



# **BUSINESS PLAN**

## **2023-2026**

**CREDIT UNION**  
**DEPOSIT GUARANTEE CORPORATION**

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## MESSAGE FROM THE CHAIRPERSON

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I am pleased to provide the 2023-2026 Business Plan of the Credit Union Deposit Guarantee Corporation (the Corporation), a Crown corporation reporting to the Minister of Digital Government and Service NL, with responsibility for the regulation of credit unions in the Province.

The Corporation is a Category 2 entity under the **Transparency and Accountability Act** that requires such public bodies as the Corporation to prepare a three year performance based plan.

The strategic directions of Government to create a robust, stable economy are applicable to Digital Government and Service NL. Prudential oversight of the credit union system contributes to a stronger economy through stable banking and financial services.

This business plan provides an overview of the Corporation and identifies the strategic goals and objectives to be accomplished during the next three years. The Board of the Corporation is accountable for the preparation of this plan and for achieving the goal and objectives contained therein.

A handwritten signature in black ink that reads "Joan Marie Gatherall". The signature is written in a cursive, flowing style.

Joan Marie Gatherall  
Chair

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## OVERVIEW

The Corporation is responsible for the administration of the **Credit Union Act, 2009** and the **Credit Union Regulations, 2009**, for the stabilization of the credit union system, and for providing deposit insurance to credit union members. It monitors and examines the financial affairs of credit unions and works with credit unions to resolve deficiencies identified through this process. The Corporation may impose financial and governance standards for credit unions and enforce sound business practices. It has the authority to place credit unions under supervision and to act as administrator and/or liquidator, pursuant to the **Credit Union Act, 2009**.

The Corporation's website can be found at: <https://www.cudgcnl.com>

The Corporation has seven employees, four situated in Marystown and two in St. John's. One position is vacant. The Board has eight directors with five directors selected from credit union system nominees, one from the Department of Digital Government and Service NL, one from the Department of Finance and one director appointed by the Minister to represent the public interest (Appendix A). The Chief Executive Officer is also the Secretary/Treasurer of the Board but is not a voting member. The Superintendent of Credit Unions and Deputy Superintendent of Credit Unions are appointed by the Minister.

The Corporation maintains a deposit guarantee fund for its purposes, which represents the accumulated assessments paid by credit unions, as well as the accumulated operating surplus of the Corporation. The Corporation is self-funding and does not receive any public grants for its operating needs.

In addition, the Corporation administers various credit union insurance programs provided by the Credit Union Bonding Program, a national credit union risk sharing insurance program managed by CUMIS Insurance. These insurance programs include Fidelity Bonding, Directors and Officers Liability, Corporate Errors and Omissions, Employment Practices Liability, Privacy Liability and On-line Banking.

The Corporation is an active participant in national and regional credit union related organizations. Management represents the Corporation on the National Risk Management Committee, the Credit Union Prudential Supervisors Association (CUPSA), and the International Credit Union Regulators Network (ICURN).

For the fiscal period ended March 31, 2023, the Corporation's revenues were generated from deposit insurance assessments (79 per cent), premiums from other insurance programs (8 per cent) and investment income (13 per cent). The Corporation's primary operating expenses were salaries and benefits (66 per cent), insurance costs (21 per cent) and other

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operating costs (13 per cent) such as travel and administration. The Board of Directors of the Corporation is responsible for submitting its annual budget to the Minister for approval no later than the date set by the Minister.

The credit union system in Newfoundland and Labrador is comprised of eight credit unions with offices in 36 locations, approximately 61,000 members and assets in excess of 1.5 billion dollars. The system employs over 300 people.

## **MANDATE**

The mandate of the Credit Union Deposit Guarantee Corporation is to protect the qualifying investments of credit union members and to facilitate the financial stability of the credit union system by requiring credit unions to comply with legislation and exercise sound business practices. The legislative duties of the Credit Union Deposit Guarantee Corporation are outlined in section 134 of the **Credit Union Act, 2009** as contained in Appendix B.

## **VISION**

Newfoundlanders and Labradorians have access to a credit union system that is strong, stable and successful.

## **PRIMARY CLIENTS**

The Credit Union Deposit Guarantee Corporation identifies its primary clients as credit unions and credit union members. These organizations, individuals, or groups are the primary users and/or beneficiaries of the Corporation's lines of business.

