



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# Quarterly Financial Report for the Third Quarter of 2023-2024

As of December 31, 2023 (Unaudited)

Presented to the Board of Internal Economy

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# Section 1 – Overview

The *Quarterly Financial Report* is presented to the Board of Internal Economy (Board) in support of the effective oversight of public funds. It compares the year-to-date financial information of the current fiscal year with that of the previous fiscal year.

This current report, covering the nine-month period ended December 31, 2023, is prepared on an accrual basis and includes reasonable estimates.

## Section 2 – Executive summary

As of December 31, 2023, the year-over-year expenditures have increased by **\$41.2M** mainly due to the economic increases for unrepresented employees, inflation, and previous Board decisions (see appendix B) in support of increased Member activities and transportation costs, along with security enhancements and operational pressures.

Key increases over the previous year:

- salaries and benefits, mainly associated with cost of living increases for the Members and House Officers program and for unrepresented employees of the House Administration, as well as staffing of House Administration vacant positions;
- transportation and telecommunications, mainly due to an increase in transportation costs (flights, kilometre reimbursement rate, hotels, etc.);
- professional and special services for audiovisual and hospitality service costs incurred in support of the 31st Annual Session of the Organization for Security and Co-operation in Europe (OSCE) Parliamentary Assembly in Vancouver, IT support for various projects, and training; and
- repairs and maintenance for investments to modernize buildings as part of sustaining the Long-Term Vision and Plan (LTVP).

As of December 31, 2023, the corporate reserve's available funding, including the operating budget carry-forward, has been allocated for specific initiatives such as the transformation of parliamentary proceedings, the life cycling of IT infrastructure, the House's *Accessibility Plan 2023–2025*, the Members' Orientation Program, and the replacement of the Members' Financial Portal, thereby reducing the House Administration's flexibility to deal with unforeseen circumstances.

The House Administration will continue to monitor the current environment, and when feasible, mitigate risks through strong financial planning and management practices that support strategic priorities and effective resource utilization.

The House is operating within its approved authorities and there are no other material items of concern to bring to the Board's attention.

# Section 3 – Comparative financial information

## Financial results of operations by program

The net cost of operations as of December 31, 2023 totals **\$525.2M** compared to **\$483.9M** in the same period last year, resulting in an overall increase of **\$41.2M** or **8.5%**. The following table shows a breakdown of net cost of operations by program as of December 31 of fiscal years 2023-2024 and 2022-2023.

**Table 1. Year-over-year net cost of operations by program as of December 31**

*(in thousands of dollars)*

<b>Program</b>	<b>2023-2024 Net results</b>	<b>2022-2023 Net results</b>	<b>\$ Variance</b>	<b>% Variance</b>
Members and House Officers	236,800	222,058	14,742	6.6
Committees, Parliamentary Associations and Parliamentary Exchanges	5,115	3,256	1,859	57.1
<b>Members and House Officers program</b>	<b>241,915</b>	<b>225,314</b>	<b>16,601</b>	<b>7.4</b>
<b>House Administration program</b>	<b>205,173</b>	<b>180,533</b>	<b>24,640</b>	<b>13.6</b>
<b>Total net operating expenses</b>	<b>447,088</b>	<b>405,847</b>	<b>41,241</b>	<b>10.2</b>
Services received without charge <sup>1</sup>	78,095	78,095	-	-
<b>Total net cost of operations</b>	<b>525,183</b>	<b>483,942</b>	<b>41,241</b>	<b>8.5</b>

*Figures may not add up to total due to rounding.*

<sup>1</sup> For details on services received without charge, see Table 2.

## Financial results of operations by expense and revenue category

The following table presents the net cost of operations by expense and revenue category as of December 31 of fiscal year 2023-2024 and shows an overall increase of **8.5%** compared to last year.

