Cliff: 417143
Date: Jan 8, 2016
Date Decision Required: Jan 18, 2016

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For DECISION by the Attorney General (AG).

ISSUE: 2016/17 Legal Services Society (LSS) Mandate Letter (ML).

DECISION REQUIRED/ RECOMMENDATION:

To approve the attached draft ML and Cabinet Submission (Cab Sub).

It is recommended that the attached draft LSS 2016/17 ML and Cab Sub be approved (signing only the Cab Sub, as the ML is to be signed after Cabinet approval).

The signed Cab Sub, with the approved draft ML attached, is **due to Cabinet Operations (Cab Ops) on January 19** in advance of the January 26 meeting of the Cabinet Committee for a Secure Tomorrow (CCST).

SUMMARY:

- The ML is to be approved by the Minister and CCST for public release within 45 days of final approval (probably with the release of Service Plans on Budget Day, February 16).
- Specific deliverables with deadlines have been developed by ministry staff, with input from LSS, to reflect Cabinet feedback from the 2015/16 approval process.
- s.12

BACKGROUND AND REQUIREMENTS:

- The ML format replaced the Government Letter of Expectations in 2014/15.
- Each Minister Responsible annually issues an ML to public sector organizations (PSOs), which is approved by Cabinet and signed by all PSO board members.
- ML direction to LSS will form the basis of their 2016/17-2018/19 *Service Plan*.
- There are five documents required to facilitate the ML approval process. The ministry is responsible for all except the Decision Summary:
  1. ML: outlines government's annual strategic direction for PSOs and provides specific priority actions, developed in consultation with the PSO. This letter remains draft until it is approved by Cabinet.
  2. Cab Sub: accompanies the ML to set out the Minister's recommendation to Cabinet.
  3. Speaking Points: for the Minister to present the ML to Cabinet.

4. Briefing Note: accompanies ML, Cab Sub and Speaking Points for Minister approval.
5. Decision Summary: CARO provides recommendations to the ministry and prepares the Decision Summary document for Cabinet's consideration for all MLs.

- CARO provided high-level templates for the ML and Cab Sub with instructions and estimated timelines. Much of the content in the attached draft ML and Cab Sub has been developed specifically for LSS, while retaining the required elements.
- TBS review and approval is required if there are potential fiscal impacts associated with the proposed 2016/17 priority actions, which TBS did find to be applicable for the proposed LSS ML.

2016/17 PRIORITY ACTIONS

Development Process

- Cabinet feedback from the ML review process last year resulted in CARO's direction in the 2016/17 ML instructions to include "specific direction, actions, measurable performance expectations and completion timelines for the 'priority actions.'" This information was passed on to LSS.
- At the request of ministry staff, LSS provided input to the status of the 2015/16 priority actions and proposed ones for 2016/17. The latter are set out in the table below and both are in the Cab Sub in the format approved by CARO.
- However, since LSS did not provide specifics, the deliverables and timelines have been developed for LSS by ministry staff, with consideration made for:
    1. timing, with proposed deadlines for each deliverable staggered throughout the year to minimize impacts on resources and capacity for both LSS to execute and ministry staff to advise and review;
    2. opportunity for LSS to provide some specific and/or tangible results to capture the information that will be generated from actions that otherwise may be difficult to secure; and
    3. scalability, allowing some flexibility for LSS in the scope and format of the deliverables by keeping direction at a high level.
- CARO provided approval and positive feedback on the ADM-approved draft ML and Cab Sub that ministry staff submitted on September 15, noting the clarity, transparency and accountability of the deliverables.
- On September 21 the Ministry of Finance were provided with the draft ML and Cab Sub and had no concerns.
- Ministry staff advised LSS of the deliverables and timelines added to the ML on September 28. Following a ministry/LSS working group discussion on October 7, LSS requested adjustments to the action items, mainly to the timelines for deliverables, to which ministry staff agreed.

- Nov. 6: CARO adjusted the ML template to correct misinterpretation by some Crowns that omission of some directions, compared to the former GLE, does not mean it is not still applicable. Additions included links to the Taxpayer Accountability Principles and the Public Sector Organization Accountability Summary.
- Nov. 10: LSS was content to make these edits, but took the opportunity to add a statement that was in the former GLE (and in last year's ML, for LSS only), that "this letter does not create any legal or binding obligations on the parties." Though technically correct, CARO subsequently required deletion of this statement, citing the need for stricter, more consistent adherence to the ML template for all Crowns.
- s.12

- Jan. 8: ministry financial staff reviewed TBS/CARO's proposed edits and concurred with their proposed edits.

s.12

s.12

Other Considerations

- Information and recommendations not reflected explicitly in the ML or Cab Sub, for further background/reference regarding the 2016/17 actions, are as follows:

  1. s.13

2. s.13,s.17

3. s.12

OTHER MINISTRIES IMPACTED/CONSULTED:

- TBS and CARO staff in the Ministry of Finance approved the draft ML and Cab Sub.

DECISION APPROVED / NOT APPROVED **DATE:**

14 January 2016

The Honourable Suzanne Anton QC
Minister of Justice and Attorney General

Prepared by:
Kathleen Rawlinson
A/Executive Director
Justice Services Branch
250.356.8083

Attachments:
- Cabinet Submission (for signature)
- Mandate Letter 2016/17 (to remain draft/unsigned until approved by Cabinet Committee)
- Speaking Notes (for the AG's presentation to Cabinet Committee)

Approved by: James Deitch
A/Assistant Deputy Minister
Date: January 12, 2016

Approved by: Richard J. M. Fyfe, Q.C.
Deputy Attorney General
JAN 13 2016

BRITISH COLUMBIA

Public Sector Organization (PSO) Mandate Letter Submission – Request for Decision

Minister: Hon. Suzanne Anton QC

Ministry: **Justice and Attorney General**

Date: Jan 7, 2016 Ministry Document #:

Title: PSO Mandate Letter – Legal Services Society

Request:

Approve the 2016/17 Mandate Letter for Legal Services Society (LSS) as proposed.

Summary (Background / Context):

LSS delivers legal aid services in BC, operating independently of government but with the oversight of the Attorney General (AG).

The *Legal Services Society Act* (*LSSA*) provides LSS with its statutory mandate to administer an effective legal aid program:

- to assist individuals to resolve their legal problems and facilitate their access to justice;
- to establish and administer an effective and efficient system for providing legal aid to individuals in BC; and
- to provide advice to the AG respecting legal aid and access to justice for individuals in BC.

LSS is subject to a number of financial oversight and accountability measures in addition to those set out in the Mandate Letter:

- The *LSSA* requires LSS to:
    - present a budget to the AG for review and approval as required, which has been an annual budget management plan with mitigation strategies to ensure a balanced budget;
    - appoint an auditor to conduct an annual audit;
    - not incur a deficit without prior approval of the AG and the Minister of Finance;

- negotiate a Memorandum of Understanding (MOU) with the ministry every three years, which sets out the roles for both parties and priorities for how funding should be spent. LSS determines its services within this framework; and
- supply such information as may be necessary to the AG, in any form and timeline as may be required.

- As a Government Reporting Entity under the *Budget Transparency and Accountability Act*, LSS is subject to:
  - financial reporting requirements put in place by Treasury Board (TB) and the Office of the Comptroller General; and
  - annual service planning and reporting requirements.
- As such, the Ministry of Justice works closely with LSS to ensure reporting compliance and alignment of spending and policy priorities to avoid creating pressure on the government's fiscal position.

The LSS Board of Directors is comprised of nine members, five of whom are appointed by government.

Descriptions and status of the 2015/16 Mandate Letter directions are provided in Appendix 1.

The proposed 2016/17 Mandate Letter priority actions and rationale, and the differences from 2015/16 direction are provided in the table that follows.

All the proposed priority actions are to be fulfilled within the existing, approved budget for LSS and are subject to the same diligent monitoring and reporting required for its regular operations.

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Page 008

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s.12;s.17

BRITISH COLUMBIA

Fiscal Impacts:

s.12,s.17

Other Considerations or Risks:

No other considerations or risks to Government are applicable.

Attachments:

- Appendix 1: Status of the 2015/16 specific direction from government (Mandate Letter) to LSS.
- Appendix 2: Draft 2016/17 Mandate Letter.

Contact: James Deitch
A/Assistant Deputy Minister
(250) 387-2109

Hon. Suzanne Anton QC

14 Jan 2016

Date Signed

BRITISH COLUMBIA

Appendix 1

Legal Services Society

Status of the 2015/16 PSO's specific direction from Government (Mandate Letter)

Direction	Current Status
1. Continue implementation of the new Client Information System (CIS), within the budget approved by the LSS board on January 15, 2015, to improve delivery and management of LSS services.	On track: The new CIS was launched April 27, 2015. Overall, the system met the requirements; however, a number of upgrades were identified to make the system more effective. A survey was implemented with key stakeholders using the system (private bar; local agents; LSS staff) to gather feedback on what was working well and areas requiring further improvement. This feedback has been incorporated into an action plan of specific activities to maximize CIS functionality in processing clients and bill payments.
2. Implement, monitor, and evaluate the five Justice Innovation Transformation Initiatives (JITI).	On track: All five JITI projects (Expanded Criminal Duty Counsel, Expanded Family LawLine, Expanded Family Duty Counsel, Parents Legal Centre, and Family Mediation) have been successfully launched: staff hired, processes in place and clients receiving services. Each of the projects has been well received and, in particular, both the Expanded Criminal Duty Counsel and Parents Legal Centre have had overwhelmingly positive feedback from the justice system service providers and clients participating in the service. A formative evaluation has been conducted and the results will be used to inform improvements to enhance the initiatives.

3. Work with the Ministry of Justice, the Judiciary, and other key provincial and national stakeholders to identify drivers of and systemic and sustainable solutions to the increasing cost and complexity of large criminal cases.	On track: LSS is an active participant in the Complex Criminal Trials Roundtable sponsored by the Canadian Institute for the Administration of Justice and chaired by Associate Chief Justice Austin Cullen. LSS CEO, Mark Benton QC, is a member of the Roundtable Steering Committee and co-author of a report considered at the Roundtable. Other LSS Roundtable participants included LSS Director of Legal Advice and Representation, Heidi Mason, and LSS Manager, Legal Services, David Griffiths. Mr. Griffiths serves as a member of the Roundtable Working Group that has developed a proposal for interagency cooperation on large case issues.

BRITISH COLUMBIA

APPENDIX 2

Ms. Suzette Narbonne
Chair, Board of Directors
Legal Services Society
400 – 510 Burrard Street
Vancouver, BC V6C 3B9

Dear Ms. Narbonne:

Re: 2016/17 Mandate Letter

This Mandate Letter confirms your organization's mandate, provides government's annual strategic direction and sets out key performance expectations for the 2016/17 fiscal year.

On behalf of the Province of British Columbia (BC), thank you for your leadership and the contributions made by Legal Services Society (LSS) over the past year and congratulations on the efforts made towards the following achievements:

- launch of the new new Client Information System (CIS);
- launch of the five Justice Innovation Transformation Initiatives (JITI); and
- your collaboration with other agencies to identify drivers of and systemic and sustainable solutions to address the increasing cost and complexity of large criminal cases.

Last year, government established a common set of principles for the BC public sector organizations. The intent of the Taxpayer Accountability Principles (TAP) is to strengthen accountability and promote cost control. These principles instill a common frame of reference to inform decisions and ensure that the actions taken and services provided meet public policy objectives established by government on behalf of the citizens of BC. All public sector organizations are expected to understand the responsibility they have to the citizens of BC and how it is complimentary to the fiduciary duty to their organizations.

One of government's core values is respect for taxpayers' dollars. It is critical that Public Sector Organizations (PSOs) operate as efficiently as possible in order to ensure British Columbians are provided with effective services at the lowest cost possible. This requires constant focus on maintaining a cost-conscious and principled culture through the efficient delivery of services that stand the test of public scrutiny and help develop a prosperous economy in an environmentally sustainable manner. The foundation of this work is the government's commitment to controlling spending and balancing the budget.

Government provided the following mandate direction to LSS under the *Legal Services Society Act:*

- to assist individuals to resolve their legal problems and facilitate their access to justice;

- to establish and administer an effective and efficient system for providing legal aid to individuals in BC; and
- to provide advice to the Attorney General respecting legal aid and access to justice for individuals in BC.

To achieve this mandate, LSS is directed to take the following strategic actions with specific deliverables. All the proposed priority actions are to be fulfilled within the existing, approved budget for LSS and are subject to the same diligent monitoring and reporting required for its regular operations.

1. **CIS**: Continue to enhance the functionality and user experience of the society's new CIS to support delivery of efficient and effective client services, online billing and case management.
   - Deliverable: Develop suggested performance metrics, using data provided from CIS, to potentially incorporate in the 2017/18 Service Plan and submit a report of recommended measures to the ministry by September 30, 2016 for feedback and required ministry approvals in advance of the next service planning period.

2. **JITI**: Continue to monitor, evaluate and improve JITI to ensure implementation of the projects as intended, and to develop business cases to support a request for ongoing core funding for JITI initiatives.
   - Deliverable: Submit draft business cases for all JITI projects, incorporating evaluations and specific performance metrics, by June 30, 2016.

3. **Aboriginal Justice**: Work with the Ministry of Justice and key stakeholders to identify opportunities for LSS to better meet the legal needs of Aboriginal people in B.C.
   - Deliverable: Provide advisory services support to the ministry in the development of a consultation approach with Aboriginal communities and the identification of sustainable solutions.

To achieve this, several actions, as detailed in the 2014 TAP Transition Letter, are to continue to be implemented and refined, such as, on-going orientation, the joint strategic engagement plan, and the evaluation plan. For detailed information about TAP directives please refer to the following link, Taxpayer Accountability Principles.

In addition, it is expected that your organization will continue to be diligent in ensuring familiarity with and adherence to statutory obligations and policies that have broad application across the public sector. Please refer to the following link for a summary of these accountabilities, PSO Accountability Summary.

Government is committed to continuing to revitalize the relationship between government and PSOs. This strong focus on increased two-way communication supports and ensures a common understanding of government's expectations. Timely communication of any issues which may affect the business of LSS and/or the interests of government is critical to building trust and the effective delivery of public services, including information on any risks to achieving financial forecasts and performance targets.

Each board member is required to acknowledge the direction provided in the Mandate Letter by signing this letter. The Mandate Letter is to be posted publicly on your

organization's website and a copy signed by all board members provided to the ministry and made available to the public upon request.

I look forward to our regular meetings focusing on strategic priorities, performance against the TAP, key results and working together to protect the public interest at all times.

Yours very truly,

Suzanne Anton, QC
Minister of Justice and Attorney General

Date:

cc: Honourable Christy Clark
Premier

John Dyble
Deputy Minister to the Premier and Cabinet Secretary

Kim Henderson
Deputy Minister and Secretary to Treasury Board
Ministry of Finance

Cheryl Wenezenki-Yolland
Associate Deputy Minister
Ministry of Finance

Richard Fyfe, QC
Deputy Attorney General
Ministry of Justice

Suzette Narbonne
Chair – Board of Directors
Legal Services Society

Alison MacPhail
Vice-Chair – Board of Directors
Legal Services Society

Sheryl Lee, CPA, CA
Chair – Finance Committee
Board of Directors, Legal Services Society

Karen Christiansen, FCPA, FCA
Member – Board of Directors
Legal Services Society

Dean A. Crawford, QC
Member – Board of Directors

Legal Services Society

Dinyar Marzban, QC
Member – Board of Directors
Legal Services Society

Annita McPhee
Member – Board of Directors
Legal Services Society

Puneet Sandhar
Member – Board of Directors
Legal Services Society

Jean Whittow, QC
Member – Board of Directors '
Legal Services Society

Mark Benton, QC
Chief Executive Officer
Legal Services Society

Attachment: Taxpayer Accountability Principles

BRITISH COLUMBIA

B.C. Taxpayer Accountability Principles		
Further information available at: http://gov.bc.ca/crownaccountabilities		
1	**Cost Consciousness (Efficiency)**	Strengthen cost management capabilities and foster a culture of cost-consciousness at all levels of public sector organizations. Provide public services and programs as efficiently and effectively as possible to "bend the cost curve" and support sustainable public policies and programs as a lasting legacy for generations to come.
2	**Accountability**	Transparently manage responsibilities according to a set of common public sector principles in the best interest of the citizens of the province. By enhancing organizational efficiency and effectiveness in the planning, reporting and decision making, public sector organizations will ensure actions are aligned with government's strategic mandate.
3	**Appropriate Compensation**	Comply with a rigorous, standardized approach to performance management and employee compensation, which reflects appropriate compensation for work across the public sector that is consistent with government's taxpayer accountability principles and respectful of the taxpayer.
4	**Service**	Maintain a clear focus on positive outcomes for citizens of British Columbia by delivering cost-efficient, effective, value-for-money public services and programs.
5	**Respect**	Engage in equitable, compassionate, respectful and effective communications that ensure all parties are properly informed or consulted on actions, decisions and public communications in a timely manner. Proactively collaborate in a spirit of partnership that respects the use of taxpayers' monies.
6	**Integrity**	Make decisions and take actions that are transparent, ethical and free from conflict of interest. Require the establishment of a strong ethical code of conduct for all employees and executives. Serve the citizens of British Columbia by respecting the shared public trust and acting in accordance with the taxpayer accountability principles.

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Ms. Suzette Narbonne
Chair
Board of Directors
Legal Services Society
400 – 510 Burrard Street
Vancouver BC V6C 3B9

Dear Ms. Narbonne:

Thank you for your letter dated December 16, 2015, and the proposed budget management plan for 2016/17. As you know, in accordance with Section 18 of the *Legal Services Society Act* (the Act), the Attorney General has 30 days to either approve that budget or return it and require LSS to prepare and submit a revised budget.

The budget cannot be approved at this time because we have not yet received the full set of final budget decisions and directives for the ministry from Treasury Board (TB). As such, pursuant to subsection 18(2) of the Act, I am returning the budget submitted on December 16, 2015, and asking LSS to re-submit this budget by February 17, 2016 (the day after Budget Day).

Assuming the ministry budget is maintained for 2016/17, I intend to approve the resubmitted budget if the following revisions are made to the plan:

1. Per direction from the Minister of Finance pursuant to the deficit incurred by LSS in fiscal 2015/16: LSS is not allowed to incur, nor forecast, a deficit for 2016/17 or subsequent years. This is not a change from prior years, but rather a reminder and renewed emphasis.
    - This direction pertains to the budget management plan, the service plan, periodic reports to government, and any other material provided to government or the public.
    - Any budget pressures must be managed from within the existing, approved budget, to be addressed through mitigation strategies that prioritize services over administrative and operational expenditures, as previously agreed and noted in your letter, subject to discussion, and analysis of impacts, with ministry staff.
    - Access to the accumulated surplus would negatively impact government's fiscal plan, so cannot be approved.

.../2

2. Amend the principles for the 2016/17 budget management plan to reflect a requirement emphasized last year by Treasury Board staff: that LSS must manage the budget to the bottom line and not to the individual tariff line items in the budget, except for the $2 million funding for Justice Innovation and Transformation Initiatives (JITI) which must be maintained as a budget that is entirely separate and distinct from the budget for all other operations and expenses.

3. Include with the revised budget management plan a copy of the final version of the third quarter forecast, in the format consistent with last year's final, approved budget management plan submission, to permit comparison to the proposed budget.

As you know, 2016/17 is expected to be the final year of the three-year incremental funding government provided for JITI. I understand your staff have been working diligently, along with ministry staff and other stakeholders, to assess the effectiveness and efficiency of these projects. I look forward to receiving the final evaluations and business cases, so that I may assess the viability of requesting ongoing funding, well in advance of budget decisions for 2017/18.

Ministry staff can provide your staff with any additional information they may require to assist in the preparation of the revised budget management plan.

I appreciate the time and attention that you, the LSS board, and staff have put towards these matters and look forward to ongoing collaboration with LSS.

Yours very truly,

Suzanne Anton QC
Attorney General
Minister of Justice

pc: Mr. Richard J. M. Fyfe, Q.C.
Ms. Lori Wanamaker, FCPA, FCA
Mr. James Deitch
Mr. Mark Benton, Q.C.

Cliff: 419147
Letter: 419037
Date Prepared: January 11, 2016
Date Decision Required: January 14, 2016

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For DECISION by Attorney General

ISSUE: Legal Services Society's (LSS) 2016/17 budget.

DECISION REQUIRED/ RECOMMENDATION:

- Send the attached letter to the LSS Board Chair by **January 14, 2016**, informing LSS that their budget will be approved, as submitted on January 16, 2015, pending final confirmation after Budget Day **(Option 1) and subject to the following conditions and resubmission by February 17, 2016:**

  1. **LSS will not incur, nor forecast, a deficit. Access to the accumulated surplus cannot be approved as it would negatively impact government's fiscal plan.** Mitigation plans must be put in place to risk-manage any potential budget pressures.

  2. **LSS will amend the principles for the 2015/16 budget management plan to:**
     - manage the LSS budget to the bottom line and not to the individual tariff line items in the budget, **except for the $2 million budget dedicated to Justice Innovation and Transformation Initiatives**; and
     - prioritize tariff services ahead of administrative and operational spending, with the relative priority as follows:
       - child protection;
       - family;
       - criminal.
  3. **LSS will include with the revised budget management plan a copy of their final third quarter forecast to permit comparison to the final proposed budget.**

SUMMARY:

- LSS submitted a budget management plan on December 16, 2015. A response is required from the Attorney General (AG) by January 14, 2016 or the budget will be deemed to be approved as submitted, pursuant to section 18(4) of the *Legal Services Society Act.*[1]

- Ministry staff have reviewed the proposed budget management plan from LSS and find that further analysis and discussion with LSS is required to address potential financial and service delivery risks for 2016/17 within a balanced budget.

[1] SBC 2002, c.30

- There is sufficient time to assess the draft budget, as the ministry's budget will not be confirmed until Budget Day (February 16).

BACKGROUND:

- The AG sent a letter to the LSS Board Chair on December 3, 2015 requesting submission of a budget management plan by December 16, 2015. LSS responded with their board-approved budget package on that date.

- According to section 18 of the *Legal Services Society Act*, the AG has 30 days (until February 14, 2016) to either approve that budget or return it and require LSS to prepare and submit a revised budget; otherwise, it is deemed to be approved.

- The budget should not be approved until final decisions and directives are issued by Treasury Board (TB) and any resulting impacts assessed in the context of the ministry's budget.

- LSS proposes to continue to prioritize service delivery in order to manage to their bottom-line budget in 2015/16. To mitigate budget risks in advance of fiscal 2014/15, the AG directed LSS to submit a budget management plan so that any potential pressures could be viewed in the context of a comprehensive budget and service delivery priorities. After further analysis, the budget was approved subject to the commitment of the LSS Board to:

    - manage the LSS budget to the bottom line and not to the individual tariff line items in the budget; and
    - prioritize tariff services ahead of administrative and operational spending, with the relative priority as follows:
        - child protection;
        - family;
        - criminal.

- Ministry staff have conducted an initial review of the LSS budget management plan but find that further analysis and discussion with LSS are required to ensure a balanced budget can be achieved and viable mitigation strategies are in place.
- The main areas of further review include revenue forecast, large/major case forecast, criminal tariff services forecast, Justice Innovation and Transformation Initiative expenditures, and amortization of their client information system.

OPTIONS:

Option 1 (Recommended) – Respond to the letter and budget plan from the LSS Board Chair by January 14, 2016 informing LSS that their budget will be approved as submitted on December 16, 2015 pending final confirmation after Budget Day and subject to further analysis and resubmission by February 17, 2016:

4. **LSS will not incur, nor forecast, a deficit. The accumulated surplus cannot be approved as it would negatively impact government's fiscal plan.** Mitigation plans must be put in place to risk-manage any potential budget pressures.

5. **LSS will amend the principles for the 2015/16 budget management plan to:**
   - manage the LSS budget to the bottom line and not to the individual tariff line items in the budget, **except for the $2 million budget dedicated to Justice Innovation and Transformation Initiatives**; and
   - prioritize tariff services ahead of administrative and operational spending, with the relative priority as follows:
     - child protection;
     - family;
     - criminal.

3. **LSS will include with the revised budget management plan a copy of their final third quarter forecast to permit comparison to the final proposed budget.**

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OTHER MINISTRIES IMPACTED/CONSULTED:

- Any contingency funding required to offset potential budget pressures that the ministry is not able to cover would be accessed through the Ministry of Finance.

DECISION APPROVED / NOT APPROVED **DATE:**

Anton 14 January 2016.

The Honourable Suzanne Anton QC
Minister of Justice and Attorney General

Prepared by:
Kathleen Rawlinson
A/Executive Director
Justice Services Branch
250.356.8083

Attachments:
1. Letter from LSS Board Chair to the Attorney General dated December 16, 2015.
2. Draft letter from Attorney General to LSS Board Chair.
3. Board-approved LSS budget management plan for 2016/17.

Approved by: James Deitch
A/Assistant Deputy Minister
Date: January 13, 2016

Approved by:
Richard J. M. Fyfe, Q.C.
Deputy Attorney General
Date: JAN 13 2016

Attachment 1

Legal Services Society | Providing legal aid in British Columbia since 1979 | Suite 400, 510 Burrard Street, Vancouver, BC V6C 3A8 | Tel: (604) 601-6000 Fax: (604) 682-0914 www.lss.bc.ca

Executive Office

December 16, 2015

The Honourable Suzanne Anton, QC
Attorney General and Minister of Justice
Minister's Office
PROVINCE OF BRITISH COLUMBIA
PO Box 9044 St. Prov Govt
Victoria, BC, V8W 9E2

Dear Madam Attorney,

Re: Legal Services Society ("LSS") | Budget Plan for 2016/2017

On behalf of the Legal Services Society Board of Directors and in response to your written request of December 3, 2015, I am pleased to present the Society's budget for 2016/2017.

As you know the goal of our legal assistance programs is early and lasting solutions to legal problems for low-income people, greater efficiency for the justice system, and prudent management of public funds. The LSS Board of Directors embraces the importance of excellence in board governance in order to provide the society with the leadership needed to support its success. To that end the board and its Finance Committee pay particular attention to the fiscal risks the society faces, is committed to full financial transparency in our dealings with the public and with government, and is diligent in ensuring that all the society's resources are used as effectively as possible to meet LSS's statutory mandate. I know you would expect nothing less.

The Board has asked me to share with you once more that LSS is obliged to undertake a number of remedial measures to preserve the security and functionality of its information technology infrastructure including upgrades or replacement of LSS's finance, payroll and website infrastructure; parts of our case management systems; and our telephone system. For the past several years, LSS has focused every available dollar on direct client services and innovative projects designed to improve BC's justice system. This left us without the resources to maintain the systems that deliver those services and in the past year we experienced both security issues and system failures that, if repeated, could compromise both our operations and our ability to meet government expectations for services, reporting and security.

In order to meet these urgent and pressing needs the budget adopted by the board draws upon the Society's accumulated reserves to cover the amortization of the Client Information System that was implemented earlier this year. As you may recall from our earlier Service Plan Financial Outlooks, the board had authorized the cost of this system to come from LSS reserves. The board is satisfied that with access to the reserves for the amortization, the other LSS infrastructure costs can be supported from the remaining resources.

As you know the LSS Board of Directors oversees LSS revenue and expenditures throughout the year and the management of the budget through the year occurs within the statutory framework of the LSS Act, the Memorandum Of Understanding (MOU) agreed to between you and the LSS Board, and is further guided by the direction and priorities established by the LSS Board of Directors. That direction and those priorities are:

1. LSS will provide services articulated in the MOU to the amount of the available government funding;
2. LSS will manage its government funding to the bottom line and not to the individual tariff line items within the budget;
3. LSS will prioritize services over administrative and operational expenditures to the extent that this can be done without compromising the ongoing effectiveness of the society;
4. LSS will prioritize preservation of services in the following order:
    a) Child protection;
    b) Family; and
    c) Criminal.
5. Subject to Board approval, LSS will make any necessary tariff service adjustments on the basis of the mitigation strategies included with the current budget plan.
6. LSS will balance the revenue and expenditures associated with the Justice Innovation Transformation Initiatives (JITI) projects.

Thank you for your ongoing support to LSS.

Respectfully,

Suzette Narbonne,
Chair - LSS Board of Directors

Cc: James Deitch, Acting Assistant Deputy Minister, Ministry of Attorney General
Mark Benton, QC, CEO, LSS

Attachments:

1. Budget Principles and Assumptions for 2016/17
2. Preliminary 2016/17 Operating Budget
3. Application and Referral Volume Budget
4. Budget Pressures, Cost Drivers and Mitigation Strategies
5. Criminal C Forecast for 2016/17 Fiscal year
6. LSS 10 year Capital Forecast
7. Departmental Expenses for 2016/17

Legal Services Society
Budget Principles & Assumptions for 2016/17
For JAG December 16, 2015

Overview:

LSS anticipates that overall tariff costs in Category A in 2016/17 will be comparable to 2015/16 as a result of variations in volume, cost increases such as expert reports, and other tariff and service adjustments. The LSS Board & Finance Committee have been advised of the Minister's imperative regarding a balanced budget and of the importance of balancing the budgets in both 2015/16 and 2016/17.

LSS is however extremely concerned that the tariff forecasts for Category B & C cases will exceed the amount of available budgets in 2016/17 which will result in additional costs for the Ministry.

Guiding Principles:
The guiding principles upon which we agreed for the 2015/16 budget continue to guide the development of the 2016/17 budget.

Assumptions:

1. Revenues from the Provincial government will remain at the 2015/16 levels, other than an additional $50,000 for salary increases for unionized staff under the *Economic Stability Mandate*.
2. Law Foundation funding will remain at 2015/16 levels.
3. Contract (referral) volumes for tariff services will occur as forecast.
4. No additional services will be provided by the society.
5. JITI projects will be in the third and final year of the project. On-going funding for 2017/18 & beyond is to be confirmed once an evaluation & business case is prepared in support of a Treasury Board submission.

Key Points:

6. LSS is concerned with Category B costs exceeding the available budget. In 2016/17 we anticipate a deficit of $0.826 million over and above the base budget of $1.813 million for a total forecasted cost of $2.639 million due to higher volumes of cases and higher costs. Note, deferred contributions available in prior years are no longer available to LSS as this was completely exhausted in 2015/16. Per terms of our MOU with the Ministry any excess costs are to be covered first by the Criminal Category A surplus, if any. Secondly, any remaining deficit is to be covered by the Ministry. As costs in Criminal Category A costs escalate this increases the probability that the Ministry will incur additional costs for Category B cases.

7. LSS is concerned with Category C costs exceeding the available budget. In 2016/17 we anticipate a deficit of $3.6 million over and above the base budget of $2.855 million for a total forecasted cost of $6.5 million. LSS has limited ability to control costs in this area. Per terms of our MOU the Ministry is responsible for indemnifying LSS for its costs of Category C cases.
8. All tariff budgets were calculated based on a fee code basis rather than an estimate of the average case cost times the expected number of contracts. This process is consistent with the past two years and has proven to be highly reliable.
9. Contract (referral) volumes were calculated using actual applications and contracts (referrals) for each month over the past three and a half years.
10. The Amortization & Premises budgets were updated to reflect current costs.

Risks or Items Not Budgeted For:

11. The tariff or duty counsel budgets have not been adjusted for changes made by the Ministry of Social Development and Social Innovation (MSDSI) in the Family Maintenance Program (FMP) regarding support orders. This has the potential to increase demand on Family advice services.
12. Due to changes in Bill C-31 (*Omnibus crime bill*), regarding consent release procedures where the victim may have been subject to violence or have issues regarding their safety and security, this has the potential to increase our tariff (ie bail hearing costs) and duty counsel costs.
13. Recent discussions with Ministry staff indicate the possibility that space might be available for LSS in the new Surrey courthouse. Any additional costs related to this initiative have not been budgeted for as further discussion are required to clarify what programs are the best fit for this space.
14. The tariff budgets have not been adjusted for any potential JITI impacts.
15. Court Services Branch on occasion goes out to tender transcript providers. LSS is a party to this tender. Any resulting negotiated increase ends up costing LSS more money as our budget is not increased for this. In 2015/16 LSS budgeted $1 million for transcripts.
16. LSS has not budgeted any additional capital costs to update or replace our major information technology infrastructure including its finance, payroll & telephony systems. All of these systems are critical to providing support to clients & lawyers but are approaching the end of their usable life and will have to be eventually upgraded or replaced. LSS has been deferring the replacement of these fixed assets in order to protect service delivery to clients and lawyers. This situation is not sustainable going forward. Permission will need to be sought to access the Accumulated Surplus in order to protect these services.

    For example, our finance system was acquired in 2008 and planned to be upgraded or replaced after implementation of our Client Information System (CIS) which went live in

April, 2015. This system is integral to our ability to pay lawyers (our main service providers) and other service providers, and will severely impair our ability to do on-going reporting and forecasting for the Ministry.

Our ten year Capital Budget will be updated, if necessary, pending further investigation.

Legal Services Society
Preliminary 2016/17 Operating Budget
Figures in thousands

	Notes	2014/15 Actuals	2015/16 Forecast	2016/17 Budget	Gov't Funded	Non-Gov't Funded	2017/18 Budget	2018/19 Budget
Provincial Revenue								
Grant	1	65,018	65,088	65,138	65,138	-	65,258	65,258
Justice Transformation	5, 14	2,000	2,000	2,000	2,000	-	2,000	2,000
Category B	6	2,000	2,507	1,813	1,813	-	1,813	1,813
Category C	7	2,976	2,638	2,855	2,855	-	2,855	2,855
Federal High Cost		60	282	650	650	-	650	650
Immigration		1,700	1,700	1,700	1,700	-	1,700	1,700
Drug Court		120	120	120	120	-	120	120
Community Court		370	370	370	370	-	370	370
Total Provincial Revenue		74,244	74,705	74,646	74,646	-	74,766	74,766
Other Revenue								
Law Foundation	2	3,299	2,955	2,955	-	2,955	2,955	2,955
Notary Foundation		769	600	600	-	600	600	600
Investment Income		405	400	368	-	368	368	368
Other		998	625	115	-	115	115	115
Total Other Revenue		5,471	4,580	4,038	-	4,038	4,038	4,038
Total Revenue		79,714	79,285	78,684	74,646	4,038	78,804	78,804
Tariff Services								
Criminal Category A	3, 8, 9, 12, 15	24,069	21,553	22,230	22,230	-	22,230	22,230
Category B	6, 15	1,587	2,644	1,400	1,400	-	1,400	1,400
Category C	7, 15	2,495	2,157	2,375	2,375	-	2,375	2,375
Criminal Duty Counsel	12	6,000	5,375	5,478	5,478	-	5,478	5,478
Justice Transformation	5, 14	2,018	2,000	2,000	2,000	-	2,000	2,000
Federal High Cost		834	760	650	650	-	650	650
Family Category A	3, 8, 9, 15	9,125	9,000	9,211	9,211	-	9,211	9,211
Family Duty Counsel	11	3,122	3,295	3,224	3,224	-	3,224	3,224
Family Law Line		315	454	315	-	315	315	315
CFCSA Category A	3, 8, 9, 15	7,030	7,350	7,413	7,413	-	7,413	7,413
Immigration & Refugee		1,623	1,500	1,500	1,500	-	1,500	1,500
Contracted Representation Services		1,877	2,516	2,516	2,516	-	2,516	2,516
Total Tariff Services		60,094	58,604	58,312	57,997	315	58,312	58,312
Tariff Services		1,399	1,997	1,990	1,820	170	1,990	1,990
Public Services		5,163	5,296	5,447	4,686	761	5,447	5,447
Category B Admin		413	413	413	413	-	413	413
Category C Admin		481	481	481	481	-	481	481
Immigration & Refugee Admin		200	200	200	200	-	200	200
Publishing		1,535	1,324	1,336	392	944	1,336	1,336
Community Engagement		984	955	951	-	951	951	951
Aboriginal Services		562	595	595	-	595	595	595
Executive Office		1,098	1,287	1,230	1,230	-	1,230	1,230
SPPHR		1,725	1,846	1,824	1,824	-	1,944	1,944
IT Services		2,547	2,213	2,064	2,064	-	2,064	2,064
Finance & Admin		1,295	1,376	1,384	1,384	-	1,384	1,384
Amortization	10	383	792	777	768	9	777	777
Premises	10	1,953	1,907	2,110	1,817	293	2,110	2,110
Total Operating Costs		19,739	20,681	20,802	17,079	3,723	20,922	20,922
Total Costs		79,832	79,285	79,114	75,076	4,038	79,234	79,234
Net Surplus/(Deficit)		(118)	-	(430)	(430)	-	(430)	(430)

The Honourable Suzanne Anton, QC, Attorney General and Minister of Justice
December 16, 2015

Legal Services Society
Application and Referral Volume Budget
For the Fiscal Year April 1, 2016 to March 31, 2017

	2012/13	2013/14	2014/15	3 Yr. Average	Budget 2015/16	Forecast (B) 2015/16	Variance 2015/16	Budget (A) 2016/17	(A-B) Budget - Forecast
Criminal									
Admin									
Application	4,286	4,551	4,608	4,482	4,440	4,355	(85)	4,420	65
Referrals	3,401	3,636	3,731	3,589	3,550	3,547	(3)	3,530	(17)
Referral %	79.4%	79.9%	81.0%	80.1%	80.0%	81.0%		80.0%	
Summary									
Application	10,561	10,097	10,179	10,279	10,450	9,857	(593)	10,350	493
Referrals	7,341	7,241	7,534	7,372	7,300	7,278	(22)	7,240	(38)
Referral %	69.5%	71.7%	74.0%	71.7%	69.9%	74.0%		70.0%	
Indictable									
Application	9,912	9,793	9,473	9,726	9,300	9,274	(26)	9,470	196
Referrals	8,465	8,340	8,163	8,323	8,000	7,924	(76)	8,060	136
Referral %	85.4%	85.2%	86.2%	85.6%	86.0%	85.0%		85.0%	
Major									
Application	342	314	358	338	330	340	10	330	(10)
Referrals	324	288	333	315	311	320	9	311	(9)
Referral %	94.7%	91.7%	93.0%	93.2%	94.2%	94.0%		94.0%	
Criminal Sub-Total									
Application	25,101	24,755	24,618	24,825	24,520	23,826	(694)	24,570	744
Referrals	19,531	19,505	19,761	19,599	19,161	19,069	(92)	19,141	72
Referral %	77.8%	78.8%	80.3%	78.9%	78.1%	80.0%		78.0%	
CFCSA									
Application	2,835	3,261	3,313	3,136	3,280	3,090	(190)	3,020	(70)
Referrals	2,305	2,553	2,563	2,474	2,620	2,449	(171)	2,420	(29)
Referral %	81.3%	78.3%	77.4%	78.9%	80%	79.0%		80.0%	
Family									
Application	9,449	9,364	8,528	9,114	9,040	6,211	(2,829)	6,210	(1)
Referrals	4,357	3,725	3,476	3,853	3,640	3,409	(231)	3,460	51
Referral %	46.1%	39.8%	40.8%	42.3%	40.3%	55.0%		56.0%	
Total									
Application	37,385	37,380	36,459	37,075	36,840	33,127	(3,713)	33,800	675
Referrals	26,193	25,783	25,800	25,925	25,421	24,927	(494)	25,021	94

The Honourable Suzanne Anton, QC, Attorney General and Minister of Justice
December 16, 2015

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES

CRIMINAL

Risk (Budget Pressure)	Cost Driver	Mitigation Strategy
Possible acceleration or deceleration of cases in the Provincial Court affecting the number of bills and therefore expenditures.	• Changes to the Provincial Court trial scheduling process • Possible impact of Crown file ownership project include: - Earlier resolution of criminal cases thereby increasing the number and frequency of bills processed by LSS in fiscal 2015/16 - Delayed or reduced approval of charges.	• If expenditures exceed budget, LSS will reduce expenditures through one or all of the following options: - Eliminating or reducing out of custody duty counsel services. - Eliminating or restricting coverage for Administrative offences. - Limit the number of referrals to the available budget • If expenditures are below budget, LSS will allocate excess to deficits in other tariffs in accordance with the Memorandum of Understanding
Increase in the average cost per case	• Determination of constitutionality of mandatory minimum penalties (*Safe Streets and Communities Act)* drives case costs higher • Procedural complexity increases trial length • Increase in externally driven disbursement costs (BCMA rates, transcript costs, meterage, etc.)	• See above
Increase in the average length and overall cost of complex criminal proceedings.	• Higher volumes of drug and gang related prosecutions • Increase in frequency and duration of pre-trial applications related to disclosure, privilege, and Crown positions related to Charter issues	• See above

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES
CRIMINAL

Risk (Budget Pressure)	Cost Driver	Mitigation Strategy
Changes to consent release procedures increase duty counsel costs.	• Increase in bail matters requiring court appearance will increase daily billed hours for duty counsel.	• Restrict payment for duty counsel court appearances once consent release is confirmed, and; • See above

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES
FAMILY

To manage family law expenditures to budget, LSS restricts services to situations where safety is at risk or there is a persistent denial of access to children. The society further limits expenditures by restricting discretionary services. A consequence of this is that LSS currently refuses more than 60 per cent of applicants for family representation services. Family services are not expected to be a fiscal pressure in 2015/2016. Should costs and demands fluctuate, this document outlines LSS's mitigation strategies to further contain expenditures.

Risk (Budget Pressure)	Cost Driver	Mitigation Strategy
Demand for referrals exceeds budget	• *Family Law Act* – provides a broader definition of violence • More clients qualify for legal aid as definition of violence is more broadly understood	• Limit the number of referrals to available budget • Eliminate discretionary coverage for clients with income within $200 of financial cut-off • Eliminate any discretionary coverage for clients regardless of need or ability to pay
Average case cost increases	• Family Law Act creates a statutory obligation on lawyers to screen for family violence - impacts usage of general preparation hours • Lack of available court time requires multiple and duplicate hearing preparations. This may change in some locations to accelerated billing patterns as family cases given priority • Increased travel costs due to lack of available lawyers in many regions • New legislation creates increased usage of preparation hours as counsel learns leading decisions & challenges interpretations	• Reduce the scope of legal services offered to qualifying clients • Limit or reduce preparation & attendance for mediation per referral • Limit total number of mediations per referral

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES
FAMILY

Risk (Budget Pressure)	Cost Driver	Mitigation Strategy
	• Increase in externally driven disbursement costs (BCMA rates, transcript costs, meterage, etc.) • Statutory emphasis on out-of-court dispute resolution by mediation or arbitration creates growing disbursement expenditures & counsel fees for mediation/arbitration	
Tariff billing & number of bills exceeds budget	• Accelerated scheduling of cases as family trials given priority • Increased tools available in legislation such as conduct & enforcement orders	• Limit the number of referrals to the available budget • Reduce the scope of services to qualified clients • Limit or reduce preparation & attendance hours for court applications per referral
Changes to MSDSI policy regarding support orders increases demand on Family Advice services.	• Clients in receipt of social assistance with family support entitlement will seek assistance from Family Duty Counsel and Family LawLINE when in the past, they received support from legal counsel retained by MSDSI. Extra demand increases expenditures for Family Advise services.	• Adopt a specific policy that financial support issues for recipients of social assistance are not in scope for Family Advice services; • Restrict the number of family contracts for representation; • Limit locations and/or hours for Family Duty Counsel.

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES

CFCSA

Risk (Budget Pressure)	Cost Driver	Mitigation Strategy
Demand for referrals exceeds budget	• Increase in number of clients applying for coverage in Child Protection cases • Increased applications prior to removal of children as a result of increased awareness of legal rights related to parenting • Increased child poverty rates in BC leading to more children at risk.	• Limit referrals to available budget • Limit preparation & attendance at Family Group Conferences • Eliminate any discretionary coverage for clients regardless of need or ability to pay • Provide a more restrictive level of advice service to clients at the "pre-removal" protection stage
Increased average case costs	• Increased usage and cost of consensual dispute resolution processes at family assessment stage • Increased usage of consensual resolution processes at all levels of intervention • Increased usage of hours available in tariff for related poverty issues such as benefit entitlement, housing, debt • Increase in externally driven disbursement costs (BCMA rates, transcript costs, meterage, etc.)	• Limit preparation & attendance hours for dispute resolution processes • Limit number of mediations allowed per referral • Eliminate extended services for complex CFCSA cases that require more hours than provided in tariff • Eliminate legal services currently covered by the tariff for related poverty issues
Potential acceleration or deceleration of cases in court affecting the number of bills received and therefore expenditures.	• Projected accelerated scheduling of cases due to changes in provincial court trial scheduling process and additional available hearing dates	• Manage the number of referrals to the available budget • Reduce the scope of legal services offered to qualifying clients

Cliff: 419147
Letter: 419037
Date Prepared: January 11, 2016
Date Decision Required: January 14, 2016

Legal Services Society
Criminal C Forecast in millions
For the 2016/17 Fiscal Year

s.14,s.22 s.14

Cat B Projected cases	___
Sub-total	
Administration	___
Forecast	
Base Budget	___
Ministry Funding Required	___

The Honourable Suzanne Anton, QC, Attorney General and Minister of Justice
(December 16, 2015)

DRAFT 10 Year Capital Forecast
Legal Services Society
(figures in $000's)

	CPS Identifier	Notes	10/11 Actual	11/12 Actual	12/13 Actual	13/14 Actual	14/15 Actual	15/16 Forecast	16/17 Forecast	17/18 Forecast	18/19 Forecast	19/20 Forecast	20/21 Forecast	21/22 Forecast	22/23 Forecast	23/24 Forecast	24/25 Forecast	25/26 Forecast
	AGA0011		0	186	53	0	1	140	100		100	100	100	100	100	100	100	100
	AGA0013	3	164		31	0						3,000						
					139	1,768	2,089	262										
	AGA0047		5	75	150	27	40	184	400	100	400	400	400	400	400	400	400	400
					178													
						0					150	150	150	150	150	150	150	150
			169	261	551	1,795	2,130	586	500	100	650	3,650	650	650	650	650	650	650

	Amortization Life/Term Per Year	10/11 Actual	11/12 Actual	12/13 Actual	13/14 Actual	14/15 Actual	15/16 Forecast	16/17 Forecast	17/18 Forecast	18/19 Forecast	19/20 Forecast	20/21 Forecast	21/22 Forecast	22/23 Forecast	22/23 Forecast	22/23 Forecast	22/23 Forecast
			766	723	739	624	936	777	777	777	777	777	777	777	777	777	777
	10 - 20%		142	136	121	67	67	38	19	24	58	68	54	64	74	84	94
	Lower of lease term and useful life		188	189	190	191	190	162	162	139	244	300	300	300	300	300	300
	10%						426	426	426	426	426	426	426	426	426	426	426
	25 - 33%		418	406	296	125	109	132	113	169	271	325	325	400	400	400	400
	20 - 33%																
		785						19	57	20	75	113	150	150	150	150	150
		785	748	731	607	383	792	777	777	777	1,074	1,232	1,255	1,340	1,350	1,360	1,370
/(Deficit)		(785)	18	(8)	132	241	144	0	0	0	(297)	(455)	(478)	(563)	(573)	(583)	(593)

ot yet approved by the Board.
ɔgrades or replacements have been included at this time pending further investigation.
estimated cost in 19/20 is the cost the society expects to incur to relocate offices should the society not be able to
ent market rates are estimated to be $32 per sf. The society currently pays $18 per sf.

