

Employment and Social Development Canada

Consolidated Statement of Administrative Costs Charged to the Canada Pension Plan Accounts by Employment and Social Development Canada

For the period from April 1, 2024 to March 31, 2025 (in thousands of dollars)

**Consolidated Statement of Administrative Costs Charged to the Canada Pension Plan
Accounts by Employment and Social Development Canada for the period from April 1,
2024 to March 31, 2025**

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Consolidated statement of administrative costs charged to the CPP Accounts by ESDC, March 31, 2025

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List of Abbreviations

CPP

Canada Pension Plan

ESDC

Employment and Social Development Canada

ISSDB

Income Security and Social Development Branch

MoU

Memorandum of Understanding

NHQ

National Headquarters

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Independent auditor's report

To the Chief Audit Executive of the Internal Audit and Enterprise Risk Management Branch of Employment and Social Development Canada

Our opinion

In our opinion, the accompanying financial information of Employment and Social Development Canada (ESDC) for the period from April 1, 2024 to March 31, 2025 is prepared, in all material respects, in accordance with the financial reporting provisions of Part A (Section 6.0) and Part B of the Memorandum of Understanding dated March 31, 2025 between ESDC and the Canada Pension Plan (CPP) (the MoU).

What we have audited

ESDC's financial information comprises the consolidated statement of administrative costs charged to the CPP Accounts for the period from April 1, 2024 to March 31, 2025 and the notes to the financial information, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of ESDC in accordance with the ethical requirements that are relevant to our audit of the financial information in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of accounting and restriction on distribution and use

We draw attention to note 1 to the financial information, which describes the basis of accounting. The financial information is prepared to assist ESDC to comply with the financial reporting provisions of Section 8.2 of the MoU. As a result, the financial information may not be suitable for another purpose. Our report is intended solely for ESDC. We acknowledge the disclosure of our report, in full only, by ESDC at its discretion, to the Office of the Auditor General of Canada (the OAG) without assuming or accepting any responsibility or liability to the OAG or any other third party in respect of this report. Our report should not be distributed to parties other than ESDC or the OAG. Our opinion is not modified in respect of this matter.



Responsibilities of management and those charged with governance for the financial information

Management is responsible for the preparation of the financial information in accordance with the financial reporting provisions of Part A (Section 6.0) and Part B of the MoU, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing ESDC's financial reporting process.

Auditor's responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ESDC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
August 8, 2025

Table 1: Consolidated statement of administrative costs charged to the CPP Accounts by ESDC

Service area as per the Memorandum of Understanding	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Deputy Minister's Office (Schedule 1)	1,079	914
Chief Operating Officer (Schedule 2)	629	557
Income Security and Social Development Branch (Schedule 3)	19,129	19,873
Corporate Secretariat (Schedule 4)	2,414	2,609
Public Affairs and Stakeholder Relations Branch (Schedule 5)	4,931	4,621
Human Resources Services Branch (Schedule 6)	24,602	22,074
Legal Services Branch (Schedule 7)	3,453	3,275
Internal Audit and Enterprise Risk Management Branch (Schedule 8)	1,305	1,366
Strategic and Service Policy Branch (Schedule 9)	3,866	3,954
Business Delivery Modernization Programme Strategy and Design (Schedule 10)	5,242	7,856
Business Lead, Benefits Delivery Modernization (Schedule 11)	621	498

Business Delivery Modernization Implementation (Schedule 12)	97	29
Technical Change Authority and Deputy Chief Information Officer (Schedule 13)	577	1,080
Integrated Services Strategy Operations (Schedule 14)	377,657	373,362
Client Experience Office (Schedule 15)	941	-
Integrity Services Branch (Schedule 16)	14,540	15,667
Social Insurance Register (Schedule 17)	8,068	7,860
Innovation, Information and Technology Branch (Schedule 18)	116,537	119,807
Chief Financial Officer Branch (Schedule 19)	56,354	57,804
Strategic Services Bureau and Regional Assistant Deputy Minister (Schedule 20)	6,412	7,366
Corporate Reserve (Schedule 21)	14,446	2,389
ESDC Ombuds Office (Schedule 22)	215	174
Chief Data Officer Branch (Schedule 23)	767	681
Service Canada Transition Office (Schedule 24)	452	-
Provision of Pay Administration Services	350	350
Canada School of Public Service	515	515

Financial Management Transformation	125	125
Total administrative costs charged to the Canada Pension Plan Accounts	665,324	654,806

The accompanying notes form an integral part of the consolidated statement of administrative costs charged to the Canada Pension Plan Accounts.