**Table 2. Year-over-year net cost of operations by expense and revenue category as of December 31**

(in thousands of dollars)

Expense and revenue category	2023-2024 Net results	2022-2023 Net results	\$ Variance	% Variance
<b>Operating expenses</b>				
Salaries and benefits	343,312	314,090	29,222	9.3
Transportation and telecommunications	36,338	28,972	7,365	25.4
Professional and special services	16,907	14,698	2,210	15.0
Rentals and licences	21,414	20,658	756	3.7
Computer and office equipment, furniture and fixtures	11,559	11,518	41	0.4
Utilities, materials and supplies	8,006	7,603	403	5.3
Advertising and printing services	8,680	7,118	1,562	21.9
Amortization of tangible capital assets	7,441	7,404	37	0.5
Repairs and maintenance	7,470	5,752	1,718	29.9
Transfer payments to international associations	1,178	978	200	20.4
Net loss (gain) on disposal of tangible capital assets	26	(11)	37	(341.7)
Other	417	394	23	5.8
<b>Total operating expenses</b>	<b>462,749</b>	<b>419,175</b>	<b>43,574</b>	<b>10.4</b>
<b>Revenues</b>				
Cost recoveries	(12,312)	(11,533)	(778)	6.7
Food Services sales	(3,155)	(1,583)	(1,573)	99.4
Other	(195)	(212)	18	(8.4)
<b>Total revenues</b>	<b>(15,661)</b>	<b>(13,328)</b>	<b>(2,333)</b>	<b>17.5</b>
<b>Total net operating expenses</b>	<b>447,088</b>	<b>405,847</b>	<b>41,241</b>	<b>10.2</b>
<b>Other expenses: services received without charge</b>				
Accommodations	58,107	58,107	-	-
Employer's contribution to health and dental insurance plans	19,840	19,840	-	-
Workers' compensation payments	148	148	-	-
<b>Total other expenses</b>	<b>78,095</b>	<b>78,095</b>	<b>-</b>	<b>-</b>
<b>Total net cost of operations</b>	<b>525,183</b>	<b>483,942</b>	<b>41,241</b>	<b>8.5</b>

Figures may not add up to total due to rounding.

The year-over-year increase of **\$41.2M** is mainly due to the following items:

- **Salaries and benefits:** mainly due to cost of living increases for Members' employees', as well as a higher number of employees, a statutory increase in the Members' sessional allowance and additional salaries in accordance with the *Parliament of Canada Act*. Increases for the House Administration were mainly due to the economic increases for unrepresented employees and the staffing of vacant positions. The impact on salary increases for the management group will not be observed until the fourth quarter of 2023-2024.
- **Transportation and telecommunications:** higher travel expenditures incurred in support of Members' business due to an increase in transportation costs (flights, kilometre reimbursement rate, hotels, etc.), and higher expenditures associated with the 31st Annual Session of the OSCE Parliamentary Assembly in Vancouver.
- **Professional and special services:** mainly due to costs for audiovisual services and to hospitality costs incurred in support of the 31st Annual Session of the OSCE Parliamentary Assembly in Vancouver, as well as IT support for various projects such as the implementation of the Expense Management Solution. The up-front costs following the training agreement with the Canada School of Public Service also contributed to this increase.
- **Advertising and printing services:** mainly due to Members' greater utilization of the permanent increased limit for advertising (from 10% to 20%).
- **Repairs and maintenance:** mainly due to the investments to modernize buildings as part of sustaining the LTVP.
- **Revenues:** mainly due to increased activity on the Hill, resulting in higher Food Services sales and in higher cost recoveries for service level agreements with parliamentary partners as recoveries are done earlier this year.

## Approved annual budget (authorities)

The House's 2023-2024 approved annual budgetary authorities are **\$641.2M**. This represents an increase of **\$59.8M** (10.3%) compared to last year. The increase in the approved budget is mainly due to:

- economic increases for unrepresented employees and the management group of the House Administration (\$21.1M);
- the allocation for constituency office leases (\$12.9M);
- cost of living increases for Members' and House Officers' budgets, including the Travel Status Expenses Account (\$11.8M);
- employee benefit plans (\$5.3M);
- professional development for Members', House Officers' and national caucus research offices' (NCROs) employees (\$1.9M); and
- Members' sessional allowance and additional salaries (\$1.3M).

For more details on the year-over-year changes by program and by initiative, see appendices A and B respectively.

# Important events and current operating environment

## Impacts on spending trends

**Inflation:** Even though inflation rates are decreasing, certain sectors such as food and travel continue to experience elevated prices. The House Administration does not include non-salary inflationary adjustments in the Main Estimates, which would represent approximately \$0.2M quarterly. The House Administration continues to monitor and assess these impacts and will seek additional funding if required.

The adjusted consumer price index (CPI), which excludes volatile components like fruit, vegetables, gasoline, mortgage interest rates, and tobacco products, decreased from 5.4% in December 2022 to 2.6% by the end of December 2023.

