



Financial Statements

For the Year Ended

March 31, 2013



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

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Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying Financial Statements of the House of Commons for the year ended March 31, 2013, 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 judgements 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 and 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 and statutory requirements.

Management also seeks to ensure the objectivity and integrity 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,

Audrey O'Brien
Clerk of the House of Commons

Mark G. Watters, CPA, CA
Chief Financial Officer

Ottawa, Canada
on the 18th day of June 2013



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INDEPENDENT AUDITORS' REPORT

Auditor's 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, 2013, 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, 2013 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.

Chartered Accountants, Licensed Public Accountants

June 18, 2013

Ottawa, Canada



Statement of Financial Position

As at March 31

<i>(in thousands of dollars)</i>	2013	2012
Liabilities		
Accounts payable and accrued liabilities (<i>note 4</i>)	26,589	19,773
Vacation pay and compensatory leave	6,481	6,327
Lease obligations for tangible capital assets (<i>note 5</i>)	2,536	3,302
Employee severance benefits (<i>note 6</i>)	35,528	52,277
Centennial Flame Research Award Fund (<i>note 7</i>)	18	19
<i>Total liabilities</i>	71,152	81,698
Financial assets		
Cash	409	364
Due from the Consolidated Revenue Fund	22,384	14,358
Accounts receivable (<i>note 8</i>)	5,645	6,636
Advances (<i>note 9</i>)	1,167	713
Inventory held for sale	180	214
<i>Total financial assets</i>	29,785	22,285
Net debt	41,367	59,413
Non-financial assets		
Prepaid expenses	1,149	1,091
Inventory held for use	2,267	2,098
Tangible capital assets (<i>note 10</i>)	14,230	14,781
<i>Total non-financial assets</i>	17,646	17,970
Net financial position	23,721	41,443

Contractual obligations (*note 11*)

Contingent liabilities (*note 12*)

Approved by:

Audrey O'Brien
Clerk of the House of Commons

Mark G. Watters, CPA, CA
Chief Financial Officer

Ottawa, Canada
on the 18th day of June 2013



Statement of Operations and Net Financial Position For the year ended March 31

	<i>Budget</i>	2013	2012
<i>(in thousands of dollars)</i>	<i>(note 13)</i>		
Expenses			
Operating			
Salaries and benefits	326,027	330,561	344,326
Accommodations	59,257	59,257	59,005
Transportation and communications	57,111	42,431	43,660
Professional and special services	20,691	14,419	16,680
Rentals	11,088	9,587	9,941
Computer and office equipment, furniture and fixtures	4,348	9,167	8,134
Utilities, materials and supplies	10,668	8,968	8,429
Information	10,444	6,406	5,941
Amortization of tangible capital assets	5,368	5,368	5,535
Repair and maintenance	6,944	4,832	6,451
Net loss on disposal of tangible capital assets	551	551	829
Other	120	255	173
<i>Total operating expenses</i>	512,617	491,802	509,104
Transfer payments to international associations	928	858	886
Total expenses	513,545	492,660	509,990
Revenues			
Food Services – sales	2,033	2,125	1,951
Other	103	105	74
Total revenues	2,136	2,230	2,025
Net cost of operations	511,409	490,430	507,965
Government funding and transfers			
Net cash provided by Government of Canada		(422,246)	(423,942)
Change in due from the Consolidated Revenue Fund		(8,026)	(3,226)
Services received without charge (<i>note 15 (a)</i>)		(77,880)	(76,979)
Transfer of tangible capital assets from federal departments		-	(1,682)
Net cost of operations after government funding and transfers		(17,722)	2,136
Net financial position - beginning of year		41,443	39,307
Net financial position - end of year		23,721	41,443



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

<i>(in thousands of dollars)</i>	2013	2012
Net cost of operations after government funding and transfers	(17,722)	2,136
Change due to tangible capital assets		
Acquisitions of tangible capital assets	5,372	3,422
Amortization of tangible capital assets	(5,368)	(5,535)
Net loss on disposal of tangible capital assets	(551)	(829)
Proceeds from disposal of tangible capital assets	(4)	(22)
Transfer of tangible capital assets from federal departments	-	1,682
Total change due to tangible capital assets	(551)	(1,282)
Change due to inventory held for use	169	106
Change due to prepaid expenses	58	745
Net increase (decrease) in net debt	(18,046)	1,705
Net debt - beginning of year	59,413	57,708
Net debt - end of year	41,367	59,413



