialogues on capital, reserving and entry requirements.

5.1b Ongoing Monitoring of the Status of the B.C. Strata Property Insurance Market

- Continue to monitor inquiries and complaints from the public and media stories;
- Refresh previously collected market data; and
- Work with other regulators on improving data collection nationally.

Performance Measure(s)		2020/21 Baseline*	2021/22 Target	2022/23 Target
5.1a	Continue to provide advice to government and engage with industry stakeholders on issues pertaining tot the strata insurance market.	100% attendance	100%	100%
5.1b	Ongoing monitoring of sector by reviewing data requirements.	N/A	50%	100%
	Number of data calls using revised requirements.	3 data calls	1 data call	1 data call

*baseline measures have been established based on BCFSA operational data

Linking Performance Measures to Objectives:

5.1a Through active monitoring of the state of the market and participation in meetings with government, industry, and other stakeholders, BCFSA will be able to respond to emerging regulatory issues as they pertain to strata property insurance.

5.1b Through the experience gained from the three data calls BCFSA made in 2020/21, BCFSA has identified the need to revise and update the data collected related to strata property insurance. 2021/22 will see BCFSA work to refresh data collected last year and

will work with other regulators on developing a consistent approach to collecting this data.

Goal 6: Anti-Money Laundering

Objective 6.1: Collaborate with government to improve the effectiveness of B.C.’s Anti-Money Laundering Regime.

The Cullen Commission of Inquiry into Money Laundering in BC is expected to release its final report in 2021. That report will inform Government policy direction on Anti-Money Laundering (AML), and by extension, BCFSA’s priorities and strategic focus.

Key Strategies:

6.1a. Fully participate in all relevant activities related to strengthening the B.C. and Canadian AML regime

- BCFSA will provide advice, where required, on policy development and operational matters related to strengthening the BC AML regime.

6.1b. Develop and implement an AML strategy that responds to Government policy direction following the Cullen Commission’s final report

- BCFSA will develop an AML strategy and implementation plan that responds to direction from the Government and the Cullen Commission.
- BCFSA will sustain AML initiatives that were independently implemented in 2020/21. BCFSA will also continue to identify and implement initiatives to strengthen B.C.’s AML regime where appropriate.

Performance Measure(s)		2020/21 Baseline*	2021/22 Target	2022/23 Target
6.1a	Percentage of participation in all relevant activities related to the review and implementation of AML improvements, and other complementary recommendations, as endorsed by Government.	100% participation	100%	100%
6.1b	Develop and implement a BCFSA AML strategy.	10 initiatives identified and implemented	BCFSA AML strategy approved	75% of BCFSA AML strategy implemented

*baseline measures have been established based on BCFSA operational data

Linking Performance Measures to Objectives:

- 6.1a The performance measure demonstrates BCFSA’s commitment to supporting the strengthening of the BC and Canadian AML regime.

- 6.1b BCFSa expects to receive more focused policy direction on AML in 2021/22. This direction will provide a foundation for development of a BCFSa AML strategy and implementation plan. BCFSa has accordingly updated its performance measure to reflect a more holistic, structured, and strategic response to AML. The performance measure builds off BCFSa's 2020/21 performance measure, which focused on independent implementation of discrete opportunities to strengthen the B.C. AML regime.

Financial Plan

Financial Summary

(\$000)	2020/21 Forecast*	2021/22 Budget	2022/23 Plan	2023/24 Plan
By Major Sources				
Fees, Licenses & Recoveries	31,545	32,667	32,637	32,109
Grants	5,340	2,849		-
Total Revenue	36,885	35,516	32,637	32,109
Salaries and Benefits	19,621	21,344	20,538	20,149
Other	12,055	14,172	12,089	11,960
Total Expenses	31,676	35,516	32,637	32,109
Net Income/Excess of Revenue over Expenses/Annual Surplus (Deficit)	5,209	-	-	-
Total Liabilities/Debt (even if zero)	4,395	4,395	4,395	4,395
Accumulated Surpluses/Retained Earnings/Equity (even if zero)	19,770	19,770	19,770	19,770
Capital Expenditures	7,079	6,513	50	275
Dividends/Other Transfers	0	0	0	0

Note: The above financial information was prepared based on current Public Sector Accounting Standards.