## **LINES OF BUSINESS**

The Credit Union Deposit Guarantee Corporation provides the following lines of business to its primary clients:

1. Regulation of Credit Unions
2. Deposit Insurance
3. Stabilization

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## Regulation of Credit Unions

The Corporation regulates credit unions through its examination, monitoring and enforcement activities.

### Examination

The Corporation examines credit unions for compliance with legislation and sound business practices. The Corporation utilizes a risk based approach to determine credit unions that will be examined.

The Corporation also performs regular desk audits using an inquiry program accessing the credit unions' on-line database. The Corporation will select random transactions to examine as well as identify transactions that meet specific criteria (which may be of a higher risk) to investigate.

### Monitoring

Monthly, quarterly, and annually, the Corporation receives financial statements and other regulatory reports from credit unions. Reports are reviewed and, if necessary, remedial action is taken. Annually, the Corporation also reviews independent audited statements of credit unions prepared by accountants licensed under the **Chartered Professional Accountants and Public Accountants Act**.

### Enforcement

Credit unions that are non-compliant (after the expiry of any approved exemption) are assessed fines and penalties pursuant to legislation and/or are placed under supervision by the Corporation.

## Deposit Insurance

The Corporation provides deposit insurance on deposits of credit union members equal to a maximum \$250,000 per insured deposit. There are four insured deposit categories, including:

- Basic deposits
- Joint deposits
- Registered deposits
- Trust accounts

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## **Stabilization**

The Corporation stabilizes credit unions through supervision, training and risk management activities.

### Supervision

Pursuant to the legislation, credit unions experiencing on-going difficulties may be placed under supervision. The degree of supervision depends on the severity of the problem. The supervision process could involve requiring a credit union to prepare a plan to address the problem creating the difficulty and monitoring for compliance, or replacing the Board of Directors and merging the credit union with another credit union or eventually winding up a credit union.

### Training

In accordance with the regulations, the Corporation may prescribe the minimum level of training for a director or officer of a credit union. The Corporation encourages training of directors in good corporate governance practices by financially supporting director training.

### Risk Management

The Corporation directly administers five insurance policies on behalf of the credit union system. The five policies are Bonding, Directors & Officers Liability, Corporate Errors and Omissions, Employment Practices Liability and On-line Banking. The Corporation also serves as the provincial representative on the Master Policy Holder Committee and the National Risk Management Committee. The Corporation ensures that minimum coverage levels are maintained by credit unions where the insurance is not directly administered by the Corporation (e.g. Privacy and Cyber).

## **ISSUE 1: CYBER SECURITY**

The first goal recognizes the evolving risks posed by the increasing use of complex information technology by credit unions and cyber security risks associated with such systems, including the risks posed by malicious parties. To help protect credit unions and their members, the Corporation will need to incorporate ways to identify and mitigate these risks in its insurance, examination programs and other activities.

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## GOAL

By March 31, 2026, the Credit Union Deposit Guarantee Corporation will have implemented process changes and other measures to assist in protecting credit union members and supporting credit unions to manage risks related to information technology (IT) and cyber security.

## GOAL INDICATORS

- Completed jurisdictional scan of risk reduction methods
- Worked with credit unions to identify strengths and gaps in current processes and programs
- Corporation's board and staff will undertake training in the area of IT and cyber security
- Supported the credit union system in mitigating identified risks (e.g. through training, insurance support, etc.)
- Updated the Corporation's examination and other programs to identify and evaluate risks related to IT and cyber security

## OBJECTIVES

1. By March 31, 2024, the Credit Union Deposit Guarantee Corporation will have consulted stakeholders and completed a jurisdictional review.

Indicators:

- Consulted other jurisdictions related to IT and cyber security risks.
- Consulted with experts in the field of credit union IT and cyber security risks.
- Consulted with the Credit Union Managers Association.
- Assessed the extent to which the Corporation's current examination and other programs identify and evaluate risks related to IT and cyber security.

2. By March 31, 2025, the Credit Union Deposit Guarantee Corporation will have identified gaps in current processes (including resources, training and tools that would be required), to aid in the mitigation of IT and cyber risks.

3. By March 31, 2026, the Credit Union Deposit Guarantee Corporation will have revised processes, including implementation of tools and deployment of resources, to assist in protecting credit union members and supporting credit unions in managing risks related to information systems and cyber risks.



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## ISSUE 2: LEGISLATIVE CHANGE

On November 9, 2022, Bill 8 **An Act to Amend the Credit Union Act, 2009** received Royal Assent. This amendment impacted the Corporation's approach to governance, its policies and guidelines, the fiscal year end, and the budget approval process. Changes to the **Credit Union Regulations, 2009** also occurred in 2021 and 2022.