Notes to the consolidated statement of administrative costs charged to the Canada Pension Plan Accounts

Note 1: Introduction and Basis of Accounting

Introduction

Under the *Canada Pension Plan* (CPP), the Minister of Employment and Social Development Canada (ESDC) has the responsibility for the administration of Parts II and III (except for some sections of Part III), that pertains to the general administration of the CPP. The CPP is administered by ESDC, with support from the Income Security and Social Development Branch (ISSDB), the Department of Finance, the Canada Revenue Agency, Public Services and Procurement Canada, the Office of the Superintendent of Financial Institutions, the Royal Canadian Mounted Police, CPP Investments, and the Administrative Tribunals Support Service of Canada.

Basis of Accounting

The Memorandum of Understanding (MoU) for the period from April 1, 2024 to March 31, 2025, between the CPP and ESDC was signed on March 28, 2025. This MoU is comprised of 2 parts (including all appendices): the first part (Part A) sets out the framework and basic principles regarding the services to be provided by ESDC to the CPP, specifically Section 6.0 (Financial Arrangements). The second part (Part B) specifies the cost allocation methodologies used by ESDC to calculate the charges for its services to the CPP Accounts for each of the areas recovering costs from the CPP, in accordance with the costing principles approved by Treasury Board in January 1988 (TB Decision 807225).

The framework and basic principles for the comparative figures shown in the consolidated statement of administrative costs under the 2024 header is set out in a Memorandum of Understanding for the period from April 1, 2023, to March 31, 2024, which was signed on March 22, 2024.

The consolidated statement of administrative costs charged to the CPP Accounts focuses on authority for payments in a fiscal year and is prepared on a modified cash basis.

Note 2: Canada Pension Plan Enhancement

On December 15, 2016, legislation to enact the CPP enhancement received Royal Assent. The CPP represents two separate accounts, the CPP Account (base or existing CPP), and the Additional CPP Account (enhanced CPP), where the financial activities of each account are accounted for separately. For the purpose of the MoU and the consolidated statement of administrative costs, CPP refers to the whole of the Canada Pension Plan, which includes both the base and enhanced components of the CPP.

Based on benefit projections at maturity, a fixed percentage cost allocation ratio (entitled “fair share” under section 3.0, Part B of the MoU) was determined, where 27% of the indirect costs would be paid by the Additional CPP Account, and the remaining 73% by the CPP Account. This ratio was determined to accurately reflect the scope of the enhancement relative to the base CPP while considering the volume and the complexity of work being done by ESDC. In addition, costs directly attributable to either the Base CPP Account or the Additional CPP Account are charged to the appropriate account.

The consolidated statement of administrative costs charged to the CPP Accounts for the period from April 1, 2024 to March 31, 2025 of \$665,324,135 (\$654,806,388 for the period from April 1, 2023 to March 31, 2024), includes Contributions to Employee Benefit Plans and Public Service Insurance. These amounts include costs of \$476,809,497 (\$468,360,950 for the period from April 1, 2023 to March 31, 2024) associated with the Base CPP Account and \$188,514,638 (\$186,445,438 for the period from April 1, 2023 to March 31, 2024) associated with the Additional CPP Account (enhanced CPP).

Note 3: Comparative Information

Comparative figures have been reclassified to conform to the current year’s presentation.