The Honourable Suzanne Anton, QC, Attorney General and Minister of Justice
(December 16, 2015)

Legal Services Society
Operating Costs Breakdown - By Expense Type
Figures in thousands

	2014/15 Actual	2015/16 Forecast	2016/17 Budget
Salaries less JITI	11,320	11,729	11,779
Grants & Contracts (excl. other Tariff and JITI)	1,981	2,053	2,053
Local Agents	1,664	1,653	1,753
Premises	1,953	1,907	2,110
Computers	1,334	1,017	808
Amortization	383	791	777
Office	799	684	675
Miscellaneous	56	498	498
Board	138	205	205
Travel	110	144	144
Total Operating Costs	19,739	20,681	20,802

The Honourable Suzanne Anton, QC, Attorney General and Minister of Justice
(December 16, 2015)

Cliff: 419531
Date Prepared: January 29, 2016
Date Required: February 1, 2016

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For DECISION by Attorney General.

ISSUE: Legal Services Society (LSS) 2016-19 Service Plan.

DECISION REQUIRED / RECOMMENDATION:

Under the *Budget Transparency and Accountability Act* and the Crown Agencies Resource Office (CARO) guidelines, the LSS Service Plan must be approved by the Attorney General before Budget Day, February 16, 2015, when it is publicly released.

In order to meet the required timelines, it is requested that the Attorney General either approve the attached Service Plan or direct changes by February 4. Submission of the final, approved version to CARO is required by February 5.

It is recommended that the Attorney General approve the attached Board-approved LSS Service Plan for 2016-19.

SUMMARY:

- The attached LSS Service Plan is the product of negotiation between the ministry and LSS and has been approved by the LSS Board of Directors.
- The Service Plan includes all necessary elements set out in the relevant guidelines and meets all *pro forma* requirements.
- The financial forecast in this Service Plan conforms to the government fiscal plan direction for Crown agency net income targets, and the Service Plan has been approved by Treasury Board Staff (TBS).

BACKGROUND:

- The *Budget Transparency and Accountability Act* requires that ministry and Crown Agency Service Plans be tabled with the annual budget presentation. In order to meet publishing deadlines, the Service Plan must be approved by the Attorney General no later than Thursday, February 4, 2016.
- CARO's guidelines require three approvals – from:
    - the Crown's board of directors (LSS Board);
    - TBS (for the Financial Outlook section); and
    - the minister responsible.
- The Service Plan was approved by the LSS Board on January 15, 2016.
- TBS has approved the Financial Outlook section of the Service Plan, which presents balanced, status quo budgets for fiscal years 2015/16, 2016/17, and 2017/18. This includes $2M for Justice Innovation and Transformation Initiatives for the final year, 2016/17, of the three year envelope, and each of the two following years. s.12

s.12

- CARO's instructions require Crowns to 'describe the environment' in which they operate, including risks. As such, the 'Strategic Direction and Context' section of the Service Plan contains editorial content that reflects the challenging financial circumstances that LSS is facing. It outlines some challenges in its ability to fulfill its statutory mandate and to continue to deliver the same level of service without additional government funding; however, it also includes steps LSS is taking to mitigate these risks.
- s.12

- Performance measures: Ministry staff and CARO provided comments to LSS staff regarding the potential to increase the relevancy and rigour around some of the performance metrics and targets. LSS staff have indicated that the Board plans to review them in depth in the coming year. In addition, ministry staff recently began consultations with LSS to consider ways of incorporating their data in ministry performance measures and other business intelligence initiatives.

OPTIONS:

1. Approve the LSS 2016-19 Service Plan (recommended); or
2. Do not approve: defer decision pending revisions and/or further information.

OTHER MINISTRIES IMPACTED / CONSULTED:

- TBS and CARO analysts from the Ministry of Finance were consulted.

RECOMMENDED DECISION APPROVED

Suzanne Anton, QC
Attorney General and Minister of Justice

Date: Feb. 4/16

Prepared by:
Kathleen Rawlinson
A/Executive Director

Approved by:
Nancy Carter
A/Assistant Deputy Minister

Approved by:

Richard J. M. Fyfe, Q.C.
Deputy Attorney General and
Deputy Minister, Justice

Date: February 1, 2016

Attachment: LSS Service Plan 2016-19

Cliff: 419531
Date Prepared: January 29, 2016
Date Required: February 1, 2016

Legal Services Society

2016/17 – 2018/19 SERVICE PLAN

Legal Services Society

British Columbia
www.legalaid.bc.ca

BRITISH COLUMBIA

For more information on the Legal Services Society, please contact:

Mark Benton, QC

Chief Executive Officer

Legal Services Society

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Vancouver, BC V6C 3A8

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Accountability Statement

The 2016/17 – 2018/19 Legal Services Society (LSS) service plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported.

All significant assumptions, policy decisions, events and identified risks, as of January 1, 2016, have been considered in preparing the plan. The performance measures presented are consistent with Legal Service Society's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of Legal Service Society's operating environment, forecast conditions, risk assessment and past performance.

Suzette Narbonne
Chair, LSS Board of Directors

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Goal 3: LSS manages resources soundly
Goal 4: LSS provides leadership in justice innovation

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Sensitivity Analysis
Management Perspective on Future Financial Outlook

Appendix A 14
Hyperlinks to Additional Information

Strategic Direction and Context

Strategic Direction

To advance LSS strategic goals, we will be working on three priority actions for 2016/17, as outlined in our mandate letter (www.lss.bc.ca/about/ourMandate.php). The first is the continued enhancement of our new Client Information System (CIS) to support the delivery of efficient and effective LSS services. This priority action is aligned with Goal 3 and Taxpayer Accountability Principles (TAP) under service and cost consciousness. The second is to monitor, evaluate, and improve the five Justice Innovation Transformation Initiatives (JITI) pilot projects. This action is aligned with Goals 1 to 4 and TAP under integrity, cost consciousness, and accountability. The third is to consult with Aboriginal communities, the Ministry of Justice, and other key stakeholders to identify opportunities for LSS to better meet the legal needs of Aboriginal people in BC. This third action is aligned with Goals 1, 2, and 4 and TAP under service and respect. In addition to these priority actions, LSS will be operating MyLawBC, an innovative, interactive website that uses guided pathways to connect users with solutions to several common legal issues.

Operating Environment

To operate within our funding envelope, LSS sets strict eligibility guidelines for all services but faces limited flexibility to respond to fluctuating service demands. We continue to apply robust budgeting and planning practices, supported by business intelligence and program evaluation information, to deliver effective and cost-efficient legal aid services to clients most in need.

LSS is also facing a multi-pronged capacity challenge, comprised of a competitive labour market, an aging workforce, and a prolonged high workload for all LSS staff. In response, LSS is undertaking several employee engagement initiatives, and in 2015/2016 implemented a Succession Management Program to support the development and retention of skilled employees. However, due to overwork, and an ongoing freeze on excluded management salaries, the general risk of decreased staff morale and productivity is currently very high. In addition to capacity challenges, LSS faces aging infrastructure, including outdated business-critical systems such as Finance, HR/payroll, and our call centre. Requests for the society to dedicate its skills, expertise, and resources to collaborative initiatives are in increasing demand. However, LSS has very limited capacity to undertake new or expand current innovative projects. Sustaining and improving both staff capacity and system infrastructure is critical to ensuring uninterrupted delivery of legal aid services to clients. LSS continues to refine and enhance the functionality of the new CIS system and related business processes, which has required both LSS staff and lawyers to adapt to a new way of administering legal aid. Alongside these refinements, we will continue to consult with and provide training to all users to maximize the potential of this new platform.

LSS engagement with the bar, and overall lawyer satisfaction, remain a focus. Working with the new CIS system, and long-standing low tariff rates paid to lawyers, impacts the society's ability to attract

and retain lawyers to do legal aid work. Ensuring legal aid services in rural and remote communities can also be a challenge. This risk of insufficient lawyer supply is especially problematic in these areas, where the loss of even one lawyer could have a major impact on the availability of legal aid services to the surrounding region.

Early evaluation results from the JITI pilot projects have been positive, and LSS will work in 2016/17 to complete evaluations of these pilot projects. LSS will work with government to provide the business cases to support a request for continued ongoing core funding for these JITI projects.

Further development of legal aid services for Aboriginal clients presents a significant opportunity for LSS to address a priority service need. LSS will build on its relationships with First Nations and our network of lawyers and community partners to help identify, develop, and deliver innovative and appropriate services.

Performance Plan

Goals, Strategies, Measures, and Targets

To advance the LSS vision, we develop goals, strategies, and performance measures that engage LSS staff, our service partners, and our clients in finding timely and lasting solutions to clients' legal issues while managing to budget. Our service plan is aligned with TAP. In particular, our third goal ("LSS manages resources soundly") and associated performance measures are centred around ensuring that we provide effective and efficient services, and providing maximum benefit to clients within the funding and staffing resources available to us.

LSS conducts four major stakeholder surveys, which provide data for many of our performance measures. We develop action plans to address the survey results and implement identified relevant operational and service improvements. The client satisfaction, work environment, and lawyer surveys are conducted triennially, while the public opinion poll is conducted annually. LSS staff develop the survey questions and methodology, and independent research organizations carry out the data collection, analysis, and presentation of a final report. The society also monitors and reports on key internal operational and financial data, which are tested internally. The new CIS will provide opportunities to track and report on new operational measures.

LSS benchmarks its performance against like organizations, where possible, using the Common Measurement Tool (CMT). CMT is an independent client satisfaction benchmarking tool and data service that allows us to compare client satisfaction results against agencies providing similar services. We benchmark our work environment score against the BC Public Service and like Crowns using statistics provided by BC Stats. Though legal aid plans across Canada have not yet developed a common method of measuring performance, we regularly share performance and outcome information.

We set survey targets by considering benchmark data and evaluating the level of improvement possible given the strategies and activities planned in the coming period. For operational and financial measures, we set targets based on a reasonable expectation of performance based on historical results. Meeting our targets would demonstrate continuous improvement in stakeholder satisfaction with, support for, and use of our services, as well as financial responsibility, all of which are necessary to achieve our goals.

Goal 1: People with low incomes who have legal issues use LSS services.

LSS needs to ensure our services are accessible, address the needs of clients, are culturally appropriate, and that the public is aware that these services are available.

Strategies

- Make it easier for clients to access legal aid services.
- Partner with Aboriginal and other underserved communities to deliver services that support positive client outcomes.
- Support service partners and front-line workers to deliver effective and efficient services.
- Support clients to be active participants in solving their legal issues.

Performance Measures

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Forecast	2016/17 Target	2017/18 Target	2018/19 Target
a) Percent of clients satisfied with the accessibility of LSS services[1]	N/A	69%	N/A	N/A	73%	N/A
b) Percent of clients satisfied with the helpfulness of LSS services[1]	N/A	68%	N/A	N/A	72%	N/A
c) Percent of clients satisfied overall with LSS services[1]	N/A	66%	N/A	N/A	70%	N/A
d) Percent of clients satisfied with LSS support to help them participate in resolving their legal issues[1]	N/A	66%	N/A	N/A	70%	N/A

[1] Data is from the triennial Client Services Survey.

Discussion

Overall client satisfaction with the accessibility and helpfulness of LSS services and support shows that we are providing clients with the services they need when and where they need them, fulfilling our mandate to help people solve their legal problems and to facilitate access to justice. Targets are set based on a reasonable expectation of improvement over results in baselines or the previous survey; see Performance Plan on page 7.

Goal 2: People with low incomes get help with related legal issues so they can solve and prevent legal problems.

Clients' legal problems often arise from or lead to other problems such as health, housing, and debt issues. By working with other service providers to help clients get support for these issues, LSS can improve client outcomes as well as reduce clients' use of justice, health, and social services over the long term.

Strategies

- Collaborate with service partners to assess and refer clients to services for their related legal issues.
- Support front-line workers to assess and refer clients to services for their related legal issues.

Performance Measures

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Forecast	2016/17 Target	2017/18 Target	2018/19 Target
a) Percent of clients satisfied with the level of support LSS gave them to address their related legal issues[1]	N/A	59%	N/A	N/A	63%	N/A
b) Percent of lawyers satisfied with LSS support for increasing their ability to help clients address related legal issues[2]	N/A	N/A	N/A	35%	N/A	N/A
c) Percent of lawyers who support the integrated approach to providing legal aid services[2]	N/A	N/A	N/A	69%	N/A	N/A

[1] Data is from the triennial Client Services Survey.

[2] Data is from the triennial Tariff Lawyer Satisfaction Survey. The 2015/16 lawyer survey has been postponed to 2016/17, to better align with other LSS evaluation work.

Discussion

Measures (a) and (b) assess the effectiveness of the support provided by LSS to clients and lawyers to help clients address their legal issues. Measure (c) indicates the level of support from lawyers in advancing this goal. Targets are set based on a reasonable expectation of improvement over results in baselines or the previous survey; see Performance Plan on page 7.

Goal 3: LSS manages resources soundly.

LSS must manage resources effectively and efficiently to ensure we are achieving the optimum benefit for the society's clients within available funding.

Strategies

- Foster employee engagement and retention of key staff through professional development, succession management, and organizational communication.
- Engage with and develop stronger relationships with legal aid lawyers.
- Improve information technology systems to respond to a changing environment.
- Improve the nimbleness and flexibility of LSS business processes to support capacity.

Performance Measures

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Forecast	2016/17 Target	2017/18 Target	2018/19 Target
a) Overall average employee engagement[1]	69	N/A	N/A	70	N/A	N/A
b) Percent of lawyers satisfied with the overall support provided by LSS[2]	N/A	N/A	N/A	62%	N/A	N/A
c) Number of new lawyers taking more than three referrals in the first six months[3]	73	53	>60	>60	>60	>60
d) Percent of the public that supports the provision of legal aid services[4]	93%	94%	>90%	>90%	>90%	>90%

[1] Data is from the triennial Work Environment Survey.

[2] Data is from the triennial Tariff Lawyer Satisfaction Survey. The 2015/16 lawyer survey has been postponed to 2016/17, to better align with other LSS evaluation work.

[3] Data is from our client information system.

[4] Data is from our annual Public Opinion Poll.

Discussion

High employee engagement in the public sector, tracked by measure (a), is linked to improved service for clients. Measures (b) and (c) qualitatively and quantitatively assess our progress on maintaining a sustainable supply of lawyers to provide services to clients across BC. Sustained public support for legal aid, measure (d), reflects public confidence in our services and how well we are managing the organization. Targets are set based on a reasonable expectation of improvement over results in baselines or the previous survey; see Performance Plan on page 7.

Goal 4: LSS provides leadership in justice innovation.

LSS believes that innovation is needed to bring about the fundamental justice system changes required for clients to achieve timely and lasting resolutions to their legal issues.

Strategies

- Pilot evidence-based legal aid initiatives to improve access and outcomes.
- Communicate LSS's strategic direction to stakeholders.
- Consult with Aboriginal communities and other stakeholders to identify opportunities to develop innovative services and increase access to justice for Aboriginal people.

Performance Measures

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Forecast	2016/17 Target	2017/18 Target	2018/19 Target
a) Volume of references to LSS and justice innovation[1]	20	42	25+	30+	35+	40

[1] Data is from an annual search of academic literature, stakeholder reports, and media. Our methodology included tracking references to LSS in relation to its justice innovation ideas and projects through Google Scholar, Canadian Newsstand Major Dailies, HeinOnline, and stakeholder websites. The search was limited to a specific set of search terms and conducted manually.

Discussion

A high volume of references to LSS's justice innovation proposals in academic literature, government reports, and the media indicates that LSS's ideas are being reviewed and considered by key justice system decision makers and opinion makers. This reflects the growing reach of LSS's influence. Targets are set based on a reasonable expectation of improvement over baseline results in prior years; however, actual results from 2014/15 are likely to be unusually high because of the JITI pilot project launches, so incremental target increases are instead based on gradual improvement from 2013/14 results.

Financial Plan

Summary Financial Outlook 2015 – 2019 (in millions)

	2014/15 Actual	2015/16 Forecast	2016/17[1] Budget	2017/18[1] Budget	2018/19[1] Budget
Revenue					
Provincial transfers[5]	67.2	67.5	68.0	68.1	68.2
Large and major cases[2/5]	5.0	5.3	4.7	4.7	4.7
Justice transformation initiatives[5]	2.0	2.0	2.0	2.0	2.0
Other revenue	5.5	4.8	4.0	4.0	4.0
Total Revenue	79.7	79.6	78.7	78.8	78.9
Expenses					
Tariffs	58.2	56.9	55.4	55.4	55.4
Justice transformation initiatives	2.0	2.0	2.0	2.0	2.0
Salaries	11.2	11.7	11.8	11.9	12.0
Contracted Services	3.5	3.7	3.8	3.8	3.8
Premises	1.7	1.9	2.1	2.1	2.1
Computers	1.6	1.1	0.8	0.8	0.8
Amortization[3]	0.4	0.8	0.8	0.8	0.8
Office	0.9	0.7	0.7	0.7	0.7
Travel	0.1	0.1	0.1	0.1	0.1
Other	0.2	0.7	1.2	1.2	1.2
Total Expenses[4]	79.8	79.6	78.7	78.8	78.9
Net Surplus / (Deficit)	(0.1)	—	—	—	—
Accumulated Surplus	5.3	5.3	5.3	5.3	5.3
Capital Expenditures	2.1	0.6	0.5	0.1	0.7

Notes

[1] The budgets for the years 2016/17 through 2018/19 inclusive are projections and not yet approved. As per section 18 of the *Legal Services Society Act*, LSS will seek budget approval from the Attorney General in each of those respective years. LSS will provide tariff services budgeting to the bottom line in each year.

[2] Budgets for large and major cases are based on ministry approved budgets and may not reflect actual costs. In 2016/17, we estimate that Category B cases will cost $2.6 million (2015/16 — $3.1 million) and Category C cases will cost $6.5 million (2015/16 — $2.7 million) based on our forecasts as of January 7, 2016. LSS will manage expenditures to the available funding provided by the ministry as in previous years.

[3] On December 14, 2012, the board restricted the accumulated surplus to be used for board-directed strategic initiatives. They allocated $4.3 million for the CIS project as a board strategic initiative. CIS went live on April 27, 2015, and these costs have been capitalized. An annual amortization cost of $0.43 million per year will be charged to Operations for the next 10 years.

[4] Allocation of expenses between various categories is subject to change.

[5] These revenues are funded by the Provincial Government.

Key Forecast Assumptions

The tariff budgets are based on our best estimate of volume of applications and contracts, contract rates, and average case costs taking into consideration any known changes to policies, initiatives, historical trends, etc.

1. The tariff budgets have not been adjusted for any changes to government policy, or new initiatives that may impact the society.
2. The tariff budgets have not been adjusted for any potential CIS and JITI impacts.
3. The tariff budgets have not been adjusted for any potential clients related to significant unbudgeted events.

Management Perspective on Future Financial Outlook

LSS is dependent on government to finance the majority of its expenditures. It also receives revenue from non-government sources that are tied to interest rates. Should government or interest rate related revenues continue to remain low or decrease, this would negatively impact our ability to provide services.

Appendix A:

Hyperlinks to Additional Information

Governance
Board Governance: www.lss.bc.ca/about/ourGovernance.php
Senior Management: www.lss.bc.ca/about/executiveDirector.php

Organizational Overview
Mandate: www.lss.bc.ca/about/ourMandate.php
Who We Are; and Our Vision, Mission, and Values: www.lss.bc.ca/about/index.php
Legal Aid Services: www.lss.bc.ca/legal_aid/
Legal Aid Locations: www.lss.bc.ca/legal_aid/legalAidOffices.php

Cliff: 420089
Date Prepared: Feb 15, 2016
Date Decision Required: Feb 29, 2016

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For DECISION for Suzanne Anton, QC, Minister of Justice and Attorney General.

ISSUE: Legal Services Society's (LSS) 2016/17 budget management plan.

SUMMARY:

- The main changes in the LSS 2016/17 budget, compared to last year, are related to large criminal cases, other various tariff services, and technical infrastructure.
- Overall, the risks and materiality of these items are manageable within the current approved budget, with ongoing monitoring and collaboration between ministry and LSS staff.
- **As such, it is recommended that the AG approve the LSS 2016/17 budget management plan subject to the conditions set out in the attached letter (Attachment 3) and send to the LSS Board Chair (Chair).**

BACKGROUND:

- December 16, 2015: LSS submitted the first version of their 2016/17 budget management plan which presented a deficit of $430,000 in fiscal year 2016/17 and each of the next two years.
- The budget could not be approved with a deficit, and until final decisions and directives were issued by Treasury Board (TB) and any resulting impacts assessed in the context of the ministry's budget, to be confirmed on Budget Day, February 16, 2016.
- January 14, 2016: the AG sent a letter to the Chair advising the LSS budget will be approved subject to the following conditions and resubmission by February 17, 2016 (the day after Budget Day):
  1. LSS will not incur, nor forecast, a deficit. Access to the accumulated surplus cannot be approved as it would negatively impact government's fiscal plan. Mitigation plans must be put in place to risk-manage any potential budget pressures. s.12
     s.12
  2. LSS will amend the principles for the 2016/17 budget management plan to:
     a. manage the LSS budget to the bottom line and not to the individual tariff line items in the budget, except for the $2 million budget dedicated to Justice Innovation and Transformation Initiatives (JITI); and

b. prioritize tariff services ahead of administrative and operational spending, with the relative priority as follows:
    i. child protection;
    ii. family;
    iii. criminal.

3. LSS will include with the revised budget management plan a copy of their final third quarter forecast to permit comparison to the final proposed budget.

- February 17, 2016: the Chair sent a letter accompanying the revised version of their 2016/17 budget management plan to the AG. The letter confirms agreement with the principles and priorities as requested by the AG, and included an attachment reflecting the forecast and formatting adjustments.
- LSS continues to advise of risks associated with its proposed budget management plan, primarily (with further information in the Analysis sections) concerning:
    - costs related to other ongoing infrastructure system maintenance and upgrades (with an offsetting impact to the budget for tariff services);
    - large and major cases; and
    - Amortization is also addressed in the Analysis section for information only, as it is no longer viewed as a significant risk.
- At this time ministry staff consider all the above risks to be manageable within the existing budget for LSS (as approved by TB Staff in the LSS Service Plan released February 17) and will continue to monitor and work with LSS to mitigate risks.
- TB-approved changes to the LSS budget, confirmed on Budget Day, consisted of small increases for LSS staff eligible for salary increases under the Economic Stability Mandate and Dividend (ESM/ESD). The incremental amount for 2016/17 is $79K (noting there was a $4K retroactive budget increase effective this current fiscal, 2015/16, as well).
- **As such, it is recommended the AG approve the LSS 2016/17 budget management plan dated February 17, 2016, subject to conditions set out in the attached letter to the Board Chair.**

BUDGET OVERVIEW:

Revenue

- Total government funding to LSS in 2016/17 is $74.675M (increased by $79K[1] from the 2015/16 budget of $74.596M), broken out as follows:

[1] $4K of the $79K pertains to ESD provided in the 2016/17 budget build but is retroactive to the 2015/16 fiscal year.

LSS Revenue from Government Sources for 2016/17:	$ Million
Basic Legal Aid Transfer (*includes new incremental funding of $79K for ESM)*	$65.167
JITI (*continuing from 2014/15 & 2015/16 for $6M total in 3 years*)	$2.000
Large Case Fund (Category B under the MOU)	$1.813
Major Cases (Category C under the MOU)	$2.855
Federal High-Cost Cases	$0.650
Provincial Immigration and Refugee Legal Aid	$0.800
Federal Immigration and Refugee Legal Aid (flows through from federal government)	$0.900
Vancouver Drug Court support	$0.120
Downtown Community Court support	$0.370
TOTAL	**$74.675**

- Government transfers - increases:
  - $2.1M in 2012/13 to maintain family and child protection legal aid services;
  - an additional $2M in 2014/15 (for 3 years, totaling $6M) to support LSS to implement JITI; and
  - $74K in 2015/16 plus $75K in 2016/17 (totaling $149K) for the ESM & ESD related to staff salary increases.

ESD/ESM Detail:

Justice Services Branch has been provided with the following budget increases for LSS:

($mil)	2015/16	2016/17	2017/18	2018/19
ESM provided in 2015/16 budget build	0.070	0.120	0.240	0.240
ESM provided in 2016/17 budget build				0.116
ESD provided in 2016/17 budget build	0.004	0.029	0.030	0.030
Total	**0.074**	**0.149**	**0.270**	**0.386**
Year Over Year Budget Change		*0.075*	*0.121*	*0.116*

- Federal legal aid funding is status quo from prior years: $14.598M (of which $13.698M, for criminal legal aid, is included in the Basic Legal Aid Transfer amount in the above table; plus $900k for immigration and refugee legal aid services), subject to a contribution agreement between Canada and BC. The current five-year agreement expires on March 31, 2017. Federal funding for criminal legal aid has

been unchanged since 2003. BC's share of $13.698M is based on a formula that contains historical and demand elements, such as population.

- Non-government funding: LSS also receives funding from the Law Foundation, the Notary Foundation, and interest on LSS's investments. Funding from all these sources has decreased over the past several years due to lower interest rates. The Law Foundation reduced its amount of annual funding to the Society by $645K in 2015/16 compared to the 2014/15 budget (from $3.6M to $2.955M). The 2016/17 budget remains unchanged at $2.955M.

- History of non-government revenue:

LSS Non-Gov Rev ($m)	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Budget 2015/16	Budget 2016/17	1-Year Change
Law Foundation	$3.9	$3.8	$3.7	$3.3	$3.0	$3.0	$0.0
Notary Foundation	$0.5	$0.5	$0.5	$0.8	$0.5	$0.6	$0.1
Investment Income	$0.6	$0.6	$0.4	$0.4	$0.4	$0.3	-$0.1
Other interest	$0.1	$0.2	$0.3	$0.2	$0.1	$0.1	$0.0
Total revenue	**$5.1**	**$5.1**	**$4.9**	**$4.7**	**$4.0**	**$4.0**	**$0.0**

Expenditures

- The LSS 2016/17 budget management plan in the detailed table (attached) sets out expenditures for next year to be reasonably close to those of the third quarter (Q3) forecast from LSS (with the exception of large cases and infrastructure, to be discussed in the next section), providing an overall reasonability check.

- Expenditures summarized at a high-level:

LSS Expenditures ($M)	Actual 2014/15	Forecast 2015/16	Budget 2016/17	1-Year Change	% of Total 2016/17
Large Cases (Cat B)	$1.587	$2.694	$1.400	$1.294	2%
Major Cases (Cat C)	$2.495	$2.253	$2.375	$0.122	3%
Other Tariff Services	$56.012	$53.933	$53.607	$0.326	68%
Tariff Services	**$60.094**	**$58.880**	**$57.382**	**$1.498**	**73%**
Admin (Cat B & C)	$0.894	$0.894	$0.894	$0.000	1%
Public Services	$5.163	$5.296	$5.447	$0.151	7%
Infrastructure	$0.000	$0.000	$0.500	$0.500	1%
Amortization	$0.383	$0.792	$0.777	$0.015	1%
All Other Admin	$13.299	$13.778	$13.713	$0.065	17%
Admin Services	**$19.739**	**$20.760**	**$21.331**	**$0.571**	**27%**
Total expenditures	**$79.833**	**$79.640**	**$78.713**	$0.927	100%

Note: includes non-Government funded items; and the 2015/16 forecast is as of Q3.

- Non-Government funded expenditures:

LSS Non-Gov Exp ($000)	Budget 2015/16	Budget 2016/17	1-Year Change
Family LawLine	$454	$315	-$139
Tariff/Application process	$797	$931	$134
Publishing	$944	$944	$0
Community Engagement	$955	$951	-$4
Aboriginal Services	$595	$595	$0
Administrative	$293	$302	$9
Total expenditures	**$4,038**	**$4,038**	**$0**

Capital

- A line summarizing capital expenditures was added to the LSS Service Plan 2016/17-2018/19, which was not included in reports from prior years, presenting amounts as follows:

LSS	Actual 2014/15	Forecast 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19
Capital Expenditures ($M)	$2.1	$0.6	$0.5	$0.1	$0.7

- Though the amounts are small (aside from 2014/15, the final full year of development of their new Client Information System (CIS)), their presentation has raised questions about the source of capital funding for LSS and whether this funding could be used to offset operating pressures, if necessary.

- Through discussion with LSS staff, reference to auditor's notes in the annual financial statements, and historical reporting through the Capital Planning Secretariat, the following has been determined:
    - LSS receives no separate allocation for capital funding, distinct from operating funds, unlike most other areas of the ministry (ministry staff have been working to determine eligibility going forward);
    - The main source of capital is interest from investments, mainly from principal originating from government transfers (e.g., an ongoing accrual of about $11M for legal services incurred but not yet billed) and the accumulated surplus. Those amounts total about $16M, on which an interest rate of 2% would yield $320K annually.
    - That interest income could be used for any type of expenditures; however:
        - LSS considers the use to be at their discretion since it is incremental to the Gov transfer for service delivery; and

- Any use of that funding after it flows to the accumulated surplus negatively impacts government's fiscal plan.

ANALYSIS:

Tariff Services

- **Scope/Definition**: all tariff service categories (criminal, family, child protection and immigration) except for large and major cases (covered in other sections).
- **2016/17 Budget Issue**: LSS is proposing to decrease the overall budget for tariff services in 2016/17 by $0.635M compared to the 2015/16 budget, mainly to fund a new budget line for infrastructure costs.
- **Mitigation**: the proposed change presents minimal risk of resulting budget pressures, due to the following:
  - The difference is only $0.326M (see table below) compared to the 2015/16 Q3 forecast, which is probably a more accurate indicator of the actual costs for next year than the 2015/16 budget;
  - LSS states in its budget management plan that the change of $0.635M is a result of analysis that takes into account variations in volume and other tariff and service adjustments; and
  - Ministry staff will work with LSS to monitor risks to service delivery to align with principles set out in the budget letter.
- **Background**: the change of $0.326M compared to 2015/16 Q3 is distributed among various tariff categories as follows:

LSS Tariff Services ($M)	Forecast 2015/16	Budget 2016/17	Change
Criminal Cat A	$21.553	$21.849	$0.296
Criminal Duty Counsel	$5.375	$5.375	$0.000
Justice Transformation	$2.000	$2.000	$0.000
Federal High Cost Cases	$0.890	$0.650	$0.240
Family Category A	$9.000	$8.951	$0.049
Family Duty Counsel	$3.295	$3.166	$0.129
Family LawLINE	$0.454	$0.315	$0.139
CFCSA Category A	$7.350	$7.285	$0.065
Immigration & Refugee	$1.500	$1.500	$0.000
Contracted Rep Services	$2.516	$2.516	$0.000
Total expenditures	**$53.933**	**$53.607**	**$0.326**

- As noted, the volume of applications has been decreasing over the past three years, with the rate of those referred increasing only slightly. (However, referral and

application volume trends are not necessarily indicative of true resource requirements, either increased or decreased, as they do not measure complexities and other factors related to workload and cost.)

Volume of Referrals (Legal Representation) by Type

	2012/13		2013/14		2014/15	
Type of legal problem	Applications	Referrals	Applications	Referrals	Applications	Referrals
Criminal	25,662	19,636	25,214	19,569	25,277	19,852
Family	9,451	4,337	9,364	3,708	8,620	3,442
CFCSA	2,836	2,294	3,262	2,544	3,347	2,549
Immigration	1,186	857	865	638	981	714
Total	**39,135**	**27,124**	**38,705**	**26,459**	**38,175**	**26,557**

Source: LSS 2014/15 Annual Service Plan Report (published July 2015).

- By tariff category and priority:
  - Child protection legal aid services: LSS is proposing a budget of $7.285M for 2016/17, slightly down from the budget of $7.350M of 2015/16.
    - The Q3 forecast in 2015/16 for this was also $7.350M.
    - In general, these amounts are all up significantly from 2014/15 actuals of $7.030M.
    - As such, this has been one of the service areas with the greatest budget impact in recent years for LSS.
  - Family legal aid services: LSS proposes a slight budget decrease in 2016/17 to $8.951M from $9.000M in the 2015/16 budget.
    - Actual expenditures for this item in 2014/15 were $9.125M.
    - The Q3 forecast for 2015/16 was $9.000M.
  - Criminal legal aid services (Category A): LSS proposes a slight decrease in the 2016/17 budget of $21.849M compared to $22.103M in 2015/16.
    - Actual expenditures in 2014/15 were $24.069M;
    - The latest Q3 forecast for 2015/16 is $21.553M.

Amortization

- **Scope/Definition**: operating allocation of about $4.300M in capital costs of CIS over its anticipated useful life of ten years, or $430K per year. In addition, LSS incurs amortization for other capital categories such as furniture, equipment, and technical costs unrelated to CIS.

- **2016/17 Budget Issue**: the risk of a budget pressure has decreased compared to prior years, as there have been savings in other capital categories, resulting in lower amortization costs in total.

- **Mitigation**: LSS is forecasting higher than recent actual capital spending in out-years for various asset categories, but the historic trend of actual spending is significantly lower and is expected to continue.

- **Background**:
  - The balance of the LSS accumulated surplus is $5.3 million.
  - The board of directors allocated $4.3 million of the surplus to cover costs related to the replacement of the LSS case management system.
  - LSS developed CIS over the last two years and it was launched in April 2015. CIS is expected to increase efficiencies and the ability to effectively capture data for use in performance management, among other improvements.
  - LSS is amortizing the total capital costs of $4.3 million over ten years, starting 2015/16, at a rate of $430k operating costs per fiscal year (prorated in the first year), and had previously requested access to the accumulated surplus for this purpose.
  - The board recognizes that any deficit spending is contingent on TB approval and requested the AG put forward a submission to TB.

s.12,s.17

- After review of the request the Minister met with the LSS Board Chair and advised that she preferred to deal with it in the context of their budget management plan. It appears based on that plan that the request is unnecessary to consider further at this point given the balanced budget proposal that LSS has submitted.

Technical Infrastructure

- **Scope/Definition**: core systems such as CIS, financial, payroll, telecommunications, and data hosting systems.

- **2016/17 Budget Issue:** The most significant change, compared to the budget LSS proposed last year, relates to infrastructure costs. At the expense of decreasing the tariff services budget by $0.635M (1.1% reduction), LSS has created a $0.500M budget line for upgrades or replacements to existing infrastructure.

- **Mitigation:**
  - Ministry staff will closely monitor this new budget line item, as well as any implications there may be to the capital and operating forecasts.
  - In addition, ministry staff from various branches, including Information Services, have initiated discussions with LSS to help determine risks, possible resources that may be available to them through other areas of government (e.g., the Office of the Chief Information Officer), priorities and timelines.
  - The $0.635M decrease in the tariff services budget is dispersed among various tariff categories, so does not significantly impact any particular one. In general, the slight decreases align with general downward trends in overall application volumes and costs.
  - For clarification of the budget management principles agreed to by the AG and the Chair, it is recommended that budget approval be conditional upon LSS ensuring that they would cover any tariff pressures in 2016/17 up to a minimum of the $0.5M that has apparently been reallocated from service delivery.

- **Background**: LSS indicates these systems are now outdated and need to be replaced in order to maintain current service delivery levels. In addition, however, LSS has expressed interest in working with the ministry to develop their business intelligence capacity, for which there may be some capital funding available next fiscal year.

Large Cases

- **Scope/Definition**: Large Cases (Criminal Category B cases) are those in which the total costs of fees and disbursements are greater than $75K and up to $175K of non-court-ordered cases paid at standard rates, and all costs of court-ordered cases up to $175K paid at standard rates.

- **2016/17 Budget Issues**: LSS has noted an increase in budget pressures from these cases, resulting from both volume and costs per case, which they attribute mainly to the following cost drivers:

- Disclosure of evidence: volume as well as the variety of media (e.g., audio; video; online) used and the resulting technical resources required to review; and
- The use of confidential informants, especially in cases involving organized gangs. This appears to be driving an increase in the number of cases requiring the appointment of an *amicus curiae*, as well as the scope of that role, adding costs for their direct services as well as related resources (e.g., facilities; document management).
- In addition, LSS has exhausted a deferred revenue fund from which they offset large case costs in prior years.

- **Mitigation**: The Memorandum of Understanding (MOU) with LSS makes the ministry responsible for all large and major case costs in excess of the budgeted amounts. As such, it is not a budget issue for LSS since they act as a pass-through for the funding and expenditures (also see major cases section below).

- **Background**:
  - The LSS budget for the defence costs of large cases is $1.813M annually. Historically, actual costs have exceeded this budget.
  - Criminal Category B cases are funded by a restricted contribution, and any surplus in these cases is transferred to deferred contributions. In the case of an annual shortfall in Criminal Category B cases, the society must first apply any eligible base criminal tariff surplus to the shortfall. Any remaining shortfall is then applied to deferred contributions.
  - The balance of the deferred contribution fund at March 31, 2015 was $443,690.
  - The 2015/16 Q3 forecast for Large Cases is $2.557M which is $0.744M over budget. After exhausting the deferred contribution fund of $0.444M, the 2015/16 LSS pressure is $0.3M which will be provided to LSS by the ministry through access to contingencies.
  - For 2016/17, LSS is forecasting $2.639M which is $0.826M over the base budget and is due to higher volumes of cases and higher costs. The pressure will be funded by the ministry through access to contingencies (funded the same way as for Criminal Category C - Major Cases).
  - In 2013/14 and 2014/15, the year-end expenditure was $2.000M and $2.158M respectively.

Major Cases

- **Scope/Definition**: Major Cases (Criminal Category C cases) means cases where total costs of fees and disbursements exceed $175K or where the case is one in which the rate payable to counsel exceeds the Society's 'enhanced fee rate' ($125/hour for Senior counsel). Note that this definition is per the MOU between the ministry and LSS, and can differ from what TB considers to be major cases (generally fewer cases than the number recognized by LSS); however, this has not been an impediment to gaining access for contingencies historically.

- **2016/17 Budget Issue**: The 2016/17 forecast of $6.5M would create a pressure of $3.6M beyond the $2.855M existing budget. The $6.5M budget is comprised of s.14 specific cases, plus a variety of large (Category B) cases that are predicted to move to Category C (over $175,000). The single largest Category C case in the forecast is s.14,s.22

- **Mitigation**: Historically, actual costs have exceeded the $2.855M budget for major cases in almost every fiscal year. However:
    - As with large cases, the MOU with LSS makes the ministry responsible for all major case costs in excess of the budgeted amounts. As such, it is not a budget issue for LSS since they act as a pass-through for the funding and expenditures; and
    - due to the uncertainties and variability of forecasts for major cases (from factors such as trial timing, guilty pleas and other unanticipated issues), and the fact that the highly non-discretionary nature of these costs makes it difficult to set a fixed budget, the Ministry of Finance has historically approved them, in every applicable year, for funding through access to contingencies to cover any budget pressures.

- **Background**:

    - In prior years, LSS has raised the issue of transparency in reporting the full amount of the forecast pressure in the forecasts for large and major cases. This is addressed, however, through JSB's inclusion of these costs in its monthly forecasts, submitted by the ministry to TB Staff and other central agencies.
    - JSB's preliminary forecast of the budget pressure (which includes LSS's budget and forecast, net of the budget) for major cases (Category C) in 2015/16 is $1.7M: $4.6M in total costs less $2.855M base budget funding. For 2016/17, the forecast in the budget management plan is $6.5M, for a pressure (ministry funding required) of $3.6M.

- Note that the forecast for major cases is based only on known cases. No provision is normally made to estimate new/unknown cases, due to forecast volatility. Therefore, actual costs could significantly exceed current forecasts.

- History and forecast of total major case costs for JSB/LSS (Category C):

($mil)	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Forecas 2015/16
Major cases (defense)	2.8	3.7	3.4	9.3	9.5	6.1	4.3	4.6

Notes:

1. The 2015/16 forecast amount is as of February 9, 2016.

- The Ministry provides monthly forecasts to Treasury Board Staff to keep them apprised of the progress of, and costs associated with, major cases.

OTHER MINISTRIES IMPACTED/CONSULTED:

- Government's *Budget 2016* has now been tabled in the House, confirming budget decisions related to LSS to be as anticipated by ministry staff and as approved by TB Staff's review of the LSS budget as presented in its *Service Plan 2016/17-2018/19* released on Budget Day.
- **As such, the 2016/17 budget management plan that LSS submitted on February 17, 2016 now conforms to the conditions required for approval.**

OPTIONS:

- **Option 1 (recommended):** approve the LSS 2016/17 budget management plan subject to the conditions set out in the attached letter (Attachment 3) and send to the LSS Board Chair (Chair).

- Option 2: defer approval pending further information, analysis and consideration. There is no fixed deadline for approval, but in practice it has been before the start of the new fiscal year.

RECOMMENDED OPTION APPROVED **DATE:**

Anton 29 Feb 2016

The Honourable Suzanne Anton QC
Minister of Justice and Attorney General

Prepared by:
Kathleen Rawlinson
A/Executive Director
Justice Services Branch
250.356.8083

And by:
Sean Grills
Director of Finance & Administration
Justice Services Branch
250.216.3553

Attachments:
1. Letter from the AG to the Chair dated January 14, 2016.
2. Letter and 2016/17 budget management plan from LSS Board Chair to the AG dated February 17, 2016.
3. Recommended letter from the AG to the LSS Board Chair.

Approved by: James Deitch Date: February 26, 2016
Acting Assistant Deputy Minister

Approved by: (Due to time restraints, not reviewed by DAG)
Richard J. M. Fyfe, Q.C.
Deputy Attorney General and Deputy Minister, Justice

pc: Shauna Brouwer, Assistant Deputy Minister and Executive Financial Officer

ATTACHMENT 1

BRITISH COLUMBIA

JAN 14 2016

Ms. Suzette Narbonne
Chair
Board of Directors
Legal Services Society
400 – 510 Burrard Street
Vancouver BC V6C 3B9

Dear Ms. Narbonne:

Thank you for your letter dated December 16, 2015, and the proposed budget management plan for 2016/17. As you know, in accordance with Section 18 of the *Legal Services Society Act* (the Act), the Attorney General has 30 days to either approve that budget or return it and require LSS to prepare and submit a revised budget.

The budget cannot be approved at this time because we have not yet received the full set of final budget decisions and directives for the ministry from Treasury Board (TB). As such, pursuant to subsection 18(2) of the Act, I am returning the budget submitted on December 16, 2015, and asking LSS to re-submit this budget by February 17, 2016 (the day after Budget Day).

Assuming the ministry budget is maintained for 2016/17, I intend to approve the resubmitted budget if the following revisions are made to the plan:

1. Per direction from the Minister of Finance pursuant to the deficit incurred by LSS in fiscal 2015/16: LSS is not allowed to incur, nor forecast, a deficit for 2016/17 or subsequent years. This is not a change from prior years, but rather a reminder and renewed emphasis.
    - This direction pertains to the budget management plan, the service plan, periodic reports to government, and any other material provided to government or the public.
    - Any budget pressures must be managed from within the existing, approved budget, to be addressed through mitigation strategies that prioritize services over administrative and operational expenditures, as previously agreed and noted in your letter, subject to discussion, and analysis of impacts, with ministry staff.
    - Access to the accumulated surplus would negatively impact government's fiscal plan, so cannot be approved.

.../2

Ministry of Justice
Office of the Minister of Justice and Attorney General
Mailing Address: PO Box 9044 Stn Prov Govt Victoria BC V8W 9E2
e-mail: JAG.Minister@gov.bc.ca
website: www.gov.bc.ca/justice
Telephone: 250 387-1866
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2. Amend the principles for the 2016/17 budget management plan to reflect a requirement emphasized last year by Treasury Board staff: that LSS must manage the budget to the bottom line and not to the individual tariff line items in the budget, except for the $2 million funding for Justice Innovation and Transformation Initiatives (JITI) which must be maintained as a budget that is entirely separate and distinct from the budget for all other operations and expenses.

3. Include with the revised budget management plan a copy of the final version of the third quarter forecast, in the format consistent with last year's final, approved budget management plan submission, to permit comparison to the proposed budget.

As you know, 2016/17 is expected to be the final year of the three-year incremental funding government provided for JITI. I understand your staff have been working diligently, along with ministry staff and other stakeholders, to assess the effectiveness and efficiency of these projects. I look forward to receiving the final evaluations and business cases, so that I may assess the viability of requesting ongoing funding, well in advance of budget decisions for 2017/18.

Ministry staff can provide your staff with any additional information they may require to assist in the preparation of the revised budget management plan.

I appreciate the time and attention that you, the LSS board, and staff have put towards these matters and look forward to ongoing collaboration with LSS.

Yours very truly,

Suzanne Anton QC
Attorney General
Minister of Justice

pc: Mr. Richard J. M. Fyfe, Q.C.
Ms. Lori Wanamaker, FCPA, FCA
Mr. James Deitch
Mr. Mark Benton, Q.C.

ATTACHMENT 2

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Executive Office

February 17, 2016

The Honourable Suzanne Anton, QC
Attorney General and Minister of Justice
Minister's Office
PROVINCE OF BRITISH COLUMBIA
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

Dear Madam Attorney,

Re: Legal Services Society ("LSS") Budget 2016/17

Thank you for your letter dated January 14, 2016. Attached is a budget and budget management plan that I trust will meet with your approval. The budget management plan also reflects your direction that the $2 million funding for Justice Innovation and Transformation Initiatives (JITI) is maintained as a separate budget.

Like 2015/16, the 2016/17 budget differentiates government and non-government funded services and includes the third quarter forecast.

This budget has been developed within the framework and principles established by the *Legal Services Society Act*, the Memorandum of Understanding mandated by section 21 of that *Act*, and the LSS commitment to transparency and accountability to all its funders in accordance with the BC Taxpayers Accountability Principles.

As you know the LSS Board of Directors oversees LSS revenue and expenditures throughout the year and the management of the budget through the year occurs within the statutory framework and is further guided by the direction and priorities established by the LSS Board of Directors.

That direction and those priorities are:

1. LSS will provide services articulated in the MOU to the amount of the available government funding;

2. LSS will manage its government funding to the bottom line and not to the individual tariff line items within the budget;

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Executive Office

3. LSS will prioritize services over administrative and operational expenditures to the extent that this can be done without compromising the ongoing effectiveness of the society;

4. LSS will prioritize preservation of services in the following order:

   a) Child protection
   b) Family
   c) Criminal; and

5. Subject to Board approval, LSS will make any necessary tariff service adjustments on the basis of the mitigation strategies included with this document.

Thank you for your ongoing support to LSS.

Respectfully,

Suzette Narbonne,
Chair – LSS Board of Directors

Cc: Richard J. M. Fyfe, QC, Deputy Attorney General and Deputy Minister, Justice
James Deitch, Acting Assistant Deputy Minister, Ministry of Attorney General
Mark Benton, QC, CEO

Attachments:

1. 2016/17 Final Budget Management Plan – Principles, Assumptions and Key Cost Drivers
2. Final 2016/17 Operating Budget
3. Application and Referral Volume Budget April 1, 2016 to March 31, 2017
4. Budget Pressures, Cost Drivers and Mitigation Strategies: Criminal, Family and CFCSA

Legal Services Society
2016/17 Final Budget Management Plan
Principles, Assumptions and Key Cost Drivers

Overview:

The Tariff Budgets for 2016/17 have been updated for variations in volume, cost increases such as expert reports, and other tariff and service adjustments. The total of these changes resulted in a $635,000 reduction (or a 1.1% decrease) in the amounts budgeted for Tariff Service costs. The LSS Board and Finance Committee have been advised of the Minister's imperative regarding a balanced budget and of the importance of balancing the budgets in both 2015/16 and 2016/17.

