



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA



FINANCIAL STATEMENTS

For the year ended
March 31, 2018



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

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Statement of Management Responsibility

Responsibility for the integrity and objectivity of the Financial Statements of the House of Commons for the year ended March 31, 2018, and of all information contained in these statements rests with management.

These Financial Statements have been prepared by management in accordance with Canadian public sector accounting standards, using management's best estimates and judgments where appropriate and giving due consideration to materiality. Financial information submitted to the *Public Accounts of Canada* is consistent with these Financial Statements.

Management maintains a system of financial management and internal control, as well as management practices, designed to provide reasonable assurance that the financial information is reliable, that assets are safeguarded, that resources are managed economically and efficiently in the achievement of House of Commons objectives, and that transactions reflect the By-laws approved by the Board of Internal Economy as well as statutory requirements.

In addition, management seeks to ensure the integrity and objectivity of data in its Financial Statements by careful selection, training, and development of qualified staff; by organizational arrangements that provide appropriate divisions of responsibility; and by communication programs aimed at ensuring that regulations, policies, guidelines, standards, and managerial authorities are understood throughout the House of Commons.

At the request of management, these Financial Statements have been audited by KPMG LLP, the independent auditors of the House of Commons.

On behalf of the House of Commons,

Charles Robert
Clerk of the House of Commons

Daniel G. Paquette CPA, CA
Chief Financial Officer

Ottawa, Canada
June 29, 2018



INDEPENDENT AUDITORS' REPORT

Auditors' Report to the Clerk of the House of Commons

We have audited the accompanying financial statements of the House of Commons, which comprise the statement of financial position as at March 31, 2018, the statements of operations and net financial position, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the House of Commons as at March 31, 2018 and its results of operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

June 29, 2018

Ottawa, Canada



HOUSE OF COMMONS
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Statement of Financial Position

As at March 31

<i>(in thousands of dollars)</i>	2018	2017
Liabilities		
Accounts payable and accrued liabilities (<i>note 4</i>)	43,013	43,104
Vacation pay and compensatory leave	9,222	8,257
Employee benefits (<i>note 5</i>)	28,328	26,160
Centennial Flame Research Award Fund (<i>note 6</i>)	23	19
<i>Total liabilities</i>	80,586	77,540
Financial assets		
Cash	53	32
Due from the Consolidated Revenue Fund	30,196	28,962
Accounts receivable (<i>note 7</i>)	13,829	14,628
Advances (<i>note 8</i>)	913	911
Inventory held for sale	390	762
<i>Total financial assets</i>	45,381	45,295
Net debt	35,205	32,245
Non-financial assets		
Prepaid expenses	10,046	5,691
Inventory held for use	2,383	2,950
Tangible capital assets (<i>note 9</i>)	21,803	18,588
<i>Total non-financial assets</i>	34,232	27,229
Net financial position	973	5,016

Contractual obligations (*note 10*)

Contingent liabilities (*note 11*)

Approved by:

