

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, 2020 to March 31, 2021
(in thousands of dollars)**

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by Employment and Social Development Canada
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Consolidated statement of administrative costs charged to the CPP Accounts by ESDC, March 31, 2021

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List of abbreviations

CPP

Canada Pension Plan

ESDC

Employment and Social Development Canada

MoU

Memorandum of Understanding

NHQ

National Headquarters

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

Service area as per the MoU	2021 cost in thousands of dollars	2020 cost in thousands of dollars
Deputy Minister's Office (Schedule)	694	588
Chief Operating Officer (Schedule)	419	231
Income Security and Social Development Branch (Schedule 3)	15,384	12,819
Corporate Secretariat (Schedule 4)	2,503	1,992
Public Affairs and Stakeholder Relations Branch (Schedule 5)	3,685	3,281
Human Resources Services Branch (Schedule 6)	20,591	16,408
Legal Services Branch (Schedule 7)	3,944	3,681
Internal Audit and Enterprise Risk Management Branch (Schedule 8)	1,192	983
Strategic and Service Policy Branch (Schedule 9)	4,743	6,010
Transformation and Integrated Service Management Branch and Benefits Delivery Services (Schedule 10)	294,542	230,780
Citizen Service Branch (Schedule 11)	24,311	21,121

Integrity Services Branch (Schedule 12)	13,314	10,887
Social Insurance Register (Schedule 13)	6,279	4,674
Innovation, Information and Technology Branch (Schedule 14)	104,790	81,608
Chief Financial Officer Branch (Schedule 15)	56,223	52,053
Strategic Services Bureau and Regional Assistant Deputy Ministers (Schedule 16)	4,890	3,893
Canada School of Public Service	515	515
Provision of Pay Administration Services	350	350
Financial Management Transformation	165	172
Total administrative costs charged to the Canada Pension Plan Accounts	558,534	452,046

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

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

Note 1: Introduction

Under the *Canada Pension Plan (CPP) Act*, the Minister of 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, the CPP Investment Board, and the Administrative Tribunals Support Service of Canada.

The 2020 to 2021 MoU between the CPP and ESDC was signed on March 26, 2021. This 2020 to 2021 MoU is comprised of 2 parts: the first part (Part A) sets out the framework and basic principles regarding the services to be provided to the CPP. The second part (Part B) specifies the cost allocation methodologies used by ESDC to calculate the charges for its services to the CPP accounts, in accordance with the costing principles approved by Treasury Board in January 1988.

The framework and basic principles for the comparative figures shown in the consolidated statement of administrative costs under the 2020 header are set out in a 2019 to 2020 MoU which was signed on March 31, 2020.

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 near-cash basis.

Note 2: Canada Pension Plan enhancement

On December 15, 2016, legislation to enact the CPP enhancement received Royal Assent. The CPP represents 2 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.

The 2020 to 2021 consolidated statement of administrative costs of \$558,534,913 (2019 to 2020 - \$452,046,840) charged to the CPP Accounts, including Contributions to Employee Benefit Plans and Public Service Insurance, charged to the CPP Accounts includes costs of \$400,927,690 (\$324,650,867 in 2019 to 2020) associated with the CPP Account and \$157,607,223 (\$127,395,973 in 2019 to 2020) associated with the Additional CPP Account (enhanced CPP).

Based on benefit projections at maturity, a fixed percentage cost allocation ratio (entitled “fair share” under section 3.0, Part B of the 2019 to 2020 and the 2020 to 2021 MoUs) 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.

Note 3: Comparative Information

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

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, 2021. 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	2021 cost in thousands of dollars	2020 cost in thousands of dollars
Deputy Minister's Office	563	480
Contributions to Employee Benefit Plans	82	65
Public Service Insurance	49	43
Total	694	588

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

Cost description	2021 cost in thousands of dollars	2020 cost in thousands of dollars
Chief Operating Officer	341	189
Contributions to Employee Benefit Plans	49	25
Public Service Insurance	29	17

Total	419	231
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Schedule 3: Administrative costs charged to the CPP Accounts by the Income Security and Social Development Branch

Cost description	2021 cost in thousands of dollars	2020 cost in thousands of dollars
Income Security and Social Development Branch	12,611	10,481
Contributions to Employee Benefit Plans	1,741	1,409
Public Service Insurance	1,032	929
Total	15,384	12,819

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

Cost description	2021 cost in thousands of dollars	2020 cost in thousands of dollars
Corporate Secretariat	2,048	1,630
Contributions to Employee Benefit Plans	286	218
Public Service Insurance	169	144
Total	2,503	1,992