As in past years, LSS has budgeted Category B and C costs at the levels specified by the Ministry.

Principles for 2016/17:
The guiding principles upon which we agreed for the 2015/16 budget continue to guide the development of the 2016/17 budget.

Key Assumptions:

1. Revenues from the Provincial government will remain at the 2015/16 levels, other than an additional $50,000 for salary increases for unionized staff under the *Economic Stability Mandate* and $29,000 increase for unionized staff under the *Economic Stability Dividend.*
2. Law Foundation funding remains at the 2015/16 level.
3. Contract (referral) volumes for tariff services will occur as forecast.
4. No additional services will be provided by the society.
5. Justice Innovation Transformation Initiatives (JITI) projects will be in the third and final year of the project. On-going funding for 2017/18 and beyond is to be confirmed once an evaluation and business case is prepared in support of a Treasury Board submission.

Key Points:

6. LSS is concerned that Category B costs will exceed the available budget. In 2016/17 we anticipate a deficit of $0.826 million over and above the base budget of $1.813 million for a total forecasted cost of $2.639 million due to higher volumes of cases and higher costs. Note, deferred contributions available in prior years are no longer available to LSS as this was completely exhausted in 2015/16. Per terms of our Memorandum Of Understanding (MOU) with the Ministry any excess costs are to be covered first by the Criminal Category A surplus, if any. Secondly, any remaining deficit is to be covered by the Ministry. As costs in Criminal Category A costs escalate this increases the probability that the Ministry will incur additional costs for Category B cases.

7. LSS is concerned that Category C costs will exceed the available budget. In 2016/17 we anticipate a deficit of $3.6 million over and above the base budget of $2.855 million for a total forecasted cost of $6.5 million. LSS has limited ability to control costs in this area. Per terms of our MOU the Ministry is responsible for indemnifying LSS for its costs of Category C cases.
8. All tariff budgets were calculated based on a fee code basis rather than an estimate of the average case cost times the expected number of contracts. This process is consistent with the past two years and has proven to be highly reliable.
9. Contract (referral) volumes were calculated using actual applications and contracts (referrals) for each month over the past three and a half years.

   LSS has added a $0.500 million budget for infrastructure upgrades or replacements to our core systems including our Client Information System (CIS), our financial & payroll systems and our telephony system. These systems are now outdated and need to be replaced in order to maintain current service delivery levels. Our ten year Capital Budget will be updated, if necessary, pending further investigation.

10. The Amortization and Premises budgets were updated to reflect current costs.

Risks or Items Not Budgeted For:

11. The tariff and duty counsel budgets have not been adjusted for changes made by the Ministry of Social Development and Social Innovation (MSDSI) in the Family Maintenance Program (FMP) regarding support orders. This has the potential to increase demand on Family advice services.
12. The changes introduced in Bill C-31 (*Omnibus crime bill*), regarding consent release procedures where the victim may have been subject to violence or have issues regarding their safety and security, has the potential to increase. bail hearing costs and duty counsel costs.
13. Recent discussions with Ministry staff indicate the possibility that space might be available for LSS in the new Surrey courthouse. Any additional costs related to this initiative have not been budgeted for as further discussion are required to clarify what programs are the best fit for this space.
14. The tariff budgets have not been adjusted for any potential JITI impacts.
15. Court Services Branch on occasion goes out to tender transcript providers. LSS is a party to this tender. Any resulting negotiated increase ends up costing LSS more money as our budget is not increased for this. In 2015/16 LSS budgeted $1 million for transcripts.

Legal Services Society
Final 2016/17 Operating Budget
Figures in thousands

	2014/15 Actuals	2015/16 Q 3 Forecast	2015/16 Budget	2016/17 Budget	Gov't Funded	Non-Gov't Funded	2017/18 Budget	2018/19 Budget
Provincial Revenue								
Grant	65,018	65,092	65,088	65,167	65,167	-	65,288	65,404
Justice Transformation	2,000	2,000	2,000	2,000	2,000	-	2,000	2,000
Category B	2,000	2,557	1,813	1,813	1,813	-	1,813	1,813
Category C	2,976	2,734	2,855	2,855	2,855	-	2,855	2,855
Federal High Cost	60	282	650	650	650	-	650	650
Immigration	1,700	1,700	1,700	1,700	1,700	-	1,700	1,700
Drug Court	120	120	120	120	120	-	120	120
Community Court	370	370	370	370	370	-	370	370
Total Provincial Revenue	74,244	74,855	74,596	74,675	74,675	-	74,796	74,912
Other Revenue								
Law Foundation	3,299	2,955	2,955	2,955	-	2,955	2,955	2,955
Notary Foundation	769	675	500	600	-	600	600	600
Investment Income	405	400	468	368	-	368	368	368
Other	998	755	115	115	-	115	115	115
Total Other Revenue	5,471	4,785	4,038	4,038	-	4,038	4,038	4,038
Total Revenue	79,714	79,640	78,634	78,713	74,675	4,038	78,834	78,950
Tariff Services								
Criminal Category A	24,069	21,553	22,103	21,849	21,849	-	21,849	21,849
Category B	1,587	2,694	1,400	1,400	1,400	-	1,400	1,400
Category C	2,495	2,253	2,374	2,375	2,375	-	2,375	2,375
Criminal Duty Counsel	6,000	5,375	5,375	5,375	5,375	-	5,375	5,375
Justice Transformation	2,018	2,000	2,000	2,000	2,000	-	2,000	2,000
Federal High Cost	834	890	650	650	650	-	650	650
Family Category A	9,125	9,000	9,000	8,951	8,951	-	8,951	8,951
Family Duty Counsel	3,122	3,295	3,295	3,166	3,166	-	3,166	3,166
Family Law Line	315	454	454	315	-	315	315	315
CFCSA Category A	7,030	7,350	7,350	7,285	7,285	-	7,285	7,285
Immigration & Refugee	1,623	1,500	1,500	1,500	1,500	-	1,500	1,500
Contracted Representation Services	1,877	2,516	2,516	2,516	2,516	-	2,516	2,516
Total Tariff Services	60,094	58,880	58,017	57,382	57,067	315	57,382	57,382
Tariff Services Administration	1,399	1,997	1,997	1,990	1,820	170	1,990	1,990
Public Services	5,163	5,296	5,296	5,447	4,686	761	5,447	5,447
Category B Administration	413	413	413	413	413	-	413	413
Category C Administration	481	481	481	481	481	-	481	481
Immigration & Refugee Administration	200	200	200	200	200	-	200	200
Publishing	1,535	1,399	1,324	1,336	392	944	1,336	1,336
Community Engagement	984	955	955	951	-	951	951	951
Aboriginal Services	562	595	595	595	-	595	595	595
Executive Office	1,098	1,291	1,287	1,259	1,259	-	1,260	1,376
SPPHR	1,725	1,846	1,846	1,824	1,824	-	1,944	1,944
IT Services	2,547	2,213	2,004	2,064	2,064	-	2,064	2,064
Finance & Administration	1,295	1,376	1,376	1,384	1,384	-	1,384	1,384
Infrastructure	-	-	-	500	500	-	500	500
Amortization	383	792	936	777	768	9	777	777
Premises	1,953	1,907	1,907	2,110	1,817	293	2,110	2,110
Total Operating Costs	19,739	20,760	20,617	21,331	17,608	3,723	21,452	21,568
Total Costs	79,832	79,640	78,634	78,713	74,675	4,038	78,834	78,950
Net Surplus/(Deficit)	(118)	-	-	-	-	-	-	-

The Honourable Suzanne Anton, QC, Attorney General and Minister of Justice
February 17, 2016

Legal Services Society
Application and Referral Volume Budget
For the Fiscal Year April 1, 2016 to March 31, 2017

	2012/13	2013/14	2014/15	3 Yr. Average	Budget 2015/16	Forecast (B) 2015/16	Variance 2015/16	Budget (A) 2016/17	(A-B) Budget - Forecast
Criminal									
Admin									
Application	4,286	4,551	4,608	4,482	4,440	4,355	(85)	4,420	65
Referrals	3,401	3,636	3,731	3,589	3,550	3,547	(3)	3,530	(17)
Referral %	79.4%	79.9%	81.0%	80.1%	80.0%	81.0%		80.0%	
Summary									
Application	10,561	10,097	10,179	10,279	10,450	9,857	(593)	10,350	493
Referrals	7,341	7,241	7,534	7,372	7,300	7,278	(22)	7,240	(38)
Referral %	69.5%	71.7%	74.0%	71.7%	69.9%	74.0%		70.0%	
Indictable									
Application	9,912	9,793	9,473	9,726	9,300	9,274	(26)	9,470	196
Referrals	8,465	8,340	8,163	8,323	8,000	7,924	(76)	8,060	136
Referral %	85.4%	85.2%	86.2%	85.6%	86.0%	85.0%		85.0%	
Major									
Application	342	314	358	338	330	340	10	330	(10)
Referrals	324	288	333	315	311	320	9	311	(9)
Referral %	94.7%	91.7%	93.0%	93.2%	94.2%	94.0%		94.0%	
Criminal Sub-Total									
Application	25,101	24,755	24,618	24,825	24,520	23,826	(694)	24,570	744
Referrals	19,531	19,505	19,761	19,599	19,161	19,069	(92)	19,141	72
Referral %	77.8%	78.8%	80.3%	78.9%	78.1%	80.0%		78.0%	
CFCSA									
Application	2,835	3,261	3,313	3,136	3,280	3,090	(190)	3,020	(70)
Referrals	2,305	2,553	2,563	2,474	2,620	2,449	(171)	2,420	(29)
Referral %	81.3%	78.3%	77.4%	78.9%	80%	79.0%		80.0%	
Family									
Application	9,449	9,364	8,528	9,114	9,040	6,211	(2,829)	6,210	(1)
Referrals	4,357	3,725	3,476	3,853	3,640	3,409	(231)	3,460	51
Referral %	46.1%	39.8%	40.8%	42.3%	40.3%	55.0%		56.0%	
Total									
Application	37,385	37,380	36,459	37,075	36,840	33,127	(3,713)	33,800	673
Referrals	26,193	25,783	25,800	25,925	25,421	24,927	(494)	25,021	94

The Honourable Suzanne Anton, QC, Attorney General and Minister of Justice
February 17, 2016

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES

CRIMINAL

Risk (Budget Pressure)	Cost Driver	Mitigation Strategy
Possible acceleration or deceleration of cases in the Provincial Court affecting the number of bills and therefore expenditures.	• Changes to the Provincial Court trial scheduling process • Possible impact of Crown file ownership project include: - Earlier resolution of criminal cases thereby increasing the number and frequency of bills processed by LSS in fiscal 2015/16 - Delayed or reduced approval of charges.	• If expenditures exceed budget, LSS will reduce expenditures through one or all of the following options: - Eliminating or reducing out of custody duty counsel services. - Eliminating or restricting coverage for Administrative offences. - Limit the number of referrals to the available budget • If expenditures are below budget, LSS will allocate excess to deficits in other tariffs in accordance with the Memorandum of Understanding
Increase in the average cost per case	• Determination of constitutionality of mandatory minimum penalties (*Safe Streets and Communities Act)* drives case costs higher • Procedural complexity increases trial length • Increase in externally driven disbursement costs (BCMA rates, transcript costs, meterage, etc.)	• See above
Increase in the average length and overall cost of complex criminal proceedings.	• Higher volumes of drug and gang related prosecutions • Increase in frequency and duration of pre-trial applications related to disclosure, privilege, and Crown positions related to Charter issues	• See above

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES
CRIMINAL

Risk (Budget Pressure)	Cost Driver	Mitigation Strategy
Changes to consent release procedures increase duty counsel costs.	• Increase in bail matters requiring court appearance will increase daily billed hours for duty counsel.	• Restrict payment for duty counsel court appearances once consent release is confirmed, and; • See above

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES
FAMILY

To manage family law expenditures to budget, LSS restricts services to situations where safety is at risk or there is a persistent denial of access to children. The society further limits expenditures by restricting discretionary services. A consequence of this is that LSS currently refuses more than 60 per cent of applicants for family representation services. Family services are not expected to be a fiscal pressure in 2015/2016. Should costs and demands fluctuate, this document outlines LSS's mitigation strategies to further contain expenditures.

Risk (Budget Pressure)	Cost Driver	Mitigation Strategy
Demand for referrals exceeds budget	• *Family Law Act* – provides a broader definition of violence • More clients qualify for legal aid as definition of violence is more broadly understood	• Limit the number of referrals to available budget • Eliminate discretionary coverage for clients with income within $200 of financial cut-off • Eliminate any discretionary coverage for clients regardless of need or ability to pay
Average case cost increases	• Family Law Act creates a statutory obligation on lawyers to screen for family violence - impacts usage of general preparation hours • Lack of available court time requires multiple and duplicate hearing preparations. This may change in some locations to accelerated billing patterns as family cases given priority • Increased travel costs due to lack of available lawyers in many regions • New legislation creates increased usage of preparation hours as counsel learns leading decisions & challenges interpretations	• Reduce the scope of legal services offered to qualifying clients • Limit or reduce preparation & attendance for mediation per referral • Limit total number of mediations per referral

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES
FAMILY

Risk (Budget Pressure)	Cost Driver	Mitigation Strategy
	• Increase in externally driven disbursement costs (BCMA rates, transcript costs, meterage, etc.) • Statutory emphasis on out-of-court dispute resolution by mediation or arbitration creates growing disbursement expenditures & counsel fees for mediation/arbitration	
Tariff billing & number of bills exceeds budget	• Accelerated scheduling of cases as family trials given priority • Increased tools available in legislation such as conduct & enforcement orders	• Limit the number of referrals to the available budget • Reduce the scope of services to qualified clients • Limit or reduce preparation & attendance hours for court applications per referral
Changes to MSDSI policy regarding support orders increases demand on Family Advice services.	• Clients in receipt of social assistance with family support entitlement will seek assistance from Family Duty Counsel and Family LawLINE when in the past, they received support from legal counsel retained by MSDSI. Extra demand increases expenditures for Family Advise services.	• Adopt a specific policy that financial support issues for recipients of social assistance are not in scope for Family Advice services; • Restrict the number of family contracts for representation; • Limit locations and/or hours for Family Duty Counsel.

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES

CFCSA

Risk (Budget Pressure)	Cost Driver	Mitigation Strategy
Demand for referrals exceeds budget	• Increase in number of clients applying for coverage in Child Protection cases • Increased applications prior to removal of children as a result of increased awareness of legal rights related to parenting • Increased child poverty rates in BC leading to more children at risk.	• Limit referrals to available budget • Limit preparation & attendance at Family Group Conferences • Eliminate any discretionary coverage for clients regardless of need or ability to pay • Provide a more restrictive level of advice service to clients at the "pre-removal" protection stage
Increased average case costs	• Increased usage and cost of consensual dispute resolution processes at family assessment stage • Increased usage of consensual resolution processes at all levels of intervention • Increased usage of hours available in tariff for related poverty issues such as benefit entitlement, housing, debt • Increase in externally driven disbursement costs (BCMA rates, transcript costs, meterage, etc.)	• Limit preparation & attendance hours for dispute resolution processes • Limit number of mediations allowed per referral • Eliminate extended services for complex CFCSA cases that require more hours than provided in tariff • Eliminate legal services currently covered by the tariff for related poverty issues
Potential acceleration or deceleration of cases in court affecting the number of bills received and therefore expenditures.	• Projected accelerated scheduling of cases due to changes in provincial court trial scheduling process and additional available hearing dates	• Manage the number of referrals to the available budget • Reduce the scope of legal services offered to qualifying clients

Cliff: 420089
Date Prepared: Feb 15, 2016
Date Decision Required: Feb 29, 2016

ATTACHMENT 3

Ms Suzette Narbonne
Chair
Board of Directors
Legal Services Society
400 – 510 Burrard Street
Vancouver BC V6C 3B9

DRAFT

Dear Ms Narbonne:

On behalf of the Government of British Columbia I write to advise you that I approve the 2016/17 three-year budget management plan for Legal Services Society (LSS) as submitted on February 17, 2016, with the revisions and principles agreed upon and confirmed by your letter of the same date and subject to the following conditions:

s.13

Please submit the first forecast for fiscal year 2016/17 to ministry staff by Monday, June 6, 2016.

I appreciate the time and diligence that you, the LSS board, and staff have put towards these matters and look forward to ongoing collaboration with LSS.

Yours very truly,

Suzanne Anton QC
Attorney General
Minister of Justice

pc: Mr. Richard Fyfe, Q.C.
Ms. Lori Wanamaker, FCA
Mr. James Deitch
Mr. Mark Benton, QC

Cliff: 420929
Date: April 6, 2016

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PREPARED FOR: Richard J.M. Fyfe, Q.D., Deputy Attorney General
And Deputy Minister, Justice
FOR INFORMATION

ISSUE:

Meeting with Grand Chief Ed John on March 31, 2016.

BACKGROUND:

- On September 9, 2015, Grand Chief Ed John was named Senior Advisor on Aboriginal Child Welfare to the Minister of Children and Family Development.
- In that capacity, the Grand Chief met with representatives from JSB as well as MCFD to discuss both current child protection litigation processes as well as to share ideas of his own with ministry staff.
- Although his appointment was initially for six months, he is of the opinion that the required work is not yet complete. At the completion of his work, he will prepare a report for government including his findings and presumably some recommendations.

DISCUSSION:

- Attendees at the meeting were as follows:

Grand Chief Ed John	Senior Advisor on Aboriginal Child Welfare
Holden Chu	ED of Service, East Fraser, MCFD
James Deitch	A/ADM Justice Services Branch (JSB)
Dan VanderSluis	ED of Family Justice Services Branch, JSB
Wendy Jackson	Legal Counsel, JSB
Leah Bailey Director,	Legislation & Litigation, MCFD

s.16

Page 087 to/à Page 088

Withheld pursuant to/removed as

s.16

Prepared by:
Wendy Jackson
Legal Counsel
Criminal Justice and Legal Access Policy
Division, Justice Services Branch
(250) 356-2735

Approved by:

James Deitch
Acting Assistant Deputy Minister

Date: April 14, 2016

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PREPARED FOR: Richard J. M. Fyfe, Q.C., Deputy Attorney General and Deputy Minister, Justice
FOR INFORMATION

ISSUE:

- **Meeting of the Attorney General (AG) and Deputy Attorney General (DAG)with the Legal Services Society (LSS) Board Chair (Chair) and Chief Executive Officer (CEO) set for April 18, 2016**.
- The meeting will consist of two main parts: a regular quarterly meeting; and a demonstration by LSS of their recently launched MyLaw system.
- LSS has provided a list of proposed discussion topics, for which information is provided in the Discussion section:
    1. JITI projects status and timelines;
    2. Ministry priorities for the next two years;
    3. LSS Board strategic priorities over two years, including Aboriginal law services, ongoing innovation, family service and tariff sustainability;
    4. Discussion on Grand Chief Ed John report and AG/LSS roles; and
    5. Pre-discussion on MyLawBC.

BACKGROUND:

- The 2016/17 Mandate Letter incorporates the Taxpayer Accountability Principles (TAPs), which require quarterly meetings between the MOJ and LSS, attended by the AG, DAG, Chair, and CEO.
- Ministry and LSS staff meet regularly to discuss operational issues in accordance with the requirements of the MOU. The discussions for the quarterly Mandate Letter meetings are likely to be strategic in nature.
- The conversation should reflect the good working relationship between LSS and the ministry, demonstrated most recently in the development of the approved 2016/17 budget.
- As well, the conversation may look forward to the evaluation of the five JITI pilots, for which business cases, including evaluations are due in draft form to ministry staff on June 30, 2016, per the 2016/17 LSS Mandate Letter. However, LSS has recently advised ministry staff that a substantial amount of advance notice would be required, regarding funding commitments past
  March 31, 2017, in order to avoid wind-down costs and other operational impacts.

DISCUSSION:

- Below is some information on the areas of discussion proposed by LSS. A backgrounder on LSS is attached as Appendix A, a list of the current board members as Appendix B, and MyLawBC Advisory Committee material as Appendix C.

1. JITI Projects

- 2016/17 is the final year of the three year funding envelope of $6M. $2M of annual funding is built into the ongoing base budget for LSS for fiscal years 2017/18 and 2018/19, as approved by Treasury Board Staff (TBS) in their review of the latest Service Plan. Is.12
s.12,s.17

- The 2016/17 Mandate Letter directs LSS to "Continue to monitor, evaluate and improve JITI to ensure implementation of the projects as intended, and to develop business cases to support a request for ongoing core funding for JITI initiatives.
    - Deliverable: Submit draft business cases for all JITI projects, incorporating evaluations and specific performance metrics, by June 30, 2016."
- Overview of the JITI projects:
    1. Expanded Family Duty Counsel: The first pilot was launched in September 2014, when LSS hired a full-time family duty counsel at the Victoria Justice Access Centre to help self-represented litigants prepare for court.
    2. Expanded Family LawLINE: LSS also increased capacity of its Family LawLINE service, which eligible clients can call from anywhere in the province to assist clients in completing court documents and other preparation for family court matters.
    3. Family Mediation Referrals: A third pilot involves referring eligible clients with family matters concerning property, debt, spousal support or related issues to Mediate BC for up to six hours of free mediation, and additional services on a sliding scale if needed.
    4. Parents Legal Centre: In March 2015, LSS opened the PLC at Robson Square in Vancouver to facilitate earlier and more collaborative resolutions for child protection matters.
    5. Expanded Criminal Duty Counsel: In April 2015, LSS launched an expanded criminal duty counsel service in Port Coquitlam to provide more continuity of services and facilitate earlier resolutions of certain, less serious, criminal matters.

- All the projects were successfully launched and, in general, are receiving positive feedback. In particular, the Expanded Criminal Duty Counsel and the Parents' Legal Centre have shown promising early results.
- Some issues have arisen in recent months impacting the viability and timing of the evaluations, such as access and volume of court data; however, these issues have been addressed.

- Currently, LSS is engaged in preparing the final evaluation reports and developing the business cases, so are on track to meet the Mandate Letter deadline.
- s.13,s.17

2. Ministry Priorities

- There are several documents and other sources that guide ministry priorities: the Mandate Letter, the Justice and Public Safety Council (JPSC) *Strategic Plan*, and the Ministry's *Service Plan*.
- All these are subject to the TAPs and other central direction and priorities. In addition, external factors can impact priorities at any time.
- Ministry priorities that I believe are the most relevant for LSS, and to which LSS could make the greatest contribution, include:

- Indigenous justice issues: eg, priority action #3 in the LSS 2016/17 Mandate Letter, to work with the ministry and key stakeholders to identify opportunities for LSS to better meet the legal needs of Aboriginal people in BC, with a deliverable to provide advisory services support to the ministry in the development of a consultation approach and solutions.
- Access to justice and progress in the development of evidence based-policy: LSS's successful launch of the JITI projects and forthcoming business cases supported by evaluations and performance measures, will address these sector priorities.

3. Discussion of LSS Board's Strategic Priorities

- It is assumed the Chair and CEO will provide and update on their priorities, which are likely to coincide with those in their 2016/17 Mandate Letter, which are:
  1. CIS: Continue to enhance the functionality and user experience of the society's new CIS to support delivery of efficient and effective client services, online billing and case management.
  - Deliverable: Develop suggested performance metrics, using data provided from CIS, to potentially incorporate in the 2017/18 Service Plan and submit a report of recommended measures to the ministry by September 30, 2016, for feedback and required ministry approvals in advance of the next service planning period.
  2. JITI: Continue to monitor, evaluate and improve JITI to ensure implementation of the projects as intended, and to develop business cases to support a request for ongoing core funding for JITI initiatives.
  - Deliverable: Submit draft business cases for all JITI projects, incorporating evaluations and specific performance metrics, by June 30, 2016.
  3. Aboriginal justice**:** Work with the Ministry of Justice and key stakeholders to identify opportunities for LSS to better meet the legal needs of Aboriginal people in BC.
  - Deliverable: Provide advisory services support to the ministry in the development of a consultation approach with Aboriginal communities and the identification of sustainable solutions.

4. Discussion with Grand Chief Ed John

- LSS has advised that they would like to discuss ministry and LSS roles related to the report expected to be released in the next few months.
- Background (see separate Briefing Note for further information): on September 9, 2015, Grand Chief Ed John was named Senior Advisor on Aboriginal Child Welfare to the Minister of Children and Family Development.
- In that capacity, the Grand Chief met with representatives from JSB as well as MCFD to discuss both current child protection litigation processes as well as to share ideas of his own with ministry staff.
- Although his appointment was initially for six months, he was granted an extension to complete the required work is not yet complete. At the completion

of his work, he will prepare a report for government including his findings and presumably recommendations.

s.16

1. Pre-discussion on MyLawBC(MLBC)

- LSS soft-launched MLBC online at MyLawBC.com on February 29, 2016.
- Minutest from the Advisory Committee are attached, showing positive early feedback, and comments and questions on both the soft and hard launch, which is planned for April 30, 2016.

Prepared by:
Kathleen Rawlinson
A/Executive Director
Justice Services Branch
(250) 356-8083

Attachments: Appendix A – Backgrounder on LSS
Appendix B – List of current LSS Board members
Appendix C – MyLawBC Advisory Committee material

Approved by: James Deitch Date: April 11, 2016
A/Assistant Deputy Minister

APPENDIX A

Legal Services Society Backgrounder

Contents

- Overview
- Mandate and enabling legislation
- Board of Directors: structure and members
- Committees and working groups
- MOU
- Budget oversight

Overview

- LSS is an operationally independent organization that delivers legal aid services in BC.
- Its Board is comprised of nine members, five of whom are appointed by government.
- Accountability to government is primarily through the:
  - *Legal Services Society Act* (*LSSA*);
  - MOU;
  - Mandate Letter
  - budget and forecast approval processes;
  - service planning cycle.
- LSS provides legal aid intake services largely through a call centre and directly through two offices (Vancouver and Terrace) and uses a local agent service delivery model for 32 other communities across the provinces. Services include:
  - legal representation in criminal, family, child protection, immigration and refugee, and some mental health and prison law;
  - legal advice / duty counsel in criminal, family, child protection, immigration and refugee law;
  - legal information using print and online materials, information outreach workers and community partners.

Mandate and Enabling Legislation

- LSS delivers legal aid services in BC. Where LSS provides full representation, it is predominantly in areas where government would likely otherwise be required to provide legal assistance as a result of obligations imposed by the *Charter of Rights and Freedoms*.
- The *LSSA* establishes the LSS mandate to administer an effective and efficient legal aid program. The *LSSA* also requires LSS to:
  - negotiate and enter into an MOU with government describing the level of legal aid funding provided to LSS each year and setting out how LSS is to allocate that funding;
  - present an annual budget to the AG for review and approval each year;
  - not incur a deficit without prior approval of the AG and the Minister of Finance.
- The role of LSS is established and defined by the *LSSA*. The *LSSA* provides LSS with the statutory objects relating to legal aid:
  - to assist individuals to resolve their legal problems and facilitate their access to justice;
  - to establish and administer an effective and efficient system for providing legal aid to individuals in BC; and
  - to provide advice to the AG respecting legal aid and access to justice for individuals in BC.
- LSS is operationally independent from government, as established through s.10 (4) of the *LSSA*, which states that LSS is not an agent of government, nor the Law Society of BC.
- The *LSSA* gives LSS broad authority to determine priorities and policies for the provision of legal aid, and to determine who is or is not eligible for legal aid.

- As a service delivery Crown, however, LSS is a government reporting entity, so is subject to rigorous policies, procedures, monitoring and reporting for which the Minister is responsible for overseeing.

Board Structure

- As required by the *LSSA*, LSS's nine-member Board is comprised of five members appointed by the AG and four appointed by the Law Society of BC after consultation with the BC Branch of the Canadian Bar Association. The Board must elect one of their members to be Chair.
- The current Board members are listed in Appendix B.

BOD Committees and Other Working Groups

- At the beginning of each fiscal year the Chair, in consultation with LSS' CEO, appoints the members of these committees unless the Board directs otherwise:
    - The Executive Committee is headed by the Board Chair and generally has authority on behalf of the Board.
    - The Finance Committee, which makes recommendations on LSS' finances, funding, fiscal allocations, and risk management.
    - The Stakeholder Engagement Committee, which recommends ways to strengthen LSS' relationships with key stakeholders.
- The MOU requires a working group to meet on a regular basis comprised of:
    - Executive Director, Criminal Justice and Legal Access Policy Division, MOJ or such other designate as may be assigned by the Assistant Deputy Minister, Justice Services Branch.
    - Director, Strategic Planning, Policy and Human Resources LSS, or such other designate as may be assigned by the CEO, LSS.
    - Other staff of the Government and/or LSS, as required.
- The Working Group considers:
    - the budget development cycle;
    - the financial position of LSS;
    - the establishment of strategic priorities for LSS in alignment with the government's strategic priorities, policy objectives and fiscal plan;
    - issues relating to LSS' objects that might affect government's responsibility for legal aid and access to justice; and
    - coordination of policy and program development, and such other issues as may arise.
- In addition there is currently a separate working group to address issues related to the JITI pilots.
- This working group meets regularly to discuss governance issues with respect to the design, budget, implementation, and evaluation of the five JITI pilots.
- Each of the five pilots has its own working group dedicated to the specific details of that project: policy design, logistics, implementation, communications and evaluation. Initially those groups met weekly, but as the projects have been implemented, those meetings have become less frequent.

MOU

- The *LSSA* requires LSS to enter into an MOU with government that considers:
    - an estimate of the funding government anticipates providing LSS for the next three years;
    - the types of legal matters that LSS must provide legal aid for, and those which LSS must not provide legal aid for, using government funding;
    - the priority for legal aid provided with government funding;
    - whether and how LSS might provide legal aid not considered by the MOU; and
    - how LSS will participate in justice reform initiatives.
- Although the *LSSA* sets out the mandate, powers, and objects of LSS as well as the oversight role of the ministry, it is the MOU that details the operational relationship between the parties.
- The term of the current MOU is April 1, 2014 to March 31, 2017.
- Highlights of changes to the most recent MOU are as follows:
    - the creation of several new definitions;

- some language changes to reflect the language in the *Family Law Act*;
- the inclusion of major capital expenditures in the list of things that LSS must discuss with the ministry before committing their accumulated surplus;
- the incorporation of the previous stand-alone Agreement for the Funding and Management of Special Funding Agreement Cases; and
- other housekeeping changes/updates.

Budget Oversight

- LSS is subject to the periodic reporting requirements of Treasury Board and the Office of the Comptroller General. Therefore, ministry staff work closely with LSS, in consultation with central finance and reporting contacts, to ensure alignment of spending and policy priorities to avoid creating pressure on the government fiscal position.
- LSS is also subject to reporting and accountability processes under the *Balanced Budgets and Ministerial Accountability Act* as well as the service planning and reporting requirements set out in the *Budget Transparency and Accountability Act*.
- Part 4 of the *LSSA* imposes financial accountability mechanisms on LSS. These include:
  - a limit on expenditures that prevents LSS from incurring a deficit without the approval of the AG and the Minister of Finance;
  - a requirement that LSS submit a budget, acceptable to the AG, each year;
  - a requirement to supply such information as may be necessary to the AG, in any form and timeline as may be required.
- Total government funding to LSS in 2016/17 is $74.675M (increased by $79K[1] from the 2015/16 budget of $74.596M), broken out as follows:

LSS Revenue from Government Sources for 2016/17:	**$ Million**
Basic Legal Aid Transfer (*includes new funding of $149K for ESM)*	$65.167
Justice Transformation (*continuing from 2014/15 & 2015/16 for $6M total in 3 years*)	$2.000
Large Case Fund (Category B under the MOU)	$1.813
Major Cases (Category C under the MOU)	$2.855
Federal High-Cost Cases	$0.650
Provincial Immigration and Refugee Legal Aid	$0.800
Federal Immigration and Refugee Legal Aid (flows through from federal government)	$0.900
Vancouver Drug Court support	$0.120
Downtown Community Court support	$0.370
TOTAL	**$74.675**

- Government funding is about 95% of LSS's total revenue. Non-government sources of revenue have declined in recent years, mainly due to low interest rates.
- Despite challenging economic circumstances, government funding to LSS has been stable since 2005, increased by:
  - $2.1M in 2012/13 to maintain family and child protection legal aid services;
  - an additional $2M in 2014/15 (for 3 years, totaling $6M) to support LSS to implement JITI; and
  - $74K in 2015/16 plus $75K in 2016/17 (totaling $149K) for the Economic Stability Mandate and Dividends (ESM & ESD) related to staff salary increases.

[1] $4K of the $79K pertains to ESD provided in the 2016/17 budget build but retro to the 2015/16 fiscal year.

APPENDIX B

Legal Services Society Board of Directors

Suzette Narbonne, lawyer (Sechelt) Chair Chair, Executive Committee Law Society Appointee	
Alison MacPhail, lawyer (Victoria) Vice-Chair Member, Executive Committee Law Society Appointee	Dean A. Crawford, QC Member, Stakeholder Engagement Committee AG Appointee
Karen Christiansen, FCPA, FCA (Kelowna) Chair, Finance Committee Member, Executive Committee AG Appointee	Annita L. McPhee (Dease Lake/Terrace) Member, Stakeholder Engagement Committee AG Appointee
Celeste Haldane, lawyer (Vancouver) Member, Stakeholder Engagement Committee AG Appointee	Puneet P. K. Sandhar, lawyer (Surrey) Member, Executive Committee Member, Finance Committee AG Appointee
Dinyar Marzban, lawyer (Vancouver) Member, Finance Committee Law Society Appointee	Jean P. Whittow, QC (Vancouver) Member, Finance Committee Law Society Appointee

APPENDIX C

Legal Services Society

Meeting Minutes
MLBC Advisory Committee Meeting
March 11, 2016(Friday), 12:30 pm – 2:30 pm
Columbia Room, LSS Vancouver

Invited:	John Simpson (Chair) Audrey Jun, Courthouse Libraries BC Mark Knauf-Nakamura, Director of Knowledge Management, Courthouse Libraries BC (guest) Dave Nolette, JES Kari Boyle, Mediate BC karima budhwani, Law Foundation Patricia Byrne, PLS Sherry MacLennan, LSS Director of PLIA Candice Lee, LSS, MLBC Project Manager Nate Prosser, LSS Online Outreach Coordinator	**Via teleconference:** Dan VanderSluis, Ministry of Justice, Victoria James Deitch, Ministry of Justice, Victoria Kevin Conn, Ministry of Justice, Victoria
Regrets:	David Merner, Ministry of Justice, Victoria Kathryn McCart, PLS Lisa Nakamura, Ministry of Justice, Victoria Maureen Cameron, CBA Nicky Dunlop, PovNET	Kathleen Rawlinson, Ministry of Justice, Victoria Brenda Rose, Courthouse Libraries Wayne Braid, BC Notaries Wayne Robertson, Law Foundation
Recorder:	Faye Yee	

MyLawBC Update

- We received very positive reaction to the MLBC site after soft launch from the Kelowna intermediaries' conference, Relate (a consortium member in London, adapting the Rechtwijzer platform), Law Courts Centre, Justice Education Centre and Professor Roger Smith.

Soft Launch Feedback - Comments and questions

- The group provided all positive comments saying how, friendly, easy, clear and simple the site is. A new tool for the public around legal help and a good step forward.
- The group acknowledged Candice and the pubs team on the good work done on MLBC.
- Audrey passed on Joanne Taylor's remark at Nidus's Broad meeting on how she enjoyed the collaborative work with Candice on the Personal Planning pathway.
- Subject matter experts on the development team were in general impressed with the soft launch.
- In the first 10 days since soft launch, pathways have been started 700 times. 481 users in total, and 32 accounts on the Dialogue Tool. So far, the Make a Separation Plan and Make a Will pathways are the most popular.
- Access Pro Bono is incorporating on their database respective links to MyLawBC in their routine communications to pro bono clients.

- FAQ page will have info online feedback form people can fill out for help. A measure to track feedback data systematically.

Overview & highlights

- Candice went over the MLBC Launch Timeline. See attached.
- We are working towards adding a donation button to the site for the hard launch.
- MLBC hard launch will be in tentative in mid-April or early May.

Site Improvements for the hard launch

- Improvement Sprint timeframe is set for Mar 7-Apr 4 inclusive.

Hard Launch

- The group agreed it is not essential to promote vigorously before April 30.
- To build up MLBC awareness, the group discussed promo ideas, hard launch activity and ongoing online outreach. This is not an exhaustive list:
    - email blasts
    - Google / online ads
    - web spaces
    - media kit so other participating organizations/teams can post/share the same messaging and/or plug a feedback
    - Notaries Foundation conferences upcoming
    - New legal advocates training early April at LSS Local Agents and Povnet, etc.
    - Canadian Legal Libraries conference May 14-18 at Parkville
    - BC Arbitration & Mediation Institute Symposium on May 30-31
    - Family Justice Counsellor Conference in June
    - Posters and ad promos for brand presence available in Family Justice Centre, public libraries, Peoples Law School, the Wills Clinic in Victoria, BC Centre for Elder Advocacy & Support, Service BC and community centres at large
    - newspapers ads with testimonial stories and articles
    - cross promotion between FLWS and MLBC
    - cross-linking on all relevant PLEI and Ministry websites
    - art installation in public place
    - ads in high traffic areas such as sky train stations
    - flash mob
    - lunch and learns
    - webinars
    - reaching out to universities for awareness and high schools as part of their teaching tool kit
- Other engagement includes interviewing people on the street
- Involve the media. Reporters like to tweet, could be effective to get their attention.

Any other business

- No other business

MyLawBC Launch Timeline

User Acceptance Test & PROD deploy

- ❑ 8 pathways on eu-Server
- ❑ 1 dialogue tool on eu-Server
- ❑ 8 pathways on Cdn-Server
- ❑ 1 dialogue tool on Cdn-Server

Soft launch

- ❑ Corporate announcement
- ❑ Site analytics
- ❑ Social media

Official launch

- ❑ Corporate announcement
- ❑ News releases
- ❑ Launch event

~~Jan 22~~ | **Feb 17** | **Feb 29** | **Mar 31** | **Apr 30**

LSS responsible components, hosted on LSS server

DT platform item

- ❑ 20 negotiation toolkits
- ❑ 1 *Coping with Separation* pub.
- ❑ 1 mediation can help infoG
- ❑ 1 dividing property factsheet (via FLWS)
- ❑ Legal Information Tools (Parenting Time table; Child/Spousal support f/s; Our home f/s; Pension income f/s; Property & debt worksheet; and Negotiation tips.)

Pathway item

- ❑ 4 safety planning checklists
- ❑ 1 family issues infographic
- ❑ 9 foreclosure .doc samples
- ❑ 1 foreclosure process chart
- ❑ 22 will template in Word
- ❑ Making a will worksheet & "not-covered scenario" PDFs

Other general item

- ❑ MyLawBC Home page
- ❑ 4 subject pathway landing pg
- ❑ 1 dialogue tool landing page
- ❑ Term of us page
- ❑ Privacy Statement page
- ❑ FAQ page
- ❑ About LSS page
- ❑ About MyLawBC page
- ❑ Acknowledgement page
- ❑ Infographic landing pages
- ❑ Publications section
  - ❑ Main & bulk order page
  - ❑ Subject category
  - ❑ Individual pub page
  - ❑ Connect to Clicklaw

Prep work for official launch

HiiL - Modria

- ❑ High priority "Improvement" items for both pathways and dialogue tool

LSS site component

- ❑ Donation (hosted via 3rd party/service provider)
- ❑ DT separation agreement example
- ❑ DT instructions for users

Web promotion

- ❑ Cross-links on LSS websites
- ❑ Cross-linking to stakeholders' sites
- ❑ Links to supporters' sites
- ❑ Online ad

Print & in-person & other promotions

- ❑ Site promotion materials
- ❑ Site promotion events

Training

- ❑ Core team training
- ❑ Support team training
- ❑ Community training

Prepared by Candice
Jan 20, 2016

Page 102 to/à Page 105

Withheld pursuant to/removed as

NR

Cliff: 422184
Date Prepared: June 6, 2016
Date Decision Required: June 17, 2016

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For DECISION for the Honourable Suzanne Anton, QC, Minister of Justice and Attorney General

ISSUE:
2015/16 Legal Services Society (LSS) Annual Service Plan Report (ASPR).

DECISION REQUIRED / RECOMMENDATION:
Under the *Budget Transparency and Accountability Act* and Crown Agencies Resource Office (CARO) Guidelines, the LSS ASPR must be approved by the Attorney General.

Pending any further revisions, the AG is requested to either approve the attached LSS ASPR or direct changes by Friday, **June 17**. The final version with Board Chair and AG signatures is due to CARO by Monday, **June 20** for printing. The ASPR will be publicly released on the same date as Government's Public Accounts, targeting June 27-30.

It is recommended that the attached Board-approved LSS ASPR for 2015/16 be approved.

SUMMARY:

- The attached LSS ASPR has been reviewed by ministry, CARO and Treasury Board Staff (TBS). TBS feedback was considered but approval is not a requirement.
- The ASPR includes all necessary elements set out in the relevant guidelines.
- The ASPR has been approved by the LSS Board of Directors. Some wording in the ASPR reflects ongoing concern about funding levels.

BACKGROUND / DISCUSSION:

- The *Budget Transparency and Accountability Act* requires that ministry and Crown Agency ASPRs be released with Public Accounts. In order to meet publishing deadlines, the ASPR must be approved by the Attorney General no later than June 20, 2016. On that date, ministry staff are to submit the final version signed by the LSS Board Chair and the AG to CARO.
- CARO's guidelines reflect the ongoing emphasis on Taxpayer Accountability Principles.
- The 'Strategic Direction and Context' section contains some editorial content that reflects concerns regarding resources and capacity. However, these are balanced by references to mitigation strategies.
- The LSS's audited financial statements are included in the ASPR. Unlike the annual Service Plan, there is no requirement that TBS approve them, as there is no

budget component to them. s.12

s.12

- TBS and CARO reviews of the LSS Service Plan for the past two years have included comments on the lack of rigour in the performance measures. However, they are reasonably content to wait for the next opportunity to set out new measures (during the next service planning period, in November) as LSS plans to conduct a review of their performance measures in the meantime, including the development of new measures in accord with one of the deliverables in their Mandate Letter.

OPTIONS:

- Recommended: approve the LSS 2015/16 as presented; or
- Conditionally approve, pending edits and/or further information, by June 20: or
- s.13

OTHER MINISTRIES IMPACTED/CONSULTED:

- TBS and CARO staff in the Ministry of Finance reviewed and provided comments on drafts of the ASPR.

RECOMMENDED OPTION APPROVED **DATE:**

JUN 14 2016

Richard J.M. Fyfe, Q.C.
Deputy Attorney General and
Deputy Minister, Justice

16 June 2016

The Honourable Suzanne Anton, QC
Attorney General and Minister of Justice

Prepared by:
Kathleen Rawlinson
Senior Business & Policy Advisor
Justice Services Branch
250-356-8083

Approved by:
James Deitch
A/Assistant Deputy Minister
Justice Services Branch
250-387-2109

Attachment: Board-approved LSS ASPR 2015/16

Legal Services Society

2015/16
ANNUAL SERVICE PLAN REPORT

Legal
Services
Society

British Columbia
www.legalaid.bc.ca

For more information on the Legal Services Society, contact:

Mark Benton, QC

Chief Executive Officer

Legal Services Society

400 – 510 Burrard Street

Vancouver, BC V6C 3A8

604-601-6000

www.legalaid.bc.ca

Board Chair's Accountability Statement

The Legal Services Society's *2015/16 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2015/16 - 2017/18 Service Plan.* I am accountable for those results as reported.

Suzette Narbonne
Chair, LSS Board of Directors

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Chair/CEO Report Letter

We are pleased to provide the following report on the Legal Services Society's commitment to the Taxpayer Accountability Principles, in particular Taxpayer Accountability Principles Action Items 5, 8 and 9.

LSS's 2015/16 Mandate Letter referenced three strategic priorities, each of which supports a cost-conscious, principled culture of public accountability.

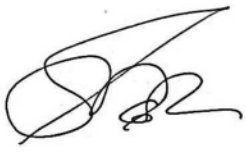
Mandate Letter Priority	Related Taxpayer Accountability Principles
Client Information System	Accountability, service
Justice innovation pilot projects	Service, respect, cost consciousness
Cost of large criminal cases	Cost consciousness

Additional information about the Mandate Letter Priorities can be found on pages 7–8, and in Appendix A.

LSS and the Ministry of Justice have a number of protocols in place to ensure the two organizations work together in a manner that is strategic, effective, and accountable. These include quarterly meetings between the board chair and the Attorney General, and between LSS's CEO and the Deputy Attorney General; a Standing Committee of the Deputy Attorney General and the CEO for addressing any issues arising between the parties; and a working group consisting of senior LSS staff and the ministry that meets every three weeks to discuss budgets and services.

The society has a comprehensive orientation plan for all new board members and executive employees. In 2015/16, LSS conducted orientation sessions for four new board members and for an incumbent board member who assumed the chair's position. LSS ensures that the board chair or delegate always attends Crown board chair meetings. Board members also attend professional development programs organized by central government.

We would like to extend our thanks to LSS staff and to the many private lawyers who represent the society's clients. Without their commitment to legal aid and to improving the lives of those in need, it would not be possible for the society to deliver such a broad range of services, or to develop so many new and innovative services, on time and on budget. We would also like to thank the Attorney General and her staff for their collaboration and support throughout the year.



Suzette Narbonne
Chair, LSS Board of Directors

Mark Benton, QC
Chief Executive Officer

Purpose of the Organization

The Legal Services Society (LSS) provides legal aid in British Columbia. Created by the Legal Services Society Act in 1979, LSS is a non-profit organization that is a separate entity from government (see www.legalaid.bc.ca/about/ourMandate.php). Our priority is to serve the interests of people with low incomes. LSS is funded primarily by the provincial government and receives grants from the Law Foundation and Notary Foundation.

Legal representation services are available for financially eligible people with serious family, child protection, or criminal law problems. Legal representation is also available for people who face a refugee or deportation hearing, a Mental Health Review Panel or BC Review Board hearing, or who have a prison issue for which the Charter of Rights and Freedoms establishes a right to counsel.

We provide legal advice services through criminal and family duty counsel in and out of courthouses across BC, immigration duty counsel for people in detention at the Canada Border Services Agency's enforcement centre in Vancouver, the Family LawLINE, and the Brydges Line telephone service for people who may be or have been arrested. LSS also provides family advice lawyers at eight locations throughout the province.