Charles Robert
Clerk of the House of Commons

Daniel G. Paquette CPA, CA
Chief Financial Officer

Ottawa, Canada
June 29, 2018



Statement of Operations and Net Financial Position

For the year ended March 31

	<i>Budget</i>	2018	2017
<i>(in thousands of dollars)</i>	<i>(note 12)</i>		
Expenses			
Operating			
Salaries and benefits	412,524	406,317	345,456
Accommodations	67,974	67,974	68,414
Transportation and telecommunications	42,634	39,858	41,834
Professional and special services	26,634	26,439	25,265
Rentals and licences	12,754	16,801	18,756
Computer, office equipment, furniture and fixtures	15,572	10,631	13,617
Utilities, materials and supplies	16,066	12,204	11,924
Advertising and printing services	9,981	10,183	8,085
Amortization of tangible capital assets	7,392	7,392	8,556
Repair and maintenance	15,402	7,069	3,327
Net loss (gain) on disposal of tangible capital assets	13	13	(331)
Other	470	470	853
<i>Total operating expenses</i>	627,416	605,351	545,756
Transfer payments to international associations	1,681	1,033	975
Total expenses (note 15)	629,097	606,384	546,731
Revenues			
Cost recoveries	25,182	25,182	17,385
Food Services – sales	4,914	4,914	3,287
Other	690	690	141
Total revenues	30,786	30,786	20,813
Net cost of operations	598,311	575,598	525,918
Funding and transfers			
Net cash provided by the Consolidated Revenue Fund	-	(487,087)	(444,696)
Change in due from the Consolidated Revenue Fund	-	(1,234)	2,691
Services received without charge (note 14 (a))	-	(91,286)	(90,287)
Transfer of transition salary payments in arrears	-	3	1
Net transfer (from) to federal government departments, and other parliamentary institutions	-	(37)	231
Net cost of operations after funding and transfers	-	(4,043)	(6,142)
Net financial position – beginning of year	-	5,016	11,158
Net financial position – end of year	-	973	5,016



Statement of Change in Net Debt For the year ended March 31

<i>(in thousands of dollars)</i>	2018	2017
Net cost of operations after funding and transfers	(4,043)	(6,142)
Change due to tangible capital assets		
Acquisitions of tangible capital assets	10,610	5,952
Amortization of tangible capital assets	(7,392)	(8,556)
Net gain (loss) on disposal of tangible capital assets	(13)	331
Transfer of tangible capital assets from (to) federal government departments, and other parliamentary institutions	37	(231)
Proceeds from disposal of tangible capital assets	(27)	(39)
Total change due to tangible capital assets	3,215	(2,543)
Change due to inventory held for use	(567)	(976)
Change due to prepaid expenses	4,355	(30)
Net increase (decrease) in net debt	2,960	(9,691)
Net debt – beginning of year	32,245	41,936
Net debt – end of year	35,205	32,245



Statement of Cash Flows

For the year ended March 31

<i>(in thousands of dollars)</i>	2018	2017
Operating activities		
Net cost of operations	575,598	525,918
Non-cash items		
Services received without charge <i>(note 14 (a))</i>	(91,286)	(90,287)
Amortization of tangible capital assets	(7,392)	(8,559)
Net gain (loss) on disposal of tangible capital assets	(13)	331
Transition payments for implementing salary payments in arrears	3	1
Variations in Statement of Financial Position		
Increase (decrease) in cash	21	(246)
Increase (decrease) in accounts receivable	(799)	4,631
Increase in advances	2	175
Increase (decrease) in prepaid expenses	4,355	(30)
Decrease in inventory	(939)	(688)
Decrease (increase) in accounts payable and accrued liabilities	91	(6,003)
Increase in vacation pay and compensatory leave	(965)	(981)
Decrease (increase) in employee benefits	(2,168)	14,518
Increase in Centennial Flame Research Award Fund	(4)	-
Cash used in operating activities	476,504	438,783
Capital investing activities		
Acquisition of tangible capital assets	10,610	5,952
Proceeds from disposal of tangible capital assets	(27)	(39)
Cash used in capital investing activities	10,583	5,913
Net cash provided by the Consolidated Revenue Fund	487,087	444,696



Notes to the Financial Statements

For the year ended March 31

1. Authority and objectives

The **House of Commons** is a self-governing institution established under the *Constitution Act, 1867*. The Board of Internal Economy is the governing body of the House of Commons

The **Board of Internal Economy** oversees the financial management and administrative matters relating to the House of Commons and its Members, and has, pursuant to the *Parliament of Canada Act*, the authority to act on such matters. It is chaired by the Speaker and comprised of Members representing all recognized parties.

The **Clerk of the House of Commons** is the Secretary to the Board of Internal Economy and is the senior official of the House Administration, reporting to the Speaker.