Statement of Cash Flows

For the year ended March 31

<i>(in thousands of dollars)</i>	2013	2012
Operating activities		
Net cost of operations	490,430	507,965
Non-cash items		
Services received without charge <i>(note 15 (a))</i>	(77,880)	(76,979)
Amortization of tangible capital assets	(5,368)	(5,535)
Net loss on disposal of tangible capital assets	(551)	(829)
Variations in Statement of Financial Position		
Increase (decrease) in cash	45	179
Increase (decrease) in accounts receivable	(991)	3,340
Increase (decrease) in advances	454	361
Increase (decrease) in prepaid expenses	58	745
Increase (decrease) in inventory	135	115
Decrease (increase) in accounts payable and accrued liabilities	(6,816)	(6,545)
Decrease (increase) in vacation pay and compensatory leave	(154)	658
Decrease (increase) in employee severance benefits	16,749	(3,711)
Decrease (increase) in Centennial Flame Research Award Fund	1	(2)
Cash used in operating activities	416,112	419,762
Capital investing activities		
Acquisitions of tangible capital assets	5,372	3,422
Proceeds from disposal of tangible capital assets	(4)	(22)
Cash used in capital investing activities	5,368	3,400
Financing activities		
Lease payments for tangible capital assets	959	780
Increase of lease obligations for tangible capital assets	(193)	-
Cash used in financing activities	766	780
Net cash provided by Government of Canada	422,246	423,942



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*. Through the Board of Internal Economy, it has the authority to act on all financial and administrative matters pursuant to the *Parliament of Canada Act*.

The **Board of Internal Economy** is the governing body of the House of Commons and oversees its financial management and administration on behalf of Members and Canadians. 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, as the senior official of the House Administration, reports to the Speaker.

Members assume 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 committees and special or joint committees, since the House of Commons delegates 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 strategy, discuss policy and examine important issues with fellow party members, and direct the work of party 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 elected Members during a Parliament and, in addition, serves the House 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 democratic process. Advice and support are provided through a wide variety of services such as procedural, legislative, legal, information technology and management, building management, security, food, finance, 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 308 constituencies in the Chamber, in committee and in caucus. The House Administration comprises six Service Areas that employ the equivalent of 1,863 full-time workers and report to the Clerk: Procedural Services; the Office of the Law Clerk and Parliamentary Counsel; Information Services; Parliamentary Precinct Services; Finance Services; and Human Resources, Corporate Planning and Communications Services.



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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 by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the House of Commons do 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 Operations and Net Financial Position and in the Statement of 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 Government of Canada

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 Government of Canada is the difference between all cash receipts and all cash disbursements including transactions with departments of the Government of Canada.

(d) Due from the Consolidated Revenue Fund

Amounts due from the CRF are the result of timing differences at year-end between when a transaction affects authorities and 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 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)

(g) Inventory held for use

Inventory held for use consists of consumable parts, material and office supplies held for future activities and having a value of \$50,000 or more. Inventory is valued at the lower of cost or net realizable value using the average cost method for office supplies, and using the first in, first out method for other items.

(h) Tangible capital assets

All tangible capital assets having an initial cost of \$10,000 or more are recorded at their acquisition cost. Similar items under \$10,000 are expensed in the Statement of Operations and Net Financial Position. 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 10 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

(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 31st 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' authorities.



Notes to the Financial Statements

For the year ended March 31

2. Summary of significant accounting policies (continued)

(j) 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 employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government of Canada as a whole.

(k) Pension benefits

i. Employee pension benefits

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

ii. 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 expense 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 financial statements.

(l) 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.



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Notes to the Financial Statements

For the year ended March 31

2. Summary of significant accounting policies (continued)

(m) Revenues

Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(n) Services received without charge

Services received without charge from federal government departments for accommodation, employer contributions to the health and dental insurance plans, and workers' compensation are recorded as operating expenses at their estimated cost.