Public legal education and information (PLEI) is integral to our services. PLEI includes legal information, triage, community referrals, and assessment of eligibility for representation. Legal information and outreach services are delivered by intake workers, legal information outreach workers (LIOWs), an Aboriginal community legal worker (ACLW), local agents, and community partners. This year we launched MyLawBC, an innovative and interactive online platform that features guided pathways to connect users with tools and resources they need to resolve several common legal issues. We provide legal education through training workshops, conferences, and webinars. We reach hundreds of intermediaries and advocates each year so that they are better able to help people with low incomes solve their legal issues. The public, intermediaries, and lawyers use our publications and websites. We collaborate with a wide range of community and government agencies to create and distribute our legal information to the people who need it. Our network of regional offices, local agents, and community partners work to ensure access to legal aid and other justice services throughout BC.

Strategic Direction and Context

In accordance with our 2015/16 Mandate Letter (www.legalaid.bc.ca/about/ourMandate.php), the society has continued to deliver on priority actions aligned with the government's Taxpayer Accountability Principles; in particular, LSS continues to administer legal aid services with regards to the principles of cost consciousness and accountability. Our Mandate Letter priority actions, as well as other LSS goals and initiatives, continue to align with the government's priorities, and the strategic goals of the Ministry of Justice. LSS has demonstrated its commitment to transparency and accountability to the public, and we follow all relevant provincial government reporting and disclosure requirements. This commitment is also demonstrated by the society's financial position and strategic service priorities. LSS has maintained a working group with the Ministry of Justice that meets every three weeks to discuss these and other topics of mutual interest.

In 2015/16, LSS continued to face external financial pressures beyond our control, which have a significant impact on our service delivery levels. The unpredicable level of demand for LSS services continues to be a challenge for the management of our financial resources, with tariff expenditures in the Family and CFCSA areas of law being lower than budgeted. LSS employs robust planning,

demand management and program evaluation practices to ensure that we're using all of our resources as efficiently and effectively as possible.

This year's transition to the Client Information System (CIS) had a major impact on the organization. Over the first year of operation, LSS has realized some benefits from the new system, including improved business intelligence information and automated notifications for lawyers on things like changes of counsel. However, LSS was faced with ongoing internal change management related to several key business functions, such as intake of client applications and processing legal aid contracts billed by tariff lawyers. This transition has been particularly challenging for several LSS departments, some of whom have been managing an intense CIS-related workload for the past three years or more.

Lawyers' frustration with CIS has exacerbated an already serious concern for LSS – lawyer dissatisfaction. Lawyers have long been unhappy about the tariff rates they receive for legal aid services, and any CIS inefficiencies they have experienced over the past year have served to cause this frustration to escalate. The corresponding risk related to tariff lawyer supply and retention, including impacts to the roster of duty counsel and LSS Local Agents, has also increased; for example, LSS experienced difficulties filling several Duty Counsel vacancies in rural communities in the past year. Any delays in securing lawyers to do legal aid work can have serious impacts on people who need our support to deal with their legal issue – and the risk is especially high in rural and remote areas of BC.

The combination of CIS and other major LSS initiatives like MyLawBC and the Justice Innovation Transformation Initiatives (JITI – see the 'Project Performance' section below for further information) have placed a severe strain on LSS staff capacity in the past year, making retention and recruitment of LSS employees a significant risk. Combined with a competitive labour market for skilled employees and below-market remuneration levels, LSS faced challenges in attracting and securing well-qualified employees to fill vacant positions. To mitigate this risk, LSS focused on employee engagement over the past year, including the development and implementation of a Succession Management Program designed to support employees targeted to fill future management vacancies.

Although the past year has been a challenging one in some respects, LSS has continued to advance our strategic goals – including the development of innovative services that increase access to justice for people in BC.

Report on Performance

LSS has delivered, as required, all three of our 2015/16 Mandate Letter priorities:

- **CIS** – This system has been implemented, and work to improve its functionality and efficiency is ongoing;
- **JITI** – All five JITI pilots have been implemented, are being continuously monitored for performance, and have been subject to formative evaluations;
- **Large Criminal Cases** – LSS has participated in a working group with the Ministry of Justice, the Judiciary, and other provincial and national stakeholders on the topic of managing the cost and complexity of large criminal cases.

LSS measures organizational health and performance through our strategic performance measurement framework, internal and independent evaluations of pilot initiatives and core services, and regular monitoring of operations. These performance measures also help assess the society's performance against all six Taxpayer Accountability Principles.

For example, our strategic client satisfaction measures assess our Taxpayer Accountability Principles performance under service ("maintain a clear focus on positive outcomes for citizens") and respect ("engage in equitable, compassionate, respectful and effective communications…").

Another example is the current JITI pilot evaluations, which assess the contribution of these legal aid services to the efficiency of the justice system (cost consciousness), as well as to positive outcomes for clients (service and respect). Examples of operational metrics that measure our performance against the Taxpayer Accountability Principles include application and contract volumes against budget (tracks and promotes cost consciousness), and timeliness and accuracy of eligibility decisions (tracks cost consciousness, accountability, service and integrity).

Operational Performance

In 2015/16, 996 lawyers took legal aid cases. We received just over 37,000 applications for legal representation and were able to refer 73.3 percent of those applicants to a tariff lawyer contract. The breakdown of clients by area of law (criminal, family, CFCSA, and immigration) shows that Family and CFCSA applications decreased the most.

Applications and Contracts for all Areas of Law — 2015/16

	2015/16[1]		2014/15		2013/14	
Legal Issue	Applications	Contracts[2]	Applications	Contracts	Applications	Contracts
Criminal	25,341	20,548	25,227	19,852	25,214	19,569
Family	7,888	3,756	8,620	3,442	9,364	3,708
CFCSA	3,122	2,369	3,347	2,549	3,262	2,544
Immigration	1,040	776	981	714	865	638
Administrative[3]	65	21	–	–	–	–
Total	37,456	27,470	38,175	26,557	38,705	26,459

1. On April 27, 2015, LSS introduced a new computer system to manage client intake services and lawyer billings. Application counts for 2015/2016 are believed to be comparable to applications reported for previous periods; however,changes in data collection practices as a result of the new system reduce the reliability of application data for the period.
2. With the new system, LSS introduced the term "contract" to replace the term "referral". The counts of contracts are comparable to counts of referrals reported in earlier annual reports.
3. With the new system, LSS introduced "Administrative" as a new area of law. These are prison appeal matters that in prevoius years were counted under Criminal applications and contracts.

LSS continued its community partner program, which allows us to provide legal information to clients through community organizations located in areas that are more difficult to serve. LSS also continued to fund Gladue reports and support First Nations Courts by providing LIOW services, Aboriginal community legal worker services, duty counsel services, and financial support to Aboriginal elders at

the courts. All three LSS websites (Corporate, Family Law in BC, and Aboriginal Legal Aid in BC) experienced increased traffic in 2015/16.

This year, we hosted five workshops (in Haida Gwaii, Port Hardy, Kamloops, Chilliwack and Smithers) and four conferences (Provincial Advocates Conference, a Kamloops Regional Conference, Decoda Direct training, and a provincial training event in partnership with Ending Violence Association and BC Collaborates) with a total of 2155 participants – significantly higher than in previous years. We designed these workshops and conferences to reach out to intermediaries who pass on the information learned to their clients.

Legal Aid Services Provided — 2015/16

	2015/16	2014/15	2013/14
Legal advice interactions[1]	89,888	131,934	133,128
Aboriginal Community Legal Worker interactions	958	1,247	1,128
Legal Information Outreach Worker interactions	8,501	8,510[2]	8,216
PLEI publications distributed	107,978	154,450	221,097
LSS website users[3]	206,159	200,629	200,716
Family Law in BC website users[3]	604,021	461,928	319,761
Aboriginal Legal Aid in BC website users[3, 4]	11,893	6,289	—
LSS website sessions	456,720	399,241	397,914
Family Law in BC website sessions	1,296,214	1,037,524	787,775
Aboriginal Legal Aid in BC website sessions[4]	16,191	9,101	—
Total intermediaries reached through LSS workshops and conferences	2,155	782	846
Direct one-to-one client assists by Community Partners[5]	13,334	12,139	—

[1]Includes circuit counsel, duty counsel, Brydges Line, and Family LawLINE. The introduction of a new lawyer billing system on April 27, 2015, disrupted the reporting of duty counsel client counts for most of the period. Volumes for 2015/2016 are estimated to be underreported by approximately 20 to 30%.

[2]This number has been restated from 8,199 to 8,510 due to a reporting error.

[3]In past reports, these metrics were reported as 'average website visits per month'. These metrics have been updated to a more common standard for reporting website traffic.

[4]Site launched in July 2014.

[5]This data was not collected prior to 2014/15.

Project Performance

In 2015/16, LSS made significant progress on advancing major organizational projects along with its regular operational work.

In April 2015, we replaced our legacy Client Management System (CMS) with CIS. This priority action aligns with LSS goal 3 and Taxpayer Accountability Principles under service and cost consciousness. While CIS operates behind the scenes of our services, it drives our business processes and generates data to make strategic and operational decisions. In 2015/16, LSS focused on system implementation and change management for the key users (LSS staff, local agents and tariff lawyers) of the new platforms; we have also spent considerable staff time and effort to identify, prioritize, and address issues that have arisen over the first stages of implementation. LSS has launched a CIS system evaluation to help the organization learn from the challenges presented by this project.

Justice Innovation Transformation Initiatives (JITI) include five projects that pilot innovative criminal, family, and child protection legal aid services. In 2015/16, the pilots entered their second year of delivering services to clients. Overall, the initiatives align with LSS goals 1 to 4 and Taxpayer Accountability Principles under integrity, service, cost consciousness, and accountability. These new projects provide British Columbians with low incomes with increased access to legal information, advice and additional services to help them resolve their legal problems as quickly and efficiently as possible.

In 2015/16, the service delivery models for each of the five pilot projects were stabilized, and several rounds of quality improvement and refinement were undertaken. Formative evaluations of the five pilots were conducted alongside the quality improvement stages, and delivered generally positive findings about the services from clients, staff, and other individuals who have interacted with the programs (e.g., Justice Access Centre staff, judges, community workers).

Another major project undertaken in 2015/16 was MyLawBC, an innovative, interactive website that guides users to resources that can help them resolve several common legal issues. This website was developed over the course of the year, culminating with a soft launch in February 2016 that was met with excellent feedback. This project supports all LSS goals and aligns with Taxpayer Accountability Principles under service and cost-consciousness. Guided pathways to legal information and resources lie at the heart of MyLawBC. The site also includes a leading-edge negotiation platform where former partners can work to resolve family law issues through online dialogue and can develop an agreement together.

In addition to these major projects, LSS continued follow-up work from the Workplace Environment Survey (WES) conducted in 2013/14. LSS divisions and departments were asked to implement specific recommendations from the WES Action Plan, developed from the results of the survey and subsequent focus groups with LSS employees. Part of this action plan also included the introduction of the LSS Succession Management Program, which identifies and supports staff members who have the potential to fill a future management vacancy. The overall goal of the WES Action Plan is to strengthen employee engagement, especially in light of the continued heavy workload created by major organizational projects.

The final report for the Child, Family and Community Service Act (CFCSA) Services evaluation was delivered in 2015/16, and contained recommendations to help LSS better understand whether current services are meeting the needs of clients with child protection matters, and to identify opportunities to improve the efficacy of LSS CFCSA services. This is the first time LSS's child protection services

have been evaluated in this way. We have started developing an action plan to utilize the evaluation findings.

Goals, Strategies, Measures, and Targets

LSS has four goals guiding our strategic and operational decisions. We first introduced these goals in 2008/09 after a broad consultation process that involved discussions with the LSS board, staff, and community members on the priorities for legal aid renewal, the future direction of legal aid in BC, and the society's vision, mission, and values. Our goals are client-centred and outcome-focused, as we believe these are the best approaches for delivering high quality, effective, and cost-conscious services in accordance with our mandate. These goals align with the strategic direction of the Ministry of Justice as well as the Taxpayer Accountability Principles. The table below illustrates this alignment.

LSS Goal Alignment

LSS Goal	Ministry Strategic Goal Alignment	Taxpayer Accountability Principles Alignment
Goal 1: People with low incomes who have legal issues use LSS services.	Goal 1: The justice and public safety sector in British Columbia is fair; Goal 2: The justice and public safety sector in British Columbia protects people.	Service; Respect; Integrity
Goal 2: People with low incomes get help with related legal issues so they can solve and prevent legal problems.	Goal 1: The justice and public safety sector in British Columbia is fair; Goal 2: The justice and public safety sector in British Columbia protects people.	Service; Respect
Goal 3: LSS manages resources soundly.	Goal 3: The justice and public safety sector in British Columbia is sustainable.	Cost-consciousness; Appropriate Compensation; Integrity; Accountability
Goal 4: LSS provides leadership in justice innovation.	Goal 3: The justice and public safety sector in British Columbia is sustainable. Goal 4: The justice and public safety sector in British Columbia has the public's confidence.	Cost-consciousness; Service

Goal 1: People with low incomes who have legal issues use LSS services.

LSS needs to ensure our services are accessible, address the needs of clients, are culturally appropriate, and that the public is aware that these services are available.

Strategies

- Make it easier for clients to access legal aid services.

- Partner with Aboriginal and other underserved communities to deliver services that support positive client outcomes.
- Support service partners and front-line workers to deliver effective and efficient services.
- Support clients to be active participants in solving their legal issues.

Performance Measure 1.1: Percent of clients satisfied with the accessibility of LSS services

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Percent of clients satisfied with the accessibility of LSS services[1]	--	--	69%	--	--	--	73%

[1] Data is from the triennial Client Services Survey. The next survey is scheduled for 2017/18.

Performance Measure 1.2: Percent of clients satisfied with the helpfulness of LSS services

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Percent of clients satisfied with the helpfulness of LSS services[1]	--	--	68%	--	--	--	72%

[1] Data is from the triennial Client Services Survey. The next survey is scheduled for 2017/18.

Performance Measure 1.3: Percent of clients satisfied overall with LSS services

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Percent of clients satisfied overall with LSS services[1]	--	--	66%	--	--	--	70%

[1] Data is from the triennial Client Services Survey. The next survey is scheduled for 2017/18.

Performance Measure 1.4: Percent of clients satisfied with LSS support to help them participate in resolving their legal issues

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Percent of clients satisfied with LSS	--	--	66%	--	--	--	70%

support to help them participate in resolving their legal issues[1]							

[1] Data is from the triennial Client Services Survey. The next survey is scheduled for 2017/18.

Overall, previous survey results regarding client satisfaction with the accessibility and helpfulness of LSS services and support show that we are providing clients with the services they need when and where they need them, fulfilling our mandate to help people solve their legal problems and to facilitate access to justice. Targets are set based on a reasonable expectation of improvement over results in baselines or the previous survey.

Goal 2: People with low incomes get help with related legal issues so they can solve and prevent legal problems.

Clients' legal problems often arise from or lead to other problems such as health, housing, and debt issues. By working with other service providers to help clients get support for these issues, LSS can improve client outcomes as well as reduce clients' use of justice, health, and social services over the long term.

Strategies

- Collaborate with service partners to assess and refer clients to services for their related legal issues.
- Support front-line workers to assess and refer clients to services for their related legal issues.

Performance Measure 2.1: Percent of clients satisfied with the level of support LSS gave them to address their related legal issues

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Percent of clients satisfied with the level of support LSS gave them to address their related legal issues[1]	--	--	59%	--	--	--	63%

[1] Data is from the triennial Client Services Survey. The next survey is scheduled for 2017/18.

Performance Measure 2.2: Percent of lawyers satisfied with LSS support for increasing their ability to help clients address related legal issues

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target

Percent of lawyers satisfied with LSS support for increasing their ability to help clients address related legal issues[1]	33%	--	--	n/a	n/a	35%	--

[1] Data is from the triennial Tariff Lawyer Satisfaction Survey. The next survey was scheduled for 2015/16, but has been postponed to 2016/17 to better align with other LSS evaluation work.

Performance Measure 2.3: Percent of lawyers who support the integrated approach to providing legal aid service

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Percent of lawyers who support the integrated approach to providing legal aid service[1]	67%	--	--	n/a	n/a	69%	--

[1] Data is from the triennial Tariff Lawyer Satisfaction Survey. The next survey was scheduled for 2015/16, but has been postponed to 2016/17 to better align with other LSS evaluation work.

Measures 2.1 and 2.2 assess the effectiveness of the support provided by LSS to clients and lawyers to help clients address their related legal issues. Measure 2.3 indicates the level of support from lawyers in advancing this goal. Targets are set based on a reasonable expectation of improvement over results in baselines or the previous survey.

Goal 3: LSS manages resources soundly.

LSS must manage resources effectively and efficiently to ensure we are achieving the optimum benefit for the society's clients within available funding.

Strategies

- Foster employee engagement and organizational communication.
- Engage with and develop stronger relationships with legal aid lawyers.
- Improve information technology systems to respond to a changing environment.
- Improve the nimbleness and flexibility of LSS business processes to support capacity.

Performance Measure 3.1: Overall average employee engagement

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target

Overall average employee engagement[1]	--	69	--	--	--	70	--

[1] Data is from the triennial Workplace Environment Survey. The next survey is scheduled for 2016/17.

Performance Measure 3.2: Percent of lawyers satisfied with the overall support provided by LSS

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Percent of lawyers satisfied with the overall support provided by LSS[1]	60%	--	--	n/a	n/a	62%	--

[1] Data is from the triennial Tariff Lawyer Satisfaction Survey. The next survey was scheduled for 2015/16, but has been postponed to 2016/17 to better align with other LSS evaluation work.

Performance Measure 3.3: Number of new lawyers taking more than three referrals in the first six months

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Number of new lawyers taking more than three referrals in the first six months[1]	64	73	53	60	70	60	60

[1] Data is from our client information system and financial database.

Performance Measure 3.4: Budget-to-actual expenditure variance[1]

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Budget-to-actual expenditure variance[2]	-1.73%	-2.26%	-0.95%	1.5%	-0.09%	--	--

[1]This Performance Measure has been eliminated going forward, as per the 2016/17 LSS Service Plan. As such, there are no targets for future years.

[2] Data is from our client information system and financial database. To determine our budget-to-actual variance, we use the following calculation: Variance = 1 – (actual/budget).

Performance Measure 3.5: Percent of the public that supports the provision of legal aid services

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Percent of the public that supports the provision of legal aid services[1]	95%	93%	94%	>90%	92%	>90%	>90%

[1] Data is from our annual Public Opinion Poll.

High employee engagement in the public sector, tracked by measure 3.1, is linked to improved service for clients. Measures 3.2 and 3.3 qualitatively and quantitatively assess our progress on maintaining a sustainable supply of lawyers to provide services to clients across BC. Maintaining a low budget-to-actual expenditure variance, measure 3.4, shows that we are effectively managing expenditures. Sustained public support for legal aid, measure 3.5, reflects public confidence in our services and how well we manage the organization. Targets are set based on a reasonable expectation of improvement over results in baselines or the previous survey.

Goal 4: LSS provides leadership in justice innovation.

LSS believes that innovation is needed to bring about the fundamental justice system changes required for clients to achieve timely and lasting resolutions to their legal issues.

Strategies

- Promote outcomes-based justice innovation initiatives.
- Pilot evidence-based legal aid initiatives to improve access and outcomes.
- Communicate LSS's strategic direction to stakeholders.

Performance Measure 4.1: Volume of references to LSS and justice innovation in academic literature, stakeholder reports, and media.

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target
Volume of references to LSS and justice innovation in academic literature, stakeholder reports, and media[1]	20	42	25+	28	30+

[1] Data is from an annual search of academic literature, stakeholder reports, and media. Our methodology included tracking references to LSS in relation to its justice innovation ideas and projects through Google Scholar, Canadian Newsstand Major Dailies, HeinOnline, Twitter and stakeholder websites. The search was limited to a specific set of search terms and conducted manually.

A high volume of references to LSS's justice innovation proposals in academic literature, stakeholder reports, and the media indicates that LSS's ideas are being reviewed and considered by key justice system decision makers and opinion makers. This reflects the growing reach of LSS's influence. This

is the third year that we have tracked this measure. Targets for our measures are generally set based on a reasonable expectation of improvement over results in baselines or the previous survey.

Financial Report

The focus of the 2015/16 fiscal year was to complete projects and manage to the bottom line. LSS ended this year with neither a surplus nor a deficit.

On April 27, 2015 the society went live with CIS. Total capital cost of the system was on budget at $4.3 million, and will be amortized over 10 years at an annual cost of $430,000. The society is committed to future updating and improving the system, and has allocated $500,000 in infrastructure upgrades to support this work.

Development of the MyLawBC website continued through the fiscal year. The Law Foundation and the society are working together to defer part of the Law Foundation Grant to assure project funding for will be available in future years; these funds will flow back to the society over the next 3 years.

Included in the operating grant from the provincial government was $2.0 million for the Justice Innovation Transformation Initiatives (JITI) projects. This funding was for the second year of a three-year project with total funding of $6.0 million. The society operates five separate JITI projects; at the end of the year total spending across all projects was $2.0 million.

Discussion of Results

The following discussion of the society's financial condition for the year ending March 31, 2016 should be read in conjunction with the society's audited financial statements. The financial statements have been prepared in accordance with generally accepted accounting principles for provincial reporting entities established by the Canadian Public Sector Accounting Board. LSS is accountable for how it uses all its funding under the *Budget Transparency and Accountability Act*.

Accumulated surplus

The society's goal was to manage our financial affairs to the bottom line, and at the end of the year we achieved this goal with a balanced budget. At March 31, 2016, the society's total accumulated surplus was $5.3 million, of which $3.9 million was restricted by the board to cover the remaining annual amortization costs of CIS. The balance is restricted and not available for other purposes without approval by the board of directors. See Audited Financial Statements – Note 9, Accumulated surplus.

Budget allocations

LSS allocated $54.1 million or 68.9% of its budget to contracted representation services this year, which includes tariff, duty counsel and transcript costs. Salaries and benefits comprised the next largest budget item at $12.1 million, or 15.3%. Budget for building leases and amortization amounted to $2.6 million or 3.3%. The budget for JITI amounted to $2.0 million or 2.5 %. The budget for all other costs totalled $7.8 million or 10.0%. See Audited Financial Statements – Note 11, Expenses by object.

Revenue

Total revenue for the year was $79.8 million, virtually unchanged from the prior year. Included in the total was the second year of funding for the JITI projects in the amount of $2.0 million. Lower interest rates continue to impact the society, with both the Law Foundation grant and interest revenue being reduced from previous years.

Provincial funding

The provincial government provides the largest portion of the society's revenue. This funding is subject to a three-year Memorandum of Understanding (MOU) between LSS and the Ministry of

Justice. The MOU outlines the anticipated provincially funded services for each year. It also defines how criminal cases are to be categorized and funded.

There are three criminal case categories:

- **Category A:** the first $75,000 of non-court-ordered cases paid at the standard rates. These cases are funded from the base criminal tariff budget.

- **Category B:** all costs greater than $75,000 and up to $175,000 of non-court-ordered cases paid at standard rates, and all costs of court-ordered cases up to $175,000 paid at standard rates. These cases are funded by a restricted contribution, and any surplus in these cases is transferred to deferred contributions. In the case of an annual shortfall in Criminal Category B cases, the society must first apply any eligible base criminal tariff surplus to the shortfall. Any remaining shortfall is then applied to deferred contributions.

- **Category C:** all costs greater than $175,000, or all costs where the hourly rate paid is greater than the standard rate. These cases are funded through a special funding agreement with the Ministry of Justice.

The MOU sets out priorities for reallocating surpluses to shortfalls among budget categories during the year. The society's obligation to provide services is limited to the funding allocated in the MOU for each specific area.

During the 2015/16 fiscal year, the cost for Category B cases exceeded the budget by $1.2 million; this was offset by deferred contributions of $0.4 million, a Criminal Category A surplus of $0.4 million, and additional funding from the provincial government of $0.4 million.

In addition to MOU funding, the provincial government provided specific funding for all Criminal Category C cases during the fiscal year. The total funding for these cases was $2.6 million, compared to $3.0 million in 2014/15.

Federal funding

In 2015/16, the federal government contributed $14.709 million to the Province for legal aid, of which up to $1,010,876 for immigration and refugee legal aid services.

Foundation grants

Both the Law Foundation and the Notary Foundation provide annual grants to LSS with revenue earned on trust funds held by their members. Since these funds are not included in the MOU, the society can allocate them at its discretion, based on LSS board priorities and service plan goals.

The Notaries Act requires the Notary Foundation to contribute 55% of their interest revenue to the society. The foundation provided $756,289 to LSS in 2015/16, compared to $768,776 in 2014/15. The Law Foundation provided the society with a 2015/16 operating grant of 3.0 million, a decrease of $645,000 from 2014/15. An additional $77,874 of funding for projects was provided.

Investments

The majority of the society's available cash is invested under the LSS board's investment policy, which permits the society to invest in low-risk investments. The total revenue for 2015/16 was $348,137, compared to $404,543 in 2014/15.

Expenses

LSS's expenses totaled $79.8 million this year, the same as reported in 2014/15. Of this, $55.1 million was for contracted representation (which includes tariff, duty counsel and transcript costs), $12.6 million for salaries and benefits, $2.7 million for building and amortization, $2.0 million for JITI, and $7.4 million for other costs. Tables 1 through 6 summarize the society's expenses for the past four years. See Audited Financial Statements – Note 11, Expenses by object.

Tariff program expenses

The financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS), and expenses are consolidated and reported as programs. The tariff expenses reported in the financial statements include payments to the private bar, any direct service contracts, and an allocation for both public services and tariff administration costs.

Tables 1 through 4 provide details of the costs included in the tariff expenses. Total expenditures for tariff programs were $65.5 million or 82.2% of total spending in 2015/16, compared to $66.6 million or 83.5% in 2014/15. The largest change was in the criminal tariff, which decreased $0.8 million due to a significantly reduced cost for Category C cases and duty counsel. The child protection tariff decreased $0.6 million due to decreased billing from lawyers. The family tariff increased $0.4 million compared to the prior year.

The total cost of Criminal Category B cases for the year was $3.1 million, or $1.2 million greater than budgeted. This deficit was covered by transferring $0.4 million from deferred contributions, as well as a Criminal Category A surplus and a contribution from the provincial government. At the end of the fiscal the deferred contribution was completely transferred; therefore, there are no funds available for future years.

To determine the costs for tariff and duty counsel, LSS estimates the liability for services provided by the private bar. To arrive at this figure, we use an actuarial model that includes actual costs based on invoices received and estimated costs for work performed on all unbilled contracts made during the fiscal year. The calculation is 90% accurate, 19 times out of 20. The estimated tariff liability at the end of 2015/16 is $11.0 million. The actuarial model was reviewed by an independent actuary in February 2016, and no changes were recommended.

Salaries and benefits

Salary and benefit costs are subject to negotiated collective agreements and terms and conditions of employment. These agreements are approved by the society and the provincial government. The BCGEU agreement was renegotiated in 2015/16 and will expire March 31, 2020. The PEA agreement will expire on September 30, 2019.

Risks

During prior fiscal years, legislative changes such as the Family Relations Act and the omnibus federal Safe Streets and Communities Act bill have directly impacted LSS. The changes affected the criminal, family, and immigration tariffs. The impacts of these changes may not be fully understood for up to three years. LSS will continue its practice of monitoring all tariff costs on a monthly basis to determine what fiscal impacts, if any, these legislative changes may have on LSS tariffs.

Increasing case costs and service demands continue to be a risk that the society must manage. The ability to manage demand continued to be critical to meeting budget targets.

The MOU created three categories for criminal cases and set limits on the amount the society can spend on a case before having to obtain special funding agreements. This has the effect of limiting the society's exposure to the ever-expanding costs of large criminal cases. At the end of the fiscal, the deferred contribution for Category B cases was exhausted. The society will be required to monitor category B costs and provide updated information to ministry regarding additional funding requirements.

Long-term funding for immigration and refugee legal aid remains a concern for the society, as immigration volumes continue to fluctuate. The federal and provincial funding agreement that expired on March 31, 2012 was renewed for another five years, until March 31, 2017, with status quo funding of $1.7 million.

For four of the past five years, the society has restricted capital spending in order to minimize deficits. Currently, after adjusting for CIS, LSS's capital asset book value represents 14.5% of the assets' original cost. This is an indication that a majority of the assets are beyond their estimated useful life. To start to address this, the society has budgeted $0.5 million of its operating budget for infrastructure improvements and $0.7 million for capital expenditures.

Future outlook

The provincial government has approved the society's 2016/17 budget. The budget included an additional $2.0 million for JITI projects but did not include any additional funding for the legislative changes noted above.

However, changing volumes of applications in family and child protection and fluctuations in criminal invoicing patterns will continue to create challenges for LSS, and will require us to monitor and report any changes throughout the year.

The trend of lower non-government revenues over the past six years is expected to continue. The amount of cash the society has to invest has declined over the past two years due to deficits and investment in CIS, and will result in lower investment revenues.

Currently, the rental rate for the society's head office is below market, and the lease will expire on December 31, 2019. Estimates for the rental cost increase or costs to relocate are not available at this time.

External factors outside the society's control, such as legislative and policy changes and government-initiated projects, could pose a financial risk for the society in 2016/17. The LSS/JAG

working group reviews and discusses external issues that arise, including possible mitigation strategies for LSS.

LSS Expenses – Summary Tables

Table 1 Criminal services*					
	2012/13	**2013/14**	**2014/15**	**2015/16**	
				Actual	**Budget**
Tariff payments to lawyers	$25,470,509	$26,817,715	$26,490,313	$25,895,096	24,153,000
Large cases	8,399,263	4,246,367	2,494,921	2,117,309	2,374,000
Duty counsel	5,790,691	5,966,578	5,999,898	5,865,671	5,847,000
Contracted representation services[1]	1,896,235	1,904,501	1,876,919	1,835,338	2,044,000
Public services	3,718,181	3,618,554	3,596,599	3,867,410	3,597,000
Tariff administration	2,001,160	2,085,283	1,935,780	2,033,098	2,298,000
Total criminal services	$47,276,039	$44,638,998	$42,394,430	$41,613,922	$40,313,000

* 2012/13 figures were adjusted due to the removal of the "Other" line item in the Administration table.

[1] Includes Community Legal Assistance Society, West Coast Prison Justice Society, Downtown Community Court.

Table 2 Family services *					
	2012/13	**2013/14**	**2014/15**	**2015/16**	
				Actual	**Budget**
Tariff payments to lawyers	$11,476,619	$10,382,476	$9,124,646	$9,095,107	$9,000,000
Duty counsel[1]	3,501,466	3,531,770	3,436,539	3,695,848	3,749,000
Public services	1,089,487	1,134,019	1,030,236	1,073,222	1,090,000
Tariff administration	752,424	714,076	630,827	745,319	984,000
Total family services	$16,819,996	$15,762,341	$14,222,248	$14,609,496	$14,823,000

* 2012/13 figures were adjusted due to the removal of the "Other" line item in the Administration table.

[1] Includes Family LawLINE.

Table 3 Child protection (CFCSA) services *					
	2012/13	**2013/14**	**2014/15**	**2015/16**	
				Actual	**Budget**
Tariff payments to lawyers	$6,755,412	$7,418,229	$7,029,972	$6,413,257	$7,350,000
Public services	347,567	434,132	420,688	438,385	443,000
Tariff administration	304,328	357,068	325,403	324,500	355,000
Total CFCSA services	$7,407,307	$8,209,429	$7,776,063	$7,176,142	$8,148,000

- 2012/13 figures were adjusted due to the removal of the "Other" line item in the Administration table.

Table 4 Immigration services*					
	2012/13	**2013/14**	**2014/15**	**2015/16**	
				Actual	**Budget**
Tariff payments to lawyers	$1,141,615	1,302,061	$1,480,788	$1,431,607	$1,350,000
Duty counsel	137,025	137,999	142,533	148,793	150,000
Public services	412,230	457,182	479,728	476,759	490,000
Tariff administration	56,727	68,263	75,141	90,621	102,000
Total immigration services	$1,747,597	$1,965,505	$2,178,190	$2,147,780	2,092,000

* 2012/13 figures were adjusted due to the removal of the "Other" line item in the Administration table.

Table 5 Other programs					
	2012/13	**2013/14**	**2014/15**	**2015/16**	
				Actual	**Budget**
Justice Innovation Transformation Initiatives (JITI)	—	—	$2,017,682	2,000,000	$2,000,000
Publishing	$1,521,279	$1,539,942	$1,725,753	1,881,422	$1,514,000
Community engagement and support	873,834	823,771	1,038,401	982,048	1,009,000
Aboriginal Services	586,470	465,952	578,673	656,615	512,000
Total other programs	$2,981,583	$2,829,665	$5,360,509	5,520,085	$5,035,000

Table 6 Administration*					
	2012/13	**2013/14**	**2014/15**	**2015/16**	
				Actual	**Budget**
Executive Office	$1,149,881	$1,053,756	$1,175,862	$1,285,771	$1,403,835
Strategic Planning, Policy, and Human Resources	1,948,674	1,741,110	1,962,507	2,065,301	2,014,748
IT Services	2,182,246	2,183,639	2,809,804	2,676,352	2,266,995
Finance and Administration	2,427,085	2,173,419	1,952,924	2,691,614	2,537,422
Total administration	$7,707,886	$7,151,924	$7,901,097	8,719,038	8,223,000

* 2012 /13 figures were adjusted due to the removal of the “Other” line item in the Administration table.

Table 7: Financial Resource Summary Table

$ millions	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Budget	2015/16 Actual	2015/16 Variance	2014/15 – 15/16 Variance
Operating Revenue									
Contribution from Province	72.1	75.6	78.4	75.2	74.2	74.6	74.6	—	0.4
Other Income & Recoveries	4.8	5.1	5.1	4.9	5.5	4.0	5.2	1.2	(0.3)
Total Revenue	76.9	80.7	83.5	80.1	79.7	78.6	79.8	1.2	0.1
Operating Expenses									
Criminal Services	41.9	45.6	46.9	44.6	42.4	40.3	41.6	1.3	(0.8)
Family Services	15.1	15.8	16.7	15.8	14.2	14.6	14.6	—	0.4
Child Protection Services	5.8	6.7	7.4	8.2	7.8	8.2	7.2	(1.0)	(0.6)
Immigration Services	3.3	2.1	1.7	2.0	2.2	2.1	2.1	—	(0.1)
Justice Innovation Transformation Initiatives (JITI)	—	—	—	—	2.0	2.0	2.0	—	—
Publishing	1.4	1.4	1.5	1.5	1.7	1.5	1.9	0.4	0.2
Community Engagement	0.5	0.8	0.9	0.8	1.0	1.0	1.0	—	—
LawLine & Community Support	—	—	—	—	—	—	—	—	—
Aboriginal Services	0.5	0.5	0.6	0.5	0.6	0.6	0.7	0.1	0.1
Administration	7.7	7.2	7.5	6.5	7.5	7.4	7.9	0.5	0.4
Amortization	0.8	0.7	0.7	0.7	0.4	0.9	0.8	(0.1)	0.4
Total Expenses	77.0	80.8	83.9	80.6	79.8	78.6	79.8	1.2	0.0
Net Income from Operations	(0.1)	(0.1)	(0.4)	(0.5)	(0.1)	—	—	—	0.1
Capital Expenditures	0.2	0.3	0.9	2.8	2.1	1.4	0.5	(0.9)	(1.7)
Total Liabilities (even if zero)	20.0	18.3	18.8	16.5	17.0	—	17.9	—	0.9
Accumulated Surplus/ Retained Earnings	6.4	6.3	5.9	5.4	5.3	5.3	5.3	—	—

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles, except for the accounting treatment of deferred contributions.

Audited Financial Statements

Legal Services Society

Statement of financial position

as at March 31, 2016

	2016	2015
Financial assets		
Financial assets		
Cash *(note 17)*	$ **2,949,887**	$ 1,434,501
Investments *(notes 4 and 17)*	**11,577,437**	13,927,617
Accounts receivable *(note 17)*		
Government of British Columbia	**1,306,166**	139,984
Government of Canada	**1,344,294**	848,806
Other	**581,058**	583,722
Total financial assets	**17,758,842**	16,934,630
Liabilities		
Accounts payable and accrued liabilities		
General *(note 5a)*	**2,617,306**	2,321,459
Tariff *(note 5b)*	**14,503,583**	13,567,301
Employee future benefits *(note 6b)*	**255,000**	259,000
Deferred contributions *(note 7)*	**—**	443,690
Long-term liabilities *(note 8)*	**491,800**	468,400
Total liabilities	**17,867,689**	17,059,850
Net financial assets / (liabilities)	**(108,847)**	(125,220)
Non-financial assets		
Tangible capital assets *(Schedule 1)*	**4,936,026**	5,218,796
Prepaid expenses	**512,516**	246,119
Total non-financial assets	**5,448,542**	5,464,915
Accumulated surplus *(note 9)*	$ **5,339,695**	$ 5,339,695
Contractual obligations *(note 13)*		
Contingent liabilities *(note 16)*		

The accompanying notes and supplementary schedule are an integral part of these financial statements.

Suzette Narbonne
Chair of the Board of Directors

Karen Christiansen, FCPA, FCA
Chair of the Finance Committee

Legal Services Society

Statement of operations and accumulated surplus

for the year ended March 31, 2016

	Budget *(note 12)*	2016	2015
Revenue			
Government of British Columbia *(note 14)*	$ 72,596,000	$ **72,594,180**	$ 72,243,711
Law Foundation	2,955,000	**3,032,874**	3,299,195
Justice Innovation and Transformation Initiatives *(notes 10, 11, and 14)*	2,000,000	**2,000,000**	2,000,000
Department of Justice — Canada *(note 20)*	—	**891,170**	904,445
Notary Foundation	500,000	**756,289**	768,776
Investment income	468,000	**348,137**	404,543
Miscellaneous *(note 20)*	115,000	**163,813**	93,758
Total revenue	78,634,000	**79,786,463**	79,714,428
Expenses *(note 11)*			
Criminal tariff	40,313,000	**41,613,922**	42,394,430
Family tariff	14,823,000	**14,609,496**	14,222,248
Child protection tariff	8,148,000	**7,176,142**	7,776,063
Immigration tariff	2,092,000	**2,147,780**	2,178,190
Justice Innovation and Transformation Initiatives	2,000,000	**2,000,000**	2,017,682
Publishing	1,514,000	**1,881,422**	1,725,753
Community engagement	1,009,000	**982,048**	1,038,401
Aboriginal services	512,000	**656,615**	578,673
Administration	8,223,000	**8,719,038**	7,901,097
Total expenses	78,634,000	**79,786,463**	79,832,537
Annual deficit	—	—	(118,109)
Accumulated surplus at beginning of year	5,339,695	**5,339,695**	5,457,804
Accumulated surplus at end of year *(note 9)*	$ 5,339,695	$ **5,339,695**	$ 5,339,695

The accompanying notes and supplementary schedule are an integral part of these financial statements.

Legal Services Society

Statement of changes in net financial assets / liabilities

for the year ended March 31, 2016

	Budget *(note 12)*	2016	2015
Annual deficit	$ —	$ —	$ (118,109)
Acquisition of tangible capital assets	(1,380,000)	**(491,220)**	(2,130,077)
Amortization	936,217	**773,990**	383,400
	(443,783)	**282,770**	(1,746,677)
Acquisition of prepaid expenses	—	**(512,516)**	(246,119)
Use of prepaid expenses	—	**246,119**	393,424
	—	**(266,397)**	147,305
Increase (Decrease) in net financial assets	(443,783)	**16,373**	(1,717,481)
Net financial assets at beginning of year	(125,220)	**(125,220)**	1,592,261
Net financial assets / (liabilities) at end of year	**$** (569,003)	$ **(108,847)**	$ (125,220)

The accompanying notes and supplementary schedule are an integral part of these financial statements.

Legal Services Society

Statement of cash flows

for the year ended March 31, 2016

		2016		2015
Operating transactions				
Cash received				
Transfers from Government of British Columbia	$	**72,984,308**	$	74,849,664
Grants received		**3,770,130**		3,895,997
Interest		**348,137**		404,543
GST recovered		**282,663**		—
Other		**298,529**		1,106,584
		77,683,767		80,256,788
Cash paid				
Legal aid tariff		**54,208,039**		55,785,372
Salaries and benefits		**12,050,536**		11,651,248
Rent		**1,915,109**		1,696,795
Services		**2,485,913**		2,368,919
GST paid		—		233,522
All other		**7,367,744**		7,038,093
		78,027,341		78,773,949
Cash (used in) provided by operations		**(343,574)**		1,482,839
Capital transactions				
Cash used to acquire tangible capital assets		**(491,220)**		(2,130,077)
Investing transactions				
Investments purchased		—		(5,000,000)
Investments redeemed		**2,350,180**		4,046,683
Cash provided by (used in) investing transactions		**2,350,180**		(953,317)
Increase/(decrease) in cash and cash equivalents		**1,515,386**		(1,600,555)
Cash and cash equivalents at beginning of year		**1,434,501**		3,035,056
Cash and cash equivalents at end of year	$	**2,949,887**	$	1,434,501

The accompanying notes and supplementary schedule are an integral part of these financial statements.

Legal Services Society

Notes to the Financial Statements

for the year ended March 31, 2016

1. Overview

The Legal Services Society (the society) was established under the Legal Services Society Act on October 1, 1979 (as revised on May 31, 2007). The society is governed by a board of directors, of which five are appointed by the Province of British Columbia (the province) and four are appointed by the Law Society. The purpose of the society is to:

- assist individuals to resolve their legal problems and facilitate access to justice,
- establish and administer an effective and efficient system for providing legal aid to individuals in British Columbia, and
- provide advice to the Attorney General and Minister of Justice respecting legal aid and access to justice for individuals in British Columbia.

The society is not subject to income taxes.

2. Basis of presentation

These financial statements are prepared by management in accordance with the accounting requirements of section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. This section requires that financial statements be prepared in accordance with Canadian Public Sector Accounting Standards (PSAS), except in regards to government transfers as described in notes 3(a) and 18.

3. Significant accounting policies

(a) Revenue recognition

Revenues are recognized in the period in which the transactions or events that give rise to the revenues occurred. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Restricted contributions received or receivable are deferred and amortized into revenue as the related expenses are incurred. This accounting policy complies with the accounting requirements of section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. However, this accounting treatment is different from the requirements of the Canadian PSAS, which require that government contributions be recognized as revenue when approved by the transferor and eligibility criteria have been met, unless the transfer contains a stipulation that creates a liability. In this case, the transfer is recognized as revenue over the period that the liability is extinguished. See note 18 for the impact of this policy on the financial statements.

(b) Expenses

Expenses are reported on an accrual basis. The cost of services incurred during the year is expensed.

(c) Tariff expenses

Tariff expenses include amounts billed by lawyers to the society and an estimate of services performed by lawyers but not yet billed to the society.

(d) Employee future benefits

i. The society's employees belong to the Municipal Pension Plan, which is a multi-employer contributory pension plan. The society records its pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets, and costs to individual employers participating in the plan.

ii. The cost of non-vesting sick leave benefits is actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates, and discount rates.

(e) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the asset.

Tangible capital assets are amortized on a straight-line basis as follows:

Assets	Per year
Furniture	10 – 20%
Equipment	20%
Computer equipment	25 – 33%
Computer software	20 – 33%
Client Information System	10%
Leasehold improvements	Lower of lease term and useful life

Tangible capital assets are written down when conditions indicate that they no longer contribute to the society's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The net writedowns (if any) are accounted for as expenses in the statement of operations.

(f) Asset retirement obligation

The society recognizes the fair value of a future asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the assets. The society concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is depreciated over the life of the asset.

The fair value of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a credit-adjusted, risk-free interest rate. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized in the statement of operations as an operating expense using the effective interest method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is amortized over the remaining life of the asset.

(g) Prepaid expenses

Prepaid expenses include memberships, computer software licenses, and deposits. These items are charged to expense over the periods expected to benefit from them.

(h) Financial instruments

The society's financial instruments consist of investments, accounts receivable, and accounts payable and accrued liabilities. Accounts receivable, and accounts payable and accrued liabilities are initially recorded at fair market value and subsequently measured at cost. Investments, which comprise guaranteed investment certificates, provincial bonds, corporate bonds, and structured bank notes, are initially recorded at fair market value and subsequently measured at amortized cost. The effective interest method is used to determine income.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A writedown of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

The fair values of the society's cash, accounts receivable, and accounts payable and accrued liabilities generally approximate their carrying amounts due to their short term to maturity. The fair values of the society's investments are disclosed in note 4. The fair value of the society's tariff accounts payable and accrued liabilities is not readily determinable.

(i) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Areas where estimates are significant to the financial statements include the tariff liabilities and expenses (note 19). Other areas where estimates are

made include the valuation of accounts receivable, amortization of tangible capital assets, asset retirement obligation, non-vested sick leave benefits and contingent liabilities.

Estimates are based on the best information available at the time of the preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from those estimates.

4. Investments

The carrying value of the society's investments is $11,577,437 (2015 — $13,927,617). Included in investments is $166,437 for accrued interest (2015 — $147,617). Investments have maturities ranging from April 2016 to July 2017 and rates of return ranging from 1.51% to 2.45%.

The investments have a market value at March 31, 2016, of $11,589,013 (2015 — $13,946,842). Investments are recorded at amortized cost less any writedowns associated with a loss in value that is other than a temporary decline.

5. Accounts payable and accrued liabilities

(a) General

		2016		2015
Trade payables	$	**1,372,273**	$	**1,604,815**
Payroll payables		**1,245,033**		**716,644**
Total	$	**2,617,306**	$	**2,321,459**

(b) Tariff

		2016		2015
Submittals approved, not paid	$	**2,249,250**	$	**1,510,665**
Submittals not approved		**1,298,333**		**963,636**
Accrual *(note 19)*		**10,956,000**		**11,093,000**
Total	$	**14,503,583**	$	**13,567,301**

The society uses an actuarial model to estimate legal services performed but not yet billed to the society. Management estimated the liability to be approximately $10,956,000 (2015 — $11,093,000). This estimate, included in the above table, incorporates average case costs and service billings for similar cases, based on historical experience over a two-year period. Actual costs could differ from this estimate (notes 3(i) and 19).

6. Employee future benefits

(a) Pension plan

The society and its employees contribute to the Municipal Pension Plan (the plan), a jointly trusteed pension plan. The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of

benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2014, the plan has about 185,000 active members and approximately 80,000 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the plan as at December 31, 2012, indicated a $1.370 billion funding deficit for basic pension benefits on a going concern basis.

The society paid $827,637 for employer contributions to the plan in fiscal year 2015/16, which represents 0.05 per cent of the total plan contributions. The society expects to pay $830,000 for employer contributions in the next fiscal year.

The results of the December 31, 2015, valuation will be available during the 2016/17 fiscal year.

(b) Non-vested sick leave

Employees are credited days per year, ranging from six to 10 days, for use as paid absences in the year due to illness or injury. Employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreement. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick-leave compensation ceases on termination of employment. The benefit cost and liabilities related to the plan are included in the financial statements.

