LEGISLATIVE ASSEMBLY
of BRITISH COLUMBIA

Quarterly Financial Report for the Second Quarter of 2024-2025

As of September 30, 2024 (unaudited)

Presented to the Legislative Assembly Management Committee

Contents

Section 1 Overview

This report is presented to the Legislative Assembly Management Committee and provides an overview of the unaudited financial results for the first quarter of the 2024-25 fiscal year Legislative Assembly (Vote 1) budget. The quarterly financial report provides a summary of the actual results for the period and the forecast for expenditures to the end of the fiscal year compared to the approved budget and the results of the prior year.

This current report, covering the six-months period ended September 30, 2024, is prepared on an accrual basis and includes reasonable estimates.

Section 2 Executive Summary

As of September 30, 2024, the Legislative Assembly of British Columbia (the Assembly) continues to reflect the financial challenges which were outlined in the first quarter report. The impact includes addressing unbudgeted items such as the Asset Retirement Obligation (ARO), additional policing costs associated with an increased number of demonstrations at the Precinct, and unplanned and urgent life safety upgrades to the buildings. The minimal contingency funds built into the Vote 1 budget have created a requirement for the Assembly to develop a cost-saving plan which includes slowing down hiring processes, deferring non-critical activities, and redirecting funds towards these critical initiatives.

At the end of the second quarter, these cost-saving strategies have begun to show positive results, leading to slower spending and a mitigation of some of the budget pressures. At this time, Vote 1 is showing an overall forecasted pressure of $2.625M to year-end due to the addition of budget pressures related to early estimates of greater than anticipated turnover in Members and their staff in the upcoming Provincial General election.

The Assembly will continue to monitor the current environment and mitigate risks through financial planning and management practices. These efforts are aimed at supporting strategic priorities while ensuring effective and efficient utilization of resources.

Figures 1 and 2 below provide a high-level summary of the third quarter results and forecasted spending to the end of the fiscal year.

Figure 1: Summarized Operating Expenses and Capital Expenses

2024-25 Operating Expenditures by Budget Category At September 30, 2024					
Budget Category	September Actuals YTD	Forecast FY 2025	Budget FY 2025	Variance Forecast to Budget (Over) Under	Variance Forecast to Budget %
Caucus Operations	4,497,032	5,883,000	5,883,000	-	0.0%
Caucus Operations Budget Post Election	-	4,417,000	4,417,000	-	0.0%
Constituency Operations	14,137,821	34,495,530	35,557,000	1,061,470	3.0%
Members' Remuneration	9,379,054	28,232,590	25,299,000	(2,933,590)	(11.6%)
Independent Respectful Workplace Office	32,078	200,000	250,000	50,000	20.0%
Parliamentary Operations	491,059	1,345,869	1,372,000	26,131	1.9%
Legislative Assembly Administration	23,533,985	51,067,333	51,429,100	361,767	0.7%
General Centralized and Accounting - Operations	(1,421,658)	543,350	507,744	(35,606)	(7.0%)
General Centralized and Accounting - Accounting	5,100,619	5,100,619	4,945,156	(155,463)	(3.1%)
General Centralized and Accounting - ARO	-	1,000,000	-	(1,000,000)	(100.0%)
Total Operating	55,749,989	132,285,289	129,660,000	(2,625,289)	(2.0%)
Total Capital	2,268,462	14,053,537	14,207,000	153,463	1.1%

Figure 2: Capital by Asset Category

2024-25 Capital Expenditures by Asset Categories At September 30, 2024					
Asset Category	September Actuals YTD	Forecast FY 2025	Budget FY 2025	Variance Forecast to Budget (Over) Under	Variance Forecast to Budget %
Office Furniture and Equipment	22,914	244,382	236,000	(8,382)	(3.6%)
Computer Hardware / Software (HW / SW)	522,189	5,745,679	5,718,000	(27,679)	(0.5%)
Building/Land Improvements	497,937	4,545,297	4,715,000	169,703	3.6%
Specialized Equipment	1,225,423	3,518,179	3,538,000	19,821	0.6%
TOTAL VOTE 1	2,268,462	14,053,537	14,207,000	153,463	1.1%

Section 3. Operating Summary

At the end of Quarter 2, Vote 1 is showing an overall forecasted pressure of $2.625M to year-end resulting from continuing operational budget pressures and expected pressures in Members' Remuneration and Constituency Operations reflecting preliminary estimates of MLA turnover post-election. The 2024/25 budget was established based on the assumption of an approximate 30% turnover of MLAs plus the 6 MLAs in new ridings following the October election. This average turnover rate was used as the basis for all the budget assumptions including MLA Transition allowances, technology and constituency office renewals and other expense items to estimate the election costs for the Assembly. At September 30th, based on the number of MLAs who have indicated that they are not seeking re-election, this turnover will be significantly higher. The election impact combined with pressures from unbudgeted items such as Asset Retirement Obligations, extraordinary policing costs and lower than anticipated staff turnover have made it challenging to produce an accurate forecast at the end of the second quarter as many of the key cost drivers in the Vote 1 budget are unknown pending the results of October's Provincial General Election. As a result, it is anticipated that the subsequent forecast and actual results will vary from this second-quarter forecast. The narrative in the next section provides additional details for the detailed financial information provided in Figure 3.