The previous Benefits and Integrated Services Branch and Citizen Service Branch have been consolidated into one branch: Integrated Services Strategy Operations (See Schedule 14);

A new Client Experience Office branch (See Schedule 15) was introduced in 2024-25 to oversee client experience across all ESDC. The branch is committed to improving service consistency, service excellence and ensuring a seamless changeover for both employees and clients.

A new Service Canada Transition Office (See Schedule 24) was created to support the Chief Operating Officer and ESDC senior leadership team by providing a portfolio view and early warning signals on risks and opportunities that could impede the achievement of service ambitions related to the Service Delivery Network.

Note 4: Contingencies

Due to the nature of its operations, ESDC as a department within the Government of Canada is sometimes subject to grievances filed by its employees. A grievance has been raised that will result in a change of classification, which may impact charges relating to the CPP Accounts for

future periods beyond the period ended March 31, 2025. The resolution of this grievance could have a material effect on the expenses included in the consolidated statement of administrative costs charged to the CPP Accounts; however, the financial impact is not determinable at this time.

Schedules to the consolidated statement of administrative costs charged to the Canada Pension Plan Accounts

Schedule 1: Administrative costs charged to the CPP Accounts by the Deputy Minister's Office

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Deputy Minister's Office	879	741
Contributions to Employee Benefit Plans	126	107
Public Service Insurance	74	66
Total	1,079	914

Schedule 2: Administrative costs charged to the CPP Accounts by the Chief Operating Officer

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Chief Operating Officer	514	452
Contributions to Employee Benefit Plans	72	65

Public Service Insurance	43	40
Total	629	557

Schedule 3: Administrative costs charged to the CPP Accounts by the Income Security and Social Development Branch

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Income Security and Social Development Branch	15,584	16,114
Contributions to Employee Benefit Plans	2,231	2,332
Public Service Insurance	1,314	1,427
Total	19,129	19,873

Schedule 4: Administrative costs charged to the CPP Accounts by the Corporate Secretariat

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Corporate Secretariat	1,977	2,147
Contributions to Employee Benefit Plans	275	287
Public Service Insurance	162	175
Total	2,414	2,609

Schedule 5: Administrative costs charged to the CPP Accounts by the Public Affairs and Stakeholder Relations Branch

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Public Affairs and Stakeholder Relations Branch	4,018	3,754
Contributions to Employee Benefit Plans	575	538
Public Service Insurance	338	329
Total	4,931	4,621

Schedule 6: Administrative costs charged to the CPP Accounts by the Human Resources Services Branch

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Human Resources Services Branch	20,342	18,078
Contributions to Employee Benefit Plans	2,681	2,479
Public Service Insurance	1,579	1,517
Total	24,602	22,074

Schedule 7: Administrative costs charged to the CPP Accounts by the Legal Services Branch

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Legal Services Branch	3,281	3,088
Contributions to Employee Benefit Plans	108	116
Public Service Insurance	64	71
Total	3,453	3,275

Schedule 8: Administrative costs charged to the CPP Accounts by the Internal Audit and Enterprise Risk Management Branch

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Internal Audit and Enterprise Risk Management Branch	1,092	1,131
Contributions to Employee Benefit Plans	134	146
Public Service Insurance	79	89
Total	1,305	1,366

Schedule 9: Administrative costs charged to the CPP Accounts by the Strategic and Service Policy Branch

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Strategic and Service Policy Branch	3,389	3,445
Contributions to Employee Benefit Plans	300	316
Public Service Insurance	177	193
Total	3,866	3,954

Schedule 10: Administrative costs charged to the CPP Accounts by the Business Delivery Modernization Programme Strategy and Design

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Business Delivery Modernization Programme Strategy and Design	4,665	7,018
Contributions to Employee Benefit Plans	363	520
Public Service Insurance	214	318
Total	5,242	7,856

Schedule 11: Administrative costs charged to the CPP Accounts by the Business Lead, Benefits Delivery Modernization

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Business Lead, Benefits Delivery Modernization	504	403
Contributions to Employee Benefit Plans	74	59
Public Service Insurance	43	36
Total	621	498

Schedule 12: Administrative costs charged to the CPP Accounts by the Business Delivery Modernization Implementation