Non-vested sick leave		**2016**		2015
Balance, beginning of year	**$**	**259,000**	$	**252,000**
Expense		**16,000**		**37,000**
Expected benefits paid		**(20,000)**		**(30,000)**
Balance, end of year	**$**	**255,000**	$	**259,000**

7. Deferred contributions

	Balance, beginning of year	Restricted contributions	Criminal Category A tariff surplus	Amortized to operations	**Balance, end of year**
Government of British Columbia — Category B	$ 443,690	$ 2,173,641	$ 444,936	$ 3,062,267	**$ 0**

The society's Memorandum of Understanding (MOU) with the Minister of Justice and Attorney General of British Columbia provides for restricted funding for exceptional matters commencing with the 2003 fiscal year. Effective April 1, 2014, the MOU was revised to provide clarification on criminal case classification and funding of these cases.

There are now three categories:

- **Category A:** the first $75,000 of non-court-ordered cases paid at the standard rates. These cases are funded from the base criminal tariff budget.
- **Category B:** all costs greater than $75,000 and up to $175,000 of non-court-ordered cases paid at standard rates, and all costs of court-ordered cases up to $175,000 paid at standard rates. These cases are funded by a restricted contribution, and any surplus in these cases is transferred to deferred contributions. In the case of an annual shortfall in Criminal Category B cases, the society must first apply any eligible base criminal tariff surplus to the shortfall. Any remaining shortfall is then applied to deferred contributions.
- **Category C:** all costs greater than $175,000, or all costs where the hourly rate paid is greater than the standard rate. These cases are funded through a special funding agreement with the Ministry of Justice.

8. Long-term liabilities

Asset retirement obligation

Included within long-term liabilities is the society's accrual for its asset retirement obligation for the estimated costs of restoring certain leased facilities to their original condition at the end of the lease terms.

The following is a reconciliation of the changes in the asset retirement obligation during the year:

	2016	2015
Balance, beginning of year	**$ 468,400**	$ **565,200**
Decrease in estimate	**—**	**(119,100)**
Accretion expense	**23,400**	**22,300**
Balance, end of year	**$ 491,800**	$ **468,400**

The accretion expense is included in the premises expense. The undiscounted estimated cash flows required to settle the obligations ongoing to December 31, 2019, are $591,000 (2015 — $591,000). The cash flows are discounted using a credit-adjusted, risk-free rate of 5% (2015 — 5%).

9. Accumulated surplus

		2016		2015
Total accumulated surplus at end of year	**$**	**5,339,695**	$	**5,339,695**
Internally restricted for Client Information System	**$**	**3,874,180**	$	**4,300,000**
Internally restricted for strategic initiatives	**$**	**1,465,515**	$	**1,039,695**

The board of directors has authorized the following restrictions on the accumulated surplus:

- In fiscal 2013, the board of directors restricted the entire accumulated surplus to be used for board-directed strategic initiatives and allocated $4.3 million of those funds for the Client Information System (CIS) to replace the legacy Case Management System.
- CIS was installed and went live in April 2015 at a total cost of $4.258 million. The accumulated surplus will be drawn down as the cost of the CIS project is amortized over the anticipated useful life of the asset.
- These funds are not available for other purposes without approval by the board of directors.

10. Justice Innovation and Transformation Initiatives

Included in the 2014/15 fiscal year budget, the Ministry of Justice provided an additional $2.0 million annually for three years for Justice Innovation and Transformation Initiatives (JITI) pilot projects. These initiatives included: Expanded Criminal Duty Counsel, Expanded Family Duty Counsel, Expanded Family LawLINE, Family Mediation Referrals, and the Parents Legal Centre. These pilot projects were launched in 2014/15 and will run for three years. At the end of this period, all of the innovative pilot projects will be evaluated and assessed for their effectiveness. There is no guarantee of funds beyond the 2016/17 fiscal year.

11. Expenses by object

The following is a summary of expenses by object:

	2016 Budget	**2016 Actual**	2015 Actual
Tariff	$ 43,237,000	**$ 44,227,435**	$ **45,738,974**
Salaries and benefits	12,096,778	**12,578,922**	**11,710,417**
Duty counsel	9,925,945	**10,191,944**	**9,817,835**
Grants and contracted services	5,373,767	**4,771,388**	**4,726,457**
Premises	1,647,965	**1,915,109**	**1,696,795**
Local agents	1,731,825	**1,722,457**	**1,664,180**
Computers	1,070,663	**1,558,408**	**1,589,194**
Office	788,915	**779,287**	**882,154**
Amortization	936,217	**773,990**	**383,400**
Transcripts	990,000	**724,942**	**966,139**
Miscellaneous	516,513	**265,612**	**396,227**
Board expenses	204,508	**152,984**	**137,779**
Travel	113,904	**123,985**	**122,986**
Total	$ 78,634,000	**$ 79,786,463**	$ **79,832,537**

Included in the above 2016 actual expenditures is $2,000,000 (2015 — $2,017,682) for the JITI projects referred to in note 10.

12. Budgeted figures

The operating budgeted figures, presented on a basis consistent with that used for actual results, were approved by the board of directors on January 15, 2015, and submitted to the Ministry of Justice on February 13, 2015. The Attorney General and Minister of Justice approved the budget on March 13, 2015.

13. Contractual obligations

The society has the following contractual obligations for long-term leases of its office premises:

Year	2016
2017	$ 890,053
2018	920,429
2019	961,208
2020	734,013
2021	0
Total	**$ 3,505,703**

At year-end, the liability for future costs of legal services to be performed beyond the fiscal year, for which the society is currently committed, is estimated by management to be approximately $23.1 million. This estimate uses the same methodology as described in note 5 for tariff payables.

14. Related parties

The society is related to the Province of British Columbia and its ministries, agencies, and Crown corporations. In this relationship, the province provided funding in the amount of $74,594,180 (2015 — $74,243,711) and the society is responsible for providing legal aid to individuals throughout British Columbia. At year-end, the province owed the society $1,306,166 (2015 — $139,984).

Certain members of the board of directors provide tariff services to the society. These services are provided in the regular course of business under the same terms and conditions as other lawyers. The total amount paid for their services during the year was $21,848 (2015 — $53,239). All payments to board members are reviewed by the finance committee on a quarterly basis.

15. Economic dependence

In 2016, the society received 93% (2015 — 93%) of its operating revenue from the Province of British Columbia.

16. Contingent liabilities

The nature of the society's activities is such that there is usually pending or prospective litigation at any time against the society. With respect to claims at March 31, 2016, management believes the society has valid defences and appropriate insurance coverage in place. Accordingly, no provision has been made in these financial statements for any liability that may result. In the event that any of these claims are successful, management believes they will not have a material effect on the society's financial position.

17. Risk management

Credit risk

Credit risk is the risk of loss resulting from failure of an individual or group to honour their financial obligations. The society's accounts receivable are due primarily from government organizations and reputable organizations. The society's cash and investments are held at Canadian chartered banks, and Canadian financial institutions, respectively. The society is not exposed to significant credit risk.

At year-end, there were no significant accounts receivable that were past due and not impaired.

Liquidity risk

Liquidity risk is the risk that the society will not be able to meet its financial obligations as they fall due. The society's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flow to fund operations and settle liabilities when due. Additionally, the society has a line of credit up to $1.0 million with a Canadian chartered bank. The interest rate per annum is the bank's prime rate. At March 31, 2016, the society has $nil drawn against this line (2015 — $nil).

The maturity of the society's financial assets and liabilities as at year-end was as follows:

2016

	On demand	Up to 1 year	1 to 3 years	**Total**
Financial assets				
Cash	$ 2,949,887	—	—	$ 2,949,887
Investments	—	7,509,106	4,068,331	11,577,437
Accounts receivable	—	3,231,518	—	3,231,518
Total financial assets	**$ 2,949,887**	**$ 10,740,624**	**$ 4,068,331**	**$ 17,758,842**
Financial liabilities				
Accounts payable and accrued liabilities	—	6,164,889	—	6,164,889
Tariff accrual	—	10,956,000	—	10,956,000
Other liabilities	—	746,800	—	746,800
Total financial liabilities	—	**$ 17,867,689**	—	**$ 17,867,689**

2015

	On demand	Up to 1 year	1 to 3 years	**Total**
Financial assets				
Cash	$ 1,434,501	—	—	$ 1,434,501
Investments	—	8,010,617	5,917,000	13,927,617
Accounts receivable	—	1,572,512	—	1,572,512
Total financial assets	**$ 1,434,501**	**$ 9,583,129**	**$ 5,917,000**	**$ 16,934,630**
Financial liabilities				
Accounts payable and accrued liabilities	—	4,795,760	—	4,795,760
Tariff accrual	—	11,093,000	—	11,093,000
Other liabilities	—	1,171,090	—	1,171,090
Total financial liabilities	—	**$ 17,059,850**	—	**$ 17,059,850**

Market risk

Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The society is not exposed to significant currency risk.

(b) Interest rate risk

Interest rate risk is the risk that the society's investments will change in fair value due to future fluctuations in market interest rates. The fair value of the investments, and the income they generate, varies as market interest rates vary. All other financial instruments are non-interest bearing. The society mitigates this risk by monitoring interest rates.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The society is not exposed to significant other price risk.

18. Impact of accounting for government contributions in accordance with the accounting requirements of section 23.1 of the Budget Transparency and Accountability Act

As disclosed in note 3(a), section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and its related regulations require the society to recognize restricted contributions into revenue as the related expenses are incurred. As these contributions do not contain stipulations that create a liability for the society, Canadian PSAS would require these contributions be recognized as revenue in the period when authorized and all eligibility criteria are met.

The impact of this accounting policy difference on these financial statements is as follows:

Date	Impact	Amount
March 31, 2014	increase in accumulated surplus and decrease in deferred contributions	$ 630,553
Year ended March 31, 2015	increase in annual deficit	$ (186,863)
March 31, 2015	increase in accumulated surplus and decrease in deferred contributions	$ 443,690
Year ended March 31, 2016	increase in annual deficit	$ (443,690)
March 31, 2016	increase in accumulated surplus and decrease in deferred contributions	$ 0

19. Measurement uncertainty

Program area		Amount reported	Measurement uncertainty	Range
Tariff accrual (*note 5b*)	Min	$ 10,956,000	$ (1,095,600)	$ 9,860,400
	Max	$ 10,956,000	$ 1,095,600	$ 12,051,600
Tariff and transcript expenses (*note 11*)	Min	$ 44,952,377	$ (1,095,600)	$ 43,856,777
	Max	$ 44,952,377	$ 1,095,600	$ 46,047,977

Variability in the tariff accrual arises from the rate at which cases proceed and changes in the average cost per case. In management's opinion, the tariff accrual and corresponding tariff expenses could change within a range of +/- 10%.

During the year ended March 31, 2016, the society engaged an independent actuarial firm to review the tariff accrual model. The review concluded that, in the aggregate, the tariff model remains appropriate for determining the amount to be accrued. The next review will be in January 2019 with the results reported in the March 31, 2019 financial statements.

20. Corresponding figures

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

Schedule 1

Tangible capital assets

Cost

	Balance, beginning of year	2016 Additions	2016 Deletions	Balance, end of year
Furniture	$ 1,107,829	$ —	—	**$ 1,107,829**
Equipment	525,765	—	—	**525,765**
Computer equipment	984,388	23,452	—	**1,007,840**
Computer software	2,150,152	205,179	—	**2,355,331**
Client Information System	3,995,615	262,589	—	**4,258,204**
Case Management System	1,126,527	—	$ (1,126,527)	**0**
Leasehold improvements	2,613,401	—	—	**2,613,401**
Total	$ 12,503,677	$ 491,220	$ (1,126,527)	**$ 11,868,370**

Accumulated amortization

	Balance, beginning of year	2016 Additions	2016 Deletions	Balance, end of year
Furniture	$ (882,640)	$ (53,638)	—	**$ (936,278)**
Equipment	(513,201)	(6,686)	—	**(519,887)**
Computer equipment	(907,267)	(59,073)	—	**(966,340)**
Computer software	(2,044,670)	(38,264)	—	**(2,082,934)**
Client Information System	—	(425,820)	—	**(425,820)**
Case Management System	(1,126,527)	—	$ 1,126,527	**0**
Leasehold improvements	(1,810,576)	(190,509)	—	**(2,001,085)**
Total	$ (7,284,881)	$ (773,990)	$ 1,126,527	$ **(6,932,344)**

Net book value

	2016	2015
Furniture	**$ 171,551**	$ 225,189
Equipment	**5,878**	12,564
Computer equipment	**41,500**	77,121
Computer software	**272,397**	105,482
Client Information System	**3,832,384**	3,995,615
Case Management System	—	—
Leasehold improvements	**612,316**	802,825
Total	**$ 4,936,026**	$ 5,218,796

Appendix A – Crown Corporations Mandate and Actions Summary

In the 2015/16 Mandate Letter from the minister responsible, the Legal Services Society received direction on strategic priorities for the 2015/16 fiscal year. These priorities and the Crown corporation's resulting actions are summarized below:

Mandate Letter Direction	Crown corporation's Action
1. Continue implementation of the new Client Information System (CIS), within the budget approved by the LSS Board on January 15, 2015, to improve delivery and management of LSS services.	• Engaged in a process to identify, prioritize and address issues with CIS post-launch • Continued change management processes with both internal and external users • Developed a comprehensive project to systematically improve four specific CIS-related workflows • Redeveloped Business Intelligence (BI) systems were redeveloped to accommodate both legacy and newly-available data
2. Implement, monitor, and evaluate the five Justice Innovation Transformation Initiatives (JITI) projects.	• All pilots were fully implemented and subjected to several quality improvement cycles • Conducted formative evaluations on all pilots, with findings used for quality improvement
3. Work with the Ministry of Justice, the judiciary, and other key provincial and national stakeholders to identify drivers of and systemic and sustainable solutions to the increasing costs and complexity of large criminal cases.	• LSS representatives participated in a working group focused on the management of large criminal cases (the Canadian Institute for the Administration of Justice's Roundtable on Complex Criminal Trials)

Cliff: 422229
Date Prepared: June 3, 2016
Date Decision Required: for June 16 Briefing

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For DECISION for the Honourable Suzanne Anton, QC, Minister of Justice and Attorney General

ISSUE:
Risk-managing the impacts of funding decision timing on the operations of the legal aid Justice Innovation and Transformation Initiatives (JITI) by the Legal Services Society (LSS) in advance of 2017/18 budget decisions.

DECISION REQUIRED/ RECOMMENDATION:
It is recommended that Ministry staff advise LSS to continue operations status quo until further notice, which will be informed by the assessment of several milestones and deliverables in summer and fall 2016.

SUMMARY:
- Committed government funding to LSS for JITI of $2M annually for three years ends this fiscal year, on March 31, 2017.
- LSS is forecasting potential, variable wind-down costs that risk impacting next fiscal year as a budget pressure, depending on the timing and nature of funding decisions.
- As Ministry staff are not able to confirm formal funding decisions past 2016/17, LSS has indicated that informal updates and assessments of ongoing viability of the projects, in summer and fall 2016, should provide them with sufficient information to manage JITI in advance of official budget decisions.

BACKGROUND:
- The annual incremental $2M of funding for JITI has been built into the LSS base budget (ie: rather than accessed through contingencies) each of the past/current three years, and was approved by TBS to be presented for the next two fiscal years in most recent LSS Service Plan; with the caveat, however, that it is subject to ongoing budget decisions informed by business cases and evaluations of the JITI projects.
- January 2016: Concurrent with the last service planning process, the 2016/17 Mandate Letter to LSS was approved by TBS, the Attorney and Cabinet including a JITI-related item, directing LSS to:
  - "Continue to monitor, evaluate and improve JITI to ensure implementation of the projects as intended, and to develop business cases to support a request for ongoing core funding for JITI initiatives.
  - Deliverable: Submit draft business cases for all JITI projects, incorporating evaluations and specific performance metrics, by June 30, 2016."

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- Early May 2016: the Ministry Chief Financial Officer sought TBS input on this matter. They advised that timing of decisions will depend upon the scheduling of TB meetings (major or minor) in the fall/winter, among a variety of factors. There may be some opportunity to accelerate the timeline somewhat, but that will depend upon the timing, results and quality of the TB Submission for JITI supported by sound business cases, evaluations and performance measures (assuming the Attorney decides to put a submission forward for TB consideration).
- Late May 2016: discussions between Ministry and LSS executives confirmed that sufficient options had been explored, on both sides, to manage this matter, resulting in a reasonable level of comfort in proceeding on the bases of verbal updates on the status of the various factors, into the fall.
- Ideally, the LSS Board would be apprised of any decisions in advance of its strategic planning meetings September 22-24, 2016, though staff understand this may not be possible.

DISCUSSION:

- At a high level, LSS advises that the main steps and timing required in order to wind-down the JITI projects and to return to their pre-pilot state involve "a wide range of complex activities including halting intake of new clients and referring existing clients to tariff lawyers; terminating employee contracts; vacating premises; closing LSS's central management of the pilot projects."
- LSS is also concerned that delaying closures will result in increased costs to regular tariff services as more clients will enter the system and will have to be transferred (eg: from the block-funded Parents' Legal Centre to the individual-case-funded tariff).
- Pending review of the JITI business cases and evaluations, feedback from LSS and other stakeholders indicates that all the projects, except for Family Mediation Referrals, would be viable and provide value going forward (for continuation and or expansion).
    - The Mediation project has had a low volume of uptake, for a variety of reasons, so is not considered to be as successful as the other projects;
    - The priorities of the LSS Board have led them to identify these other family-related projects as the ones they propose continue (pending final business cases and evaluations):
        - Expanded Family Duty Counsel;
        - Expanded Family LawLine; and
        - Parents' Legal Centre.
    - The Expanded Criminal Duty Counsel project is viewed by LSS as successful, but not aligned with the Board's priorities; as such, there is an expectation that the Ministry will support its ongoing operations and/or expansion to other locations.

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- Communications: LSS advises that since each of the pilot projects has generated its own "process stream" that has various stakeholder (such as social service agencies) referring clients to one or more of the pilot projects, these stakeholder will have to be identified and contacted regarding ongoing or wind-down decisions. However, LSS has indicated they will defer any such communications until at least the fall and/or when decisions have been communicated to them by the Ministry, and that they will consult with Ministry staff in advance of making any such communication.

OPTIONS:

- Option 1 (recommended): approve the approach of Ministry staff providing informal updates to LSS in advance of budget decisions in the fall.
    - Pro: allows time to further assess potential impacts, the viability of ongoing operations, and analysis of the JITI business cases and evaluations.
    - Con: minor risk of inaccurate forecasting of potential shutdown costs by LSS, resulting in higher costs than anticipated if decisions are deferred past December 2016.

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OTHER MINISTRIES IMPACTED / CONSULTED:

- As mentioned, TBS in the Ministry of Finance was consulted.

RECOMMENDATION APPROVED **DATE:**

Richard J.M. Fyfe, Q.C.
Deputy Attorney General and
Deputy Minister, Justice

JUN 14 2016

The Honourable Suzanne Anton, QC
Minister of Justice and Attorney General

16 June 2016

Cliff: 422229
Date Prepared: June 3, 2016
Date Decision Required: for June 16 Briefing

Prepared by:
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Cc: Shauna Brouwer

Approved by: James Deitch
Acting Assistant Deputy Minister

Date: June 10, 2016

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Page 161

Withheld pursuant to/removed as

s.16

BN CLIFF: 422519
Letter CLIFF: 422518
Date Prepared: June 27, 2016

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For DECISION for the Honourable Suzanne Anton, QC, Attorney General and Minister of Justice (AG).

ISSUE:

- The Board of the Legal Services Society (LSS) approved two types of extraordinary payments for fiscal year 2015/16, totalling $869,465:
  1. Executive bonuses of $77,465 which were in non-compliance with government direction under the Crown Corporation Executive Compensation Policy in effect since July, 2012; and
  2. Payments to the private bar of $792,000 to lawyers as compensation for additional workloads related to the implementation of the new LSS billing system.

DECISION REQUIRED / RECOMMENDATION:

- s.13

SUMMARY:

- LSS approved the following bonuses for fiscal year 2015/16, totalling $869,465:
  1. Executive bonuses (10% of base salaries, in addition to those salaries):
     a. CEO Mark Benton: $18,553; and
     b. 4 Directors: $14,728 each.
        - Subtotal: $77,465.
  2. Lawyer bonuses:
     - Private bar: 720 @ $1,100 each
     - Criteria: lawyers who had accepted 6 or more legal aid contracts (referrals) from LSS from April 27, 2015 (the launch of LSS Online), to March 31, 2016 (fiscal yearend).
       - Subtotal: $792,000.

BACKGROUND:

Overview

- LSS has not paid bonuses for 7 or 8 years and have a provision in their Compensation Governance Framework that if they have a surplus, they can pay bonuses.
    - In 2012, bonuses were eliminated in government in favour of a holdback scheme. To develop that, they would need to average the last 4 years of bonuses, gross up salaries, and then holdback 10% for performance. LSS undertook to go back to PSEC to develop this if they were going to pay any bonuses.
    - LSS did not do this, instead paying the bonuses this year.
- **Bonuses will be made public third week in July, when Public Accounts are public.**
- LSS will be the only Crown to make bonus payments this year.
- s.13

- PSEC has been working with Harold Clark on a new draft compensation plan for approval by the board in September, eliminating the issuance of future bonuses.
- Minister of Finance will be briefed on this issue a week before Public Accounts.
- Current Executives:
    - Mark Benton, QC, CEO
    - Harold Clark, Director – Strategic Operations
    - Heidi Mason, Director – Legal Advice
    - Sherry MacLennan, Director – Public Legal Information
    - Doug Wong, Director – Finance & Corporate
- Current Board: five are appointed on the recommendation of the AG, and four are appointed by the Law Society of BC after consultation with the executive of the BC Branch of the Canadian Bar Association.
    - Suzette Narbonne, Chair, LSS Board of Directors
    - Alison MacPhail, Vice-Chair, LSS Board of Directors
    - Dean A. Crawford, QC
    - Karen Christiansen, FCPA, FCA
    - Celeste Haldane
    - Dinyar Marzban, QC
    - Annita L. McPhee
    - Puneet P.K. Sandhar
    - Jean P. Whittow, QC

Timeline

- Feb 22, 2016: LSS informed JSB staff that they were forecasting a surplus for fiscal year 2015/16 of about $900k and that they were planning to use it to make one-time payments to lawyers as a form of compensation for the technical/operational impacts in implementing the new billing system.
    1. There was apparently precedence for this type of payment (5 or 6 years prior).
    2. s.13

- s.13

- May 17: PSEC advised JAG that they received the annual disclosure forms re LSS executive compensation and that it appeared incentive payments had been made using a 'bonus' method, as opposed to the 'holdback' method per policy set out in July 2012.

- May 30: PSEC CEO & ED met with LSS CEO & COO, and the A/ADM of JSB. LSS explained that they misunderstood the policy. They will develop a new incentive plan that is in compliance. PSEC will review the proposed plan in advance (late July? – tbd).

- Week of June 6: LSS emailed a notice to lawyers eligible to receive the bonus (ie, who had accepted 6 or more legal aid referrals since the new billing system was launched on Apr 27, 2015 to Mar 31, 2016). Total estimated (to date) amounts are 720 lawyers receiving $1,100 each ($792k total).

- July 2016:
    1. 2nd week: PSEC CEO will apprise the Minister of Finance on this matter.
    2. 3rd week: Crown executive compensation statements are to be publicly released on the same day as Public Accounts. (According to PSEC, as of June 20, the date has not been determined, but likely mid-July).
    3. TBD: quarterly meeting between the AG and Board Chair (normally includes the DAG and the LSS CEO).

DISCUSSION:

- Executive bonuses: the attached letter from the AG to the LSS Board Chair proposes discussion between them, at their next quarterly meeting, of development of a new executive performance incentive plan that would be expected to be in full compliance with government policy.
- Lawyers' bonuses: s.13

  s.13

  s.13 . The JAG/LSS Working Group is the main forum for discussion of such matters, so JSB staff with ensure this is addressed for this and upcoming fiscal years.
- It is proposed that both these matters are addressed primarily on a going-forward basis (aside from s.13

  s.13 the attached letter), this should go some way towards preserving the JAG/LSS relationship, including the varying views of LSS's operational independence.

OPTIONS:

- Option 1 (recommended): approve the attached draft letter and send to the LSS Board Chair.

  s.13

s.13

OTHER MINISTRIES IMPACTED/CONSULTED:

- Staff in the Public SEC in the Ministry of Finance and were consulted.

Prepared by:
Kathleen Rawlinson
Senior Business & Policy Advisor
Justice Services Branch
(250) 356-8083

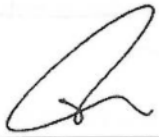
Attachment:

- Letter from the AG to the LSS Board Chair

Approved by: Kurt J.W. Sandstrom, Q.C.
Assistant Deputy Minister

Date: June 28, 2016

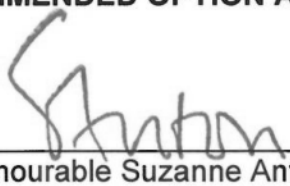
RECOMMENDED OPTION APPROVED **DATE:**



Richard J.M. Fyfe, Q.C.
Deputy Attorney General and
Deputy Minister, Justice

July 22, 2016

RECOMMENDED OPTION APPROVED **DATE:**



The Honourable Suzanne Anton, QC
Attorney General and Minister of Justice

JUL 2 5 2016

ATTACHMENT

that the ♔ corp exec comp policy differs from your exec incentive plan.

Ms. Suzette Narbonne
Chair, Board of Directors
Legal Services Society
400 – 510 Burrard Street
Vancouver BC V6C 3B9

Dear Ms. Narbonne:

I write to advise that I have been informed s.13
s.13

At our meeting on July 27, 2016, I would like to discuss development of a new executive performance incentive plan that is in full compliance with the policy.

I look forward to this discussion at our meeting next week.

Yours very truly,

Suzanne Anton QC
Attorney General
Minister of Justice

pc: Mr. Richard J. M. Fyfe, Q.C.
Mr. Kurt J.W. Sandstrom, Q.C.
Mr. Mark Benton, Q.C.

Cliff: 422788
Date revised: July 19, 2016
Date Decision Required: for July 26 AG Briefing

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For DECISION for the Honourable Suzanne Anton, QC, Minister of Justice and Attorney General

ISSUE:
Evaluations and business cases for funding for Legal Services Society (LSS) Justice Innovation and Transformation Initiatives (JITI).

DECISION REQUIRED / RECOMMENDATION:
- At this time, only preliminary direction is requested. Final decisions regarding a Treasury Board submission (TB Sub) would be made after further analysis and review by September, 2016, for the 2017/18 budget.
- Based on current information, subject to further analysis, it is recommended that the ministry develop a funding request to support expansion of the LSS JITI projects in new locations as well as maintain the existing locations (with the exception of the Mediation Referrals project, which would be abandoned s.13
s.13
- This request would be subject to LSS agreeing to support production of the submission by providing all information ministry staff will require and by exercising due diligence and sound fiscal management going forward.

SUMMARY:

- LSS has provided final business cases and evaluations on its JITI projects.
- All but one of the JITI projects have shown positive results in the quality, efficiency, effectiveness and reach of service delivery, based on both quantitative data and qualitative feedback to date.
- LSS is recommending four of the five JITI pilots would provide value for continuation and/or expansion.

BACKGROUND:

- LSS has successfully fulfilled government direction to implement, evaluate and report on JITI, in this final year of funding, to inform decisions about ongoing operations in advance of the 2017/18 budget building period, with business cases supported by independent evaluations and performance measures.
- Committed government funding to LSS for JITI of $6M total ($2M annually for three years) ends this fiscal year, on March 31, 2017.
- This annual incremental $2M of funding for JITI has been built into the LSS base budget since FY 2014/15.

  - $2M in JITI funding was approved by Treasury Board staff (TBS) to be presented for each of the next two fiscal years in the 2016/17-2018/19 LSS *Service Plan*;
  - However, that it is subject to ongoing budget decisions informed by business cases and evaluations of the JITI projects.
- On July 15, 2016 LSS submitted final business cases and evaluations for JITI projects in compliance with the Mandate Letter direction for LSS to:
  - "Continue to monitor, evaluate and improve JITI to ensure implementation of the projects as intended, and to develop business cases to support a request for ongoing core funding for JITI initiatives.
  - Deliverable: Submit draft business cases for all JITI projects, incorporating evaluations and specific performance metrics, by June 30, 2016."
- Should the Minister be supportive of continuing funding of these projects the next step would be to develop a strong TB Sub by September, 2016 to meet 2017/18 budget approval timelines.

DISCUSSION:

JITI Overview

- All but one of the JITI projects have shown positive results in the quality, efficiency, effectiveness and reach of service delivery, based on both quantitative data and qualitative feedback to date (pending detailed analysis).
- As such, LSS is strongly recommending four of the five JITI pilots would be viable and provide value for continuation and/or expansion (scalable):
  1. Expanded Family Duty Counsel (EFDC);
  2. Expanded Family LawLine (LawLine);
  3. Parents' Legal Centre (PLC); and
  4. Expanded Criminal Duty Counsel (ECDC).
  5. Family Mediation Referrals (Mediation) project had a low volume of uptake throughout the pilot term, for a variety of reasons, so is not considered to be a suitable candidate for continuation.
- Summary of costs per JITI pilot project are in the table below. Note that about 50% of the costs for each project consist of expenses common to all projects (central management and overhead, such as a project manager and an independent evaluation firm). About $500k in addition to the $2M budget was spent in 2014/15 for one-time start-up costs, which were absorbed by LSS within its base budget.

($000s)	2014/15 Actual	2015/16 Actual	2016/17 Forecast	Total
ECDC	$ 351	$ 377	$ 410	$ 1,138
PLC	365	435	526	1,326
LawLine	410	497	472	1,379
EFDC	479	382	366	1,227
Med	395	309	226	930
Total	$ 2,000	$ 2,000	$ 2,000	$ 6,000

Factors for Consideration

- LSS executive and staff are enthusiastic about the JITI pilot results and are highly motivated to work on continuation and expansion of the four successful projects across the province. They have a compelling vision that includes a five-year plan for rollout and technical progress (e.g., mobile applications) that they predict will result in higher quality of service, reaching more clients, in a cost-effective way.

s.13,s.17

- JITI continuation/expansion issues, in addition to funding, include IM/IT and staffing risks for LSS (eg: lead counsel of projects who are on contract).
- If required to wind-down the JITI projects, LSS advises that the main steps and timing needed to return to their pre-pilot state would involve a wide range of complex activities including halting intake of new clients and referring existing clients to tariff lawyers; terminating contracts; vacating premises and closing central management of the pilot projects.
- Resource capacity: development of a strong request for JITI in the ministry's omnibus TB Sub would be a significant project management exercise, led by ministry staff, given the volume and variety of issues, stakeholder consultations, identification of optimal locations for JITI expansion, business cases, evaluations,

performance data and costing information (including upstream/downstream impacts) to gather, analyze and present effectively in a limited period of time.

- The Memorandum of Understanding (MOU) between LSS and government is due for renegotiation in advance of the next three-year term that begins April 1, 2017, so it may provide an opportunity to propose revisions to address or clarify certain expectations related to the above factors (e.g.: communication and compliance re: fiscal matters including expenditures).
- s.13,s.17

OPTIONS:

- At this time, only preliminary direction is requested. Final decisions regarding a TB Sub would be made after further analysis and review by September, 2016, for the 2017/18 budget
- Option 1 (recommended): Based on current information, subject to further analysis, develop a funding request to support expansion of the LSS JITI projects in new locations as well as maintain the existing locations (with the exception of the Mediation Referrals project, which would be abandoned s.13
  s.13 , provided LSS agrees to submit all information requested.
  s.13

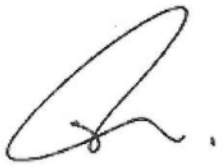
s.13

OTHER MINISTRIES IMPACTED / CONSULTED:

- TBS were consulted regarding potentially early scheduling of a submission for TB consideration in the fall, as well as lead time and fiscal impacts of JITI wind-down, if required. TBS would need to be engaged in review and analysis of a potential TB Sub and supporting materials and provided with complete responses to any questions or requests for further information.
- Staff from the Ministry of Children and Family Development have participated in iterative reviews of the evaluation and the business case for the PLC, and would be consulted regarding impacts of any future decisions and costing.
- Ministry of Social Development and Social Innovation and other service providers, such as community agencies and social workers, provided reciprocal referrals to JITI projects, so would be impacted by operational decisions.

- Ministry staff have been working with staff in the Ministry of Technology, Innovation and Citizen Services and LSS to identify risk mitigation options for IT issues.
- Shared Services BC would be consulted regarding facilities space for JITI (whether wind-down, continuation or expansion of projects).
- It should be noted there would be several areas, especially Corporate Management Services Branch, Criminal Justice Branch, Court Services Branch, and Judiciary, which would be impacted and need to be consulted regarding operational decisions.

RECOMMENDED OPTION APPROVED: **DATE:**



July 21, 2016

Richard J.M. Fyfe, Q.C.
Deputy Attorney General and
Deputy Minister, Justice

OPTIONS 1 and 2

RECOMMENDED OPTION APPROVED: **DATE:**

Anton

26 July 2016

The Honourable Suzanne Anton, Q.C.
Minister of Justice and Attorney General

Prepared by:
Kathleen Rawlinson
Senior Business & Policy Advisor
Justice Services Branch
250-356-8083

Reviewed by:
James Deitch
Executive Director
Justice Services Branch
250-387-2109

Cc: Shauna Brouwer

Approved by: Kurt J.W. Sandstrom, Q.C.
Assistant Deputy Minister

Date: July 20, 2016

Cliff: 422889
Date Prepared: July 19, 2016

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For INFORMATION for the Honourable Suzanne Anton, QC, Attorney General and Minister of Justice (AG).

ISSUE:

- Meeting of the AG and Deputy Attorney General (DAG) with the Legal Services Society (LSS) Board Chair (Chair) Suzette Narbonne and Chief Executive Officer (CEO) Mark Benton on July 27, 2016.

SUMMARY:

- The meeting is scheduled for 8:30-9:30am on Wednesday, July 27, at the Minister's Office in Victoria.
- As the agenda proposed by LSS has more items than may be sufficiently covered in the allotted time, it is recommended that focus be directed to matters that are most significant and relevant to the Minister's responsibilities for Crown oversight, such as:
    - Taxpayer Accountability Principles (TAPs): e.g., executive compensation; and
    - LSS Mandate Letter deliverables, including Justice Innovation and Transformation Initiatives (JITI) business cases and evaluation results; and
- Brief background and status information is provided in the Discussion section below on the proposed agenda topics, noting there is some overlap among them.

MEETING AGENDA (proposed draft from LSS, reordered and attached as Appendix C):

1. JITI: business cases and ongoing funding;
2. TAPs: Mandate Letter priorities;
3. Justice priorities: ministry's and LSS's; Board planning session Sep 22-24;
4. Criminal justice issues: federal funding; costs and duration (impacts of Supreme Court of Canada (SCC) decision, *R. v. Jordan*, on length of trials);
5. Immigration budget pressures;
6. Horizon issues: Grand Chief Ed John report; renegotiation of the Memorandum of Understanding (MOU) between LSS and the ministry; and
7. Next meeting date and closing.

BACKGROUND:

- The last meeting between the AG and Chair was on April 18, 2016, at the LSS office in Vancouver for a regular meeting and a demonstration of MyLawBC.
- The 2016/17 LSS Mandate Letter incorporates the TAPs, which require quarterly meetings with LSS, attended by the AG, DAG, Chair, and CEO.
- In accordance with the requirements of the MOU, ministry and LSS staff meet regularly to discuss operational issues. The discussions for the quarterly Mandate Letter meetings are likely to be strategic in nature.

- The conversation should reflect the generally good working relationship between LSS and the ministry, demonstrated most recently in the development and submission of the JITI business cases.
- As such, it is expected that conversation from LSS will focus on future funding for JITI. However, clarity on government's expectations around the importance of adherence to sound fiscal management policies and practices may be in order before constructive discussions and consideration of funding to LSS for JITI, or any other pressures, risks or initiatives, can be put forward.

DISCUSSION:

- Below is some information on the areas of discussion proposed by LSS.
  A backgrounder on LSS is attached as Appendix A and a list of the current board members as Appendix B.

1. <u>JITI Projects</u>

- LSS has successfully fulfilled government direction to implement, evaluate and report on JITI by developing and submitting business cases supported by independent evaluations and performance measures.
  - Ministry staff are currently reviewing the business cases in order to inform decisions about ongoing operations and funding in advance of the 2017/18 budget building period.
  - 2016/17 is the final year of the three year funding envelope of $6M. $2M of annual funding is built into the ongoing base budget for LSS for fiscal years 2017/18 and 2018/19, as approved by Treasury Board Staff (TBS) in their review of the latest Service Plan.

s.12

- It is expected that LSS would support and facilitate the reviews and potential funding and operational decisions by:
  - Providing any information required by ministry staff and TBS; and
  - Demonstrating sound fiscal management and good judgment around adherence to government policies, such as executive compensation plans (to be discussed further).
- Overview of the JITI project and preliminary results: all but one of the JITI projects have shown positive results in the quality, efficiency, effectiveness and scope of service delivery, based on both quantitative data and qualitative feedback to date (pending detailed analysis).
  - As such, LSS is strongly recommending four of the five JITI pilots would be viable and provide value for continuation and/or expansion (scalable):
    1. Expanded Family Duty Counsel;
    2. Expanded Family LawLine;
    3. Parents' Legal Centre; and
    4. Expanded Criminal Duty Counsel.

5. Family Mediation Referrals (Mediation) project had a low volume of uptake throughout the pilot term, for a variety of reasons, so is not considered to be a suitable candidate for continuation.

- In addition, LSS has submitted a 'Strategic Briefing' document for the July 15 submission and planning to create 'lessons learned' reports for each JITI project at the end of the pilot term (March 31, 2017), which will help explain results of the Mediation project as well as inform continuation/expansion plans for the other projects.

2. TAPs (including Executive Compensation)

- Several of the directives for Crown oversight and responsibilities required by TAPs have been addressed, which are regular meetings of the Minister Responsible with the Crown Board Chair to discuss current business matters, priorities, financial risks, and to provide updates on the Mandate Letter actions and deliverables.
- TAPs also set out requirements and expectations for Crown executive compensation, specifically around:
  - "Implementing a new executive compensation framework for Crown corporations in July 2012, which supports a more consistent and rigorous approach to executive compensation in Crown corporations, aligned with government values."
- For last fiscal year, 2015/16, the LSS Board approved two types of extraordinary payments for fiscal year 2015/16, totalling $869,465:
  - Executive payments of $77,465 as a bonus, rather than holdback method which government directed in the Crown Corporation Executive Compensation Policy in effect since July, 2012 and as set out in TAPs; and
  - Payments to the private bar of $792,000 to lawyers as compensation for additional workloads related to the implementation of the new LSS billing system.
- s.13

- The proposed letter from the AG to the Chair regarding the executive payments suggests discussion with the Chair of the following at the July 27 meeting:
  - development of a new executive performance incentive plan that is in full compliance with policy;
  - s.13
  -

3. Justice Priorities

- **Ministry priorities**: There are several documents and other sources that guide ministry priorities: the AG's Mandate Letter, the Justice and Public Safety Council (JPSC) *Strategic Plan*, and the Ministry's *Service Plan*.
    - All these are subject to the TAPs, budget decisions and other central direction and priorities. In addition, external factors can impact priorities at any time.
    - Ministry priorities that may be the most relevant for LSS, and to which LSS could make the greatest contribution, include:
        - Access to justice and progress in the development of evidence based-policy: LSS's successful launch of the JITI projects and their development of business cases, supported by evaluations and performance measures, will help address these sector priorities.
        - Indigenous justice issues: eg, priority action #3 in the LSS 2016/17 Mandate Letter, to work with the ministry and key stakeholders to identify opportunities for LSS to better meet the legal needs of Aboriginal people in BC.

- **LSS priorities**: It is assumed the Chair and CEO will provide and update on their priorities, which are likely to coincide with those in their 2016/17 Mandate Letter, which are:
    1. Client Information System (CIS) [also called 'LSS Online']: Continue to enhance the functionality and user experience of the society's new CIS to support delivery of efficient and effective client services, online billing and case management.
    - Deliverable: Develop suggested performance metrics, using data provided from CIS, to potentially incorporate in the *2017/18 Service Plan* and submit a report of recommended measures to the ministry by September 30, 2016, for feedback and required ministry approvals in advance of the next service planning period.
    2. JITI: Continue to monitor, evaluate and improve JITI to ensure implementation of the projects as intended, and to develop business cases to support a request for ongoing core funding for JITI initiatives.
    - Deliverable: Submit draft business cases for all JITI projects, incorporating evaluations and specific performance metrics, by June 30, 2016. Completed.
    3. Aboriginal justice**:** Work with the Ministry of Justice and key stakeholders to identify opportunities for LSS to better meet the legal needs of Aboriginal people in BC.
    - Deliverable: Provide advisory services support to the ministry in the development of a consultation approach with Aboriginal communities and the identification of sustainable solutions.
- LSS Board Strategic Planning sessions, September 22-24: the AG has accepted an invitation of the Chair to attend the sessions and speak on Friday, September 23, at the Board's annual retreat at the Inn at Laurel Point, Victoria.

4. Criminal Justice Issues

- Federal funding:
  - For 2016/17, the Provincial share of the $9M increase for criminal legal aid is $1.081M. The allocation method was approved at the Deputy Ministers' meeting in June but is subject to final approval at the FPT Ministers' meeting in October.
  - Timing for receipt of this funding is still to be determined at the federal level.
  - As such, we are not in a position yet to confirm plans for the application of the funding increase for this year, or the next years, but it may be a factor in consideration for JITI support.
- *R. v. Jordan*:
  - The SCC decision in this matter may impact LSS operations, particularly in its Criminal Case Management (CCM) department, which manages cases that are expected to exceed 20 half days of trial.
  - These cases are generally classified as 'Category C' (or 'major cases') under the MOU, which makes the ministry responsible for costs exceeding LSS's budget. As such, the budget pressures to LSS are mitigated.
  - Operational impacts for LSS could be expected to be similar to those of affected areas of the ministry currently: i.e., may require a review and analysis of procedures to prevent unreasonable delay in trials.

5. Immigration Budget Pressures

- LSS advised in June that they are forecasting a potential demand pressure of about $500k, this fiscal year, for services related to immigration and refugee legal aid. Caseload data and trends support this forecast.
- Legal Aid Ontario is experiencing a similar issue. This appears to be related to the federal initiatives launched in the fall.
- LSS has advised that at this rate, the immigration tariff budget would be exhausted before fiscal year-end. To stay within budget would require LSS to cease issuing referrals by September 30, 2016, and to discontinue all services on outstanding referrals by December 31, 2016.
- LSS requested, through ministry staff, additional funding to cover the budget pressure, with a response by July 25: i.e., prior to the next Board meeting and allowing sufficient time for notice to counsel, if needed.

6. Horizon Issues

- Grand Chief Ed John report:
  - LSS has advised that they would like to discuss ministry and LSS roles related to the Grand Chief's report expected to be released at the end of July.
  - MCFD staff have conducted ongoing consultations. Various themes are being discussed regarding the court process inclusive of disclosure, notice,

education/training, appointment, First Nations Court, alternative dispute resolution and legal representation.

- Background: on September 9, 2015, Grand Chief Ed John was named Senior Advisor on Aboriginal Child Welfare to the Minister of Children and Family Development.
  - In that capacity, the Grand Chief met with representatives from JSB as well as MCFD to discuss both current child protection litigation processes as well as to share ideas of his own with ministry staff.
  - Although his appointment was initially for six months, he was granted an extension to complete the required work and to prepare a report for government including his findings and presumably recommendations.

s.16

- MOU:
  - The term of the current three-year MOU expires March 31, 2017.
  - Negotiations for a successor MOU are to begin nine months prior to the expiry of the term. Ministry and LSS staff have discussed preliminary planning for these negotiations at the 'Working Group' level.
  - Ministry staff have identified the following topics for negotiation:

s.13

7. Next Meeting and Closing

- The AG's attendance at the LSS Board meeting September 22-24 could be considered to be the next quarterly meeting.
- At the September meeting, it is expected the Chair will provide updates on the topics identified for follow-up actions, in particular:
  - A new plan for executive compensation based on performance incentives and the holdback method; and
  - The Mandate Letter deliverable due September 30 of new performance measures to be used for the next Service Plan.

OTHER MINISTRIES IMPACTED/CONSULTED:

- MCFD staff.
- Legal Aid Directorate staff of the Department of Justice.

Prepared by:
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Senior Business & Policy Advisor
Justice Services Branch
(250) 356-8083

Reviewed by:
James Deitch
Executive Director
Justice Services Branch
(250) 387-2109

Attachments: Appendix A – Backgrounder on LSS
Appendix B – List of current LSS Board members
Appendix C - Draft Agenda submitted by LSS; revised.

Approved by: Kurt J.W. Sandstrom, Q.C.
Assistant Deputy Minister

Date: July 20, 2016

APPENDIX A

Legal Services Society Backgrounder

Contents

- Overview
- Mandate and enabling legislation
- Board of Directors: structure and members
- Committees and working groups
- Memorandum of Understanding (MOU)
- Budget oversight

Overview

- LSS is an operationally independent organization that delivers legal aid services in BC.
- Its Board is comprised of nine members, five of whom are appointed by government.
- Accountability to government is primarily through the:
  - *Legal Services Society Act* (*LSSA*);
  - MOU;
  - Mandate Letter
  - budget management plan and forecast approval processes; and
  - the service planning and reporting cycle.
- LSS provides legal aid intake services largely through a call centre and directly through two offices (Vancouver and Terrace) and uses a local agent service delivery model for 32 other communities across the provinces. Services include:
  - legal representation in criminal, family, child protection, immigration and refugee, and some mental health and prison law;
  - legal advice / duty counsel in criminal, family, child protection, immigration and refugee law;
  - legal information using print and online materials, information outreach workers and community partners.

Mandate and Enabling Legislation

- LSS delivers legal aid services in BC. Where LSS provides full representation, it is predominantly in areas where government would likely otherwise be required to provide legal assistance as a result of obligations imposed by the *Charter of Rights and Freedoms*.
- The *LSSA* establishes the LSS mandate to administer an effective and efficient legal aid program. The *LSSA* also requires LSS to:
  - negotiate and enter into an MOU with government describing the level of legal aid funding provided to LSS each year and setting out how LSS is to allocate that funding;
  - present an annual budget to the AG for review and approval each year;
  - not incur a deficit without prior approval of the AG and the Minister of Finance.
- The role of LSS is established and defined by the *LSSA*. The *LSSA* provides LSS with the statutory objects relating to legal aid:
  - to assist individuals to resolve their legal problems and facilitate their access to justice;
  - to establish and administer an effective and efficient system for providing legal aid to individuals in BC; and
  - to provide advice to the AG respecting legal aid and access to justice for individuals in BC.
- LSS is operationally independent from government, as established through s.10 (4) of the *LSSA*, which states that LSS is not an agent of government, nor the Law Society of BC.
- The *LSSA* gives LSS broad authority to determine priorities and policies for the provision of legal aid, and to determine who is or is not eligible for legal aid.

- As a service delivery Crown, however, LSS is a government reporting entity, so is subject to rigorous policies, procedures, monitoring and reporting for which the Minister is responsible for overseeing.

