



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

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

As of June 30, 2023 (Unaudited)

Presented to the Board of Internal Economy

# Table of contents

- Section 1 – Overview .....3**
- Section 2 – Executive summary.....3**
- Section 3 – Comparative financial information .....4**
  - Financial results of operations by program..... 4
  - Financial results of operations by expense and revenue category..... 5
  - Approved annual budget (authorities)..... 6
  - Important events and current operating environment ..... 7
- Section 4 – Appendices .....8**

# 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 three-month period ended June 30, 2023 is prepared on an accrual basis and includes reasonable estimates.

## Section 2 – Executive summary

As of June 30, 2023, the year-over-year expenditures have increased by **\$9M** mainly due to 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 changes over prior year:

- salaries and benefits, mainly associated with cost of living increases for the Members and House Officers program and the staffing of House Administration vacant positions;
- transportation and telecommunications, mainly due to an increase in transportation costs (flights, kilometre reimbursement rate, hotels, etc.); and
- a decrease in repairs and maintenance due to the timing of contract renewal payments for software and hardware maintenance and support in the parliamentary precinct.

As of June 30, 92% of the available funding has been allocated for specific initiatives, such as the transformation of parliamentary proceedings, the life cycling of IT infrastructure; the House's Accessibility Plan and the Members' Orientation Program; and the replacement of the Members' Financial Portal.

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 June 30, 2023 totals \$167.5M compared to \$158.5M in the same period last year, resulting in an overall increase of \$9M or 5.7%. The following table shows a breakdown of net cost of operations by program as of June 30 of fiscal years 2022-2023 and 2023-2024.

**Table 1. Year-over-year net cost of operations by program as of June 30**

*(in thousands of dollars)*

Program	2023-2024 Net results	2022-2023 Net results	\$ Variance	% Variance
<b>Members and House Officers</b>	76,705	70,544	6,161	8.7
Committees, Parliamentary Associations and Parliamentary Exchanges	1,265	553	712	128.7
<b>Members and House Officers program</b>	<b>77,970</b>	<b>71,097</b>	<b>6,873</b>	<b>9.7</b>
<b>House Administration program</b>	<b>63,547</b>	<b>61,415</b>	<b>2,133</b>	<b>3.5</b>
<b>Total net operating expenses</b>	<b>141,517</b>	<b>132,512</b>	<b>9,005</b>	<b>6.8</b>
Services received without charge*	26,032	26,032	-	-
<b>Total net cost of operations</b>	<b>167,549</b>	<b>158,544</b>	<b>9,005</b>	<b>5.7</b>

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

\*For details on services received without charge, see Table 2.

## Financial results of operations by expense and revenue category

The following table shows the net cost of operations by expense and revenue category as of June 30 of fiscal year 2023-2024 and shows an overall increase of 5.7% compared to last year.

**Table 2. Year-over-year net cost of operations by expense and revenue category as of June 30**  
(in thousands of dollars)

Expense and revenue category	2023-2024 Net results	2022-2023 Net results	\$ Variance	% Variance
Salaries and benefits	108,170	102,029	6,141	6.0
Transportation and telecommunications	11,315	7,788	3,526	45.3
Professional and special services	3,531	3,319	212	6.4
Rentals and licences	7,103	7,668	(566)	(7.4)
Computer and office equipment, furniture and fixtures	3,368	2,497	871	34.9
Utilities, materials and supplies	2,706	2,628	78	3.0
Advertising and printing services	2,120	1,610	510	31.7
Amortization of tangible capital assets	2,524	2,510	14	0.5
Repair and maintenance	1,172	2,964	(1,792)	(60.5)
Transfer payments to international associations	239	322	(83)	(25.8)
Net loss (gain) on disposal of tangible capital assets	-	8	(8)	(100.0)
Other	175	140	36	25.5
<b>Total operating expenses</b>	<b>142,422</b>	<b>133,484</b>	<b>8,939</b>	<b>6.7</b>
Revenues				
Cost recoveries	(66)	(528)	462	(87.5)
Food services sales	(768)	(383)	(385)	100.5
Other	(72)	(61)	(11)	17.5
<b>Total revenues</b>	<b>(905)</b>	<b>(972)</b>	<b>66</b>	<b>(6.8)</b>
<b>Total net operating expenses</b>	<b>141,517</b>	<b>132,512</b>	<b>9,005</b>	<b>6.8</b>
Other expenses: services received without charge				
Accommodations	19,369	19,369	-	-
Employer's contribution to health and dental insurance plans	6,613	6,613	-	-
Worker's compensation payments	49	49	-	-
<b>Total other expenses</b>	<b>26,032</b>	<b>26,032</b>	<b>-</b>	<b>-</b>
<b>Total net cost of operations</b>	<b>167,549</b>	<b>158,544</b>	<b>9,005</b>	<b>5.7</b>