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Business Delivery Modernization Implementation	79	29
Contributions to Employee Benefit Plans	11	-
Public Service Insurance	7	-
Total	97	29

Schedule 13: Administrative costs charged to the CPP Accounts by the Technical Change Authority and Deputy Chief Information Officer

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Technical Change Authority and Deputy Chief Information Officer	506	979
Contributions to Employee Benefit Plans	45	63
Public Service Insurance	26	38
Total	577	1,080

Schedule 14: Administrative costs charged to the CPP Accounts by the Integrated Services Strategy Operations

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Processing & Payments - NHQ	61,355	49,577
Processing & Payments - Regions	197,275	202,218
Call Centers - NHQ	2,913	2,052
Call Centers - Regions	27,467	28,799
Citizen Service Branch - NHQ	1,367	2,506
Citizen Service Branch - Regions	19,532	19,779

Contributions to Employee Benefit Plans	42,635	42,451
Public Service Insurance	25,113	25,980
Total	377,657	373,362

Schedule 15: Administrative costs charged to the CPP Accounts by the Client Experience Office

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Client Experience Office	766	-
Contributions to Employee Benefit Plans	110	-
Public Service Insurance	65	-
Total	941	-

Schedule 16: Administrative costs charged to the CPP Accounts by the Integrity Services Branch

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Integrity Services Branch – NHQ	3,656	4,124
Integrity Services Branch - Regions	8,376	8,901

Contributions to Employee Benefit Plans	1,578	1,639
Public Service Insurance	930	1,003
Total	14,540	15,667

Schedule 17: Administrative costs charged to the CPP Accounts by the Social Insurance Register

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Social Insurance Register	8,254	8,028
Contributions to Employee Benefit Plans	920	912
Public Service Insurance	542	558
Total Administrative Costs	9,716	9,498
Less: Funding from Treasury Board	(1,648)	(1,638)
Total	8,068	7,860

Schedule 18: Administrative costs charged to the CPP Accounts by the Innovation, Information and Technology Branch

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Innovation, Information and Technology Branch - Regular Operating	76,933	80,341
Shared Services Canada	29,077	29,411
Contributions to Employee Benefit Plans	6,625	6,238
Public Service Insurance	3,902	3,817
Total	116,537	119,807

Schedule 19: Administrative costs charged to the CPP Accounts by the Chief Financial Officer Branch

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Chief Financial Officer Branch - Regular Operating	15,546	16,387
National Accommodation Plan	37,525	37,954
Contributions to Employee Benefit Plans	2,066	2,148
Public Service Insurance	1,217	1,315
Total	56,354	57,804

Schedule 20: Administrative costs charged to the CPP Accounts by the Strategic Services Bureau and Regional Assistant Deputy Minister

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Strategic Services Bureau and Regional Assistant Deputy Ministers	5,254	6,002
Contributions to Employee Benefit Plans	729	846
Public Service Insurance	429	518
Total	6,412	7,366

Schedule 21: Administrative costs charged to the CPP Accounts by the Corporate Reserve

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Corporate Reserve	11,700	1,928
Contributions to Employee Benefit Plans	1,728	286
Public Service Insurance	1,018	175
Total	14,446	2,389

Schedule 22: Administrative costs charged to the CPP Accounts by the ESDC Ombuds Office

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
ESDC Ombuds Office	176	143
Contributions to Employee Benefit Plans	25	19
Public Service Insurance	14	12
Total	215	174

Schedule 23: Administrative costs charged to the CPP Accounts by the Chief Data Officer Branch

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Chief Data Officer Branch	760	672
Contributions to Employee Benefit Plans	4	6
Public Service Insurance	3	3
Total	767	681

Schedule 24: Administrative costs charged to the CPP Accounts by the Service Canada Transition Office

Cost description	2025 cost in thousands of dollars	2024 cost in thousands of dollars
Service Canada Transition Office	370	-
Contributions to Employee Benefit Plans	52	-
Public Service Insurance	30	-
Total	452	-