There have been recent changes in Board composition, which presents an ideal opportunity to undertake training. The Board will undertake training that contributes to understanding the credit union system, the regulatory environment, and other key responsibilities of the Board and the Corporation.

The second goal encompasses the processes required to implement new programs arising from the amendments as well as assessing and implementing other administrative processes required by the revisions. For example, one new program is the implementation of a system to administer unclaimed balances transferred from the credit union system to the Corporation. This service will allow credit union members, or their beneficiaries, to claim unclaimed balances that may have been forgotten or allow beneficiaries of the estate of a credit union member to identify and claim balances that they were not aware.

### GOAL

By March 31, 2026, the Credit Union Deposit Guarantee Corporation will have implemented changes and new programs resulting from amendments to the **Credit Union Act, 2009** and regulations.

### GOAL INDICATORS

- Signed a Memorandum of Understanding with the Superintendent of Credit Unions outlining the roles and responsibilities of the Corporation and the Superintendent
- Commenced implementation of a system to administer unclaimed balances transferred from the credit union system to the Corporation
- Commenced development of guidance related to risks related to services provided by external third parties
- Consulted with the Credit Union Managers Association and credit union directors
- Commenced an organizational review to ensure that the organizational structure is optimal to deliver the programs and services
- Identified, and communicated to Government, opportunities to enhance the **Credit Union Act, 2009** and regulations

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## OBJECTIVES

1. By March 31, 2024, the Credit Union Deposit Guarantee Corporation will have reviewed the changes required from the amendments to the **Credit Union Act, 2009** and regulations.

Indicators:

- Reviewed the **Credit Union Act, 2009** and Regulations to ensure gaps are identified.
- Prioritized administrative changes and new programs (such as an Unclaimed Balances service) that are required as a result of the amendments.
- Consulted with Government (Department of Digital Government and Service NL, the Office of the Chief Information Officer, and Treasury Board Secretariat).
- Finalized a Memorandum of Understanding with the Superintendent of Credit Unions.
- Consulted with the Credit Union Managers Association and credit union directors regarding how the changes impact credit unions.

2. By March 31, 2025, the Credit Union Deposit Guarantee Corporation will have implemented required administrative changes, and commenced implementation of new programs where possible.

3. By March 31, 2026, the Credit Union Deposit Guarantee Corporation will have completed implementation of changes and new programs resulting from amendments to the **Credit Union Act, 2009** and regulations.

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## APPENDIX A – DIRECTOR PROFILES



**Joan Marie Gatherall**  
**Chair**

Joan Marie Gatherall has 30 years of progressive and diverse financial, business and volunteer experience. She graduated with a Bachelor of Commerce (Hons) and received her Chartered Accountant designation in 1990. Over her career, she has worked in public practice, the Provincial Government, the Credit Union System and private industry in various management roles. For 6 years, she was General Manager of the Credit Union Central of NL working with credit unions to improve performance and governance. She has been an active member of EasternEdge Credit Union for over 25 years. Her volunteer experience ranges from the local school community, The Kids Eat Smart Foundation and School Board Trustee. Ms. Gatherall is a credit union system nominee and was appointed as Chair of the Corporation in June 2022 for a two-year term.



**Allison Chaytor-Loveys**  
**Vice-Chair**

Allison Chaytor-Loveys retired as Chief Executive Officer at Newfoundland and Labrador Credit Union (NLCU) in December 2021. Ms. Chaytor-Loveys has 49 years' experience in the credit union system in Newfoundland and Labrador. She has also served as a Board Director nationally with Canadian Credit Union Association (CCUA) and with the World Organization of Co-Operative Credit Unions (WOCCU). Ms. Chaytor-Loveys is a credit union system nominee and was appointed as a director of the Corporation in June 2022 for a two-year term.

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## DIRECTOR PROFILES (Cont.)



**William  
Langthorne**

William Langthorne, after working for forty-five years in the public and private sectors in various financial and management positions, retired in 2019. Mr. Langthorne worked the last thirty years as an employee of the Credit Union Deposit Guarantee Corporation and ended his career as Chief Executive Officer, board member and Superintendent of Credit Unions. He has been a member of a credit union for over thirty five years. Mr. Langthorne was a licensed professional accountant (CPA-CGA) for over thirty years and has a Bachelor of Arts degree with a major in Economics and a minor in business from Memorial University. Mr. Langthorne is a credit union system nominee and was appointed as a director of the Corporation in June 2022 for a three-year term.