Board Structure

- As required by the *LSSA*, LSS's nine-member Board is comprised of five members appointed by the AG and four appointed by the Law Society of BC after consultation with the BC Branch of the Canadian Bar Association. The Board must elect one of their members to be Chair.
- The current Board members are listed in Appendix B.

BOD Committees and Other Working Groups

- At the beginning of each fiscal year the Chair, in consultation with LSS' CEO, appoints the members of these committees unless the Board directs otherwise:
    - The Executive Committee is headed by the Board Chair and generally has authority on behalf of the Board.
    - The Finance Committee, which makes recommendations on LSS' finances, funding, fiscal allocations, and risk management.
    - The Stakeholder Engagement Committee, which recommends ways to strengthen LSS' relationships with key stakeholders.
- The MOU requires a working group to meet on a regular basis comprised of:
    - Executive Director, Criminal Justice and Legal Access Policy Division, MOJ or such other designate as may be assigned by the Assistant Deputy Minister, Justice Services Branch.
    - Director, Strategic Planning, Policy and Human Resources LSS, or such other designate as may be assigned by the CEO, LSS.
    - Other staff of the Government and/or LSS, as required.
- The Working Group considers:
    - the budget development cycle;
    - the financial position of LSS;
    - the establishment of strategic priorities for LSS in alignment with the government's strategic priorities, policy objectives and fiscal plan;
    - issues relating to LSS' objects that might affect government's responsibility for legal aid and access to justice; and
    - coordination of policy and program development, and such other issues as may arise.
- In addition there is currently a separate working group to address issues related to the JITI pilots.
- This working group meets regularly to discuss governance issues with respect to the design, budget, implementation, and evaluation of the five JITI pilots.
- Each of the five pilots has its own working group dedicated to the specific details of that project: policy design, logistics, implementation, communications and evaluation. Initially those groups met weekly, but as the projects have been implemented, those meetings have become less frequent.

MOU

- The *LSSA* requires LSS to enter into an MOU with government that considers:
    - an estimate of the funding government anticipates providing LSS for the next three years;
    - the types of legal matters that LSS must provide legal aid for, and those which LSS must not provide legal aid for, using government funding;
    - the priority for legal aid provided with government funding;
    - whether and how LSS might provide legal aid not considered by the MOU; and
    - how LSS will participate in justice reform initiatives.
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- The term of the current MOU is April 1, 2014 to March 31, 2017.
- Highlights of changes to the most recent MOU are as follows:
    - the creation of several new definitions;

- some language changes to reflect the language in the *Family Law Act*;
- the inclusion of major capital expenditures in the list of things that LSS must discuss with the ministry before committing their accumulated surplus;
- the incorporation of the previous stand-alone Agreement for the Funding and Management of Special Funding Agreement Cases; and
- other housekeeping changes/updates.

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- LSS is subject to the periodic reporting requirements of Treasury Board and the Office of the Comptroller General. Therefore, ministry staff work closely with LSS, in consultation with central finance and reporting contacts, to ensure alignment of spending and policy priorities to avoid creating pressure on the government fiscal position.
- LSS is also subject to reporting and accountability processes under the *Balanced Budgets and Ministerial Accountability Act* as well as the service planning and reporting requirements set out in the *Budget Transparency and Accountability Act*.
- Part 4 of the *LSSA* imposes financial accountability mechanisms on LSS. These include:
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- Total government funding to LSS in 2016/17 is $74.675M (increased by $79K[1] from the 2015/16 budget of $74.596M), broken out as follows:

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TOTAL	**$74.675**

- Government funding is about 95% of LSS's total revenue. Non-government sources of revenue have declined in recent years, mainly due to low interest rates.
- Despite challenging economic circumstances, government funding to LSS has been stable since 2005, increased by:
  - $2.1M in 2012/13 to maintain family and child protection legal aid services;
  - an additional $2M in 2014/15 (for 3 years, totaling $6M) to support LSS to implement JITI; and
  - $74K in 2015/16 plus $75K in 2016/17 (totaling $149K) for the Economic Stability Mandate and Dividends (ESM & ESD) related to staff salary increases.

[1] $4K of the $79K pertains to ESD provided in the 2016/17 budget build but retro to the 2015/16 fiscal year.

APPENDIX B

Legal Services Society Board of Directors

Suzette Narbonne, lawyer (Sechelt) Chair Chair, Executive Committee Law Society Appointee	
Alison MacPhail, lawyer (Victoria) Vice-Chair Chair, Stakeholder Engagement Committee Member, Executive Committee Law Society Appointee	Dean A. Crawford, QC (Vancouver) Member, Stakeholder Engagement Committee AG Appointee
Karen Christiansen, FCPA, FCA (Kelowna) Chair, Finance Committee Member, Executive Committee AG Appointee	Annita L. McPhee (Dease Lake/Terrace) Member, Stakeholder Engagement Committee AG Appointee
Celeste Haldane, lawyer (Vancouver) Member, Stakeholder Engagement Committee AG Appointee	Puneet P. K. Sandhar, lawyer (Surrey) Member, Executive Committee Member, Finance Committee AG Appointee
Dinyar Marzban, QC (Vancouver) Member, Finance Committee Law Society Appointee	Jean P. Whittow, QC (Vancouver) Member, Finance Committee Law Society Appointee

APPENDIX C
DRAFT AGENDA SUBMITTED BY LSS – REVISED BY THE MINISTRY

MEETING WITH HONOURABLE SUZANNE ANTON, QC, ATTORNEY GENERAL AND MINISTER OF JUSTICE
AND RICHARD J. FYFE, QC, DEPUTY ATTORNEY GENERAL AND DEPUTY MINISTER, JUSTICE
WEDNESDAY, JULY 27, 2016, 8:30 – 9:30 AM
Suite 740, 999 CANADA PLACE, VANCOUVER

Present from Ministry of Justice:
Honourable Suzanne Anton, QC, Attorney General and Minister of Justice
Richard Fyfe, QC, Deputy Attorney General and Deputy Minister, Justice

Present from Legal Services Society:
Suzette Narbonne, Chair – LSS Board of Directors
Mark Benton, QC, CEO

DRAFT PROPOSED DISCUSSION TOPICS

1. Justice priorities:
   a. Ministry
   b. LSS: Board strategic planning session, September 22 – 24, 2016 in Victoria.
2. Justice Innovation Transformation Initiatives (JITI):
   a. Follow up on final year of funding
   b. Feedback on JITI business cases
   c. Approaches to securing ongoing funding.
3. Taxpayer Accountability Principles:
   a. LSS update on 2016-17 Mandate letter priorities.
4. Criminal justice issues:
   a. Update on timelines for LSS access to increased federal contribution to legal aid for 2016/17.
   b. Renewing efforts to address the escalating costs of criminal cases.
   c. Impact of Supreme Court of Canada decision on length of trials.
5. Immigration costs:
   a. LSS immigration services pressures and process for securing resources to maintain services.
6. Horizon issues:
   a. Discussion on Grand Chief Ed John report: AG and LSS roles.
   b. Upcoming MOU negotiations
7. Next meeting date and closing.

Cliff: 423964
Date Prepared: Sep 14, 2016
Date Required: Sep 19, 2016

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For INFORMATION for Richard Fyfe, Q.C.,
Deputy Attorney General and Deputy Minister, Justice

ISSUE:

- Meeting with the Legal Services Society (LSS) Board of Directors, Thursday, September 22, 2016, 5:30pm-9:00pm, Inn at Laurel Point, Victoria.

SUMMARY:

- The DAG is scheduled to present a Keynote Address at 6:00pm, for about 15-20 minutes, followed by about 10-15 minutes of taking questions from attendees.
  - Attendees will be Board members, LSS executive and senior managers;
  - The other Keynote Address will be from the Hon. Raymond Wyant, Senior Judge, Provincial Court of Manitoba and Chair, Reinventing Criminal Justice Symposium. He is scheduled to speak at 6:30pm, after the DAG's speech and question period concludes.
  - The topics for both speeches are 'Justice Change': from the BC perspective from the DAG, and the national perspective from Judge Wyant.
- Speaking notes for the DAG's speech are being produced by Government Communications and Public Engagement staff.
- This briefing note provides information and status of current topics related to LSS, for background.

BACKGROUND:

- The last quarterly meeting of the Attorney General (AG), LSS Board Chair (Chair) Suzette Narbonne and LSS Chief Executive Officer (CEO) Mark Benton was on July 27, 2016, at the AG's office in Victoria.
- The last LSS Board strategic planning session attended by the AG was on Sep 13, 2014. The main topics of her speech were performance measures and the ministry's justice reform initiatives.
- LSS usually holds a retreat for its Board members and senior management annually, each September, to discuss strategic planning and priorities for the next fiscal year.
- These priorities inform the development of the annual Service Plan and complementary Budget Management Plan that are drafted in the fall for finalization, in advance of the next fiscal year.
- As such, LSS regularly seeks input during their planning cycle from the ministry to ensure their high-level goals and strategies are in alignment with ministry priorities.

DISCUSSION:

- Below is some information on current topics related to LSS, for reference.
  A backgrounder on LSS is attached as Appendix A and a list of the current board members as Appendix B.

1. Justice Innovation and Transformation Initiatives

- LSS has successfully fulfilled government direction to implement, evaluate and report on JITI by developing and submitting business cases supported by independent evaluations and performance measures.
    - Ministry staff and other key stakeholders, such as staff at the Ministry of Children and Family Development (MCFD) continue to review the business cases in order to inform decisions about ongoing operations and funding in advance of the 2017/18 budget building period.
    - 2016/17 is the final year of the three year funding envelope of $6M. $2M of annual funding is built into the ongoing base budget for LSS for fiscal years 2017/18 and 2018/19, as approved by Treasury Board Staff (TBS) in their review of the latest Service Plan.

s.12

    - Ministry staff are finalizing the TB Submission to formally request funding.
- It is expected that LSS will continue to support and facilitate the reviews and potential funding and operational decisions by:
    - Providing any information required by ministry staff and TBS; and
    - Demonstrating sound fiscal management and good judgment around adherence to government policies, such as executive compensation plans (to be discussed further below).
- Overview of the JITI project and preliminary results: all but one of the JITI projects have shown positive results in the quality, efficiency, effectiveness and scope of service delivery, based on both quantitative data and qualitative feedback to date.
    - As such, four of the five JITI pilots are considered viable for potential continuation and/or expansion (subject to resourcing and scalability):
        1. Expanded Family Duty Counsel;
        2. Expanded Family LawLine;
        3. Parents' Legal Centre; and
        4. Expanded Criminal Duty Counsel.
        5. However, the Family Mediation Referrals (Mediation) project had a low volume of uptake throughout the pilot term, for a variety of reasons, so is not considered to be a suitable candidate for continuation.
- In addition, LSS is planning to create 'lessons learned' reports for each JITI project at the end of the pilot term (March 31, 2017), which will help explain results of the Mediation project as well as inform continuation/expansion plans for the other projects.

2. Taxpayer Accountability Principles (including Executive Compensation)

- Several of the directives for Crown oversight and responsibilities required by the Taxpayer Accountability Principles (TAPs) have been addressed, which are regular meetings of the Minister Responsible with the Crown Board Chair to discuss current business matters, priorities, financial risks, and to provide updates on the Mandate Letter actions and deliverables.

- TAPs also set out requirements and expectations for Crown executive compensation, specifically around:
  - "Implementing a new executive compensation framework for Crown corporations in July 2012, which supports a more consistent and rigorous approach to executive compensation in Crown corporations, aligned with government values."
- For last fiscal year, 2015/16, the LSS Board approved two types of extraordinary payments for fiscal year 2015/16, totalling $869,465:
  - Executive payments of $77,465 as a bonus, rather than holdback method which government directed in the Crown Corporation Executive Compensation Policy in effect since July, 2012 and as set out in TAPs; and
  - Payments to the private bar of $792,000 to lawyers as compensation for additional workloads related to the implementation of the new LSS billing system.
- Discussion between the AG and the Chair at their July 27 meeting set out the expectation that LSS will work with ministry staff and PSEC to develop a new executive performance incentive plan that is in compliance with policy. The Board will be reviewing a proposed plan at its meeting on Sep 24. Pending approval, it will be submitted to PSEC for review.

3. Justice Priorities

- **Ministry priorities**: There are several documents and other sources that guide ministry priorities: the AG's Mandate Letter, the Justice and Public Safety Council (JPSC) *Strategic Plan*, and the Ministry's *Service Plan*.
  - All these are subject to the TAPs, budget decisions and other central direction and priorities. In addition, external factors can impact priorities at any time.
  - Ministry priorities that may be the most relevant for LSS, and to which LSS could make the greatest contribution, include:
    - Access to justice and progress in the development of evidence based-policy: The successful launch of the JITI projects and their development of business cases, supported by evaluations and performance measures, will help address these sector priorities.
    - Indigenous justice issues: e.g., priority action #3 in the LSS 2016/17 Mandate Letter, to work with the ministry and key stakeholders to identify opportunities for LSS to better meet the legal needs of Aboriginal people in BC.

- **LSS priorities**: (see Appendix D for an overview of ministry priorities provided to LSS, at their request, to inform their strategic plan). The 2016/17 Mandate Letter from the AG to LSS directs them to focus on specific priorities, with deliverables, which were developed and agreed to jointly by LSS and ministry staff:
  1. **Client Information System (CIS)** [also called 'LSS Online']: Continue to enhance the functionality and user experience of the CIS to support delivery of efficient and effective client services, online billing and case management.
     - Deliverable: Develop suggested performance metrics, using data provided from CIS, to potentially incorporate in the *2017/18 Service Plan* and submit a report of recommended measures to the ministry by September 30, 2016, for

feedback and required ministry approvals in advance of the next service planning period.

- Status: LSS informed ministry staff on Sep 13 that due to ongoing CIS issues and delays, the deliverable will not be fulfilled as originally planned. Instead, LSS has agreed with the ministry's request to provide the reasons for not meeting the target; a revised timeline; and sample performance measures to show what the final products might eventually look like.

2. **JITI**: Continue to monitor, evaluate and improve JITI to ensure implementation of the projects as intended, and to develop business cases to support a request for ongoing core funding for JITI initiatives.
   - Deliverable: Submit draft business cases for all JITI projects, incorporating evaluations and specific performance metrics, by June 30, 2016.
   - Status: Completed.
3. **Aboriginal justice:** Work with the Ministry of Justice and key stakeholders to identify opportunities for LSS to better meet the legal needs of Aboriginal people in BC.
   - Deliverable: Provide advisory services support to the ministry in the development of a consultation approach with Aboriginal communities and the identification of sustainable solutions.
   - Status: on target.

- The 2017/18 Mandate Letter to LSS is currently in development and expected to go forward for Cabinet Committee approval, prior to final approval by the AG, this fall.

4. Criminal Justice Issues

- Federal funding:
  - For 2016/17, the Provincial share of the $9M increase for criminal legal aid is $1.081M. The allocation method was approved at the Deputy Ministers' meeting in June but is subject to final approval.
  - Timing for receipt of this funding is still to be determined at the federal level.
  - As such, we are not in a position yet to confirm plans for the application of the funding increase for this year, but it may be a factor in consideration for JITI support.
- *R. v. Jordan*:
  - The SCC decision in this matter may impact LSS operations, particularly in its Criminal Case Management (CCM) department, which manages cases that are expected to exceed 20 half days of trial.
  - These cases are generally classified as 'Category C' (or 'major cases') under the MOU, which makes the ministry responsible for costs exceeding the budget. As such, the budget pressures to LSS are mitigated.
  - Operational impacts for LSS could be expected to be similar to those of affected areas of the ministry currently: i.e., may require a review and analysis of procedures to prevent unreasonable delay in trials.
  - LSS provided costing and related support for a comprehensive information note the ministry is providing to the Deputy Minister of Finance in late September as part of the omnibus ministry budget submission.

5. Immigration Budget Pressures

- LSS advised in June that they are forecasting a potential demand pressure of about $760k, this fiscal year, for services related to immigration and refugee legal aid. Caseload data and trends support this forecast.
- Legal Aid Ontario is experiencing a similar issue. This appears to be related to the federal initiatives launched in the fall.
- LSS has advised that at this rate, the immigration tariff budget would be exhausted before fiscal year-end. To stay within budget would require LSS to cease issuing referrals by September 30, 2016, and to discontinue all services on outstanding referrals by December 31, 2016.
- LSS requested, through ministry staff, additional federal funding to cover the budget pressure, allowing sufficient time for notice to counsel, if needed.
- We have been advised that the federal Department of Justice will provide an additional $500K but this has not been confirmed in writing to date.

6. Horizon Issues

- Grand Chief Ed John report:
  - LSS has advised that they would like to discuss ministry and LSS roles related to the Grand Chief's report expected to be released at the end of July.
  - MCFD staff have conducted ongoing consultations. Various themes are being discussed regarding the court process inclusive of disclosure, notice, education/training, appointment, First Nations Court, alternative dispute resolution and legal representation.
  - Background: on September 9, 2015, Grand Chief Ed John was named Senior Advisor on Aboriginal Child Welfare to the Minister of Children and Family Development.
    - In that capacity, the Grand Chief met with representatives from JSB to discuss both current child protection litigation processes as well as to share ideas of his own with ministry staff.
    - Although his appointment was initially for six months, he was granted an extension to complete the required work and to prepare a report for government including his findings and recommendations.

s.16

- MOU:
  - The term of the current three-year MOU expires March 31, 2017.
  - Negotiations for a successor MOU are to begin nine months prior to the expiry of the term. Ministry and LSS staff are in preliminary planning for these negotiations at the 'Working Group' level.
  - Ministry staff have identified the following topics for potential inclusion:
    s.13

OTHER MINISTRIES IMPACTED/CONSULTED:

- Government Communications and Public Engagement.
- MCFD staff.
- Legal Aid Directorate staff of the Department of Justice.

Prepared by:
Kathleen Rawlinson
Senior Business & Policy Advisor
Justice Services Branch
(250) 356-8083

Reviewed by:
James Deitch
Executive Director
Justice Services Branch
(250) 387-2109

Attachments: Appendix A – Backgrounder on LSS
Appendix B – List of current LSS Board members
Appendix C - Draft Agenda submitted by LSS
Appendix D - Service Plan Questionnaire

Approved by: Kurt J.W. Sandstrom, Q.C. Date: September 16, 2016
Assistant Deputy Minister

APPENDIX A

Legal Services Society Backgrounder

Contents

- Overview
- Mandate and enabling legislation
- Board of Directors: structure and members
- Committees and working groups
- Memorandum of Understanding (MOU)
- Budget oversight

Overview

- LSS is an operationally independent organization that delivers legal aid services in BC.
- Its Board is comprised of nine members, five of whom are appointed by government.
- Accountability to government is primarily through the:
  - *Legal Services Society Act* (*LSSA*);
  - MOU;
  - Mandate Letter
  - budget management plan and forecast approval processes; and
  - the service planning and reporting cycle.
- LSS provides legal aid intake services largely through a call centre and directly through two offices (Vancouver and Terrace) and uses a local agent service delivery model for 32 other communities across the provinces. Services include:
  - legal representation in criminal, family, child protection, immigration and refugee, and some mental health and prison law;
  - legal advice / duty counsel in criminal, family, child protection, immigration and refugee law;
  - legal information using print and online materials, information outreach workers and community partners.

Mandate and Enabling Legislation

- LSS delivers legal aid services in BC. Where LSS provides full representation, it is predominantly in areas where government would likely otherwise be required to provide legal assistance as a result of obligations imposed by the *Charter of Rights and Freedoms*.
- The *LSSA* establishes the LSS mandate to administer an effective and efficient legal aid program. The *LSSA* also requires LSS to:
  - negotiate and enter into an MOU with government describing the level of legal aid funding provided to LSS each year and setting out how LSS is to allocate that funding;
  - present an annual budget to the AG for review and approval each year;
  - not incur a deficit without prior approval of the AG and the Minister of Finance.
- The role of LSS is established and defined by the *LSSA*. The *LSSA* provides LSS with the statutory objects relating to legal aid:
  - to assist individuals to resolve their legal problems and facilitate their access to justice;
  - to establish and administer an effective and efficient system for providing legal aid to individuals in BC; and
  - to provide advice to the AG respecting legal aid and access to justice for individuals in BC.
- LSS is operationally independent from government, as established through s.10 (4) of the *LSSA*, which states that LSS is not an agent of government, nor the Law Society of BC.
- The *LSSA* gives LSS broad authority to determine priorities and policies for the provision of legal aid, and to determine who is or is not eligible for legal aid.

- As a service delivery Crown, however, LSS is a government reporting entity, so is subject to rigorous policies, procedures, monitoring and reporting for which the Minister is responsible for overseeing.

Board Structure

- As required by the *LSSA*, LSS's nine-member Board is comprised of five members appointed by the AG and four appointed by the Law Society of BC after consultation with the BC Branch of the Canadian Bar Association. The Board must elect one of their members to be Chair.
- The current Board members are listed in Appendix B.

BOD Committees and Other Working Groups

- At the beginning of each fiscal year the Chair, in consultation with LSS' CEO, appoints the members of these committees unless the Board directs otherwise:
    - The Executive Committee is headed by the Board Chair and generally has authority on behalf of the Board.
    - The Finance Committee, which makes recommendations on LSS' finances, funding, fiscal allocations, and risk management.
    - The Stakeholder Engagement Committee, which recommends ways to strengthen LSS' relationships with key stakeholders.
- The MOU requires a working group to meet on a regular basis comprised of:
    - Executive Director, Criminal Justice and Legal Access Policy Division, MOJ or such other designate as may be assigned by the Assistant Deputy Minister, Justice Services Branch.
    - Director, Strategic Planning, Policy and Human Resources LSS, or such other designate as may be assigned by the CEO, LSS.
    - Other staff of the Government and/or LSS, as required.
- The Working Group considers:
    - the budget development cycle;
    - the financial position of LSS;
    - the establishment of strategic priorities for LSS in alignment with the government's strategic priorities, policy objectives and fiscal plan;
    - issues relating to LSS' objects that might affect government's responsibility for legal aid and access to justice; and
    - coordination of policy and program development, and such other issues as may arise.
- In addition there is currently a separate working group to address issues related to the JITI pilots.
- This working group meets regularly to discuss governance issues with respect to the design, budget, implementation, and evaluation of the five JITI pilots.
- Each of the five pilots has its own working group dedicated to the specific details of that project: policy design, logistics, implementation, communications and evaluation. Initially those groups met weekly, but as the projects have been implemented, those meetings have become less frequent.

MOU

- The *LSSA* requires LSS to enter into an MOU with government that considers:
    - an estimate of the funding government anticipates providing LSS for the next three years;
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APPENDIX B

Legal Services Society Board of Directors

	Suzette Narbonne Chair, LSS Board of Directors Chair, Executive Committee Suzette Narbonne is a sole practitioner at Narbonne Law Office in Sechelt where her practice focuses on criminal litigation, family law, and human rights representation. Before moving to BC in 1996, Suzette worked as a staff lawyer for Legal Aid Manitoba in The Pas, Manitoba.
	Alison MacPhail Vice-Chair, LSS Board of Directors Chair, Stakeholder Engagement Committee Member, Executive Committee Alison MacPhail is a lawyer and consultant on justice, governance, and organization issues, focusing on justice reform and access to justice. Internationally she has worked on alternatives to incarceration, domestic violence, criminal justice policy, reform and training.
	Dean A. Crawford, QC Member, Stakeholder Engagement Committee Dean is a partner with Coutts Pulver Crawford LLP, one of BC's leading labour and employment boutique law firms. His practice includes employment litigation, Labour Relations Board proceedings, grievance arbitration, human rights, and workers' compensation.
	Karen Christiansen, FCPA, FCA Chair, Finance Committee; Member, Executive Committee Karen Christiansen, CA, is a partner in MNP's Kelowna office. For almost 20 years, Karen has delivered a full range of business advisory and assurance solutions to help her clients achieve their goals. A key member of MNP's Assurance team, Karen serves a diverse group of clients, including business owners, real estate developers, and professionals.
	Celeste Haldane Member, Stakeholder Engagement Committee Celeste is a practising lawyer and is Acting Chief Commissioner with the BC Treaty Commission. She holds a LLM in Constitutional Law from Osgoode Hall (York University), and a LLB and BA in Anthropology from the University of British Columbia (UBC). In September she started her PhD at UBC. Celeste serves on UBC's Board of Governors, and is an active member of the Canadian Bar Association and the Indigenous Bar Association.

	Dinyar Marzban, QC Member, Finance Committee Dinyar Marzban is a senior partner with Jenkins Marzban Logan LLP. He practices in the areas of family law, civil litigation, and mediation. Dinyar was called to the BC bar in 1982, and appointed Queen's Counsel in 2004. He is an advocate for justice system reform, particularly in family law. He was a member of the Family Justice Reform Working Group for the Justice Review Task Force established in 2002.
	Annita L. McPhee Member, Stakeholder Engagement Committee Now running her own consultancy, Annita provides strategic advice to industry and First Nations in energy and resource development while specializing in Aboriginal engagement including facilitation, fundraising and negotiation. Annita holds a Bachelor of Law and a Bachelor of Social Work from the University of Victoria, and studied public relations at BCIT.
	Puneet P.K. Sandhar Member, Executive Committee; Member, Finance Committe Puneet resides in Surrey and is a partner with the law firm of Sanghera Sandhar Law Group in Surrey. She holds a BA (Hons) and an LLB from Guru Nanak Dev University in India, and was called to the BC Bar in 2006. Prior to coming to Canada, she practised law in India for several years and is still an active member with Punjab and Haryana Bar Association.
	Jean P. Whittow, QC Member, Finance Committee Jean is a lawyer in private practice with a focus on administrative law and professional regulation. She acts as counsel in investigations and hearings conducted by regulatory bodies, which she advises on topics such as legislation, scope of practice, privacy/disclosure, conflicts and design/review of regulatory processes. Jean formerly held a senior management position with the Law Society of British Columbia, the regulatory body for BC lawyers.

APPENDIX C
AGENDA SUBMITTED BY LSS (draft as of Sep 14)

LEGAL SERVICES SOCIETY BOARD STRATEGIC PLANNING MEETING
INN AT LAUREL POINT, 680 MONTREAL STREET, VICTORIA, BRITISH COLUMBIA
SEPTEMBER 22 – 24, 2016

Overall Desired Outcomes:

1. Develop a consensus amongst the board and management regarding the LSS strategic goals, strategies and priorities for a 10-year horizon.
2. Explore and brainstorm possible strategic themes.

DRAFT PROGRAM AGENDA – THURSDAY, SEPTEMBER 22, 2016

LOCATION: Terrace Ballroom, Lobby level

Program	Presenters
5:30 – 5:50 pm: Reception & Cash Bar	
Welcome and Introductions	Suzette Narbonne, Chair Glenn Wong, Facilitator
6:00 – 7:00 pm: Keynote Address and Q & A's Justice Change: BC perspective Justice Change: National perspective	Richard J. M. Fyfe, QC, Deputy Minister of Justice and Deputy Attorney General Hon. Raymond Wyant, Chair, Reinventing Criminal Justice Symposium and Senior Judge, Provincial Court of Manitoba.
7:00 – 9:00 pm Dinner and roundtable discussions a. Small group discussion over dinner b. Report-out summary from each table	

DRAFT PROGRAM AGENDA - Friday, September 23, 2016
Location: Rogers Suite, 6th Floor

Overall Desired Outcomes:

1. Develop a consensus amongst the board and management regarding the LSS strategic goals, strategies and priorities for a 10-year horizon.
2. Explore and brainstorm possible strategic themes.

Topics	Presenters/Activity
7:30 – 8:30 am Breakfast	
Aboriginal Blessing	
Opening Remarks	Suzette Narbonne, Chair Mark Benton, QC
Summary of previous evening's discussion	Glenn Wong, facilitator
Expectations for the day and review of session objectives	Glenn Wong, facilitator
The next decade: big issues for LSS, major external trends, insights and impact on LSS long-term	Mark Benton, CEO
10:00 – 10:15 am Morning Coffee Break	
Review of LSS core Vision and Mission Statements for the future of LSS	Brad Daisley, Manager, Communications and General Counsel
Articulating the ultimate outcome and overall objective - small groups	Glenn Wong, facilitator
SWOT exercise to develop strategic themes and environmental scan – small groups	Glenn Wong, facilitator
12:15 – 1:30 pm Lunch and "Fun" activity	Harold Clark
4 strategic themes to explore: a. Early intervention and prevention b. Ensuring accessible services c. LSS's leadership role in justice reform d. Sustainable funding Small groups after each theme	Executive overview followed by small group discussions: Heidi Mason, Director, LAR Sherry MacLennan, Director, PLIA Mark Benton, CEO Doug Wong, Director, FCS

3:15 – 3:30 pm Afternoon Coffee Break	
Topics	**Presenters/Activity**
Strategic initiatives priorities - plenary	Glenn Wong, facilitator
Final comments	
Wrap up and next steps	Suzette Narbonne, LSS Chair
Break	
6:30 pm: Offsite Dinner – Fairfield Room, Coast Victoria Harbourside Hotel and Marina, 146 Kingston Street, Victoria.	

Appendix D

Legal Services Society – Ministry of Justice Service Plan Consultation

- **Questions for Discussion – LSS Service Plan 2017/18-2019/20**
- **Confirmation of JAG 2017/18 Service Plan Priorities**

Ministry responses are as of **Aug 24, 2016.**

1. **What are the Ministry's specific priorities for 2017/18 and how will they affect LSS?** Ministry priorities, in advance of detailed service planning for 2017/18, are guided primarily by the following:
   a. The Minister's latest 'mandate letter' of December 12, 2015, from the Premier, which lists government's top priorities for the Attorney General (AG). One that directly impacts LSS, this fiscal and next, is as follows:
      - 'Balance your ministerial budget in order to control spending and ensure an overall balanced budget for the province of British Columbia.' This direction dovetails with ongoing emphasis, introduced by central government in 2014, to the Taxpayer Accountability Principles; and
      - 'Continue and accelerate the work you have been spearheading to significantly transform Justice in British Columbia.' As recently confirmed with the AG, the scope of this direction for the legal aid Justice Innovation and Transformation Initiatives (JITI) will depend upon Treasury Board approval. However, the AG is supportive of a request for continuation/expansion.

   LSS may be indirectly impacted, in 2017/18 or later, by other directives in the mandate letter, such as:
      i. 'Work with the federal government as they implement their commitment to a national inquiry into murdered and missing Indigenous women and girls in Canada.'
      ii. 'Work with the federal government and other provinces and territories to further the use of Civil Resolution Tribunals to resolve issues for British Columbians outside of a courtroom environment for non-criminal litigation and strata matters.'
      iii. 'Review and make recommendations to Cabinet on ways to better enforce interjurisdictional support orders.'

   b. The ***Strategic Plan for the Justice and Public Safety Sector, April 2016-March 2019,*** from the Justice and Public Safety Council (JPSC), outlines the vision and four goals within that vision – that the justice system is:

i. Fair: by being accessible, impartial, and timely.
ii. Protects people: via preventative and protective measures, and by working systemically.
iii. Sustainable: by being focused on key services, well managed and effective.
iv. Public confidence: by being adaptive, performance-focused and empowering.
    i. As presented by the Minister at the LSS Board Strategic Planning session last September, this goal reflects an expectation on LSS, as with all public sector organizations, to enhance their performance measures capacity and reporting.
    ii. Performance measures are a key part of the plan to build public confidence in the justice system. The complex nature of the system requires a collective and integrated approach in order to respond to expectations that performance is measured and results demonstrated.

The following areas are identified by JPSC as sector priorities for 2016/17 to 2018/2019:

1. Indigenous Justice.
2. Justice and Mental Health.
3. Access to Justice.
4. Violence against women.

c. The joint ***Ministry of Justice and Ministry of Public Safety and Solicitor General 2016/17-2018/19 Service Plan***, also reflects priorities and initiatives as stated above from the Minister's mandate letter and JPSC. Others potentially having the most direct impact on LSS are as follows:

- Changes to the *Criminal Code* as part of Bill C-32 (the *Canadian Victims' Bill of Rights*);
- Lower Fraser Valley Regional Plan Court Capacity Expansion Project. (Surrey and Abbotsford)
- Road Safety Initiative.(including creation of the Driver Notice Review Board)
- Comprehensive Disclosure Strategy.(being co-led by Criminal Justice Branch and Policing and Security Branch)
- Community safety and anti-gang initiatives.(PSSG initiative)
- Coordinated performance measurement systems.

d. All plans, services and initiatives are subject to impact from the ministry's and central government's ongoing budget reviews and direction.

2. What role do you see LSS playing in support of Ministry priorities?

In addition to the existing, ongoing priorities, as mentioned, of JITI and performance measures development: many of the other initiatives cited are still in the planning stages and may have certain conditions, as noted (eg, resource requirements). Ministry

staff will work with LSS to provide more information as projects develop and identify opportunities for collaboration between the ministry and LSS.

3. **(a) Will the Ministry be initiating or discontinuing any programs in 2017/18?**
TBD, subject to development:
    - s.13 and
    - Abbotsford courthouse replacement.

    (b) Will other ministries (such as MCFD) be initiating or discontinuing any programs in 2017/18?
    - MCFD is exploring the potential for a mixed service model for Directors' counsel where staff lawyers would serve as counsel in locations that make sense from a volume perspective.
    - MCFD will be developing responses to the report from Grand Chief Ed John which may have impacts upon LSS.
    - Conversations with MSDSI indicate that they are not intending to make any further changes to the service delivery model.

4. **Are there any specific issues facing the Ministry, outside of the priorities described above, and how might they impact LSS? What is the Ministry doing to address these issues?**
    - The Ministry will want to review with LSS how services are delivered to individuals detained under the *Mental Health Act*.

5. **Confirmation of the LSS Service Plan and Budget Plan development process:**
(a) LSS will liaise with the Ministry contact (please confirm who this will be):
Kathleen Rawlinson. (For the Mandate Letter as well, noting its strategic direction is supposed to inform the development of the Service Plan).

    (b) The Ministry contact will be responsible for coordinating CARO and Treasury Board feedback, and relaying it back to LSS along with Ministry feedback in <u>one</u> response.
Yes, unless LSS would like to receive the responses on a more timely basis so they can be considered as soon as possible (ie, as they come in from independent reviewers such as ministry finance staff, CARO and Treasury Board Staff, who are all on their own timelines, which do not necessarily align with those of the Branch or LSS). Otherwise, the ministry contact can hold all responses until they're complete and can be compiled in one document.

Cliff: 424119
Date Prepared: Sep 21, 2016
Date Decision Required: Oct 7, 2016

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For DECISION for the Honourable Suzanne Anton, QC, Minister of Justice and Attorney General

ISSUE:

Federal funding to cover the budget pressure Legal Services Society (LSS) is forecasting for fiscal year 2016/17 related to an increase in the demand for immigration and refugee (I&R) legal aid services.

DECISION REQUIRED / RECOMMENDATION:

- Approve a two-step approach to the transfer of funding from the Province to LSS of an amount equal to its net I&R budget pressure for fiscal year 2016/17, up to the $530K one-time increase committed by the Department of Justice (DOJ) Canada by letter dated Sep 19, 2016 (attached):
    - Step 1: send a letter (proposed draft attached) to the Chair of the LSS Board of Directors (Chair) by Oct 7 to provide them with the funding commitment they seek, up to $530K, in order to maintain services through fiscal year-end.
    - Step 2: when audited financial statements for 2016/17 have been finalized and approved, the net payment required will be determined and the cash transfers adjusted accordingly, if needed.

SUMMARY:

- LSS is projecting their I&R budget pressure to be about $530K for fiscal year 2016/17 above the current budget of $1.7M, totalling expenditures of about $2.23M.
- LSS has provided sufficient caseload and other data to ministry staff and the DOJ to support their forecast. The main cost driver is increased case volume from higher demand related to the federal refugee initiatives implemented last fall. Other provinces, especially Ontario, are experiencing pressures with drivers similar to those of LSS.
- On Sep 19, DOJ confirmed one-time additional funding of $530K will be transferred to the province to offset this pressure. Decisions regarding amount and timing of flowing this funding to LSS are to be made by the AG.

BACKGROUND:

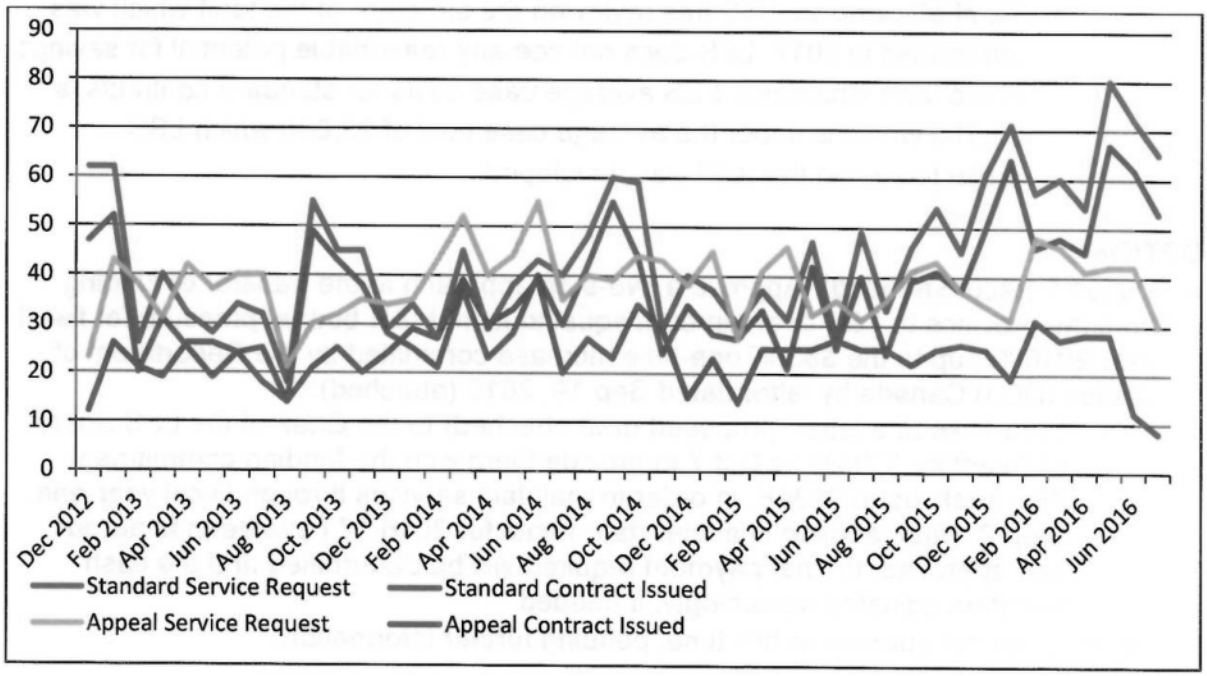
- Under the federal-provincial *Agreement Respecting Adult and Youth Criminal Legal Aid, Immigration and Refugee Legal Aid and Court-Ordered Counsel in Federal Prosecutions* (Agreement), the province receives approximately $900K annually for I&R legal aid services. The province provides additional funding to the total available budget of $1.7M annually.
- Section 9 of the Memorandum of Understanding (MOU) between the Attorney General and LSS sets out service delivery expectations within an approved budget and LSS capacity. Specifically for immigration services, LSS is to provide:

  - g. "Representation of Eligible Individuals to the limit of available federal and provincial funding where there is a federal-provincial contribution agreement in place to share costs. Such services may include, but are not limited to:
    - i. Representation for Immigration problems that could lead to removal from Canada to a country where the individual would be at risk (e.g., refugee claims, including responding to applications for cessation or variation of refugee status, Pre-removal Risk Assessment, Humanitarian and Compassionate applications, and applications to remove long-term, permanent residents).
    - ii. Duty counsel for persons held in custody as a result of immigration proceedings.
    - Iii. Representation in Federal High-Cost Cases and Federal Charter-Required Counsel Cases.
    - iv. Representation in appeals, applications for judicial review, and other matters as the Society deems appropriate.
- LSS breaks down the $1.7M budget into the following cost categories:
  - Refugee protection: $1.000M
  - Appeals: $0.360M
  - Duty counsel: $0.140M
  - Administration: $0.200M
  - Total: $1.700M.
- In June 2016, LSS advised ministry staff of the potential budget pressure in I&R for 2016/17 of about $760K over the $1.7M budget to maintain services.
  - Earlier in the fiscal year, LSS thought the higher caseload volume trend may self-correct; however, data from May and June operations showed the increased demand trend was continuing.
  - At the rate of increase in the first quarter, LSS estimated it would exhaust the immigration tariff budget before fiscal yearend. To stay within budget would require LSS to cease issuing referrals by Sep 30, 2016, and to discontinue all services on outstanding referrals by Dec 31, 2016.
- LSS analysis of country of origin shows the increase in demand is generated from countries in the Middle East which historically have not been high volume locations for BC. The analysis indicated there is little room to control demand by stricter application of merit screening.
- After further monitoring and reporting from LSS to the ministry and DOJ through the summer, DOJ confirmed in writing on Sep 19 that they will cover up to $530K additional funding to the province.
- Ministry financial staff advise that the mechanism through which the funding increase would be accounted can be approved by the Ministry Chief Financial Officer (CFO).
- I&R pressures may continue into next fiscal year, 2017/18, from current as well as new sources, as LSS advises there is a high potential for increased demand from Mexico from new visa requirements. In 2008, growth in demand from Mexican claimants had a significant impact in BC. Similarly, we have not factored in any impact on refugee appeals demand flowing from a recent decision providing access to these services for people from designated countries of origin.

DISCUSSION / ANALYSIS

Caseload Data and Trends

- LSS breaks down the $1.7M budget into the following cost categories:
  - Refugee protection: $1.000M
  - Appeals: $0.360M
  - Duty counsel: $0.140M
  - Administration: $0.200M
  - Total: $1.700M.
- Contracts issued from December 2015 to July 2016 have already committed LSS to $700K for Refugee Protection Division (RPD) cases in this fiscal year. If contract volumes continue, the tariff budget will be exhausted on RPD cases alone.
- LSS advises that their budget allows for 50 applications and 40 contracts per month for (RPD) claims. Projections for 2016/17, however, are about 88 applications and 71 contracts per month.
- Previously, caseload levels had been generally stable for several years.
  - Since new Refugee procedures were introduced in December 2012 volumes have been consistently below the budget target.
  - Lower volumes of initial refugee claims permitted LSS to provide more services in immigration appeal areas including Judicial Reviews, Refugee Appeal Division cases, Humanitarian and Compassionate Claims, Pre-Removal Risk Assessments, Cessation cases and Immigration Appeal Division cases. (See Appendix A for description of services and client impacts).
- However, significant case volume increases were noted starting Oct 2015.
- Applications and contracts (referrals) over the past four years for RPD claims:



Cost Mitigation

LSS have reviewed their internal efficiencies and compared their operations to those of Legal Aid Ontario (LAO) in order to find savings and/or mitigate costs related to I&R services and report the following:

- LSS administration of I&R is kept lean. The tight deadlines for RPD hearings do not permit complex procedures for decision making or tariff management.
- Since June 2016, as a preliminary measure, LSS has applied a tighter standard to the approval of appeal services. s.13 s.13 The lower approval rate for appeals is reflected in the table above. LSS forecasts a $27K reduction in spending this fiscal year if this lower approval rate is maintained.
- LSS has reviewed some of the material provided by LAO. The size of the LAO immigration program creates opportunities for economies of scale that do not exist in BC. Specific proposals considered by LSS:
    - s.13,s.17
    -
    -

OPTIONS:

- Option 1 (recommended): Approve a two-step approach to the transfer of funding from the province to LSS of an amount equal to its net I&R budget pressure for fiscal year 2016/17, up to the $530K one-time increase committed by the Department of Justice (DOJ) Canada by letter dated Sep 19, 2016 (attached):
    - Step 1: send a letter (proposed draft attached) to the Chair of the LSS Board of Directors (Chair) by Oct 7 to provide them with the funding commitment they seek, up to $530K, in order to maintain services through fiscal year-end.
    - Step 2: when audited financial statements for 2016/17 have been finalized and approved, the net payment required will be determined and the cash transfers adjusted accordingly, if needed.
- Option 2: do not approve at this time, pending further information.

OTHER MINISTRIES IMPACTED/CONSULTED:

- Not applicable.

RECOMMENDED OPTION APPROVED **DATE:**

Oct. 5/16

The Honourable Suzanne Anton, Q.C.
Minister of Justice and Attorney General

RECOMMENDED OPTION APPROVED **DATE:**

September 29, 2016

Richard J. M. Fyfe, Q.C.
Deputy Attorney General and
Deputy Minister, Justice

Prepared by:
Kathleen Rawlinson
Senior Business & Policy Advisor
Justice Services Branch
250.356.8083

Approved by:
James Deitch
Executive Director
Justice Services Branch
250.387.2109

Attachments:

- Appendix A: Summary of LSS Immigration Services and Impacts.
- Appendix B: Letter from Department of Justice Canada dated Sep 19, 2016.
- Appendix C: Draft letter from the Minister to the LSS Board Chair.

Cc: Shauna Brouwer, MBA, Executive Financial Officer, Ministry of Justice.

Approved by: Kurt J.W. Sandstrom, Q.C. Date: September 28, 2016
Assistant Deputy Minister

APPENDIX A

Legal Services Society

Summary of Immigration Services and Impacts

June 15, 2016

1. Refugee Protection Division (RPD) – *549 applications; 477 contracts in 2015/16*

RPD claims are claims for Canada's protection under s. 96 (risk of persecution for race, religion, membership in a particular social group or political opinion) and s. 97(risk of torture or cruel or unusual treatment or punishment). Without representation the vast majority of these clients will not be able to access the refugee determination process or be ineffective in how they present their claims.

2. Appeals – *437 applications; 302 contracts in 2015/16*

LSS funds a variety of measures to protect persons whose RPD claims have been refused. All applications are merit screened (They are only funded if they have a reasonable chance of success). These measures include:

a) Judicial Reviews of negative RPD Decisions -The Federal Court can set aside RPD and other immigration decisions for error of law, breach of procedural fairness or unreasonable factual determination. This is an important safeguard and many of the reviews LSS funds are successful. LSS also funds appeals from the Federal Court to the Federal Court of Appeal and , in a small number of cases to the Supreme Court of Canada
b) Refugee Appeal Division (RAD) The RAD hears appeals of many RPD decisions. In cases heard by the RAD, about 30% result in the decision being set aside.
c) Cessation applications are applications by the Minister to set aside refugee status and landing based because the basis for a person's successful refugee claim has, due to the passage of time and changed country conditions, ceased to exist. Many of the people who face this type of application have lived in Canada for decades, so the process can have a very harsh effect on a family. These are not to be confused with applications to vacate refugee status which are based on an allegation that the basis for the successful claim was false.
d) Pre-Removal Risk Assessment Submissions are reviews to determine whether a person facing imminent removal is at risk of torture or cruel or unusual treatment in the country of return.
e) Humanitarian and Compassionate Submissions are applications for landing based on unusual, undeserved hardship and also require proof the applicant has the ability to acclimate and be self-sustaining. The best interests of Canadian born children can be considered in these applications

f) Immigration Appeal Division (IAD) has wide equitable powers to set aside deportation orders of permanent residents for humanitarian and compassionate reasons. The IAD cases LSS most frequently funds are those of long term permanent residents, often people who came to Canada as infants

All these appeal cases are subject to specific procedural requirements beyond the ability of unrepresented applicants, especially clients who face language and cultural barriers.