Operating Expenditures by Budget Category

Caucus Operations: This category reflects the operations of the caucuses and their staff. Caucus operations budget allocations are based on the number of MLAs in each party and calculated based on a formula provided in the policy. The 2024/25 budgeted amounts are adjusted and prorated to reflect the makeup of the Caucuses on September 30th. This category also includes centralized funding for learning opportunities and certain benefits for Caucus employees. The unassigned budget line item reflects the 5 months of budget which will be allocated based on the actual Caucus numbers post-election. All Caucuses are forecasting to fully spend their budget by the end of the year.

Constituency Operations: This category reflects the overall costs of operating the Constituency offices across the province as well as some centralized budget items. Specifically, it includes the Constituency office allowance which is allocated to each Member for the constituency office operations including staffing and centralized expenditures such as leasing costs, some constituency staff benefits, and the technology costs related to these operations.

Year-to-date expenditures within Constituency Operations are $14.138M and are mostly attributed to CO leases of $3.5M, Constituency Office Allowances of $7.2M, Constituency office assistant benefits of $1.4M, and technology-related costs of $1.2M. At September 30th, 2024, Constituency Operations are forecasting a savings of $1.065M due to a projected reduction in the requirement for tenant improvements to be paid in the current year. Post-election, this assumption will be clarified, and a more accurate estimate will be available. Forecasted underspending within the constituency operations category is expected to provide some relief within the budget category of members' remuneration, where higher than budgeted turnover is expected for non-returning MLAs.

Figure 3: Operating expenditures by category compared to budget

Fiscal 2024-25 - Operating Budget to Forecast (000's)

At September 30, 2024

	2024-25 Actuals	2024-25 Forecast	2024-25 Budget	Forecast to Budget Variance (Over)Under	Variance (%)
B.C. Green Caucus	202	387	387	-	0.0%
B.C. NDP Caucus	2,104	2,652	2,652	-	0.0%
B.C. United Caucus	1,559	1,992	1,992	-	0.0%
Conservative Party of B.C.	523	596	596	-	0.0%
Independents	110	256	256	-	0.0%
Caucus Operations Unassigned	-	4,417	4,417	-	0.0%
Caucus Operations	**4,497**	**10,300**	**10,300**	**-**	**0.0%**
Constituency Operations	**14,138**	**27,231**	**28,292**	**1,061**	**3.8%**
Members' Remuneration	**9,379**	**23,537**	**20,603**	**(2,934)**	**(14.2%)**
Independent Respectful Workplace Office	**32**	**200**	**250**	**50**	**20.0%**
Interparliamentary Relations	102	252	252	-	0.0%
Office of the Speaker	180	375	377	2	0.5%
Parliamentary Committee Operations	118	519	543	24	4.5%
Parliamentary Documents	91	200	200	-	0.0%
Parliamentary Operations	**491**	**1,346**	**1,372**	**26**	**1.9%**
Client and Support Services	4,009	8,672	8,969	297	3.3%
Information Services	5,338	9,383	9,229	(154)	(1.7%)
Parliamentary Support Services	4,676	9,727	9,752	25	0.3%
Precinct Services	3,354	8,023	8,006	(17)	(0.2%)
Security Services	4,508	9,870	9,299	(571)	(6.1%)
Legislative Assembly Administration	**21,885**	**45,675**	**45,255**	**(420)**	**(0.9%)**
General Centralized and Accounting	**3,679**	**6,644**	**5,453**	**(1,191)**	**(21.8%)**
Total - Core Operating Budget	**54,101**	**114,932**	**111,525**	**(3,407)**	**(3.1%)**
Strategic Initiatives	1,549	4,150	4,750	600	12.6%
Election Related	100	13,203	13,385	182	1.4%
Total	**55,750**	**132,285**	**129,660**	**(2,625)**	**(2.0%)**

Constituency Operations: This category reflects the overall costs of operating the Constituency offices across the province as well as some centralized budget items. Specifically, it includes the Constituency office allowance which is allocated to each Member for the constituency office operations including staffing and centralized expenditures such as leasing costs, some constituency staff benefits, and the technology costs related to these operations.