**Natalie Templeman**

Natalie Templeman is currently the Chief Information Officer of Newfoundland and Labrador Hydro and has over 24 years of experience in various leadership roles in the public sector. Ms. Templeman has a Bachelor of Commence degree from Memorial University. Ms. Templeman was appointed as the Public Interest Representative in June 2022 for a three-year term.



**Julian McCarthy**

Julian McCarthy retired from the Newfoundland and Labrador civil service in 2019 after a successful 33 year career. He was the Assistant Deputy Minister of Consumer and Commercial Affairs, Department of Service NL, for 8 years prior to his retirement and also served as Chair of the Board for the Credit Union Deposit Guarantee Corporation during the same period. He spent most of his career regulating and auditing various sectors of the financial services, pensions and consumer affairs industries. He served on several national boards and organizations related to the regulation of the financial services and pensions industry during his career. Mr. McCarthy holds a Bachelor of Commerce (honors) Degree from Memorial University. Mr. McCarthy is a credit union system nominee and was appointed as a director of the Corporation in June 2022 for a three-year term.

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## DIRECTOR PROFILES (Cont.)



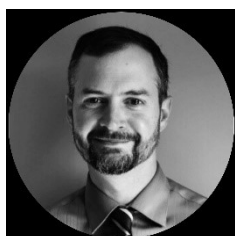
**Jennifer Quilliam**

Jennifer Quilliam is the Director of Policy, Planning, Accountability and Information Management with the Department of Finance. She is a Chartered Professional Accountant (CPA) and has a Master of Business Administration (MBA) from Memorial University. Ms. Quilliam has been an employee of the Government of Newfoundland and Labrador since 2012 and was appointed as the Department of Finance representative in June 2022.



**Michael Delaney**

Michael Delaney joined the Government of Newfoundland and Labrador in May 2011, and has served as the Superintendent of Pensions with the Department of Digital Government and Service NL for over 10 years. In this role, he is responsible for the regulation of the Newfoundland and Labrador **Pension Benefits Act, 1997**. In addition to his role as Superintendent of Pensions, he has assumed other regulatory roles within the department on an interim basis, including the role of Assistant Deputy Minister of Regulatory Affairs in 2019 when he also served as chair of the CUDGC Board of Directors. Prior to joining the provincial government, Michael worked for 10 years as a pension consultant providing actuarial services to a number of organizations throughout Atlantic Canada. Michael has a Bachelor of Science in Actuarial Mathematics and Statistics and he attained fellowships in the Canadian Institute of Actuaries and Society of Actuaries in 2008. Mr. Delaney was appointed as the Department of Digital Government and Service NL representative in June 2022.



**Brian Sparkes**

Brian Sparkes leads the team for Load Forecasting and Market Analysis within NL Hydro. Prior to this role, Brian worked within the Energy Marketing team at Nalcor Energy, and held the roles of Team Lead of Analytics and Energy Trader. Before joining NL Hydro, Brian spent twelve years working as a manager in the Credit Union system, both in Newfoundland and Alberta. He holds a Bachelor of Business Administration from Memorial University. Brian has previously sat on the Board for League Savings and Mortgage. Mr. Sparkes is a credit union system nominee and was appointed as a director of the Corporation in September 2022 for a three-year term.

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## APPENDIX B - MANDATE

**Legislated Duties** (Source: **Credit Union Act, 2009**, SNL 2009, c. C-37.2)

134. The duties of the guarantee corporation are:
- (a) to provide, for the benefit of persons having deposits with credit unions in the province, deposit insurance against loss of part or all of those deposits by making payments to the depositors to the extent and in the manner authorized by this Act;
  - (b) in those circumstances that the guarantee corporation considers appropriate, to provide assistance to credit unions for the purpose of stabilization or for the orderly liquidation of a credit union;
  - (c) to protect deposits in credit unions against impairment arising from financial losses and insolvency by
    - (i) promoting the development and implementation of sound business practices and sound financial policies and procedures by credit unions; and,
    - (ii) establishing and implementing loss prevention programs and other controls;
  - (c.1) to ensure that credit union by-laws comply with this Act and the regulations;
  - (c.2) to notify the superintendent of the matters prescribed in the regulations that may impact credit unions, credit union members or the guarantee corporation;
  - (d) to act as supervisor of a credit union; and,
  - (e) to do those other things that may be required or authorized by this Act or the regulations.