* There was an additional \$6.2M of funding provided by government to support technology investments (CRS project).

Key Forecast Assumptions and Risks

The fiscal 2021/22 revenue and expense projections reflect current fees and regulatory scope. BCFSAs balanced budget does not reflect the anticipated integration with the Real Estate Council of BC and the Office of the Superintendent of Real Estate, given that the legislation to effect the integration has not yet come into force. The budget also does not reflect any potential increased expenses related to improving the effectiveness of B.C.'s Anti-Money Laundering regime, the potential scope of which has yet to be determined.

BCFSAs is making a significant investment in technology to improve the effectiveness of its regulatory responsibilities. The first stage of this investment is underway and will be completed in fiscal 2021/22. Additional stages are also planned but have not yet been approved by BCFSAs Board of Directors. Although BCFSAs has been provided \$6.2M in 2020/21 and has approval in principle for additional funding from government in fiscal 2021/22 (\$7.1M) to support the first stage of this technology investment, this revenue is not confirmed until the end of those fiscal years. As such, that grant revenue has not been included in the projections.

The full financial impact of the planned technology investment has not been reflected in the fiscal 2022/23 to 2023/24 projections. The cost pressures created by increased amortization and technology operating costs in future years still need to be addressed. As well, the BCFSAs balanced budget is based on current fees and does not reflect any future potential increases.

Risks and Sensitivities

- The financial services sector in B.C. and globally is rapidly evolving. BCFSAs will need modern technology and processes to keep up with these changes and its ability to evolve will influence its ability to respond in times of crisis. Complexity and interconnectedness across, and within sectors, necessitates a thoughtful, proportionate and responsive regulatory approach.
- BCFSAs will be part of a larger system of government agencies, financial services providers and the economy. Although basic regulatory functions would continue, failure to engage with stakeholders could result in the regulator being out of touch with the nature and severity of risks faced by its sector participants and therefore failure to be able to appropriately carry out its mandate.
- Failure to align and coordinate with partners including the Ministry of Finance, Superintendent of Real Estate, and Real Estate Council of BC could hinder successful integration of real estate regulatory functions into BCFSAs.
- If there are no credit union failures/financial crises during the fiscal year, the impact of failing to develop and operationalize improvements to the credit union deposit insurance fund will be low. However, if there is a crisis and the organization has not finished developing its plan and secured the funds to pay out depositors, it would have a very high impact on the organization's ability to fulfill its core mandate.
- The success of B.C. and Canada's AML framework rests on close cooperation and collaboration between various parts of the AML regime, and failure to work together would impact BCFSAs ability to fulfill its mandate and effectively regulate the financial services sector.

Management's Perspective on the Financial Outlook

The ongoing funding model for BCFSAs does not include financial support from the Government of British Columbia. Most of BCFSAs revenue comes from filing, registration and application fees paid by regulated entities and individuals under the various statutes. Compensation and asset depreciation expenses account for about 71% of total expenses.

Appendix A: Hyperlinks to Additional Information

Corporate Governance

- [BCFSA Governance](#)
- [BCFSA Board of Directors and of each Board Committee](#)
- [Crown Agencies and Board Resourcing Office](#)
- [Plan & Report for Crown Corporations](#)

Organizational Overview

- [BCFSA Mandate](#)
- [BCFSA's business areas](#)
- [Location of BCFSA operations](#)

Additional Information

- [*Financial Services Authority Act, 2019*](#)
- [*Credit Union Incorporation Act*](#)
- [*Financial Institutions Act*](#)
- [*Insurance Act*](#)
- [*Insurance \(Captive Company\) Act*](#)
- [*Mortgage Brokers Act*](#)
- [*Pension Benefits Standards Act*](#)
- [Canadian Council of Insurance Regulators \(CCIR\)](#)
- [Credit Union Prudential Supervisors Association \(CUPSA\)](#)
- [Canadian Association of Pension Supervisory Authorities \(CAPSA\)](#)
- [Mortgage Broker Regulators' Council of Canada \(MBRCC\)](#)