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

Cost description	2021 cost in thousands of dollars	2020 cost in thousands of dollars
Public Affairs and Stakeholder Relations Branch	3,018	2,697
Contributions to Employee Benefit Plans	419	352
Public Service Insurance	248	232
Total	3,685	3,281

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

Cost description	2021 cost in thousands of dollars	2020 cost in thousands of dollars
Human Resources Services Branch	17,106	13,733
Contributions to Employee Benefit Plans	2,188	1,612
Public Service Insurance	1,297	1,063
Total	20,591	16,408

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

Cost description	2021 cost in thousands of dollars	2020 cost in thousands of dollars
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Legal Services Branch	3,648	3,414
Contributions to Employee Benefit Plans	186	161
Public Service Insurance	110	106
Total	3,944	3,681

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

Cost description	2021 cost in thousands of dollars	2020 cost in thousands of dollars
Internal Audit and Enterprise Risk Management Branch	1,013	834
Contributions to Employee Benefit Plans	112	90
Public Service Insurance	67	59
Total	1,192	983

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

Cost description	2021 cost in thousands of dollars	2020 cost in thousands of dollars
Strategic and Service Policy Branch	4,393	5,650
Contributions to Employee Benefit Plans	220	217

Public Service Insurance	130	143
Total	4,743	6,010

Schedule 10: Administrative costs charged to the CPP Accounts by the Transformation and Integrated Service Management Branch and Benefits Delivery Services

Cost description	2021 cost in thousands of dollars	2020 cost in thousands of dollars
Benefits Delivery Services - NHQ	55,442	50,045
Benefits Delivery Services - Regions	168,926	128,190
Call Centers - NHQ	1,815	1,826
Call Centers - Regions	17,837	12,391
Contributions to Employee Benefit Plans	31,722	23,096
Public Service Insurance	18,800	15,232
Total	294,542	230,780

Schedule 11: Administrative costs charged to the CPP Accounts by the Citizen Service Branch

Cost description	2021 cost in thousands of dollars	2020 cost in thousands of dollars
Citizen Service Branch - NHQ	2,027	1,462

Citizen Service Branch - Regions	17,806	15,841
Contributions to Employee Benefit Plans	2,812	2,301
Public Service Insurance	1,666	1,517
Total	24,311	21,121

Schedule 12: Administrative costs charged to the CPP Accounts by the Integrity Services Branch

Cost description	2021 cost in thousands of dollars	2020 cost in thousands of dollars
Integrity Services Branch - NHQ	3,278	2,291
Integrity Services Branch - Regions	8,119	6,789
Contributions to Employee Benefit Plans	1,204	1,089
Public Service Insurance	713	718
Total	13,314	10,887

Schedule 13: Administrative costs charged to the CPP Accounts by the Social Insurance Register

Cost description	2021 cost in thousands of dollars	2020 cost in thousands of dollars
Social Insurance Register	6,810	5,421

Contributions to Employee Benefit Plans	719	550
Public Service Insurance	426	363
Total Administrative Costs	7,955	6,334
Less: Funding from Treasury Board	(1,676)	(1,660)
Total	6,279	4,674

Schedule 14: Administrative costs charged to the CPP Accounts by the Innovation, Information and Technology Branch

Cost description	2021 cost in thousands of dollars	2020 cost in thousands of dollars
Innovation, Information and Technology Branch - Regular Operating	72,800	52,866
Shared Services Canada	23,726	22,287
Contributions to Employee Benefit Plans	5,189	3,890
Public Service Insurance	3,075	2,565
Total	104,790	81,608

Schedule 15: Administrative costs charged to the CPP Accounts by the Chief Financial Officer Branch

Cost description	2021 cost in thousands of dollars	2020 cost in thousands of dollars

Chief Financial Officer Branch - Regular Operating	15,238	13,574
National Accommodation Plan	38,053	35,880
Contributions to Employee Benefit Plans	1,841	1,566
Public Service Insurance	1,091	1,033
Total	56,223	52,053

Schedule 16: Administrative costs charged to the CPP Accounts by the Strategic Services Bureau and Regional Assistant Deputy Ministers

Cost description	2021 cost in thousands of dollars	2020 cost in thousands of dollars
Strategic Services Bureau and Regional Assistant Deputy Ministers	4,033	3,226
Contributions to Employee Benefit Plans	538	402
Public Service Insurance	319	265
Total	4,890	3,893