Members carry out the roles of legislators and elected representatives of their constituencies. In their constituencies, Members participate in events and activities and hold discussions with constituents about their concerns. In the Chamber, Members participate in debates and study and vote on legislation. Members sit on standing, special or joint committees, since the House of Commons delegates the in-depth consideration of bills and the thorough scrutiny of the Government's programs and policies to its committees. Members also participate in parliamentary associations and interparliamentary groups, and are members of delegations in parliamentary exchanges. Finally, in caucus, Members develop strategies, discuss policies and examine important issues with fellow caucus Members, and direct the work of research offices. Some Members, such as the Speaker, Deputy Speaker, House Leaders and Chief Whips, assume additional functions as House Officers.

The **House Administration** provides the support required by Members during a parliament. In addition, it serves the House of Commons as an institution on a permanent basis by providing continuity from one parliament to another, access to parliamentary records, and a stable infrastructure to support Members in the legislative process. Advice and support are provided through a wide variety of services such as procedural, legislative, legal, financial, information technology and management, building management, food, human resources, health and safety. The staff of the House of Commons strives to support the institution and Members in their roles as legislators and representatives of 338 constituencies in the Chamber, in committee and in caucus. The House Administration is comprised of 1,705 full-time employees in seven service areas. Employees report to one of the three executives under the Clerk of the House of Commons. The Deputy Clerk, Administration oversees the functionality and service delivery of five service areas: the Corporate Security Office, Digital Services and Real Property, Finance Services, Human Resources Services, and Parliamentary Precinct Operations. The Deputy Clerk, Procedure oversees the overall management of the following service area: Procedural Services. The Law Clerk and Parliamentary Counsel oversees the following service area: the Office of the Law Clerk and Parliamentary Counsel.



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Notes to the Financial Statements

For the year ended March 31

2. Summary of significant accounting policies

(a) Basis of presentation

These Financial Statements have been prepared in accordance with Canadian public sector accounting standards.

(b) Parliamentary authorities

The House of Commons is funded through parliamentary authorities. Financial reporting of authorities provided to the House of Commons does not parallel financial reporting according to Canadian public sector accounting standards, since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Financial Position and in the Statement of Operations and Net Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

(c) Net cash provided by the Consolidated Revenue Fund

The House of Commons operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the House of Commons is deposited to the CRF, and all cash disbursements made by the House of Commons are paid from the CRF. The net cash provided by the CRF is the difference between all cash receipts and all cash disbursements, including transactions with federal government departments and other parliamentary institutions.

(d) Due from the Consolidated Revenue Fund

Amounts due from the CRF are the result of timing differences at year-end between the time when a transaction affects authorities and the time when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the House of Commons is entitled to draw from the CRF without further appropriations to discharge its liabilities.

(e) Accounts receivable and advances

Accounts receivable and advances are stated as amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

(f) Inventory

i. Inventory held for sale

Inventory held for sale consists of items in the canteens, cafeterias and the Parliamentary Dining Room. This inventory is valued at the lower of cost or net realizable value using the first in, first out method.



Notes to the Financial Statements

For the year ended March 31

2. Summary of significant accounting policies (continued)

(f) Inventory (continued)

ii. Inventory held for use

Inventory held for use consists of consumable parts, material, stationery and office supplies held for future activities. Inventory is valued at the lower of cost or net realizable value using the average cost method, and using the first in, first out method.

(g) Tangible capital assets

The House of Commons does not capitalize intangibles, works of art or historical treasures that have cultural, aesthetic or historical value. Amounts included in assets under development are transferred to the appropriate class of asset upon completion and are then amortized. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

<u>Asset class</u>	<u>Amortization period</u>
Informatics hardware and infrastructure	3 years
Software	3 to 5 years
Machinery and equipment	5 to 10 years
Vehicles	5 to 7 years
Other equipment	5 to 10 years
Leasehold improvements	Lesser of 10 years or term of lease
Leased equipment	Lesser of 10 years or term of lease

(h) Employee benefits

i. Salaries, benefits, and vacation leave

Salaries, benefits, and vacation leave are expensed as they accrue in accordance with the terms of employment. The salaries and benefits liability is calculated based on terms of employment using the salary levels at year-end and the number of days remaining unpaid at the end of the year. The liability for vacation leave is calculated at the salary levels in effect at March 31 for all unused vacation leave benefits. Vacation pay liabilities payable upon cessation of employment represent House of Commons obligations that are normally funded through future years' parliamentary authorities.