Year-to-date expenditures within Constituency Operations are $14.138M and are mostly attributed to CO leases of $3.5M, Constituency Office Allowances of $7.2M, Constituency office assistant benefits of $1.4M, and technology-related costs of $1.2M. At September 30th, 2024, Constituency Operations are forecasting a savings of $1.065M due to a projected reduction in the requirement for tenant improvements to be paid in the current year. Post-election, this assumption will be clarified, and a more accurate estimate will be available. Forecasted underspending within the constituency operations category is expected to provide some relief within the budget category of members' remuneration, where higher than budgeted turnover is expected for non-returning MLAs.

Members' Remuneration: This category includes the compensation, benefits, allowances, travel and other direct costs for the Members of the Assembly.

Year-to-date actuals within Members' Remuneration are $9.38M; these are mostly attributed to the salary and benefits for Members. Salaries and benefits represent $7.9M of the year-to-date actuals within the Members' remuneration category with the remaining year-to-date actuals relating to Capital City Living Allowance $0.52M and travel-related expenditures $0.88M. Forecasted expenditures within Members' Remuneration have the potential to exceed the budget within this budget category. The budget for MLA transition allowance was built on an assumption of 1/3 turnover of MLAs following the Provincial General Election. The current forecast anticipates a turnover of 52 MLAs with full utilization of the transition assistance benefit. The Assembly will refine the forecast as election results are finalized and will look to mitigate this pressure through savings from other budget areas.

Independent Respectful Workplace Office (IRWO): The IRWO was created in 2020-21 to support, promote and sustain positive workplace interactions between Members, caucus staff, ministerial staff, employees of the Assembly and other participant groups that come under the Respectful Workplace Policy. Since April 2023, the IRWO has been operated by Southern Butler Price LLP, a service provider selected through a competitive procurement opportunity. The expenditures relate to the development and delivery of educational materials and training, website development and general support services.

Year-to-date expenditures within the Independent Respectful Workplace Office are $0.03M. Forecasted expenditures are likely to be slightly under budget for the year, resulting in savings of $0.05M by the end of the fiscal year. The utilization rate of IRWO contract post-election is mostly unknown and will be refined as the year continues. Savings as a result of underutilization due to election will help to offset election pressures in other budget categories/

Parliamentary Operations: This category summarizes the Parliamentary support activities within the Assembly and includes services such as Interparliamentary Relations, the Office of the Speaker, and Parliamentary Committees and Documents. The budget and expenditures in this category are directly impacted by the volume and nature of the Parliamentary activity within the Assembly during the period.

Year-to-date expenditures within the Parliamentary Operations category are $0.491M representing 36% of the annual budget. The budget for 2024-25 was decreased to account for the reduction in Parliamentary activity during the election year. The forecasted savings are the result of reduced operating activities in parliamentary committee operations as fewer meetings were held outside of Victoria than originally expected.

Legislative Assembly Administration: This category summarizes the activities within the various departments of the Legislative Assembly Administration. The expenditures are tracked across several subcategories which represent groups of departments with the administration which support the work of the Members, Caucuses and Constituency offices in a variety of critical roles to ensure that the operations function as efficiently as possible. The five subcategories based on the service areas are Client and Support Services, Information Services, Parliamentary Support Services, Precinct Services, and Security and Sessional Services.

Year-to-date expenditures for the Assembly Administration are $23.533M or 46% of the annual budget. The most significant operating expenditure is salaries which account for 53% of the year-to-date expenditures. The Assembly Administration is currently forecasted to be in a minor pressure position at year-end of $0.36M, this is primarily the result of unbudgeted extraordinary policy costs stemming from demonstration activities on the Precinct grounds.

Total pressures related to these policing activities are estimated to be around $0.650M. The Assembly Administration is looking for ways to mitigate these expenses throughout the year through the identification of savings and internal expenditure management.

General Centralized and Accounting: This category includes expenditures which reflect the overall Assembly operations and accounting requirements. The most significant expenditures within this category are the non-cash accounting entries such as amortization and the asset retirement obligation (ARO). The category also includes centralized expenditures such as parental leave and office supplies which are not easily budgeted to a specific department at the beginning of the year. The budget for 2024/25 also included a $2M offset to wages intended to reflect expected vacancies.

The Year-to-date expenditures for General Centralized and Accounting Expenditures are $3.68M. The most significant expenditure within General Centralized is the annual amortization of assets, which accounts for $2.88M of the year-to-date expense, and will be more than $4.6M of the annual budget. Forecasted expenditures within the General Centralized and Accounting Expenditures category also include the asset retirement obligation for the Assembly and a vacancy offset amount of $1M reflecting a higher-than-anticipated retention rate at the LABC. The overall forecast for General Centralized is a pressure position of $1.19M. Mitigation strategies for this pressure are tied to leave utilization, as well as our ability to manage the vacancy discount. Additionally, for this forecast, we are using the prior year's rate estimated inflation rate for the asset retirement obligation, which is anticipated to be a worst-case scenario.