**Global supply chain challenges:** The global supply chain has improved since 2022-2023 and is close to its pre-pandemic levels. However, there are still challenges in the IT equipment sector.

**Staffing challenges:** Like many organizations, the House is facing challenges with the recruitment and retention of a skilled workforce given the tremendous competition across many sectors of the labour market. This could lead to project delays and unmet corporate priorities; the House is therefore mitigating this risk through strong succession planning and recruitment strategies, as well as more efficient staffing processes and tools.

## Business transformation initiatives

**Transformation of parliamentary proceedings:** The House Administration continues to transform its support and operations models, as well as its technology, to offer Members and Canadians more ways to participate in and follow parliamentary proceedings virtually. Additional resources were progressively hired since 2020-2021 to support this transformation, therefore increasing the cost of sustaining Chamber and committee operations. The quarterly costs for the transformation of parliamentary proceedings remain in line with what was approved by the Board on November 9, 2023. These costs total approximately \$5M annually and are funded through the operating budget or the carry-forward.

**Accessibility:** The House officially published its [Accessibility Plan 2023–2025](#) in December 2022. Prepared in accordance with the [Accessible Canada Act](#), this plan outlines the steps the House will take to identify, remove and prevent barriers that limit the full and equal participation of persons with disabilities. This year will see the advancement of more than 14 initiatives and the completion of 36 initiatives by December 2024 in support of the House's commitment to being a leader in accessibility.

**Enhancements to the security environment:** Continued advancement on various initiatives regarding security enhancements for Members, which began in 2020-2021, will continue into 2023-2024 and beyond.

**Infrastructure investment:** The investment needed to modernize and rehabilitate Parliament's Centre Block through its LTVP continued this year. The objective is to provide parliamentarians with modernized accommodations to meet their needs in terms of technology, broadcasting and videoconferencing, physical security, cybersecurity, as well as accessibility and sustainability.

# Section 4 – Appendices

## Appendix A. Annual budget (authorities) by program

The table below shows Board-approved authorities in the amount of **\$641.2M** for 2023-2024.

(in thousands of dollars)

Program	2023-2024 Budget	2022-2023 Budget	\$ Variance	% Variance
Members and House Officers	360,500	328,911	31,589	9.6
Committees, Parliamentary Associations and Parliamentary Exchanges	9,280	8,027	1,253	15.6
<b>Members and House Officers program</b>	<b>369,781</b>	<b>336,938</b>	<b>32,842</b>	<b>9.7</b>
<b>House Administration program</b>	<b>271,444</b>	<b>244,443</b>	<b>27,001</b>	<b>11.0</b>
<b>Authorities approved by the Board</b>	<b>641,225</b>	<b>581,381</b>	<b>59,844</b>	<b>10.3</b>

Figures may not add up to total due to rounding.

## Appendix B. Year-over-year changes to approved annual budget (authorities) by initiative as of December 31

(in thousands of dollars)

Description	\$ Budget
<b>Year-end 2022-2023 authorities (incl. Supplementary Estimates 2022-2023)</b>	<b>581,381</b>
Allocation for constituency office leases	12,898
Cost of living increases for Members and House Officers (incl. Travel Status Expenses Account)	11,775
Employee benefit plans	2,141
Professional development for Members', House Officers' and NCROs' employees	1,941
Security enhancements for Members	1,395
Members' sessional allowance and additional salaries	1,328
Economic increases approved for certain House Administration employees	1,156
<i>Accessibility Plan 2023-2025</i>	749
Members' pension plans (MPRA and MPRCA accounts) <sup>1</sup>	400
Conferences and assemblies (OSCE, APF, NATO, CPC) <sup>2</sup>	445
Other (incl. Elector Supplement, PIP, Supporting Committee Operations and LTVP) <sup>3</sup>	(69)
Supplementary Estimates 2023-2024 vs. 2022-2023 <sup>4</sup>	25,684
<b>Total approved budget</b>	<b>641,225</b>

Figures may not add up to total due to rounding.

<sup>1</sup> MPRA: Members of Parliament Retiring Allowances, MPRCA: Members of Parliament Retirement Compensation Arrangements

<sup>2</sup> APF: Assemblée Parlementaire de la Francophonie, NATO: North Atlantic Treaty Organization, CPC: Commonwealth Parliamentary Conference

<sup>3</sup> PIP: Parliamentary Internship Program

<sup>4</sup> The amount includes EBPs of \$3.2M.