Notes to the Financial Statements

For the year ended March 31

2. Summary of significant accounting policies (continued)

(h) Employee benefits (continued)

ii. Employee severance benefits

Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as the services necessary to earn them are rendered. The obligation relating to the benefits earned by these employees is calculated as at March 31, based on the employees' earned number of weeks and their salary as at March 31.

As part of collective agreement negotiations with certain employee groups and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees as of 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of earned benefits or collect the full or remaining value of benefits upon termination of their employment. The obligation relating to the benefits earned by these employees is calculated based on their earned number of weeks and their salary as at March 31.

iii. Pension benefits

a. Employee pension benefits

Eligible employees participate in the Public Service Pension Plan (PSPP) under the *Public Service Superannuation Act*, which is sponsored and administered by the Government of Canada. The House of Commons' contributions to the PSPP are charged to expenses in the year incurred and represent the total obligation of the House of Commons to the PSPP. The House of Commons is not required under current legislation to make contributions for any actuarial deficiencies of the PSPP.

b. Members' pension benefits

Eligible Members participate in a defined benefit pension plan under the *Members of Parliament Retiring Allowances Act*, which is sponsored and administered by the Government of Canada. Assets and liabilities for the Members' pension accounts are not included in the House of Commons' Statement of Financial Position, as these accounts are the responsibility of the Government of Canada. The House of Commons' contributions to these accounts are charged to the salaries and benefits expenses in the year incurred. Members who are not eligible for an immediate pension are entitled to a severance allowance under the *Parliament of Canada Act* upon ceasing to perform their parliamentary functions. The severance allowance liability is reported in the Government of Canada's financial statements.



Notes to the Financial Statements

For the year ended March 31

2. Summary of significant accounting policies (continued)

(h) Employee benefits (continued)

iv. Sick leave benefits

Employees are eligible to accumulate sick leave until termination of employment. Unused sick leave is not eligible for payment upon retirement or termination and may not be used as vacation. Sick leave is an accumulated non-vesting benefit. A liability is recorded for sick leave balances expected to be taken in excess of future allotments. The cost of sick leave as well as the present value of the obligation are determined using an actuarial valuation. Any gains and losses are recognized in net results in the period in which they arise.

(i) Contingent liabilities

Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the Notes to the Financial Statements.

(j) Revenues

Revenues are mostly derived from the provision of information technology and information management services to parliamentary institutions; long-term accommodation planning related to the parliamentary precinct renovations; and catering and restaurant services. Revenues are accounted for in the period in which the underlying transaction or event occurred, giving rise to the revenues.

(k) Services received without charge

Services received without charge from federal government departments and agencies for accommodation services provided by Public Services and Procurement Canada, employer contributions to the health and dental insurance plans paid by the Treasury Board Secretariat, and workers' compensation services provided by Employment and Social Development Canada are recorded as operating expenses at their estimated cost.

(l) Transfer payments

Transfer payments to international parliamentary and independent associations are recognized in the year in which the recipient met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.



Notes to the Financial Statements

For the year ended March 31

2. Summary of significant accounting policies (continued)

(m) Foreign currency transactions

Transactions involving foreign currencies are converted into Canadian dollar equivalents using rates of exchange in effect at the time of the transactions.

(n) Measurement uncertainty

The preparation of these Financial Statements in accordance with Canadian public sector accounting standards requires that management make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the Financial Statements. At the time of preparation of these statements, management believed the estimates and assumptions to be reasonable. Estimates are used mostly for the following significant items: contingent liabilities, the liability for employee severance benefits, the liability of employee sick leave benefits, and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the Financial Statements in the year they become known.

