
Employment and Social
Development Canada

Emploi et Développement
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Employment and Social Development Canada

**Consolidated Future-Oriented Statement of Operations (*Unaudited*)
for the year ending March 31, 2027**

Consolidated Future-Oriented Statement of Operations (Unaudited) for the year ending March 31, 2027 - Employment and Social Development Canada

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For the year ending March 31, 2027

(in thousands of dollars)	Forecast Results 2026	Planned Results 2027
Expenses		
Pensions and Benefits	85,936,849	91,789,848
Learning, Skills Development and Employment	43,195,435	42,093,717
Social Development	9,297,397	10,004,978
Internal Services	1,372,597	1,267,092
Information Delivery and Services for Other Departments	537,837	524,147
Working Conditions and Workplace Relations	205,263	191,958
Expenses incurred on behalf of the Government	21,315	17,212
Total expenses	140,566,693	145,888,952
Revenues		
Employment insurance	33,102,400	34,755,020
Amortization of discount on loans receivable	857,000	877,300
Recovery of CPP administration costs	625,737	521,325
Recovery of Other Government Department service delivery costs	478,216	457,273
User fees	77,071	77,997
Other	29,749	23,209
Revenues earned on behalf of Government	(237,452)	(213,725)
Total revenues	34,932,721	36,498,399
Net cost of operations before government funding and transfers	105,633,972	109,390,553

The accompanying notes form an integral part of the Consolidated Future-Oriented Statement of Operations.

Employment and Social Development Canada

Notes to the Consolidated Future-Oriented Statement of Operations

(Unaudited)

For the year ending March 31, 2027

1. Methodology and significant assumptions

The Consolidated Future-Oriented Statement of Operations has been prepared on the basis of government priorities and departmental plans as described in the Departmental Plan.

The information in the forecast results for the year 2026 is based on actual results as at November 30, 2025, and on forecasts for the remainder of the year. Forecasts have been made for the planned results for the 2027 year.

The main assumptions underlying the forecasts are as follows:

- ESDC's activities will remain substantially the same as in the previous year.
- Pension and Benefits, Social Development, Learning, Skills Development and Employment statutory expenses and revenues are based on economic and fiscal projections, as well as the labour market projections in effect at the time of preparation of the Consolidated Future-Oriented Statement of Operations.
- Expenses and revenues, including the determination of amounts internal and external to the government, are based on historical experience. The general historical pattern is expected to continue.
- Allowance for doubtful accounts are based on historical experience and management's best estimate based on factors known at the time of preparation.

These assumptions are adopted as at February 5, 2026.

2. Variations and changes to the forecast consolidated financial information

Although every attempt has been made to forecast final results for the remainder of 2026 and for 2027, actual results achieved for both years are likely to differ from the forecast information presented, and this variation could be material.

In preparing this Consolidated Future-Oriented Statement of Operations, ESDC has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

Factors that could lead to material differences between the Consolidated Future-Oriented Statement of Operations and the historical statement of operations include:

- Other changes to the operating budget, such as new initiatives or technical adjustments later in the fiscal year;
- Economic conditions, which may affect both the amount of revenue earned and the collectability of loan receivables;
- The implementation of new collective agreements; and
- The timing and amounts of acquisitions and disposals of capital assets may affect gains/losses and amortization expense.

After the Departmental Plan is tabled in Parliament, ESDC will not be updating the forecasts for any changes in financial resources made in ensuing supplementary estimates or budget announcements. Variances will be explained in the Departmental Results Report.

Employment and Social Development Canada

Notes to the Consolidated Future-Oriented Statement of Operations

(Unaudited)

For the year ending March 31, 2027

3. Summary of significant accounting policies

The Consolidated Future-Oriented Statement of Operations has been prepared using ESDC's accounting policies in effect for fiscal year 2026, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Consolidation

This Consolidated Future-Oriented Statement of Operations includes the transactions of the Employment Insurance Operating (EIO) Account, a consolidated specified purpose account which includes revenues credited and expenses charged under the *Employment Insurance Act* and for which the Deputy Minister as Chairperson of the Canada Employment Insurance Commission is accountable. The accounts of the EIO Account have been consolidated with those of ESDC, and all inter-organizational balances and transactions have been eliminated.

The *Canada Pension Plan* (CPP) is excluded from ESDC's reporting entity because changes to the CPP require the agreement of two thirds of the provinces and therefore, the CPP is not controlled by ESDC.