(o) Transfer payments

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

(p) Foreign currency transactions

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

(q) 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 believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, the liability for employee severance 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.



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 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 current year authorities used

<i>(in thousands of dollars)</i>	2013	2012
Net cost of operations	490,430	507,965
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Services received without charge (note 15 (a))	(77,880)	(76,979)
Inventory used	(5,359)	(4,316)
Amortization of tangible capital assets	(5,368)	(5,535)
Employee severance benefits	16,749	(3,711)
Refund of previous years' expenditures	199	301
Net loss on disposal of tangible capital assets	(551)	(829)
Vacation pay and compensatory leave	(154)	658
Prepaid expenses consumption	(1,091)	(346)
Other	181	134
	(73,274)	(90,623)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Purchases of tangible capital assets	5,179	3,422
Purchases of inventory	5,494	4,431
Tangible capital asset lease principal payments	959	801
Increase in prepaid expenses	1,149	1,091
Advances issued	-	148
	12,781	9,893
Current year authorities used	429,937	427,235



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>	2013	2012
Vote 5 – Operating expenditures	307,991	294,170
Statutory amounts	142,925	152,252
	450,916	446,422
Less:		
Lapsed - Operating	(20,979)	(19,187)
Current year authorities used	429,937	427,235

4. Accounts payable and accrued liabilities

<i>(in thousands of dollars)</i>	2013	2012
Payables – External parties	19,413	13,663
Payables – Federal government departments, agencies and Crown corporations	1,977	717
	21,390	14,380
Accrued liabilities	5,199	5,393
Total accounts payable and accrued liabilities	26,589	19,773



Notes to the Financial Statements

For the year ended March 31

5. Lease obligations for tangible capital assets

The House of Commons has entered into agreements to lease equipment under capital leases with a cost of \$5,071,324 and accumulated amortization of \$2,618,403 as at March 31, 2013 (\$5,129,647 and \$1,914,464 respectively as at March 31, 2012). The House of Commons has recorded a capital lease obligation of \$2,535,573 as at March 31, 2013 (\$3,302,226 as at March 31, 2012). The obligations related to the upcoming years include the following:

<i>(in thousands of dollars)</i>	2013
2014	1,001
2015	999
2016	771
Total future minimum lease payments	2,771
Imputed interest (1.3% to 12.2%)	(235)
Total obligations under leased tangible capital assets	2,536

6. 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 pre-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>	2013	2012
Employee severance benefit obligation – beginning of year	52,277	48,566
Expense for the year	690	19,053
Benefits paid during the year	(17,439)	(15,342)
Employee severance benefit obligation – end of year	35,528	52,277

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 commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination of their employment. These changes have been reflected in the calculation of the outstanding severance benefit obligation.



Notes to the Financial Statements

For the year ended March 31

7. Centennial Flame Research Award Fund

The purpose of the Centennial Flame Research Award Fund is to provide awards of money to 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.

8. Accounts receivable

<i>(in thousands of dollars)</i>	2013	2012
Receivables – Federal government departments, agencies and Crown corporations	5,134	6,156
Receivables – External parties	521	490
	5,655	6,646
Allowance for doubtful accounts on external receivables	(10)	(10)
Total accounts receivable	5,645	6,636

9. Advances

<i>(in thousands of dollars)</i>	2013	2012
Petty cash for Members	297	295
Travel and tuition advances	812	360
Petty cash and floats for House of Commons employees	39	39
Postage-related advances	19	19
Total advances	1,167	713



Notes to the Financial Statements

For the year ended March 31

10. Tangible capital assets

(in thousands of dollars)