(o) Accounting changes

On April 1, 2017, the House of Commons adopted the following Canadian public sector accounting standards: PS 2200 Related Party Disclosures, PS 3420 Inter-entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights.

The adoption of these accounting standards did not result in an accounting policy change for the House of Commons, nor did it result in any adjustments to the Financial Statements as at April 1, 2017.



Notes to the Financial Statements

For the year ended March 31

3. Parliamentary authorities

The House of Commons receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Net Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the House of Commons has different net results of operations for the year on a parliamentary funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year parliamentary authorities used

<i>(in thousands of dollars)</i>	2018	2017
Net cost of operations	575,598	525,918
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Services received without charge (<i>note 14 (a)</i>)	(91,286)	(90,287)
Amortization of tangible capital assets	(7,392)	(8,556)
Prepaid expenses consumption	(4,826)	(4,417)
Inventory used	(3,923)	(4,748)
Employee benefits	(2,168)	14,518
Vacation pay and compensatory leave	(965)	(981)
Net gain (loss) on disposal of tangible capital assets	(13)	331
Transfers to assets under development	2,367	1,366
Payment of previous years' expenditures	2,007	(2,007)
Refund of previous years' expenditures	111	285
Other	(33)	(54)
	(106,119)	(94,550)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Acquisitions of tangible capital assets	8,242	4,586
Purchases of inventory	2,984	4,060
Prepaid expenses	9,181	4,387
Other	497	493
	20,904	13,526
Current year authorities used	490,383	444,894



Notes to the Financial Statements

For the year ended March 31

3. Parliamentary authorities (continued)

(b) Authorities provided and used

<i>(in thousands of dollars)</i>	2018	2017
Vote 1 – operating expenditures	350,717	326,299
Statutory amounts	162,379	141,963
	513,096	468,262
Less:		
Lapsed – operating	(22,713)	(23,368)
Current year authorities used	490,383	444,894

4. Accounts payable and accrued liabilities

<i>(in thousands of dollars)</i>	2018	2017
Payables – external parties	21,842	21,086
Payables – federal government departments, agencies, and other parliamentary institutions	1,444	1,445
	23,286	22,531
Accrued liabilities	19,727	20,573
Total accounts payable and accrued liabilities	43,013	43,104

5. Employee benefits

(a) Employee severance benefits

The House of Commons provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not funded. Benefits will be paid from future authorities. Information about the severance benefits, measured as at March 31, is as follows:

<i>(in thousands of dollars)</i>	2018	2017
Employee severance benefit obligation – beginning of year	17,453	31,503
Change in liability for the year	3,747	(12,282)
Benefits paid during the year	(1,762)	(1,768)
Employee severance benefit obligation – end of year	19,438	17,453



Notes to the Financial Statements

For the year ended March 31

5. Employee benefits (continued)

(b) Sick leave benefits

The House of Commons provides benefits for sick leave to its eligible employees consisting of one and one-quarter (1¼) days of sick leave per calendar month. Sick leave can only be used for paid time off at the employee's normal rate of pay when the employee is unable to perform their duties because of illness or injury. Unused sick leave benefits accumulate during the employee's period of service and no payment is due to the employee upon termination of employment for unused days. Information about the sick leave benefits, measured as at March 31, is as follows:

<i>(in thousands of dollars)</i>	2018	2017
Employee sick leave benefit obligation – beginning of year	8,707	9,175
Expense for the year:		
Current service cost	1,241	1,253
Interest cost	137	118
Actuarial gain (loss)	404	(272)
	10,489	10,274
Benefits paid during the year	(1,599)	(1,567)
Employee sick leave benefit obligation – end of year	8,890	8,707

At the end of fiscal year 2017-2018, an actuarial valuation of the House of Commons' employee sick leave benefit obligation was completed using the projected benefit method prorated on services. The significant actuarial assumptions adopted in measuring the employee sick leave benefit obligation are as follows:

	2018	2017
Discount rate	2.10%	1.60%
Rate of compensation economic increase per year:		
2018	2.0%	2.0%
2019 and thereafter	2.0%	2.0%
Average remaining service period of active employees	15 years	14.5 years



Notes to the Financial Statements

For the year ended March 31

6. Centennial Flame Research Award Fund

The purpose of the Centennial Flame Research Award Fund is to provide monetary awards that enable persons with disabilities to conduct research and prepare reports on the contributions of one or more persons with disabilities to the public life of Canada or the activities of Parliament. Pursuant to section 3 of the *Centennial Flame Research Award Act*, the Centennial Flame Research Award Fund is credited with money collected from the Centennial Flame monument on Parliament Hill in Ottawa, as well as any money otherwise received as a donation.

7. Accounts receivable

<i>(in thousands of dollars)</i>	2018	2017
Receivables – federal government departments, agencies, and other parliamentary institutions	10,623	11,275
Receivables – external parties	3,216	3,363
	13,839	14,638
Allowance for doubtful accounts on external receivables	(10)	(10)
Total accounts receivable	13,829	14,628

8. Advances

<i>(in thousands of dollars)</i>	2018	2017
Petty cash for Members	587	576
Travel and tuition advances	267	276
Petty cash and floats for House of Commons employees	40	40
Postage-related advances	19	19
Total advances	913	911



Notes to the Financial Statements

For the year ended March 31

9. Tangible capital assets

(in thousands of dollars)

	Cost				March 31, 2018	Accumulated Amortization			Net Book Value		
	March 31, 2017	Acquisi- tions	Disposals and adjustments	Transfers of assets under development		March 31, 2017	Amorti- zation	Disposals and adjustments	March 31, 2018	2018	2017
Informatics hardware and infrastructure	15,959	3,494	(120)	-	19,333	13,413	1,723	(119)	15,017	4,316	2,546
Software	27,647	-	-	3,598	31,245	21,643	4,123	-	25,766	5,479	6,004
Machinery and equipment	8,783	1,077	(742)	-	9,118	7,882	333	(739)	7,476	1,642	901
Vehicles	1,752	79	(74)	-	1,757	751	222	(74)	899	858	1,001
Other equipment	3,245	321	(62)	-	3,504	2,462	222	(63)	2,621	883	783
Leasehold improvements	8,911	721	-	460	10,092	4,525	769	-	5,294	4,798	4,386
Assets under development	2,967	4,918	-	(4,058)	3,827	-	-	-	-	3,827	2,967
Total	69,264	10,610	(998)	-	78,876	50,676	7,392	(995)	57,073	21,803	18,588



Notes to the Financial Statements

For the year ended March 31

10. Contractual obligations

The nature of the House of Commons' activities can result in some large multi-year obligations whereby the House of Commons will be obligated to make future payments when the goods are received and services rendered. Significant contractual obligations that can be reasonably estimated are as follows:

<i>(in thousands of dollars)</i>	2019	2020	2021	2022	2023 and thereafter	Total
Supplier agreements	2,572	1,315	838	803	4,712	10,240

In the normal course of operations, the House of Commons assumes a contractual obligation through guarantees provided with respect to Members' constituency office leases. These guarantees cover up to three months of lease costs in the event that a lease is terminated for various operational reasons. Based on lease costs that can be incurred by the House of Commons as at March 31, 2018, the maximum obligation is estimated to be \$2,329,717 (\$2,081,877 as at March 31, 2017).

11. Contingent liabilities

As of March 31, 2018, management is not aware of any claims or possible claims against the House of Commons.

12. Budget figures

Given the difference between parliamentary authorities and Canadian public sector accounting standards, the budget figures presented have been adjusted to conform to the basis of accounting for these Financial Statements. Note 3 provides a high-level reconciliation between the bases of reporting.