Note: Figures may not add up to total due to rounding.

The year-over-year increase of **\$9M** is mainly due to the following items:

- **Salaries and benefits:** Mainly due to cost-of-living increases for Members' employees', 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 staffing of vacant positions.
- **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.
- **Advertising and printing services:** Increase mainly due to Members' greater utilization of the permanent increased limit for advertising (from 10% to 20%).
- **Repairs and maintenance:** Decrease due to the timing of contract renewal payments for hardware maintenance and support and for software licences in the parliamentary precinct.

## Approved annual budget (authorities)

The House's 2023-2024 approved annual budgetary authorities are **\$616.9M**, which represent an increase of **\$35.5M** (6.1%) compared to last year. The majority of the increase in the approved budget is under the Members and House Officers program and is mainly due to:

- 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);
- 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 initiatives, see appendices A and B respectively.

# Important events and current operating environment

## Impacts on spending trends

**Inflation:** 2022-2023 saw higher than average rates of inflation that impacted expenditures and supplier contract management. The Administration does not include non-salary inflationary adjustments in the Main Estimates, which would represent approximately \$0.9M. The 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 6.2% in June 2022 to 3.2% by the end of June 2023. Despite this overall easing, certain sectors such as food and travel continue to experience elevated prices.

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

**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 COVID-19 pandemic introduced new ways of working, and the House adopted hybrid workplace models that provide operational flexibility, while maintaining service delivery levels. Over the past years, the House Administration has transformed 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. On June 15, 2023, the House voted to permanently allow Members to participate virtually in debates and committee meetings, as well as to vote electronically. Changes to spending trends and/or performance indicators will continue to be monitored and adjustments will be made as required.

**Accessibility:** The House officially published its Accessibility Plan 2023–2025 in December 2022. Prepared in accordance with the Accessible Canada Act, the 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 by December 2023 and of 36 initiatives to be completed 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 Long-Term Vision and Plan (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 reflects the Board approved authorities in the amount **\$616.9M** for 2023-24.

*(in thousands of dollars)*

Program	2023-2024 Budget	2022-2023 Budget	\$ Variance	% Variance
Members and House Officers	360,228	328,911	31,317	9.5
Committees, Parliamentary Associations and Parliamentary Exchanges	9,280	8,027	1,253	15.6
<b>Members and House Officers program</b>	<b>369,508</b>	<b>336,938</b>	<b>32,570</b>	<b>9.7</b>
<b>House Administration program</b>	<b>247,388</b>	<b>244,443</b>	<b>2,945</b>	<b>1.2</b>
<b>Authorities approved by the Board</b>	<b>616,896</b>	<b>581,381</b>	<b>35,515</b>	<b>6.1</b>

*Note: 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 June 30

*(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 national caucus research office 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
Accessibility Plan 2023-2025	749
Members' pension plans (MPRA and MPRCA accounts)	400
Conferences and Assemblies (OSCE, APF, NATO , CPC)	445
Other (including Elector Supplement, Parliamentary Internship Program, Supporting Committee Operations and LTVP)	(69)
Supplementary Estimates 2023-2024 vs. 2022-2023	1,356
<b>Total approved budget</b>	<b>616,896</b>

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