(b) Expenses

Expenses are recorded on an accrual basis of accounting:

- Expenses for ESDC's operations are recorded when goods are received or services are rendered, including services provided without charges for employer contributions to the health and dental insurance plans and legal services which are recorded as operating expenses at their carrying value. Vacation pay and compensatory leave, as well as severance benefits, are accrued, and expenses are recorded as the benefits are earned by employees under their terms of employment.
- Transfer payments are recorded as expenses when authorization for the payment exists and the recipient has met the eligibility criteria or the entitlements established for the transfer payment program. In situations where payments do not form part of an existing program, transfer payments are recorded as expenses when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements. Transfer payments that become repayable as a result of conditions specified in the contribution agreement that have come into being are recorded as a reduction to transfer payment expense and as a receivable.
- Expenses also include provisions to reflect changes in the value of assets, including provisions for bad debt on accounts receivable, provision for valuation on Canada Student Loans or liabilities, including contingent liabilities, to the extent the future event is likely to occur and a reasonable estimate can be made.
- Expenses also include amortization of tangible capital assets which are capitalized at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset.
- The expenses incurred on behalf of Government are linked to the assets held on behalf of Government. As a result, these expenses are considered to be incurred on behalf of the Government of Canada and are therefore presented as a reduction of the department's gross expenses.

Employment and Social Development Canada
Notes to the Consolidated Future-Oriented Statement of Operations
(Unaudited)
For the year ending March 31, 2027

(c) Revenues

Revenues are comprised of revenues earned from non-tax sources. They include exchange transactions where goods or services are provided for consideration where a performance obligation exists, and non-exchange transactions where no performance obligations exist to provide a good or service. These transactions can be recurring or non-recurring in nature. Recurring transactions are viewed as ongoing, routine activities that form part of the normal course of operations and can be used to indicate if they can be reasonably expected to be earned again in future years. Unless otherwise disclosed, ESDC's revenues are considered recurring. ESDC has the following major types of revenues:

- Employment Insurance (EI) premiums are recognized as revenue in the period in which they are earned, when workers, through their employment, generate these premiums and the related employer's contribution. Premiums earned in the period are measured from amounts assessed by the Canada Revenue Agency (CRA) and from estimates of amounts not yet assessed. Premium revenue also includes adjustments between actual and estimated premiums of previous years. EI premiums are considered non-exchange transactions.
- Recoveries of CPP administration costs and other government department service delivery costs are recognized as the performance obligations are satisfied.
- User fees and other revenues are recognized in the period the event giving rise to the revenues occurred. They consist of exchange and non-exchange transactions.
- Revenues that are non-respendable are not available to discharge ESDC's liabilities. While the Deputy Minister is expected to maintain accounting control, he has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of the department's gross revenues. Revenues earned on behalf of Government consist of user fees, non-respendable revenues earned from agreements made under the *Department of Employment and Social Development Act* with other government departments, and gains on the sale of assets. These are recognized when earned.

Employment and Social Development Canada
Notes to the Consolidated Future-Oriented Statement of Operations
(Unaudited)
For the year ending March 31, 2027

4. Parliamentary authorities

ESDC receives most of its funding through annual parliamentary authorities. Items recognized in the Consolidated Future-Oriented Statement of Operations in one year may be funded through parliamentary authorities in prior, current, or future years. Furthermore, as a consolidated specified purpose account, the EIO Account expenses and revenues recognized in ESDC's Consolidated Future-Oriented Statement of Operations do not affect parliamentary authorities. Accordingly, ESDC has different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to requested authorities

(in thousands of dollars)	Forecast Results 2026	Planned Results 2027
Net cost of operations before government funding and transfers	105,633,972	109,390,553
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(170,258)	(170,809)
Gain (loss) on disposal of tangible capital assets	(144)	
Services provided without charge by other government departments	(102,897)	(86,969)
Decrease (increase) in vacation pay	8,114	(4,170)
Decrease in employee future benefits	12,875	7,285
Bad debt expense (excluding EI)	(426,706)	(178,673)
Refund of program and prior years' expenditures	(220,807)	(66,383)
Decrease (increase) in accounts payable and accrued liabilities not charged to authorities	(93,163)	65,496
Revenue not available for respending	306,021	302,438
Revenue for services provided to Other Government Departments	478,216	457,273
Allowance for the Repayment Assistance Plan of Canada Student Loans and Canada Apprentice Loans	(249,471)	(93,626)
Net EIO Account transactions	203,319	1,210,630
Concessionary loans	(479,400)	(309,000)
Other adjustments	2,118	6,382
Total items affecting net cost of operations but not affecting authorities	(732,183)	1,139,874
Adjustments for items not affecting net cost of operations but affecting authorities:		
Canada Student Loans and Canada Apprentice Loans forgiveness	(70,462)	(118,442)
Acquisition of tangible capital assets	(216,604)	(233,787)
Total items not affecting net cost of operations but affecting authorities	(287,066)	(352,229)
Requested authorities forecasted to be used	104,614,723	110,178,198

Employment and Social Development Canada
Notes to the Consolidated Future-Oriented Statement of Operations
(Unaudited)
For the year ending March 31, 2027

(b) Authorities requested

(in thousands of dollars)	Forecast Results 2026	Planned Results 2027
Authorities requested:		
Vote 1 - Operating expenditures	1,441,415	1,111,835
Vote 5 - Grants and contributions	11,643,624	12,513,074
Debt write-offs	381,928	-
Statutory amounts	91,147,756	96,553,289
Requested authorities forecasted to be used	104,614,723	110,178,198