Notes to the Financial Statements

For the year ended March 31

13. Pension benefits

(a) Employee pension benefits

Employees of the House of Commons participate in the Public Service Pension Plan (PSPP), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2% per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with those of the Canada Pension Plan and the Québec Pension Plan and indexed to inflation.

Both employees and the House of Commons contribute to the cost of the PSPP. Contributions made by the House of Commons, included in salaries and benefits expenses, totalled \$23,984,065 (\$22,829,080 in 2016-2017). This amount represents approximately 1.01 times (1.12 times in 2016-2017) the employees' contributions for existing members who were required to contribute to the cost of the plan prior to January 1, 2013, and 1 time (1.08 times in 2016-2017) for new members required to contribute on or after January 1, 2013.

The House of Commons' responsibility with regard to the PSPP is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Financial Statements of the Government of Canada, as the PSPP's sponsor.



Notes to the Financial Statements

For the year ended March 31

13. Pension benefits (continued)

(b) Members' pension benefits

Members participate in a pension plan consisting of two separate accounts, the Members of Parliament Retiring Allowances (MPRA) and the Members of Parliament Retirement Compensation Arrangements (MPRCA), which are sponsored and administered by the Government of Canada. Members are eligible to receive a retirement allowance from age 65 or a reduced retirement allowance from age 55, upon termination of their parliamentary functions and after having contributed to the plan for at least six years. Pension benefits accrue at a rate of 3% of the highest average of annual pensionable earnings over any period of five consecutive years, multiplied by the number of years of pensionable service, to a maximum of 75% of the average annual pensionable earnings. Retirement allowances are indexed to inflation once recipients reach age 60.

Both Members and the House of Commons contribute to the cost of the plan. Normal contributions made by the House of Commons, included in salaries and benefits expenses, totalled \$11,966,360 (\$15,568,333 in 2016-2017). In addition, a special contribution was made by the House of Commons following the latest actuarial valuation in the amount of \$25,200,000 (nil in 2016-2017); this amount is included in salaries and benefits expenses.

The House of Commons' responsibility with regard to the plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Financial Statements of the Government of Canada, as the plan's sponsor. As required under the *Public Pensions Reporting Act*, actuarial valuations of the pension plans are performed at least every three years for funding purposes. The latest actuarial valuation was performed for the year ended March 31, 2016.



Notes to the Financial Statements

For the year ended March 31

14. Inter-entity transactions

The House of Commons is related, as a result of common ownership, to all federal government departments, agencies, and other parliamentary institutions. The House of Commons enters into transactions with these entities in the normal course of business and on normal trade terms.

(a) Services received without charge

During the year, the House of Commons received services that were obtained without charge from federal government departments and agencies. These services received without charge have been recorded as expenses in the House of Commons' Statement of Operations and Net Financial Position as follows:

<i>(in thousands of dollars)</i>	2018	2017
Accommodation services	67,974	68,414
Employer's share of insurance premiums	23,046	21,211
Administrative charges related to workers' compensation payments	266	662
Total services received without charge	91,286	90,287

The Government of Canada has centralized some of its administrative activities for efficiency purposes and economic delivery of programs to the public. As a result, common service organizations provide specific services to federal government departments, agencies and other parliamentary institutions without charge. The cost of these services, such as payroll and cheque issuance services provided by Public Services and Procurement Canada, is not included as an expense in the House of Commons' Statement of Operations and Net Financial Position.

(b) Other transactions

The transactions with federal government departments, agencies, and other parliamentary institutions shown below include services received without charge as described in section (a) of this note.

<i>(in thousands of dollars)</i>	2018	2017
Expenses	172,317	146,513
Recoveries	25,494	17,060



Notes to the Financial Statements

For the year ended March 31

15. Expenses by function

<i>(in thousands of dollars)</i>	2018	2017
Members and House Officers	314,314	273,485
House Administration	292,070	273,246
Total expenses	606,384	546,731

16. Comparative information

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