3. Duty Counsel – *896 client assists in 2015/16*

LSS provides duty counsel every day for persons detained by Canada Border Services Agency. Duty counsel represent detainees in detention reviews and some admissibility (deportation) proceedings before the Immigration Division of the Immigration and Refugee Board. Regular reviews of those detained are required by the *Immigration and Refugee Protection Act.*

APPENDIX B
Letter from the Department of Justice, Canada

Department of Justice Canada
Ottawa, Ontario
K1A 0H8

Ministère de la Justice Canada
Ottawa (Ontario)
K1A 0H8

SEP 16 2016

Mr. James Deitch
Executive Director, Criminal Justice and Legal Access Policy Division
Justice Services Branch, Ministry of Attorney General
PO Box 9243 Stn Prov Govt
3rd Floor, 703 Broughton Street
Victoria, BC V8W 9J2

Dear Mr. Deitch,

This is to confirm that the Department of Justice Canada intends to allocate an additional contribution of $530,000 for 2016-17 only, to the Province of British Columbia for Immigration and Refugee Legal Aid.

This allocation will be provided to the province via an amendment to the Agreement Respecting Adult and Youth Criminal Legal Aid, Immigration and Refugee Legal Aid and Court-Ordered Counsel in Federal Prosecutions, signed March 24, 2013, and subsequently amended June 4, 2014 and October 22, 2015.

The agreement will be amended and the funds disbursed upon receipt of the appropriate authorities, anticipated in Fall 2017.

Yours truly,

Elizabeth Hendy

Elizabeth Hendy
Director General
Programs Branch

cc. Mark Benton, Executive Director, Legal Services Society of British Columbia

Canada

APPENDIX C

Draft Letter to the Chair of the Legal Services Society Board of Directors

Ms. Suzette Narbonne
Chair, Board of Directors
Legal Services Society
400 – 510 Burrard Street
Vancouver BC V6C 3B9

Dear Ms. Narbonne:

Ministry staff have received a letter from the Department of Justice Canada, dated September 19, 2016, confirming their intention to allocate additional one-time funding of $530,000 to the province to address budget pressures related to immigration and refugee legal aid services.

After the province receives this funding and the federal/provincial agreement is amended , funding will be transferred from the province to Legal Services Society up to the net amount required to cover the actual budget pressure for these services, as determined by the final approved, audited financial statements of the Society for fiscal year-end 2016/17.

Please work with ministry staff to continue to refine your monthly forecasts, advise of any changes as soon as they are known, and arrange timing for the cash transfers (to provide the funding as well as make any year-end adjustments.)

I appreciate the time and diligence that you, the LSS board and staff have put towards these matters and look forward to ongoing collaboration with LSS.

Yours very truly,

Suzanne Anton QC
Attorney General
Minister of Justice

pc: Mr. Richard J. M. Fyfe, Q.C.
Mr. Kurt Sandstrom, Q.C.
Mr. Mark Benton, Q.C.
Ms. Shauna Brouwer

Cliff BN: 424544
Cliff letter: 424545
Date Prepared: Oct 18, 2016
Date Decision Required: Oct 30, 2016

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For DECISION for the Honourable Suzanne Anton, QC, Minister of Justice and Attorney General

ISSUE: LSS Budget Management Plan 2017/18-2019/20.

DECISION REQUIRED / RECOMMENDATION:

- It is recommended that the Attorney General send the attached draft letter to the Chair of the Legal Services Society (LSS) Board requesting a budget management plan (BMP) for 2017/18-2019/20.

SUMMARY:

- Requesting submission of a BMP by December 12, 2016, would:
  - align with timing for service plans and budget decisions;
  - require LSS to present options to mitigate pressures as a vital component of their comprehensive annual budget submission on an ongoing basis; and
  - inform responses to LSS regarding potential budget pressures.
- The draft letter is the same as last year's except for three new directions for LSS to:
  - develop a spending plan for the anticipated increase in federal funding for criminal legal aid;
  - use a performance metric to assess forecast accuracy; and
  - commit to a 'no surprises' principle for financial information.

BACKGROUND:

- Section 18 of the *LSS Act* states that LSS must provide a budget for the Attorney General's approval when directed.
- The suggested due date of December 12, 2016:
  - accords with anticipated timelines around Crown service plans for ministry and central agency review; and
  - provides time to work with LSS on budget pressure mitigation strategies.
- Since fiscal year 2014/15, the Attorney has directed LSS to submit an annual BMP so that any potential pressures could be viewed in the context of the comprehensive budget and service delivery priorities.
- Approval every year has been subject to the commitment of the LSS Board Chair:
  - to manage the budget to the bottom line and not to the individual tariff line items in the budget; and

  - to prioritize tariff services ahead of administrative and operational spending—the relative priority would be as follows:
    - child protection
    - family
    - criminal
- In the past few years, LSS has managed variable forecasts, due primarily to the implementation of a new case management system (CIS) and the launch of the new Justice Innovation and Transformation Initiative (JITI) pilot programs.
  A well-developed BMP for 2017/18 will help achieve a balanced budget.
  - s.12

  - Conversely, LSS had a significant surplus last year, resulting in additional payments to the private bar and to the LSS Executive Managers, without notice of the latter to the ministry or the Public Sector Employers Council.

DISCUSSION:

- LSS is currently forecasting a balanced budget for fiscal year 2016/17, but has raised concerns of potential budget pressures, this year and next, from various sources including increasing criminal tariff costs per case and the need for improvement to their technical infrastructure. A BMP would provide scenarios, options and impacts of managing these pressures and risks within various funding, expenditure and service delivery levels.
- Though TB has not released budget decisions yet, it is expected that funding for JITI will be continued and may be increased. Advance planning to address LSS budget pressures will ensure this funding is directed specifically towards transformation initiatives.
- The proposed letter to LSS includes reminders about certain government policies, specifically:
  - that government introduced Taxpayer Accountability Principles (TAPs) for Crowns in the 2014/15 transition letter and 2015/16 mandate letter to emphasize the importance of cost-consciousness and efficiency; and
  - that LSS is not permitted to incur a deficit, without prior approval from the Attorney General and the Minister of Finance.
- The draft letter is the same as last year's except for three new directions for LSS to:
  - develop a spending plan for the anticipated increase in federal funding for criminal legal aid;
  - use a performance metric to assess forecast accuracy; and
  - commit to a 'no surprises' principle for financial information.

OPTIONS:

1. Recommended: send the attached letter requesting LSS's budget management plan; or
2. provide direction as to revisions to the draft letter; or
3. do not approve; allow LSS to submit their proposed budget when they wish.

OTHER MINISTRIES IMPACTED/CONSULTED:

- Ministry of Finance (TBS).

OPTION__1__ APPROVED **DATE:**

_____ October 26, 2016

Richard J. M. Fyfe, Q.C.
Deputy Attorney General and
Deputy Minister, Justice

OPTION____1__APPROVED **DATE:**

_____ 31 Oct 2016

The Honourable Suzanne Anton, QC
Minister of Justice and Attorney General

Prepared by:
Kathleen Rawlinson
Senior Business & Policy Advisor
Justice Services Branch
(250) 356-8083

Reviewed by:
James Deitch
Executive Director
Justice Services Branch
(250) 216-3553

Attachment: Draft letter from Attorney General to LSS Board Chair

Approved by: Kurt J.W. Sandstrom, Q.C. Date: October 25, 2016
Assistant Deputy Minister

Attachment: Draft letter from Attorney General to LSS Board Chair

Ms. Suzette Narbonne
Chair, Board of Directors
Legal Services Society
400 – 510 Burrard Street
Vancouver BC V6C 3B9

Dear Ms. Narbonne:

On February 21, 2017, the Province will release *Budget 2017* and service plans for government reporting entities (GREs). I understand that the Legal Services Society (LSS) budget management plan (BMP) for 2017/18 to 2019/20 is scheduled to be approved by the Board on December 9, 2016.

I ask that you ensure certain elements, as set out below, are included in the BMP and that it is submitted to me by December 12, 2016, so that we can work toward understanding the funding requirements and options in advance of the final service plan and budget decisions.

The principles upon which we agreed for this fiscal year should continue to guide the development of your 2017/18 plan:

- to manage the LSS 2017/18 budget to the bottom line and not to the individual tariff line items in the budget, unless directed otherwise for any funding, pending upcoming budget decisions; and
- to prioritize tariff services ahead of administrative and operational spending—the relative priority would be as follows:
  - child protection
  - family
  - criminal

Please include the following in your submission:

1. A three-year budget broken down by:
   a) the same revenue and expenditure categories as the 2016/17 submission;
   b) 2017/18 budget separated between government and non-government funding; including 2015/16 actual and 2016/17 as of the December forecast expenditure comparisons;
   c) assuming a nominal placeholder, subject to budget decisions, of the continuation of the $2 million increase since 2014/15 related to Justice Innovation and Transformation Initiatives (JITI), shown as a separate line item (noting this is to be spent only on JITI);
   d) assuming a nominal placeholder of $1M, subject to budget decisions, of an increase to support criminal legal aid service delivery; and
   e) a $121K increase related to the Economic Stability Mandate.
   f) No other budget increase should be projected at this point.
2. A 2017/18 departmental budget by expenditure category compared to 2016/17 forecast expenditures as of the December 2016 forecast submission.

3. In a separate document, identify any pressures LSS is forecasting, along with:
    - a budget pressure mitigation plan that presents options to manage any pressures; and
    - any operational impacts of the pressures and mitigation plans.

   It is vital to ensure coverage of any potential deficits from existing funding within the current budget, as the Minister of Finance has advised that deficit spending (even small amounts) will not be approved.
4. A capital and an amortization forecast/schedule for the next ten years, by year and asset type.
5. A proposed spending plan for the anticipated budget increase in federal funding for criminal legal aid.
6. A detailed set of assumptions, showing the main cost drivers and formulas used in the calculations. Please show the estimated dollar impacts for each item.
7. A performance metric to measure the accuracy of the LSS 3rd Quarter Forecast of the surplus, if any, compared to final, actual results.
8. A commitment to adhere to a 'no surprises' understanding by "reporting information concerning the financial and performance results of Crown agencies that is credible, timely and complete." For example, ministry staff should be advised in advance of the intention to increase LSS executive compensation, tariff bar compensation or any other matter which may have public profile.
9. The budget management plan should reflect the Taxpayer Accountability Principles as set out in the 2016/17 Mandate Letter and anticipate requirements of the draft 2017/18 Mandate Letter.

Ministry staff can provide you with any further information you may require to guide preparation of these materials. Please contact James Deitch for further information.

I appreciate the diligence that you, the board and your staff put toward these matters and look forward to working collaboratively with you.

Yours very truly,

Suzanne Anton QC
Attorney General
Minister of Justice

pc: Richard J. M. Fyfe, Q.C.
Kurt J. W. Sandstrom, Q.C.
Shauna Brouwer, MBA

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For INFORMATION for the Honourable Suzanne Anton, QC, Minister of Justice and Attorney General

ISSUE:

- Legal Services Society's (LSS) executive compensation proposal, Minister of Finance to be briefed November 28.

SUMMARY:

- LSS has proposed an executive holdback plan (Appendix A) that would require approval from the Minister of Finance as an exception to the 2012 policy for Crown Corporation Executive Compensation.
- s.13

- Decision rests with the Minister of Finance, whom PSEC was planning to brief in December, but has been moved up to November 28. PSEC's CEO-approved briefing note is attached (Appendix B).

BACKGROUND:

- Background information is set out in PSEC's briefing note, attached. Other details are summarized below.
- The LSS Board approved bonuses for fiscal year 2015/16, totalling $77,465, for all five members of its Executive Management Committee (EMC) at 10% of base salaries:
  - CEO Mark Benton: $18,553; plus
  - four Directors: $14,728 each.
- Current LSS EMC:
  - Mark Benton, QC, CEO
  - Harold Clark, Director – Strategic Planning, Policy and Human Resources
  - Heidi Mason, Director – Legal Advice and Representation
  - Sherry MacLennan, Director – Public Legal Information and Applications
  - Doug Wong, Director – Finance & Corporate Services
- Current Board: five are appointed on the recommendation of the Attorney and four are appointed by the Law Society after consultation with the executive of the BC Branch of the Canadian Bar Association.

  - Suzette Narbonne, Chair, LSS Board of Directors
  - Alison MacPhail, Vice-Chair, LSS Board of Directors
  - Dean A. Crawford, QC
  - Karen Christiansen, FCPA, FCA
  - Celeste Haldane
  - Dinyar Marzban, QC
  - Annita L. McPhee
  - Puneet P.K. Sandhar
  - Jean P. Whittow, QC
- Information about the LSS bonuses was publicly released in July 2016, with Crown remuneration disclosure for Public Accounts. LSS was the only Crown to pay bonuses.
- Since then, PSEC has been working with LSS on a new executive compensation plan that would eliminate future bonuses. The LSS Board approved the proposed plan and the Chair submitted it to PSEC for review on September 27.
- Ministry staff met with PSEC on October 25 and were advised that their recommendation to the Minister of Finance will be for a plan that is in full compliance with policy.

OTHER MINISTRIES IMPACTED/CONSULTED:
- PSEC staff in the Ministry of Finance.

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Reviewed by:
James Deitch
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Attachments:
- Appendix A: Letter from the LSS Board Chair to the PSEC President
- Appendix B: Decision Note for the Minister of Finance

Approved by: Kurt J.W. Sandstrom, Q.C. Date: November 24th, 2016
Assistant Deputy Minister

Page 219 to/à Page 224

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APPENDIX B

Date: November 2016
Cliff #:
File #:
Version: draft

PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
BRIEFING NOTE – FOR DECISION

PREPARED FOR: Hon. Michael de Jong, Q.C.
Minister of Finance, and Minister responsible for the *Public Sector Employers Act*

ISSUE: **Legal Services Society's Transition from a Bonus to a Holdback System**

BACKGROUND:

In 2012, Government's Crown Corporation Executive Compensation Policy directed Crown Corporations to move from a 'bonus' system for executives to a re-earnable hold back system. To ensure that executives received a reduction in maximum achievable salary but not a reduction in recent average total compensation, a new base salary was created by rolling the four year average of incentive payments into base salary. From that new maximum achievable salary, a re-earnable holdback of up to 20% was established. In order to receive the new maximum achievable amount, executives must meet performance-based criteria.

In response to Government's 2012 direction, the Legal Services Society (LSS) advised that executives didn't have a "formal bonus program", and that LSS was compliant with the 2012 direction. While LSS technically had a bonus program as part of its compensation plan, it was considered inactive, requiring a budget surplus before being paid. Bonuses had not been paid since 2008/09 (when the amounts paid averaged 3.5% of base salary) and PSEC Secretariat staff were provided information that LSS would, before reviving the program, ensure it was in compliance with the 2012 Crown Corporation Policy.

DISCUSSION:

Prior to the conclusion of the 2015/16 fiscal year, it became clear to LSS's CEO and Board that the organization would finish the year in surplus. With this information, the Board revived the inactive bonus program and provided 10% bonus payments to all executives. This decision was made without Ministry of Justice or PSEC consultation.

Since Government became aware of the payments during the 2015/16 annual executive compensation disclosure process, PSEC and JAG staff have been working with LSS staff to bring their compensation plan into compliance with the 2012 Policy. s.13

s.13

Page 237 to/à Page 238

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MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For INFORMATION for the Honourable Suzanne Anton, QC, Attorney General and Minister of Justice

ISSUE: National Benchmarks for Public Legal Assistance Services

SUMMARY:

- The Canadian Bar Association (CBA) and the Association of Legal Aid Plans (ALAP) have developed a set of eight national benchmarks for legal aid/public legal assistance services. (See Appendix A)

- The benchmarks are aspirational in nature and are intended to provide a foundation for developing milestones and performance measures.

BACKGROUND:

- In 2013, the CBA and ALAP held public consultations on the idea of national benchmarks for legal aid. There was a call for submissions in response to a discussion paper that the organizations had published.

- BC made a submission which focussed primarily on the need for performance measures as opposed to aspirational statements about the importance of legal aid. By all accounts, BC's submission was well received.

DISCUSSION:

- The result of those consultations has now been published - titled a National Framework for Meeting Legal Needs: Proposed National Benchmarks for Public Legal Assistance Services.

- A set of eight national benchmarks have been developed. The benchmarks themselves are not specific and measurable targets as one might expect of a benchmark; they are statements of what an ideal system might look like.

- "They are aspirational but grounded in current international research and best practices. They present a transformative vision beyond what currently exists and describe the potential of enhanced public legal assistance."[1]

[1] National Framework for Meeting Legal Needs: Proposed National Benchmarks for Public Legal Assistance Services – page 8

- The benchmarks are intended to:
    - Establish a common aspirational and measurable goal
    - Contribute to informed provision of legal assistance services and policy, and
    - Promote shared learning and collaboration.

- "The benchmarks are not performance indicators. They go far beyond what most Canadian legal assistance providers currently do and far beyond what we can measure."[2]

- The paper indicates that developing performance measures for each of the benchmarks will be the next step in this national dialogue about public legal assistance. Some of the milestones and measures discussed are:
    - Development of national data standards and common measurement tools
    - Indicators that measure the relationship between legal needs, service provision, and outcomes
    - "Modest but meaningful" monitoring and evaluation

- Many of the other milestones listed however are as challenging to measure as the benchmarks themselves. It will be important for BC to keep its focus on service improvements that lead to better outcomes based on available evidence.

OTHER MINISTRIES IMPACTED/CONSULTED:
- None

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A/Executive Director
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Approved by: Kurt J.W. Sandstrom, Q.C. Date: November 1, 2016
Assistant Deputy Minister

Attachment(s): Appendix A

[2] National Framework for Meeting Legal Needs: Proposed National Benchmarks for Public Legal Assistance Services – page 9

THE CANADIAN BAR ASSOCIATION

A NATIONAL FRAMEWORK FOR MEETING LEGAL NEEDS:

PROPOSED NATIONAL BENCHMARKS FOR PUBLIC LEGAL ASSISTANCE SERVICES

Report of Canadian Bar Association Access to Justice Committee

Prepared by Dr. Melina Buckley (Consultant)*

August 2016

*The Committee acknowledges, with thanks, the generous support received for this project from the Canadian Bar Association, and the BC Legal Services Society and the Law Foundation of BC Access to Justice Research Fund.

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Proposed National Benchmarks for Public Legal Assistance Services[1]

1. A National Public Legal Assistance System

Canadian public legal assistance systems are sustainably-funded and provide comprehensive, people-centered legal services tailored to local, regional and provincial and territorial circumstances to meet essential legal needs and contribute to the health and well-being of disadvantaged and low-income Canadians.

2. Scope of Services

Public legal assistance services are provided to individuals, families and communities with essential legal needs who are otherwise unable to afford assistance. Essential legal needs are legal problems or situations that put into jeopardy a person or a person's family's liberty, personal safety and security, health, equality, employment, housing or ability to meet the basic necessities of life.

3. Service Priorities

Public legal assistance services are provided on a priority basis to individuals, families and communities who are financially disadvantaged or otherwise vulnerable to experiencing unmet essential legal needs.

4. Spectrum of Services

Public legal assistance service providers use discrete and systemic legal strategies and work in collaboration with non-legal service providers to offer a broad range of services, from outreach to after care, targeted and tailored to people's legal needs, circumstances and capabilities.

5. Quality of Services

Public legal assistance services in all provinces and territories are fully accessible, timely, high quality, culturally appropriate and cost-effective. Such services will lead to evaluated meaningful participation and fair and equitable outcomes, and contribute to the empowerment and resilience of individuals, families and communities.

6. A Supported, Collaborative, Integrated Service Sector

Public legal assistance service providers participate in collaborative service planning across this sector and are mandated and supported to innovate and to fulfill their integral role of ensuring access to justice and an effective justice system, working in partnership with all stakeholders.

1 These six national benchmarks were prepared by a joint working group of the CBA Access to Justice Committee and the Association of Legal Aid Plans of Canada.

A. Developing National Benchmarks

National benchmarks are the next step to closing the access gap in public legal assistance services. They can help to build common aspirational and measurable goals, better inform public legal assistance provision and policy, and promote shared learning and collaboration.

The Canadian Bar Association Access to Justice Committee (CBA Committee) retained Dr. Melina Buckley as consultant on the project. In early consultations, people were asked about what they expect and need from the public legal assistance services system in Canada. There was a remarkable consensus among the broad and diverse group who commented, and the benchmarks developed bring together that input.

Question:

What do we want Canada's legal aid system to look like in 2020?

Answer:

We want a national public legal assistance system that fully meets the legal needs of people living in Canada, prioritizing individuals and communities experiencing disadvantage and adapting to local realities.

B. Next Steps

The proposed national benchmarks continue a conversation about public legal assistance that began with the Canadian Bar Association's 2013 *Reaching Equal Justice* report. The next steps in this ongoing conversation leading to concrete change are:

1) **Promoting public discussion about the benchmarks.** More people need to be included in the conversation about the proposed benchmarks. Over time, the benchmarks can contribute to a shared public understanding of the importance of legal assistance when people have pressing legal problems and ensure a consistent, sector-wide approach to meeting the legal needs of disadvantaged people.

2) **Developing indicators for the benchmarks and measuring progress.** At the Expert Roundtable held in Toronto in 2015, leading authority Dr. Ab Currie likened the idea of national benchmarks to the top of a funnel, with development of more and more refined indicators and measurements over time. Part of the process of implementing the benchmarks will be to develop modest but meaningful measurements.

   Not every aspect can be concretely measured but even unmeasurable goals and actions may be valuable. Process and dialogue can be as important, sometimes more, to innovation and improved service as measurement tools.

3) **Breathing life into the benchmarks.** The proposed benchmarks offer a common measure of success while also allowing for tailoring to local needs. This process of breathing life into Canada's benchmarks can begin today. All public legal assistance service providers can take steps within current resources and capacity toward advancing one or more of the benchmarks and share their experiences with other providers. Similarly, funders and policymakers can promote the benchmarks by facilitating concrete steps toward their realization.

C. Digging Deeper

Project overview

In 2013, the Canadian Bar Association released *Reaching Equal Justice*, a comprehensive multi-dimensional report offering six main strategies for achieving equal justice in Canada by 2030. It includes 31 longer term targets, each with actions to begin immediately and interim milestones. Several address the need for a renewed approach to public legal assistance services in Canada, with one specifically calling for national benchmarks for legal aid coverage, eligibility and quality of legal services by 2020.

Since the release of *Reaching Equal Justice*, the CBA Committee has worked with several partners to advance the 31 targets. In 2014, a joint Working Group of the Association of Legal Aid Plans of Canada (ALAP) and the CBA Committee agreed to collaborate to propose national benchmarks for public legal assistance services in Canada. This work advances both organizations' commitment to achieving a robust legal aid system in Canada, and key aspects of the CBA report.

After extensive discussion, consultations and research commissioned by the CBA from Dr. Buckley,[2] the Working Group developed the national benchmarks that began this report. They are intended to constitute guiding principles to achieve the shared goal of a national, integrated system of public legal assistance services, focused on improving access to justice and meeting the needs of disadvantaged people across Canada.

With this strong foundation, both organizations will now use the benchmarks to support their respective efforts to improve Canada's public legal assistance system.

The CBA Committee acknowledges, with thanks, the Working Group members:

Dr. Melina Buckley (Co-Chair)
Karen Hudson, Q.C. (Co-Chair)
Mark Benton, Q.C.
Teena Hartman
Trish Hebert, Q.C.
David McKillop
Ed Montigny
Nick Summers
Gaylene Schellenberg (CBA Staff Lawyer)

2 Based on that research and preliminary consultation, the Working Group produced a *Backgrounder, Discussion Paper* and a *Consultation Kit* in 2015. Feedback was received through a web survey, written submissions, public consultation sessions in several locations, a workshop at the *Innovating Access to Justice Conference* in Montreal, October 2015, and the Working Group's *Expert Roundtable* in Toronto in November 2015. The *Expert Roundtable* was generously funded by the BC Legal Services Society and the Law Foundation of BC *Access to Justice Research Fund*.

Meeting the legal needs of people in Canada

Most people in Canada experience legal problems at some point in their lives. Indeed, many experience multiple legal problems simultaneously and these problems often have both legal and non-legal dimensions.

People who experience economic, social or other disadvantage have more legal problems.[3] They experience higher rates of legal need and have more contact with the justice system than others. Often those most susceptible to legal problems are less equipped to deal effectively with those problems. Indigenous people face particular disadvantage, along with significantly higher rates of incarceration.

People's legal needs are not well understood by the public or by governments. Generally, legal needs are not recognized to near the same extent as other aspects of Canada's social safety net. Yet, access to law and the need for help to resolve legal problems are simple facts of life in the 21st century. Laws shape and regulate most aspects of daily living and the relationships between individuals, businesses and governments.

In Canada, there is an enormous gap between people's legal needs and the public legal assistance available to address those needs and assist people when they most need help. The prevalence of legal problems and significant levels of unmet legal need cannot be addressed with existing public funding for legal aid and other legal assistance services. The results can be devastating.

Unresolved legal problems escalate, cause undue personal hardship and trigger non-legal problems like health and social welfare issues. They inhibit people's ability to participate effectively in society.[4] A recent Organization for Economic and Cultural Development (OECD) initiative recognized that effective public legal assistance makes a strong social and economic contribution to individuals, families and small and medium enterprises, both at the community and at the societal level.[5] Conversely, there is increasing acknowledgement in many circles that inadequate legal aid is costly.[6]

3 CBA *Reaching Equal Justice* (Ottawa: CBA, 2013) at 32, 33.

4 For further discussion and examples, see CBA *Reaching Equal Justice, ibid.*

5 OECD, Equal Access to Justice, 2nd Expert Roundtable Background Notes (Paris, December 2015). See also, Trevor C. W. Farrow, Ab Currie, Nicole Aylwin, Les Jacobs, David Northrup and Lisa Moore, *Everyday Legal Problems and the Cost of Justice in Canada: Overview Report* (Toronto: Canadian Forum on Civil Justice, 2016).

6 Melina Buckley, *Moving Forward on Legal Aid* (Ottawa: CBA, 2010) at 52; *Reaching Equal Justice, supra* note 3 at 53.

Towards understanding the impact of public legal assistance

- Legal aid can assist individuals and families to resolve legal and social needs, obtain access to opportunities and become full participants in the community and economy.
- Legal aid can contribute to reducing inequality by breaking down the cycle of dependency and increasing resilience by assisting individuals to address recurring patterns of problems in their lives and by interrupting the process of escalating problems, in such a diverse range of issues as health, housing, employment, violence, education and family.
- At the community level, the aggregate impact of legal aid can contribute to social cohesion and the social fabric of communities by promoting social mobility, reducing criminality and increasing business and economic opportunities.
- Investment in legal aid services can lead to economic growth in the community by increasing jobs, reducing work days missed due to legal problems, creating more stable housing, resolving debt issues and stimulating business activity.
- At the societal level, civil legal aid has been found to lead to a series of social benefits, which in turn benefits governments and societies economically through reduced cost on social interventions that would otherwise be needed to address those specific challenges.
- There is increasing evidence that benefits of civil legal aid may range from a reduction in domestic violence, less time spent by children in foster care, reduction in the need for safety-net programs, reduction in evictions, greater protection of patients' health and greater participation in public assistance programs. Aggregate health benefits have also been demonstrated.
- Conversely lack of access is associated with negative impacts at the individual, community and societal levels. Unequal access to justice is expensive. Evidence is mounting that unresolved legal problems are costly both to the individuals directly affected and to society as a whole.
- Studies have repeatedly shown that there is strong return on investment from public spending on legal aid.
- Unresolved legal problems and the requirement to navigate justice systems without appropriate assistance result in individuals bearing additional stress with an attendant impact on emotional and physical health, lost days of work and in some cases unemployment, and negatively impacts parenting and other family relationships.
- At a societal level these costs include lower economic productivity and knock-on costs to public spending in other areas (e.g. employment insurance, social assistance, health). Recent Canadian research estimates these knock-on costs are approximately 2.35 times greater than the annual direct service expenditures on legal aid.
- Studies have also shown that inadequate legal aid results in additional costs to other justice services, through for example longer and less efficient hearings.[7]

7 Additional references omitted. Excerpted and adapted from OECD, Equal Access to Justice, 2nd Expert Roundtable Background Notes, *supra* note 5.

Toward a responsive national public legal assistance system

Canada has no national public legal assistance system. Services are primarily provided by legal aid plans (plans) in each province and territory,[8] in conjunction with organizations like public legal education providers and community-based advocacy groups. Many of these groups also receive some public funding. Plans generally help the most disadvantaged people get the legal support they need to engage effectively with the justice system but there are significant variations across Canada, much more than for other public services.

Legal aid has often been synonymous with legal assistance and representation by a lawyer. Today, most plans provide a continuum of legal information, assistance, dispute resolution and representation services, either directly or through referrals to other agencies. A range of services can better respond to the range of people's legal needs, but it can also reflect the reality of severe budgetary constraints for most public legal assistance providers, as demand continually outstrips capacity. We use the more inclusive term, "public legal assistance services" to reflect these developments and the full spectrum of resources necessary, without diminishing the importance of actual representation in meeting the legal needs of people in Canada.

Public legal assistance schemes have evolved significantly over the past sixty years, both in service delivery and policy foundation. Originally based on advancing procedural justice and maintaining the rule of law by ensuring the law applies equally to all people, they also protected fundamental rights like the presumption of innocence and the right to a fair trial. These original priorities were court-centered and to some extent reflected the needs of the justice system and the legal profession.

In the 1960s, public legal assistance grew in importance as a tool to promote human rights and social justice. Over time, governments increasingly recognized the connection between legal health and social and economic wellness, leading to further expansion and recognition in the 1970s. However, in the 1990s, a general trend toward reducing public services and the social safety net and instead promoting individual responsibility meant cutbacks to public legal assistance in many jurisdictions, including many Canadian provinces and territories.

Today, the rationale for robust public legal assistance is shifting with a growing appreciation of the sound empirical foundation of current legal needs research, which has shown both the personal impact and spiraling costs of unmet legal need, and a growing understanding of the social return on investment when public funds are spent on legal assistance. This broader perspective is consistent with general concepts of access to justice, including achieving just outcomes and promoting legal health, legal empowerment and social inclusion.

These mega trends in the provision of public legal assistance are illustrated in the following chart.

8 Many legal aid plans provide some specialty clinics/programs, although the availability and focus of those offices are not consistent across the country.

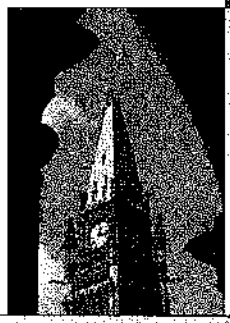
Evolution of Public Legal Assistance in Canada

PROCEDURAL JUSTICE

- Growing recognition of need for legal counsel to ensure fair trials
- Provided on an ad hoc basis, often pro bono
- Court centered
- Law Societies, lawyers and judges lead

SOCIAL JUSTICE/CIVIL SOCIETY

- **1960s** – greater emphasis on human rights and empowerment
- Community-based clinics begin to provide legal aid
- Political but non-partisan
- Non-lawyers lead, lawyers and legal bodies also active

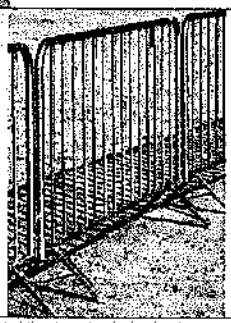


POLITICS AND SOCIAL WELFARE

- **1970s** – greater emphasis on public/governmental responsibility for legal aid
- Federal funding for legal aid is formalized
- Links between health and unmet legal need are recognized by Health Canada
- Government leads

RETRENCHMENT OF THE PUBLIC SAFETY NET

- **1990s** – emphasis on reducing spending and individual responsibility
- Shift in federal transfer payments and budget cuts to most provincial/territorial legal aid plans
- Non-criminal legal aid is dramatically scaled back in many provinces/territories
- Marked increases in unrepresented litigants and unmet legal need



LEGAL NEEDS, LEGAL HEALTH, LEGAL EMPOWERMENT

- **Today** – greater emphasis on empirical findings on costs of unmet legal need (individual and societal)
- Focus on understanding and building legal capability
- Recognition that a range of services and providers are needed to meet range of needs
- Collaborative leadership

One strategy: national benchmarks

Benchmarks are one effective strategy to achieve today's focus on a people-centered, responsive national public legal assistance system. Our consultations showed near unanimous support for national benchmarks, even though justice system participants and culture have historically resisted performance management and measurement. The main barriers to building this responsive national public legal assistance system are little public and political awareness of, and support for public legal assistance, especially compared to other human services such as health, education and social assistance. Benchmarks can contribute to a new conversation about meeting the legal needs of people in Canada and the concerted action required to move forward.

Most basically, a benchmark is a point of reference for measuring change and progress.[9] It can be defined as a minimum requirement, a target, or by reference to a principle or norm (e.g. human rights), a goal, past performance or a comparison with another system or organization. Most benchmarks are a mixture of different reference points. All provide clear targets. Micro benchmarks target the behavior of individual service providers while macro benchmarks target aggregate behavior or systemic operations.

Benchmarks can:

- create an opportunity for developing and sharing a common vocabulary on progress and measurement among various stakeholders, including the public;
- provide a lens for interpreting variations in performance indicators and other metrics;
- offer an external validation of performance, rather than relying on those working in the system to determine what is to be considered "good enough".

On the other hand, implementing benchmarks requires careful monitoring to avoid perverse or unintended consequences. Australian benchmarks that encouraged early intervention resulted in shifting resources to written materials, although those interventions are not necessarily uniformly effective. Benchmarking is an iterative process and benchmarks need to be frequently updated to adjust for their impact on performance.

The national benchmarks at the beginning of this report capture the predominant evidence-based ideas about public legal assistance services and define pathways for the future. They are aspirational but grounded in current international research and best practices. They present a transformative vision beyond what currently exists and describe the potential of enhanced public legal assistance. They assist different audiences to understand the important public good involved, that working hand-in-hand with other human services contributes to the social and economic welfare and health of our communities. The proposed benchmarks:

- establish a common aspirational and measurable goal
- contribute to informed provision of legal assistance services and policy, and
- promote shared learning and collaboration.

9 These points were made by Yvon Dandurand, international expert on justice system indicators, at the November 2015 *Expert Roundtable*, *supra* note 2.

The benchmarks are *not* performance indicators. They go far beyond what most Canadian legal assistance providers currently do and far beyond what we can measure. However, for each benchmark, examples are provided below of indicators and milestones that could be used to measure progress.

The benchmarks provide a foundation for developing staged measures. They begin with measurements of what legal assistance providers have capacity to measure today and anticipate gradually increased capacity toward national indicators with common data measurement.

D. Proposed national benchmarks with milestones and indicators

The benchmarks constitute guiding principles to achieve the shared goal of a national, integrated system of public legal assistance focused on improving access to justice and fully meeting the needs of disadvantaged people across Canada. They are bold and focus on the longer term, rather than simply on what is immediately achievable. These benchmarks incorporate bellwether behavior, that is, leading best practices and evidence-based trends.

Benchmark 1 – A National Public Legal Assistance System
Canadian public legal assistance systems are sustainably-funded and provide comprehensive, people-centered legal services tailored to local, regional and provincial and territorial circumstances to meet essential legal needs and contribute to the health and well-being of disadvantaged and low-income Canadians.

Indicative milestones and indicators of progress for achieving Benchmark 1 include:

- Development of national public legal assistance data standards to facilitate collection of consistent and comparable data[10]
- National public legal assistance common data measurement standards
- A "smart" system that better supports service planning and ongoing "modest but meaningful" monitoring and evaluation, and supports evidence-based policy, decision-making and service delivery[11]
- Effective triage and navigation support within each province and territory
- Growing knowledge base and system-wide learning concerning "what works, for whom, under what conditions and at what cost"[12]
- Indicators that measure the relationship between legal needs, service provision and outcomes.

10 See for example, Australian Government, *National Legal Assistance Data Standards Manual* (Sydney: Attorney General, 2015).

11 Presentation by Dr. Hugh MacDonald at the *Expert Roundtable, supra* note 2. See also *Pascoe Pleasence et al, Reshaping Legal Assistance Services: Building on the Evidence Base* (Sydney South: Law and Justice Foundation of New South Wales, 2014).

12 *Ibid.*

Benchmark 2 – Scope of Services

Public legal assistance services are provided to individuals, families and communities with essential legal needs who are otherwise unable to afford assistance. Essential legal needs are legal problems or situations that put into jeopardy a person or a person's family's liberty, personal safety and security, health, equality, employment, housing or ability to meet the basic necessities of life.

Benchmark 3 – Service Priorities

Public legal assistance services are provided on a priority basis to individuals, families and communities who are financially disadvantaged or otherwise vulnerable to experiencing unmet essential legal needs.

Priority clients and communities will vary across and within Canadian jurisdictions. In general these are likely to include:

- Indigenous Canadians, people experiencing or at risk of domestic violence, youth, the elderly, recent immigrants, people experiencing language or literacy barriers, people with disabilities, including mental illness, prisoners, people living in remote and rural areas, and those otherwise at risk of social exclusion.
- People who live at or below 150% of the Low Income Measure[13] are considered to be financially disadvantaged.

Indicative milestones and progress indicators for achieving Benchmarks 2 and 3 include:

- Triage or screening for consequences has replaced categories of service and financial eligibility in all jurisdictions
- The most intensive services (representation services) are directed to financially disadvantaged people and targeted to other priority client groups (may differ in each jurisdiction)
- Public legal assistance is provided based on comprehensive needs assessments in each community/ jurisdiction
- Public legal assistance services include a broad range of strategic legal advocacy services to correct systemic problems affecting low-income people in each province and territory

Benchmark 4 – Spectrum of Services

Public legal assistance service providers use discrete and systemic legal strategies and work in collaboration with non-legal service providers to offer a broad range of services, from outreach to after care, targeted and tailored to people's legal needs, circumstances and capabilities.

Benchmark 5 – Quality of Services

Public legal assistance services in all provinces and territories are fully accessible, timely, high quality, culturally appropriate and cost-effective. Such services will lead to evaluated meaningful participation and fair and equitable outcomes, and contribute to the empowerment and resilience of individuals, families and communities.

13 http://www.statcan.gc.ca/eng/help/bb/info/low

Indicative milestones and progress indicators for achieving Benchmarks 4 and 5 include:

- All public legal assistance service providers have a strong diagnostic capacity to match services to client needs, circumstances and capabilities
- More effective referrals and a measurable increase in effective use of interagency cooperation and collaboration
- Public legal assistance service providers provide "joined up" or coordinated services with other service providers to address both legal and non-legal aspects of a client's problem or situation
- Public legal assistance service providers develop strong capacities for outreach relevant to targeted local communities
- Public legal assistance service providers develop strong capacity for follow up and after care to ensure effective client outcomes, contribute to resilience and provide systemic feedback on what does and doesn't work
- A strong client voice in evaluations
- Reductions in "new" emerging legal issues and return clients for the same or similar issues

See also the *Australian National Framework for Public Legal Assistance*,[14] which offers outcomes that are relevant for Canada:

- Legal assistance services are high quality, relevant, delivered respectfully and focused upon improving people's outcomes
- Culturally appropriate legal assistance services are accessible and available to Indigenous Australians and people from culturally and linguistically diverse communities
- Service models deliver the right mix of legal assistance services to meet people's legal needs and capabilities where practicable
- Innovative service models are used to improve legal assistance services and better address legal need
- Legal assistance service costs are proportionate to the complexity and significance of the legal matter and people's capability
- Legal assistance services offer a range of timely intervention services and use the most appropriate service type to address and resolve people's legal problems
- Matters are resolved quickly and cost effectively, including through the use of alternative dispute resolution where appropriate
- People have access to information about their legal rights, responsibilities and the options they have for action
- Community legal education is tailored appropriately for different groups, coordinated across the jurisdiction, aligned with shared priorities and not duplicated unnecessarily
- People are equipped with increased skills and knowledge to help resolve future problems

14 https://www.ag.gov.au/LegalSystem/Legalaidprogrammes

Benchmark 6 – Supported, Collaborative, Integrated Service Sector

Public legal assistance service providers participate in collaborative service planning across this sector and are mandated and supported to innovate and to fulfill their integral role of ensuring access to justice and an effective justice system, working in partnership with all stakeholders.

Milestones and progress indicators for achieving Benchmark 6 include:

- Canadian justice system is characterized by clear and effective referral pathways and easy navigation
- Public legal assistance providers are recognized as a key component of the wider justice system with an important role in informing justice system reform, substantive and procedural law reform and broader issues such as reducing poverty and improving the situation of people with mental illnesses
- Meaningful cooperation between all participants in the justice system to achieve more timely resolution
- All public legal assistance service providers participate in collaborative service planning on a quarterly basis
- Public legal assistance indicators and measurements are aligned with those of other relevant organizations (i.e. criminal legal aid and prosecution services)
- The relationship between governments, legal aid authorities and service providers are effective partnerships.

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For DECISION for the Honourable Suzanne Anton, QC, Minister of Justice and Attorney General

ISSUE: 2017/18 Legal Services Society (LSS) Mandate Letter (ML).

DECISION REQUIRED/ RECOMMENDATION:

- To approve the attached draft ML and Cabinet Submission (Cab Sub).
- **It is recommended that the attached draft LSS 2016/17 ML and Cab Sub be approved (signing only the Cab Sub, as the ML is to be signed after Cabinet approval).**
- The signed Cab Sub, with the approved draft ML attached, is **due to Cabinet Operations (Cab Ops) on Nov 10** in advance of the Nov 17 meeting of the Cabinet Committee for a Secure Tomorrow (CCST).

SUMMARY:

- The ML is to be approved by the Minister and CCST for public release within 45 days of final approval (probably with the release of Service Plans on Budget Day, Feb 21).
- Specific deliverables with deadlines have been developed by ministry staff, with input from LSS, to reflect feedback from last year's approval process.

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BACKGROUND:

- The ML format replaced the Government Letter of Expectations in 2014/15.
- Each Minister Responsible annually issues an ML to public sector organizations (PSOs), which is approved by Cabinet and signed by all PSO board members.
- ML direction to LSS will form the basis of their 2017/18-2019/20 *Service Plan*.
- There are five documents required to facilitate the ML approval process. The ministry is responsible for all except the Decision Summary:
  1. ML: outlines government's annual strategic direction for PSOs and provides specific priority actions, developed in consultation with the PSO. This letter remains draft until it is approved by Cabinet.
  2. Cab Sub: accompanies the ML to set out the Minister's recommendation to Cabinet.
  3. Speaking Points: for the Minister to present the ML to Cabinet.
  4. Briefing Note: accompanies ML, Cab Sub and Speaking Points for Minister approval.
  5. Decision Summary (pending): CARO provides recommendations to the ministry and prepares the Decision Summary document for Cabinet's consideration for all MLs.

- CARO provided templates for the ML and Cab Sub with instructions and estimated timelines. Much of the content in the attached draft ML and Cab Sub has been developed specifically for LSS, while retaining the required elements.
- TBS review and approval is required if there are potential fiscal impacts associated with the proposed 2017/18 priority actions, which TBS did find to be applicable for the proposed LSS ML.

DISCUSSION:

- Cabinet feedback from the ML review process last year resulted in CARO's direction in the 2016/17 ML instructions to include 'specific direction, actions, measurable performance expectations and completion timelines for the 'priority actions'.

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- LSS executive staff have reviewed the final version of the letter, and are satisfied with it except for the minimal, high-level wording related to JITI. However, they have been informed of the rationales that led to the revisions.

OPTIONS:

- Option 1: (recommended): approve the Cab Sub and ML.

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- Option 2: do not approve at this time, pending further information if needed.

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OTHER MINISTRIES IMPACTED/CONSULTED:

- TBS and CARO staff in the Ministry of Finance approved the draft ML and Cab Sub.
- Staff in the Ministries of Children and Family Development and Aboriginal Relations and Reconciliation were consulted regarding the priority action related to Indigenous Justice.

RECOMMENDED OPTION APPROVED **DATE:**

NOV 04 2016

Richard J. M. Fyfe, Q.C.
Deputy Attorney General and
Deputy Minister, Justice

RECOMMENDED OPTION APPROVED **DATE:**

S Anton — 7 November 2016

The Honourable Suzanne Anton, Q.C.
Minister of Justice and Attorney General

Prepared by:
Kathleen Rawlinson
A/Executive Director
Justice Services Branch
(250) 356-8083

Approved by: Kurt J. W. Sandstrom, Q.C — Date: November 3, 2016
Assistant Deputy Minister

Attachments:

- Cabinet Submission (for signature)
- Mandate Letter 2016/17 (to remain draft/unsigned until approved by Cabinet Committee)
- Speaking Notes (for the AG's presentation to Cabinet Committee)

Public Sector Organization (PSO) Mandate Letter Submission

Minister: Hon. Suzanne Anton QC

Ministry: Justice

Date: 01/11/2016 Ministry Document #:

Title: PSO Mandate Letter – Legal Services Society

Request:

Approve the 2017/18 Mandate Letter (ML) for Legal Services Society (LSS) as proposed.

Summary (Background / Context):

1. LSS delivers legal aid services in BC, operating independently of government but with the oversight of the Attorney General (AG).
2. The *Legal Services Society Act* (*LSSA*) provides LSS with its statutory mandate to administer an effective legal aid program:
    a. to assist individuals to resolve their legal problems and facilitate their access to justice;
    b. to establish and administer an effective and efficient system for providing legal aid to individuals in BC; and
    c. to provide advice to the AG respecting legal aid and access to justice for individuals in BC.
3. In addition to the financial accountability requirements under the *LSSA*, LSS, as a Government Reporting Entity under the *Budget Transparency and Accountability Act*, is subject to:
    a. financial reporting requirements put in place by Treasury Board (TB) and the Office of the Comptroller General; and
    b. annual service planning and reporting requirements.
4. As such, the Ministry of Justice works closely with LSS to ensure reporting compliance and alignment of spending and policy priorities to avoid creating pressure on the government's fiscal position.
5. Descriptions and status of the 2016/17 ML directions are provided in Appendix 1.

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Fiscal Impacts:

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Other Considerations:

Changes to LSS's Mandate Letter may be required depending on *Budget 2017* decisions.