Section 4 Capital Expenditures

This year, the Assembly Administration prioritized finishing key infrastructure projects, continuing to boost project management practices, and enhancing planning and resource allocation. The capital budget is made up of both regular maintenance and renewal projects and specific projects and initiatives. The projects are summarized into programs such as Major Capital Infrastructure, IT infrastructure, Minor Capital and other initiatives. Each project is also given an asset category that aligns the capital spending with the appropriate accounting policy for amortization and financial statement reporting. These asset categories summarize the assets by type based on their useful life and include building improvements, computer hardware and software, specialized equipment, and office furniture.

Notable increases in the capital budget for fiscal 24-25 include: forecasted expenditures of $4.07M in computer hardware and software related to election turnover, $1.65M in space modernization post-election, $1.5M in precinct security hardening, and $1.6M related to the Modular childcare facility,

Unexpected pressures on the capital budget emerged early in the first quarter, stemming from accounting adjustments and ongoing replacement initiatives. The continuation of fire exit stairs into fiscal 24-25 is expected to result in $ 0.433M in contingency spending, while the accelerated replacement of fire alarm detection devices is forecasted as an unplanned expenditure of $0.520M. The ARO within the Assembly is forecasted at $1.00M, with a forecast adjustment anticipated once the 2024 inflation rate estimate has been more clearly refined in Q3.

A contingency budget of $0.500M is set aside to manage unexpected financial demands, such as cost overruns, change orders, or unanticipated projects during the year. At present, the contingency fund has been utilized for the continuation of the emergency fire exits on the south side of the main building. As noted above the forecasted expenditures to complete the project are $0.433M.

The modular childcare centre project is currently budgeted at $1.6M with a current forecast of $400 thousand to be spent this fiscal year. The Assembly is still awaiting a response from the Ministry of Education and Child Care on the result of the ChildCareBC New Spaces Fund grant application.

While the Assembly is facing some significant pressures the delay in response on the childcare project will result in an underspend within the project and allow for the above pressures to be mitigated within the current capital allocation.

Key capital projects in each category this year include the following:

- IT Infrastructure: This category includes all information technology hardware and infrastructure costs for a total budget of $6.81M.
- Major Capital Infrastructure: This category includes all building improvements and space modernization for a total budget of 4.1085 million and a forecast of $3.945M for year-end.
- Minor Capital: This category is made up of building improvements and specialized equipment or office furniture for a total budget of $1.104M and a forecast of $1.540M to year-end. The forecast includes funds reallocated from contingency funds.

Figure 4: Summary of Capital Expenditures by Program and Asset Category

Forecast to Capital Budget: Fiscal 2024-25 At September 30, 2024						
Program	**Category**	**2024-25 Actuals**	**2024-25 Forecast**	**2024-25 Budget**	**Variance Forecast to Budget**	**Variance % Forecast to Budget**
IT Infrastructure	Specialized Equipment or Office Furniture	247,651	1,051,180	1,100,000	48,820	4.4%
	Computer Hardware or Software	1,395,452	6,464,603	5,718,000	(746,603)	(13.1%)
IT Infrastructure Total		**1,643,102**	**7,515,783**	**6,818,000**	**(697,783)**	**(10.2%)**
Major Capital Infrastructure	Building Improvements	487,337	3,878,628	4,185,000	306,372	7.3%
Major Capital Infrastructure Total		**487,337**	**3,878,628**	**4,185,000**	**306,372**	**7.3%**
Minor Capital	Building Improvements	64,182	711,000	300,000	(411,000)	(137.0%)
	Specialized Equipment or Office Furniture	73,841	548,126	804,000	255,874	31.8%
Minor Capital Total		**138,023**	**1,259,126**	**1,104,000**	**(155,126)**	**(14.1%)**
Contingency	Building Improvements	-	1,000,000	-	(1,000,000)	(100.0%)
	Unallocated	-	-	500,000	500,000	100.0%
Contingency Total		**-**	**1,000,000**	**500,000**	**(500,000)**	**(100.0%)**
Childcare Facility	Building Improvements	-	400,000	1,600,000	1,200,000	75.0%
Childcare Facility Total		**-**	**400,000**	**1,600,000**	**1,200,000**	**75.0%**
Grand Total		**2,268,462**	**14,053,537**	**14,207,000**	**153,463**	**1.1%**