	Cost				Accumulated Amortization				Net Book Value		
	March 31, 2012	Acquisi- tions	Disposals	Transfers of assets under development	March 31, 2013	March 31, 2012	Amorti- zation	Disposals	March 31, 2013	2013	2012
Informatics hardware and infrastructure	11,983	3,254	(1,012)	-	14,225	8,254	2,297	(1,035)	9,516	4,709	3,729
Software	12,889	606	(640)	44	12,899	10,647	955	(443)	11,159	1,740	2,242
Machinery and equipment	5,030	184	(437)	-	4,777	4,180	242	(364)	4,058	719	850
Vehicles	1,588	-	-	-	1,588	556	239	-	795	793	1,032
Other equipment	3,811	145	(73)	-	3,883	2,966	201	(69)	3,098	785	845
Leasehold improvements	6,003	232	(835)	-	5,400	3,366	479	(531)	3,314	2,086	2,637
Assets under development	231	758	-	(44)	945	-	-	-	-	945	231
Subtotal	41,535	5,179	(2,997)	-	43,717	29,969	4,413	(2,442)	31,940	11,777	11,566
Leased equipment	5,130	193	(252)	-	5,071	1,915	955	(252)	2,618	2,453	3,215
Total	46,665	5,372	(3,249)	-	48,788	31,884	5,368	(2,694)	34,558	14,230	14,781

Amortization expense for the year is \$5,368,333 (\$5,534,710 in 2011-2012).



Notes to the Financial Statements

For the year ended March 31

11. 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 are rendered. Significant contractual obligations that can be reasonably estimated are as follows:

<i>(in thousands of dollars)</i>	2014	2015	2016	2017	2018 and thereafter	Total
Leases	153	97	65	57	18	390

In the normal course of operations, the House of Commons assumes a contractual obligation through guarantees provided with respect to Members' constituency office leases. This guarantee covers up to 3 months of lease costs in the event a lease is terminated for various operational reasons. Based on lease costs which can be incurred by the House as at March 31, 2013, the maximum obligation is estimated to be \$1,773,714 (\$2,225,958 as at March 31, 2012).

12. Contingent liabilities

As of March 31, 2013, management is not aware of any claims or possible claims against the House of Commons.

13. Budget figures

Budget figures have been provided for comparison purposes and are not audited. 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

14. Pension benefits

(a) Employee pension benefits

Employees of the House of Commons participate in the Public Service Pension Plan, 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 two percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with the Canada and Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the House of Commons contribute to the cost of the plan. Contributions made by the House of Commons, included in salaries and benefits expense, totalled \$24,925,955 (\$25,177,862 in 2011-2012), which represents approximately 1.7 times (1.8 times in 2011-2012) the employees' contributions.

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.

(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 (RCA), which are sponsored and administered by the Government of Canada. Members are eligible at age 55 to receive a basic retiring allowance upon termination of their parliamentary functions and after having contributed to the plan for at least six years. The basic allowance is based on the best five years average sessional indemnity and accrues at a rate of three percent of those average indemnities. Basic allowances are indexed to inflation once recipients reach age 60.

Both the Members and the House of Commons contribute to the cost of the plan. Contributions made by the House of Commons, included in salaries and benefits expense, totalled \$23,665,459 (\$25,520,459 in 2011-2012).



Notes to the Financial Statements

For the year ended March 31

15. Related party transactions

The House of Commons is related, as a result of common ownership, to all Government of Canada departments, agencies, and Crown corporations. 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 in the House of Commons' Statement of Operations and Net Financial Position as follows:

<i>(in thousands of dollars)</i>	2013	2012
Public Works and Government Services Canada – Accommodation	59,257	59,005
Treasury Board Secretariat – Employer's share of insurance premiums	18,313	17,644
Human Resources and Skills Development Canada – Administrative charges related to Worker's Compensation payments	310	330
Total services received without charge	77,880	76,979

The Government has centralized some of its administrative activities for efficiency purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department or agency performs services for all federal government departments and agencies without charge. The cost of these services, such as payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the House of Commons' Statement of Operations and Net Financial Position.

(b) Other transactions with related parties

Expenses shown below include services received without charge as described in section (a) of this note.

<i>(in thousands of dollars)</i>	2013	2012
Expenses – Federal government departments and agencies	134,561	137,409



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Notes to the Financial Statements

For the year ended March 31

16. Expenses by function

<i>(in thousands of dollars)</i>	2013	2012
Members and House Officers	248,746	261,967
House Administration	243,914	248,023
Total expenses	492,660	509,990