Attachments:

- Appendix 1: Status of the 2016/17 public sector organization's specific direction from government (Mandate Letter)
- Appendix 2: Draft 2017/18 Mandate Letter

Contact: Kathleen Rawlinson
Acting Executive Director
(250) 356-8083

Honourable Suzanne Anton QC
Attorney General
Minister of Justice

7 November 2016
Date Signed

Appendix 1

Legal Services Society

Status of the 2016/17 PSO's specific direction from Government (Mandate Letter)

Direction	Current Status
1. Client Information System (CIS): Continue to enhance the functionality and user experience of the society's new CIS to support delivery of efficient and effective client services, online billing and case management. Deliverable: Develop suggested performance metrics, using data provided from CIS, to potentially incorporate in the 2017/18 Service Plan and submit a report of recommended measures to the ministry by September 30, 2016 for feedback and required ministry approvals in advance of the next service planning period.	Deliverable fulfilled: LSS submitted a report of performance measures by the deadline. In addition, LSS has implemented a number of change improvements to the LSS Online lawyer portal which significantly improved performance when preparing a criminal invoice with multiple information's and invoice lines. These changes have sped up the billing process time tremendously. LSS surveyed a number of lawyers for their feedback on the system improvements and the feedback received has been positive, one quote "the system has gone from adequate speed to lightning speed". Additional training has occurred for staff and lawyers. Staff have been seconded to the project to provide full dedication. The Executive Management Committee has approved a CIS Project Charter which outlines the key enhancement activities and timelines to be completed. As well, LSS has issued a Proof of Concept Solutions and vendor procurement accordingly.
2. Justice Innovation and Transformation Initiatives (JITI): Continue to monitor, evaluate and improve JITI to ensure implementation of the projects as intended, and to develop business cases to support a request for ongoing core funding for JITI initiatives. Deliverable: Submit draft business cases for all JITI projects, incorporating evaluations and specific performance metrics, by June 30, 2016.	Deliverable fulfilled: LSS successfully completed and submitted detailed business cases along with evaluations for each of the 5 JITI projects by the deadline of June 30, 2016. As well, collaborative meetings were held with other stakeholders, in particular MCFD to consider their feedback in the review and update of the business cases and evaluations which was completed with final submission being made July 15, 2016. In addition, a Strategic Brief was developed and presented which focused on providing an executive summary with highlights of successes for each of the projects, along with a future focus of expanding the JITI over the next five years. Staff have competed the analysis of business processes for each of the initiatives; operating policies and procedures have been finalized for each of the projects; staff recruitments for each of the projects has been completed and all new staff have been trained accordingly.

3. Aboriginal justice: Work with the Ministry of Justice and key stakeholders to identify opportunities for LSS to better meet the legal needs of Aboriginal people in B.C. Deliverable: Provide advisory services support to the ministry in the development of a consultation approach with Aboriginal communities and the identification of sustainable solutions.	Deliverable ongoing: LSS successfully accomplished the following aboriginal justice activities in promoting access to justice for Aboriginal people in BC. 1. Gladue self-help public legal education and information: project milestones set, contract set, community consult planned in support. 2. Training for Elders in First Nations Courts (FNC): acting as facilitator for funded agency to bring parties together to support development of a training program 3. New Westminster FNC expansion to include child protection matters: LSS has been involved at steering committee and working group levels 4. Respond to FN Health Council request to participate in five Regional Caucus sessions of the First Nations Health Council, where different government Ministries (MCFD, JAG, PSSG) are making presentations and getting feedback from Chiefs and Council members. 5. Responding to FN Justice Council on strategic alliance (led by Mark) 6. Aboriginal services Strategic plan under development 7. Aboriginal Justice Dialogues report in progress 8. "Emily's Choice - A Child Protection Story" -- new comic book and animatic that LSS developed with HAN (Healthy Aboriginal Network) has been released.

Appendix 2

Legal Services Society

Ms. Suzette Narbonne
Chair, Board of Directors
Legal Services Society
400 – 510 Burrard Street
Vancouver, BC V6C 3B9

Dear Ms. Narbonne:

Re: 2017/18 Mandate Letter

This Mandate Letter confirms your organization's mandate, provides government's annual strategic direction and sets out key performance expectations for the 2017/18 fiscal year.

On behalf of the Province of British Columbia, thank you for your leadership and the contributions made by Legal Services Society (LSS) over the past year and congratulations on the efforts made towards the following achievements:

- enhancing functionality of the Client Information System (CIS) and reporting on the new performance measures it helps enable;
- submitting business cases, supported by independent evaluations, of the Justice Innovation Transformation Initiatives (JITI); and
- providing advisory services support to the ministry in the development of a consultation approach with Indigenous communities and the identification of sustainable solutions.

B.C.'s Corporate Governance Framework takes a principles-based approach in providing direction for effective governance of ministries and Public Sector Organizations (PSOs). Since June 2014, the Taxpayer Accountability Principles (TAP) have provided guidance to ensure that the actions taken and services provided strengthen accountability and promote cost control while meeting the public policy objectives established by government on behalf of the citizens of B.C.

It is critical that public sector organizations operate as efficiently as possible, in order to ensure British Columbians are provided with effective services at the lowest cost possible. This requires constant focus on maintaining a cost-conscious and principled culture through the efficient delivery of services that stand the test of public scrutiny and help develop a prosperous economy in an environmentally sustainable manner. This is critical to government's commitment to control spending and balance the budget.

Government is making open information a priority across the public sector to enhance government transparency and accountability in the use of public resources, the delivery of programs and public services.

Government provided the following mandate direction to LSS under the *Legal Services Society Act*:

- to assist individuals to resolve their legal problems and facilitate their access to justice;
- to establish and administer an effective and efficient system for providing legal aid to individuals in BC; and
- to provide advice to the Attorney General respecting legal aid and access to justice for individuals in BC.

To achieve this mandate, LSS is directed to take the following strategic actions. All the proposed priority actions are to be fulfilled within the existing, approved budget for LSS and are subject to the same diligent monitoring and reporting required for its regular operations.

1. **CIS (Client Information System)**: Implement Phase II of the CIS Transition initiative which will focus on enhancement of functionality and user experience in three main areas: Intake Referrals & Appeals; Lawyer Online Portal & Invoicing, and Duty Counsel Scheduling.
   Deliverable: by March 31, 2018 – develop, deliver and implement business processes to improve efficiency for internal and external processes.

2. **JITI (Justice Innovation and Transformation Initiatives)**: Continue JITI projects that support improved access and efficiency in criminal and family law services.
   Deliverable: by March 31, 2018 – Provide on-going services, monitoring, and performance reporting from within the approved funding for JITI.

3. **Indigenous Justice**: Work with the Ministry of Justice, affected ministries and indigenous communities to continue to develop action plans based on recommendations from the Truth and Reconciliation Commission final report: Honouring the Truth, Reconciling for the Future to better meet the legal needs of Indigenous people in B.C.
   Deliverable: by March 31, 2018 – (a) work with the Office of the Chief Judge to support First Nations Courts, in particular the training of First Nations Elders; and (b) actively participate in meetings with indigenous communities to support the development of action plans based on recommendations from the Truth and Reconciliation Commission final report: Honouring the Truth, Reconciling for the Future, and any other relevant reports.

The ongoing culture shift to principled public sector governance remains a priority for government. PSOs are expected to undertake more comprehensive professional development to enhance orientation of their board members and senior executives. Government will be providing programming and resources designed to complement components of orientation to ensure understanding of the accountabilities and

expectations of public sector boards and organizations. For detailed information about TAP directives, please refer to the following link, Taxpayer Accountability Principles.

Government is committed to continue to revitalize the relationship between Government and PSOs. This strong focus on increased two-way communication supports and ensures a common understanding of Government's expectations. Timely communication of emerging issues which may affect the business of LSS and/or the interests of government is critical to building trust and the effective delivery of public services, including information on any risks to achieving financial forecasts and performance targets. With the TAP embedded in the Annual Service Plans and Reports, this will support board chairs in assessing and communicating the organization's overall performance.

In addition, it is expected that your organization will continue to be diligent in ensuring familiarity with and adherence to statutory obligations and policies that have broad application across the public sector. Please refer to the following link for a summary of these accountabilities: Link to Crown Accountabilities.

Each board member is required to acknowledge the direction provided in the Mandate Letter by signing this letter. The Mandate Letter is to be posted publicly on your organization's website, and a copy signed by all board members provided to the ministry and made available to the public upon request.

I look forward to our regular meetings focusing on strategic priorities, performance against TAP, and working together to protect the public interest at all times.

Yours very truly,

Suzanne Anton, QC
Attorney General
Minister of Justice

Date:

cc: Honourable Christy Clark
Premier

Kim Henderson
Deputy Minister to the Premier and Cabinet Secretary

Athana Mentzelopoulos
Deputy Minister and Secretary to Treasury Board
Ministry of Finance

Cheryl Wenezenki-Yolland
Associate Deputy Minister
Ministry of Finance

Richard J. M. Fyfe, QC
Deputy Attorney General
Ministry of Justice

Alison MacPhail
Vice-Chair, Board of Directors
Legal Services Society

Karen Christiansen, FCPA, FCA
Chair, Finance Committee, Board of Directors
Legal Services Society

Celeste Haldane
Member – Board of Directors
Legal Services Society

Dean A. Crawford, QC
Member – Board of Directors
Legal Services Society

Dinyar Marzban, QC
Member – Board of Directors
Legal Services Society

Annita McPhee
Member – Board of Directors
Legal Services Society

Puneet Sandhar
Member – Board of Directors
Legal Services Society

Jean Whittow, QC
Member – Board of Directors
Legal Services Society

Mark Benton, QC
Chief Executive Officer
Legal Services Society

Attachment: Taxpayer Accountability Principles

B.C. Taxpayer Accountability Principles

Further information available at: **http://gov.bc.ca/crownaccountabilities**

1	Cost Consciousness (Efficiency)	Strengthen cost management capabilities and foster a culture of cost-consciousness at all levels of public sector organizations. Provide public services and programs as efficiently and effectively as possible to "bend the cost curve" and support sustainable public policies and programs as a lasting legacy for generations to come.
2	Accountability	Transparently manage responsibilities according to a set of common public sector principles in the best interest of the citizens of the province. By enhancing organizational efficiency and effectiveness in the planning, reporting and decision making, public sector organizations will ensure actions are aligned with government's strategic mandate.
3	Appropriate Compensation	Comply with a rigorous, standardized approach to performance management and employee compensation, which reflects appropriate compensation for work across the public sector that is consistent with government's taxpayer accountability principles and respectful of the taxpayer.
4	Service	Maintain a clear focus on positive outcomes for citizens of British Columbia by delivering cost-efficient, effective, value-for-money public services and programs.
5	Respect	Engage in equitable, compassionate, respectful and effective communications that ensure all parties are properly informed or consulted on actions, decisions and public communications in a timely manner. Proactively collaborate in a spirit of partnership that respects the use of taxpayers' monies.
6	Integrity	Make decisions and take actions that are transparent, ethical and free from conflict of interest. Require the establishment of a strong ethical code of conduct for all employees and executives. Serve the citizens of British Columbia by respecting the shared public trust and acting in accordance with the taxpayer accountability principles.

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MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For INFORMATION for the Honourable Suzanne Anton QC
Attorney General and Minister of Justice

ISSUE:
- Quarterly meeting with the Legal Services Society (LSS) Board Chair (Chair) Suzette Narbonne and Chief Executive Officer (CEO) Mark Benton [date, time and place are tbd]; and
- Response to the Chair's letter to the AG dated Nov 22, 2016 (Appendix A).

SUMMARY:
- A brief response letter from the AG to the Chair is attached (Appendix B) to advise that the Deputy Attorney General (DAG) will meet with the Chair and CEO on the AG's behalf, along with the Assistant Deputy Minister of Justice Services Branch (ADM).
- This briefing note focuses on the main topics of concern:
  - LSS: the Budget Management Plan letter; the Mandate Letter; and business cases for the Justice Innovation and Transformation Initiatives (JITI); and
  - Ministry staff: the current year deficit LSS is forecasting; and their performance measures.
- Next steps s.13
s.13

BACKGROUND:
- The letter from the AG to the Chair requesting the 2017/18 LSS BMP was sent Nov 1, 2016.
- The content of the 2017/18 LSS ML was approved by Cabinet Committee on Nov 17, 2016, and is on hold subject to budget decisions.
- Both the BMP and input on the ML for the upcoming year are requested of LSS annually in order to inform the service planning process. The ML is to be publicly released with the LSS 2017/18-2019/20 Service Plan on Budget Day (Feb 21, 2017).

DISCUSSION:
- Below is summary information to address the main topics of current concern to LSS and ministry staff.
- **Budget Management Plan and Deficit**
  - This year's pressure and mitigation plans must be addressed before next year budget pressures can be considered.
  - Consistent with past practice and AG direction, ministry staff have reminded LSS staff, including at the October 17, 2016 Working Group meeting, of the requirement to submit a detailed list of potential mitigation strategies, with rationales and impacts, prioritizing non-frontline services.

- There have been significant delays in LSS providing the requested mitigation strategies to ministry staff.
- The Minister's letter to the Chair regarding the LSS 2016/17 budget on January 14, 2016 states:
  - "Per direction from the Minister of Finance pursuant to the deficit incurred by LSS in fiscal 2015/16: LSS is not allowed to incur, nor forecast, a deficit for 2016/17 or subsequent years. This is not a change from prior years, but rather a reminder and renewed emphasis.
  - This direction pertains to the budget management plan, the service plan, periodic reports to government, and any other material provided to government or the public.
  - Any budget pressures must be managed from within the existing, approved budget, to be addressed through mitigation strategies that prioritize services over administrative and operational expenditures, as previously agreed and noted in your letter, subject to discussion, and analysis of impacts, with ministry staff.
  - Access to the accumulated surplus would negatively impact government's fiscal plan, so cannot be approved."
- LSS staff have submitted a Service Plan that presents a deficit for this fiscal year.
  - As in prior years, this version cannot go forward for Finance ministry review, as it must be aligned with Government's fiscal plan and the deficit is unapproved.
  - LSS staff should submit a revised version as soon as possible so the approval process is not delayed.

- **Mandate Letter**
  - This is direction from Government, as noted in the letter itself and on the LSS website regarding the last approved Mandate Letter.
    - Despite the fact that the letter is direction from government to LSS, ministry staff have sought and received from LSS staff, through consultation, a considerable amount of input on next year's Mandate Letter, as has been done in prior years.
    - As LSS staff have been advised, the draft letter goes through further edits and approvals prior to the Minister, and the Cabinet committee, providing final approval.
  - Regarding the specific question, in the Chair's letter, related to First Nations Elders: this item was proposed by LSS staff.
    - Ministry staff presented LSS' suggested edits to CARO on November 2, 2016. All of the LSS edits were accepted for the items related to CIS and Indigenous Justice.
    - As Ministry staff have informed LSS staff, wording regarding JITI was a more sensitive issue for TBS approval, given that it is under consideration for budget decisions.
    - If there are issues around Government direction around activities LSS is funding from other sources, the direction could be adjusted or revised accordingly.

- **JITI Business Cases**
  - The Chair's statement in her letter that "half way through 15/16 the AG advised LSS that this amount was not a budget lift but instead was three year project funding" is inaccurate, since the joint news release of September 30, 2014, posted on the LSS website, clearly states that it's "a targeted $6 million investment over the next three years."
  - In addition, the former ADM of JSB advised the LSS CEO of the process and business case requirements to request ongoing funding for JITI, after the end of the three-year funding term, in an email on October 7, 2014.
  - Specifically addressing the statement that about the Board's 'surprise' to be directed to continue JITI 'without any explanation' , ministry staff advised LSS staff in writing on October 19, 2016 the following when providing a detailed update on Mandate Letter reviews, approvals, and timelines:
    - "The general theme of the TBS comments is to present everything as status quo: e.g., to 'continue' JITI s.12
      s.12
    - CARO confirms that this is not only for LSS/JITI but in general, in advance of an election year; anything that could potentially be an announceable has to be edited;"
  - The letter from the Minister to the Chair on November 1, 2016 regarding the annual Budget Management Plan states it should include an assumption of ". . . a nominal placeholder, subject to budget decisions, of the continuation of the $2 million increase for JITI."
  - It appears that this was understood by LSS staff, given that the draft Service Plan they submitted includes an assumption of the continuation of the $2 million funding.

- **Performance Measures**
  - On Sep 27, 2016, LSS submitted a list of proposed performance measures to use in the next Service Plan that have received some negative feedback from CARO and TBS.
    - This submission was a required deliverable from this year's Mandate Letter and was initially proposed by ministry staff, and agreed to by LSS staff, s.12
      s.12
    - LSS staff had informed ministry staff, starting in 2014 when the Minister was invited to speak at the LSS Board's strategic meeting, about the high priority the Board put on developing new performance measures.

        - It is understood that in the interim, some issues with the implementation of the new case management system at LSS may have impacted their access to certain types of data required to report on performance measures. But this should not have affected their ability to develop the measures themselves.
    - Ministry staff undertook consultation with financial staff, CARO and TBS to provide constructive feedback to LSS on Nov 9, 2016. Most of the feedback was in the form of questions, seeking to understand the processes LSS used, to develop their proposed measures. These questions were received very negatively by LSS staff.

- **Next Steps**
    - s.13

    -

    -

OTHER MINISTRIES IMPACTED/CONSULTED:

- Ministry of Finance staff in CARO and TBS provided feedback on the Mandate Letter and performance measures.

Prepared by:
Kathleen Rawlinson
Senior Business & Policy Advisor
Justice Services Branch
(250) 356-8083

Reviewed by:
James Deitch
Executive Director
Justice Services Branch
(250) 387-2109

Attachments: Appendix A – Letter from the LSS Board Chair
Appendix B – Draft letter from the AG to the LSS Board Chair

Approved by: Kurt J.W. Sandstrom, Q.C. Date: December 1, 2016
Assistant Deputy Minister

APPENDIX A.

Legal Services Society

Providing legal aid in British Columbia since 1979

Suite 400
510 Burrard Street
Vancouver, BC V6C 3A8

Tel: (604) 601-6000
Fax: (604) 682-0979
www.lss.bc.ca

Executive Office

November 22, 2016

The Honourable Suzanne Anton, QC
Attorney General and Minister of Justice
Minister's Office
PROVINCE OF BRITISH COLUMBIA
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

Dear Madam Attorney,

Re: Request for an early meeting

I am seeking an early meeting with you to explore a number of pressing issues that could affect the delivery of legal aid in the future. I would also appreciate the opportunity to discuss other areas of mutual concern outlined below.

The Budget Management Plan Letter

Your budget letter of November 1, 2016, asked LSS to assume no funding increase for family and immigration services (other than a placeholder for a $1 million increase in criminal funding from the federal government). Based on currently available information, however, LSS projects that costs for these services will exceed revenues by $1.95 million in 2017/18. The increased costs are driven by circumstances outside LSS's control.

The pressures in criminal services appear to be driven by increasing costs in mid-size cases such as the so-called "Mr. Big" prosecutions that have led to significantly longer trials. There is also an increase in the number of summary offence prosecutions. LSS current forecasts a $750,000 pressure in criminal services for the current year and a $1.44 million pressure in 2017/18 (less $1 million in new federal funding).

In family law, we anticipate a $500,000 shortfall this year and a $725,000 shortfall next year. This is the result of higher preparation costs and higher than expected demand.

Fiscal pressure for immigration services in 2017/18 is forecast to grow to $788,000. This forecast does not include various political and legal developments that could increase volumes.

LSS's practice is to reduce services to the budget level if we do not anticipate increased revenue or off-setting cost reductions elsewhere. In the absence of a commitment to increased revenue, I anticipate that the board will want to look at service reduction options and/or use LSS's accumulated surplus to deal with these pressures and will want the views of its stakeholders considered.

The Mandate Letter

LSS's relationship with your Ministry is governed by the *Legal Services Society Act* and the negotiated Memorandum of Understanding. The government has, however, added a Mandate Letter.

Legal Services Society

Providing legal aid in British Columbia since 1979

Suite 400
510 Burrard Street
Vancouver, BC V6C 3A8

Tel: (604) 601-6000
Fax: (604) 682-0979
www.lss.bc.ca

Executive Office

Originally, the letter reflected government expectations and was not directive. This year, however, Ministry of Justice staff advised LSS that the Mandate Letter was a directive from you to the board and that its terms could not be negotiated. This raises two concerns. The first is that making the Mandate Letter directive disregards the board's independence and fiduciary obligations to the society.

The second concern relates to the "directions" in the letter. One direction requires LSS "to support First Nation's Courts, in particular, the training of First Nations Elders." This is problematic as it purports to direct how the board will spend LSS's non-government revenue, which is the source of funding for the Elders training. It would assist the board to know the foundation for the authority to direct how LSS spends non-government revenue.

A second concern is the direction in the Mandate Letter to continue the Justice Innovation and Transformation Initiatives (JITI) for another year. For one, this does not take into account that one of the JITI projects has already been closed after an unsatisfactory evaluation. Further, there was a common understanding (included in the 2016/17 Mandate Letter) that LSS would deliver business cases by June 30, 2016, to support expanding the successful projects. LSS was surprised, therefore, that the 2017/18 Mandate Letter states that the projects are to be continued for one more year without reference to the business cases LSS submitted.

I am also concerned that Ministry staff, four months after receiving the business cases, requested an entirely different business case for expansion and required a response within very tight deadline that did not allow for board consideration. It would be helpful to have an explanation as to why events are unfolding in this way.

The LSS board meets next on December 9 and will be discussing the issues noted above. I know that board members will have a number of questions about these issues and it is my hope that we will be able to meet before that date to explore these questions. If possible I would like to include the board's Executive Committee (Ms. Puneet Sandhar, Ms. Alison McPhail and Ms. Karen Christianson, CPA) along with Mr. Mark Benton, QC, in this meeting.

I will ask the LSS Corporate Secretary, Gulnar Nanjijuma, to follow up directly with your office to find a mutually convenient time. I look forward to our next dialogue.

Respectfully,

Suzette Narbonne,
Chair – LSS Board of Directors

Cc: Richard J. M. Fyfe, QC, Deputy Attorney General and Deputy Minister, Justice
Kurt Sandstrom, Assistant Deputy Minister, Ministry of Attorney General
Mark Benton, QC, CEO, LSS
Gulnar Nanjijuma, Corporate Secretary, LSS

APPENDIX B

Ms. Suzette Narbonne
Chair
Board of Directors
Legal Services Society
400 – 510 Burrard Street
Vancouver BC V6C 3B9

Dear Ms. Narbonne:

Thank you for your letter dated November 22, 2016, proposing an early quarterly meeting.

Unfortunately, my schedule will not permit this. I have asked the Deputy Attorney General and the Assistant Deputy Minister of Justice Services Branch to meet with you instead.

This will provide a more timely discussion than what my schedule allows, and I will be briefed accordingly following the meeting, as time permits.

Yours very truly,

Suzanne Anton QC
Attorney General
Minister of Justice

pc: Mr. Richard J. M. Fyfe, Q.C.
Mr. Kurt J. W. Sandstrom, Q.C.

Cliff: 425502
Date Prepared: Dec 14, 2016

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For INFORMATION for Richard J.M. Fyfe, Q.C.,
Deputy Attorney General and Deputy Minister, Justice

ISSUE:
Quarterly meeting with the Legal Services Society (LSS) Board Chair (Chair) Suzette Narbonne and Chief Executive Officer (CEO) Mark Benton on January 6, 2017.

SUMMARY:

- The Deputy Attorney General (DAG) will meet with the Chair and CEO on the AG's behalf, along with the Assistant Deputy Minister of Justice Services Branch (ADM).
- This briefing note focuses on the main topics of concern:
  - LSS: the Budget Management Plan letter; the Mandate Letter; and business cases for the Justice Innovation and Transformation Initiatives (JITI); and
  - Ministry staff: the current year deficit LSS is forecasting; and their performance measures.
- Next steps s.13

s.13 .

BACKGROUND:

- The letter from the AG to the Chair requesting the 2017/18 LSS BMP was sent Nov 1, 2016.
- The content of the 2017/18 LSS ML was approved by Cabinet Committee on Nov 17, 2016, and is on hold subject to budget decisions.
- Both the BMP and input on the ML for the upcoming year are requested of LSS annually in order to inform the service planning process. The ML is to be publicly released with the LSS 2017/18-2019/20 Service Plan on Budget Day (Feb 21, 2017).

DISCUSSION:

- Below is summary information to address the main topics of current concern to LSS and ministry staff.

- **<u>Budget Management Plan and Deficit</u>**

  - This year's pressure and mitigation plans must be addressed before next year budget pressures can be considered.
  - Consistent with past practice and AG direction, ministry staff have reminded LSS staff, including at the October 17, 2016 Working Group meeting, of the requirement to submit a detailed list of potential mitigation strategies, with rationales and impacts, prioritizing non-frontline services.

- There were significant delays in LSS providing the requested mitigation strategies to ministry staff. The most recent version was submitted on December 2.
    - However, with their forecast submitted December 8, LSS advised that if the province would commit to flowing through all of the anticipated $1.081M federal funding increase for 2016/17, LSS would manage the remainder of the deficit through internal, non-frontline related, savings.
    - JSB staff have now received the federal documentation required to distribute the funding. As such, and depending on the AG's decision, this appears to be most appropriate resolution of this matter.
- The Minister's letter to the Chair regarding the LSS 2016/17 budget on January 14, 2016 states:
    - "Per direction from the Minister of Finance pursuant to the deficit incurred by LSS in fiscal 2015/16: LSS is not allowed to incur, nor forecast, a deficit for 2016/17 or subsequent years. This is not a change from prior years, but rather a reminder and renewed emphasis.
    - This direction pertains to the budget management plan, the service plan, periodic reports to government, and any other material provided to government or the public.
    - Any budget pressures must be managed from within the existing, approved budget, to be addressed through mitigation strategies that prioritize services over administrative and operational expenditures, as previously agreed and noted in your letter, subject to discussion, and analysis of impacts, with ministry staff.
    - Access to the accumulated surplus would negatively impact government's fiscal plan, so cannot be approved."

- **Mandate Letter**

    - This is direction from Government, as noted in the letter itself and on the LSS website regarding the last approved Mandate Letter.
        - Despite the fact that the letter is direction from government to LSS, ministry staff have sought and received from LSS staff, through consultation, a considerable amount of input on next year's Mandate Letter, as has been done in prior years.
        - As LSS staff have been advised, the draft letter goes through further edits and approvals prior to the Minister, and the Cabinet committee, providing final approval.
    - Regarding the specific question, in the Chair's letter, related to First Nations Elders: this item was proposed by LSS staff.
        - Ministry staff presented LSS suggested edits to CARO on November 2, 2016. All of the LSS edits were accepted for the items related to CIS and Indigenous Justice.
        - As Ministry staff have informed LSS staff, wording regarding JITI was a more sensitive issue for TBS approval, given that it is under consideration for budget decisions.

- If there are issues around Government direction around activities LSS is funding from other sources, the direction could be adjusted or revised accordingly.

- With respect to the specific issue of whether government can provide strategic direction to LSS that involves the expenditure of non-government revenue, LSB advises that:

> "…if the strategic action and the deliverable (can) reasonably be said to fall within the scope of the objects of the LSS as set out in section 9 of the LSS Act, then I do not see why the minister's hands would be tied just because the revenue that is apparently to be dedicated to this "strategic action" comes from source(s) other than the minister's own voted appropriation".

- **<u>JITI Business Cases</u>**

  - The Chair's statement in her letter that "half way through 15/16 the AG advised LSS that this amount was not a budget lift but instead was three year project funding" is inaccurate, since the joint news release of September 30, 2014, posted on the LSS website, clearly states that it's "a targeted $6 million investment over the next three years."
  - In addition, the former ADM of JSB advised the LSS CEO of the process and business case requirements to request ongoing funding for JITI, after the end of the three-year funding term, in an email on October 7, 2014.
  - Specifically addressing the statement that about the Board's 'surprise' to be directed to continue JITI 'without any explanation' , ministry staff advised LSS staff in writing on October 19, 2016 the following when providing a detailed update on Mandate Letter reviews, approvals, and timelines:
    - "The general theme of the TBS comments is to present everything as status quo: e.g., to 'continue' JITI rather than suggest possible expansion, even with caveats, in advance of any budget decisions. . . .
    - CARO confirms that this is not only for LSS/JITI but in general, in advance of an election year; anything that could potentially be an announceable has to be edited;"
  - The letter from the Minister to the Chair on November 1, 2016 regarding the annual Budget Management Plan states it should include an assumption of ". . . a nominal placeholder, subject to budget decisions, of the continuation of the $2 million increase for JITI."
  - It appears that this was understood by LSS staff, given that the draft Service Plan and their proposed budget which they submitted include an assumption of the continuation of the $2 million funding.

- **Performance Measures**

  - On Sep 27, 2016, LSS submitted a list of proposed performance measures to use in the next Service Plan that have received negative feedback from CARO and TBS.
    - This submission was a required deliverable from this year's Mandate Letter and was initially proposed by ministry staff, and agreed to by LSS staff, s.12

      s.12

    - LSS staff had informed ministry staff, starting in 2014 when the Minister was invited to speak at the LSS Board's strategic meeting, about the high priority the Board put on developing new performance measures.
    - It is understood that in the interim, some issues with the implementation of the new case management system at LSS may have impacted their access to certain types of data required to report on performance measures. But this should not have affected their ability to develop the measures themselves.
  - Ministry staff undertook consultation with financial staff, CARO and TBS to provide constructive feedback to LSS on Nov 9, 2016. Most of the feedback was in the form of questions, seeking to understand the processes LSS used, to develop their proposed measures. These questions were received negatively by LSS staff.

- **Next Steps**

  s.13

OTHER MINISTRIES IMPACTED/CONSULTED:

- Ministry of Finance staff in CARO and TBS provided feedback on the Mandate Letter and performance measures.

Prepared by:
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Justice Services Branch
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Reviewed by:
James Deitch
Executive Director
Justice Services Branch
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Approved by: Kurt J.W. Sandstrom, Q.C. Date: December 21, 2016
Assistant Deputy Minister

Attachments: Appendix A – Letter from the LSS Board Chair

APPENDIX A .

Legal Services Society

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Executive Office

November 22, 2016

The Honourable Suzanne Anton, QC
Attorney General and Minister of Justice
Minister's Office
PROVINCE OF BRITISH COLUMBIA
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

Dear Madam Attorney,

Re: Request for an early meeting

I am seeking an early meeting with you to explore a number of pressing issues that could affect the delivery of legal aid in the future. I would also appreciate the opportunity to discuss other areas of mutual concern outlined below.

The Budget Management Plan Letter

Your budget letter of November 1, 2016, asked LSS to assume no funding increase for family and immigration services (other than a placeholder for a $1 million increase in criminal funding from the federal government). Based on currently available information, however, LSS projects that costs for these services will exceed revenues by $1.95 million in 2017/18. The increased costs are driven by circumstances outside LSS's control.

The pressures in criminal services appear to be driven by increasing costs in mid-size cases such as the so-called "Mr. Big" prosecutions that have led to significantly longer trials. There is also an increase in the number of summary offence prosecutions. LSS current forecasts a $750,000 pressure in criminal services for the current year and a $1.44 million pressure in 2017/18 (less $1 million in new federal funding).

In family law, we anticipate a $500,000 shortfall this year and a $725,000 shortfall next year. This is the result of higher preparation costs and higher than expected demand.

Fiscal pressure for immigration services in 2017/18 is forecast to grow to $788,000. This forecast does not include various political and legal developments that could increase volumes.

LSS's practice is to reduce services to the budget level if we do not anticipate increased revenue or off-setting cost reductions elsewhere. In the absence of a commitment to increased revenue, I anticipate that the board will want to look at service reduction options and/or use LSS's accumulated surplus to deal with these pressures and will want the views of its stakeholders considered.

The Mandate Letter

LSS's relationship with your Ministry is governed by the *Legal Services Society Act* and the negotiated Memorandum of Understanding. The government has, however, added a Mandate Letter.

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Originally, the letter reflected government expectations and was not directive. This year, however, Ministry of Justice staff advised LSS that the Mandate Letter was a directive from you to the board and that its terms could not be negotiated. This raises two concerns. The first is that making the Mandate Letter directive disregards the board's independence and fiduciary obligations to the society.

The second concern relates to the "directions" in the letter. One direction requires LSS "to support First Nation's Courts, in particular, the training of First Nations Elders." This is problematic as it purports to direct how the board will spend LSS's non-government revenue, which is the source of funding for the Elders training. It would assist the board to know the foundation for the authority to direct how LSS spends non-government revenue.

A second concern is the direction in the Mandate Letter to continue the Justice Innovation and Transformation Initiatives (JITI) for another year. For one, this does not take into account that one of the JITI projects has already been closed after an unsatisfactory evaluation. Further, there was a common understanding (included in the 2016/17 Mandate Letter) that LSS would deliver business cases by June 30, 2016, to support expanding the successful projects. LSS was surprised, therefore, that the 2017/18 Mandate Letter states that the projects are to be continued for one more year without reference to the business cases LSS submitted.

I am also concerned that Ministry staff, four months after receiving the business cases, requested an entirely different business case for expansion and required a response within very tight deadline that did not allow for board consideration. It would be helpful to have an explanation as to why events are unfolding in this way.

The LSS board meets next on December 9 and will be discussing the issues noted above. I know that board members will have a number of questions about these issues and it is my hope that we will be able to meet before that date to explore these questions. If possible I would like to include the board's Executive Committee (Ms. Puneet Sandhar, Ms. Alison McPhail and Ms. Karen Christianson, CPA) along with Mr. Mark Benton, QC, in this meeting.

I will ask the LSS Corporate Secretary, Gulnar Nanjijuma, to follow up directly with your office to find a mutually convenient time. I look forward to our next dialogue.

Respectfully,

Suzette Narbonne,
Chair – LSS Board of Directors

Cc: Richard J. M. Fyfe, QC, Deputy Attorney General and Deputy Minister, Justice
Kurt Sandstrom, Assistant Deputy Minister, Ministry of Attorney General
Mark Benton, QC, CEO, LSS
Gulnar Nanjijuma, Corporate Secretary, LSS

Page 290 to/à Page 291

Withheld pursuant to/removed as

s.16

Page 292

Withheld pursuant to/removed as

s.16;s.13

Page 293 to/à Page 303

Withheld pursuant to/removed as

s.16

Cliff: 426021
Date Prepared: Jan 13, 2017

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For INFORMATION for the Honourable Suzanne Anton, QC, Attorney General and Minister of Justice

ISSUE:

- Latest quarterly meeting with the Legal Services Society (LSS) Board Chair (Chair) Suzette Narbonne and Chief Executive Officer (CEO) Mark Benton, held Jan 6, 2017; and
- Response to the Chair's letter to the AG dated Jan 10, 2017 (Appendix A).

SUMMARY:

- Highlights of the Jan 6 meeting with the Chair include concurrence that:
    - All reasonable efforts will be used to consider alternatives to the current form and direction of the LSS Mandate Letter;
    - Ministry and LSS communication would be enhanced through regular attendance by a Ministry Executive member at LSS Board meetings;
    - Confidential budget decisions cannot be disclosed but Ministry staff have made best efforts to put forward LSS budget requests and to provide general updates; and
    - Performance measures could be developed in a comprehensive way that takes into account the various operational areas of LSS to which they apply (innovation; federal/provincial; service planning) and working with the Ministry to use other comparators and an oversight committee.
- Next steps could also include proactively setting dates for quarterly meetings for the remainder of the year, to provide some assurance to the Chair, that meetings with the AG will be held.

BACKGROUND:

- The Chair sent a letter, dated Nov 22, 2016, requesting an early quarterly meeting to discuss several topics: the Budget Management Plan; the Mandate Letter; and the business cases for the Justice Innovation and Transformation Initiatives (JITI).
- The AG's office advised the Chair's office that the Deputy Attorney General (DAG) would meet with the Chair and CEO on the AG's behalf, along with the Assistant Deputy Minister of Justice Services Branch (ADM). The meeting occurred on Jan 6.
- Topics of concern from Ministry staff focused on:
    - the current year deficit LSS is forecasting;
    - performance measures; and
    - ensuring LSS executive provide their Board with relevant information from Ministry staff.
- At the meeting, it was agreed the Chair would send a letter to the AG as a follow-up to the meeting of Jan, 6. Her letter, dated Jan, 10, is attached as Appendix A, with a draft response as Appendix B.
- The letter reflects the request the Chair made at the meeting to revise the wording of the next cycle of the Mandate Letter, with the mutual understanding that since this is at the

discretion of Cabinet, not the Ministry; as such, the AG can only commit to making a reasonable effort.

OTHER MINISTRIES IMPACTED/CONSULTED:

- Ministry of Finance staff in CARO and TBS provided feedback on the Mandate Letter and performance measures. TBS approval of the LSS budget, as presented in their annual Service Plan, is mandatory.

Approved by: Kurt J.W. Sandstrom, Q.C.
Assistant Deputy Minister

Date: January 17, 2017

Prepared by:
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Senior Business & Policy Advisor
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Reviewed by:
James Deitch
Executive Director
Justice Services Branch
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Attachments: Appendix A – Jan 10 Letter from the LSS Board Chair
Appendix B – Draft letter from the AG to the LSS Board Chair

APPENDIX A

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Executive Office

January 10, 2017

The Honourable Suzanne Anton, QC
Attorney General and Minister of Justice
Minister's Office
PROVINCE OF BRITISH COLUMBIA
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

Dear Madam Attorney,

Re: Legal Services Society (LSS) 2017/18 Mandate Letter

I am writing as a follow-up to the meeting between the LSS Board Executive Committee and Deputy Attorney General Richard Fyfe, QC, and Assistant Deputy Minister Kurt Sandstrom, QC, on January 6, 2017.

The meeting resulted in a candid and constructive exchange of views on several issues of concern to the LSS board. In particular, the LSS Board Executive had an opportunity to fully explain its concerns about the need for a more strategic focus in the deliverables referenced in the Mandate Letter and the desirability of a more collaborative rather than directive tone to such correspondence.

The board members appreciated the time Mr. Fyfe took to explain the process that would be necessary to amend the current letter and particularly valued his willingness to consider alternatives to the current letter.

Over the course of the discussion it was clear that everyone present agreed on the importance of aligning LSS and Ministry of Justice strategic priorities. There was a commitment to achieving that alignment through a collaborative process and reflecting this in the Mandate Letter.

We would like to confirm the understanding we reached with Mr. Fyfe that, going forward, the Ministry commits to using all reasonable efforts to ensure that any future Mandate Letters:

a. are developed to promote strategic alignment and focus on strategic, not operational goals;
b. reflect the framework of the LSS legislation that specifies that services and priorities are to be negotiated in the MOU;
c. reflect the fact that not all members of the Board of Directors are appointed by government; and

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d. respect the role of the Board of Directors, with particular regard to the Taxpayer Accountability Principles, the roles and responsibilities of the Chair and Board as articulated by CARO, and the *Legal Services Society Act*.

Based on this understanding with respect to future mandate letters, I am prepared to recommend that all LSS board members execute the 2017/18 Mandate Letter.

I would be pleased to discuss any or all of this further.

Respectfully,

Suzette Narbonne,
Chair, LSS Board of Directors

Cc: Richard J. M. Fyfe, QC, Deputy Attorney General and Deputy Minister of Justice
Kurt Sandstrom, QC, Assistant Deputy Minister, Ministry of Attorney General
LSS Board Executive Committee members
Mark Benton, QC, CEO, LSS

APPENDIX B

Ms. Suzette Narbonne
Chair
Board of Directors
Legal Services Society
400 – 510 Burrard Street
Vancouver BC V6C 3B9

Dear Ms. Narbonne:

Thank you for your letter dated January 10, 2017, following up on the quarterly meeting of January 6.

The Deputy Attorney General, who attended on my behalf, has reviewed your letter and concurs with the understanding reached in the meeting on all points referenced.

In particular, I would like to confirm that while the Mandate Letter approval process is at the discretion of Cabinet, all reasonable efforts will be made by the Ministry to adjust its form and direction as you have requested.

Yours very truly,

Suzanne Anton QC
Attorney General
Minister of Justice

pc: Mr. Richard J. M. Fyfe, Q.C.
Mr. Kurt J. W. Sandstrom, Q.C.

Cliff: 426261
Date Prepared: Jan 30, 2017
Date Decision Required: Feb 4, 2017

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For DECISION of the Honourable Suzanne Anton, QC, Minister of Justice and Attorney General

ISSUE: Legal Services Society (LSS) 2017/18-2019/20 Service Plan.

DECISION REQUIRED / RECOMMENDATION:

Under the *Budget Transparency and Accountability Act* and the Crown Agencies Resource Office (CARO) guidelines, the LSS Service Plan must be approved by the Attorney General before Budget Day, February 21, 2017, when it is publicly released.

In order to meet the required timelines, it is requested that the Attorney General either approve the attached Service Plan or direct changes by February 7. Submission of the final, approved version to CARO is required by February 8.

It is recommended that the Attorney General approve the attached Board-approved LSS Service Plan for 2017-20.

SUMMARY:

- The attached LSS Service Plan is the product of negotiation between the ministry and LSS and has been approved by the LSS Board of Directors.
- The Service Plan includes all necessary elements set out in the relevant guidelines and meets all *pro forma* requirements.
- The financial forecast in this Service Plan conforms to the government fiscal plan direction for Crown agency net income targets, and the Service Plan has been approved by Treasury Board Staff (TBS), including a budget increase of $2.8M to expand the Parents' Legal Centre (PLC) to Surrey in 2017/18.

BACKGROUND:

- The *Budget Transparency and Accountability Act* requires that ministry and Crown Agency Service Plans be tabled with the annual budget presentation. In order to meet publishing deadlines, the Service Plan must be approved by the Attorney General no later than Wednesday, February 8, 2017.
- CARO's guidelines require three approvals – from:
    - the Crown's board of directors (LSS Board);
    - TBS (for the Financial Outlook section); and
    - the Minister responsible for the Crown.
- The Service Plan was approved by the LSS Board on January 27, 2017.

- TBS has approved the Financial Outlook section of the Service Plan, which presents balanced, status quo budgets for fiscal years 2017-20.
    - This includes the base budget amount of $2M ongoing to continue the four successful pilots for Justice Innovation and Transformation Initiatives (JITI) and $2.8M to expand the PLC to Surrey.

s.12,s.17

- CARO's instructions require Crowns to 'describe the environment' in which they operate, including risks. As such, the 'Strategic Direction and Context' section of the Service Plan contains editorial content that reflects the challenging financial circumstances that LSS is facing. It outlines some challenges in its ability to fulfill its statutory mandate and to continue to deliver the same level of service without additional government funding; however, it also includes steps LSS is taking to mitigate these risks.

s.12

- Performance measures: Ministry staff and CARO provided comments to LSS staff regarding the potential to increase the relevancy and rigour around some of the performance metrics and targets. LSS staff have indicated that the Board plans to review them in depth in the coming year. In addition, ministry staff recently began consultations with LSS to consider ways of incorporating their data in ministry performance measures and other business intelligence initiatives.

OPTIONS:

1. Approve the LSS 2017-20 Service Plan (recommended); or
2. Do not approve: defer decision pending revisions and/or further information.

OTHER MINISTRIES IMPACTED / CONSULTED:

- TBS and CARO analysts from the Ministry of Finance were consulted.

RECOMMENDED OPTION APPROVED **DATE:**

February 2, 2017

Richard J. M. Fyfe, Q.C.
Deputy Attorney General and
Deputy Minister, Justice

RECOMMENDED OPTION APPROVED **DATE:**

Feb 7, 2017

The Honourable Suzanne Anton QC
Minister of Justice and Attorney General

Prepared by:
Kathleen Rawlinson
Senior Business & Policy Advisor
Justice Services Branch
250.386-8083

Approved by:
James Deitch
Executive Director
Justice Services Branch
250.387.2109

Approved by: Kurt J. W. Sandstrom, Q.C.
Assistant Deputy Minister

Date: February 1, 2017

Attachment: LSS Service Plan 2017-20

Attachment: LSS Service Plan 2017-20

Legal Services Society

2017/18 – 2019/20 SERVICE PLAN

Legal Services Society

British Columbia
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BRITISH COLUMBIA

For more information on the Legal Services Society, please contact:

Mark Benton, QC

Chief Executive Officer

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Accountability Statement

The 2017/18 – 2019/20 Legal Services Society (LSS) Service Plan was prepared under the board's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The plan is consistent with government's strategic priorities and fiscal plan. The board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported.

All significant assumptions, policy decisions, events, and identified risks, as of January 1, 2017, have been considered in preparing the plan. The performance measures presented are consistent with the society's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of the society's operating environment, forecast conditions, risk assessment, and past performance.

_____

Suzette Narbonne
Chair, LSS Board of Directors

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Strategic Direction and Context

Strategic Direction

To advance LSS strategic goals, we will be working on three priority actions for 2017/18, as outlined in our mandate letter (lss.bc.ca/about/ourMandate.php). The first is to implement Phase II of the Client Information System (CIS) Transition Initiative, which will focus on enhancing the system's functionality and user experience in three main areas (Intake Referrals and Appeals; Lawyer Online

Portal and Invoicing; and Duty Counsel Scheduling). This priority action is aligned with Goal 3 and the Taxpayer Accountability Principles (TAP) of service and cost consciousness.

The second is to continue to implement, monitor, and evaluate Justice Innovation Transformation Initiatives (JITI) projects to support improvements in the accessibility and efficiency of criminal, child protection, and family law services. Additional annual funding of $2.8 million was approved for initial expansion of JITI, including the addition of a Surrey Parents' Legal Centre location, in 2017/18. This action is aligned with Goals 1 to 4 and TAP under integrity, cost consciousness, and accountability.

The third priority action is to work with the Ministry of Justice, affected ministries, and Indigenous communities to continue to develop action plans based on recommendations from the Truth and Reconciliation Commission final report and any other relevant reports. LSS will also work with the Office of the Chief Judge to support First Nations Courts, in particular the training of First Nations Elders. This action is aligned with Goals 1, 2, and 4, and TAP under service and respect.

Operating Environment

To operate within our funding envelope, LSS sets strict eligibility guidelines for all services but faces limited flexibility to respond to fluctuating service demands. We continue to apply robust budgeting and planning practices, supported by business intelligence and program evaluation information, to deliver effective and cost-efficient legal aid services to clients most in need.

Aboriginal clients are a particularly vulnerable group that we will be focusing on for 2017/18. Early intervention and access to justice for Aboriginal clients, especially in remote locations, is a significant priority for LSS as well as for provincial and federal governments. We will continue to support the delivery of services to Aboriginal people, with a focus on child protection issues. LSS's approach needs to be systemic and community-focused to respond to the expectations that are emerging following the Truth and Reconciliation Commission's Calls to Action. While we are eager to make improvements in this area and see many opportunities for doing so, we also recognize the risk of creating expectations that we cannot meet. We must be clear on what we can deliver within the available resources.

Governments and other legal aid agencies recognize LSS as a national and international leader in several domains, including board governance, online innovation, social service networking, access to justice, and innovative legal service delivery. Requests, from within and outside BC, for the society to dedicate its skills, knowledge, and resources towards collaborative initiatives are in increasing demand. Participating in system reform is strategically important to LSS in order to serve our clients better without increasing costs. We plan to support justice system change by providing facilitative leadership, offering access to justice expertise, and collaborating with stakeholders. LSS is keen to continue building and sharing our expertise, but we risk over-extending our already constrained resource capacity without additional resources.

As the prominence of digital services increases, we will keep looking for opportunities to deliver services in an innovative and accessible way. As part of this strategy, we will promote and strengthen

MyLawBC, an interactive online platform that features guided pathways to connect users with tools and resources they need to resolve several common legal issues. This platform is one of the tools we use to provide early intervention to clients, directing them to other justice services outside of the court process.

LSS continues to address outdated business-critical systems such as our call centre. We recognize the fast pace of technological change and the opportunities and risks that this provides. We have identified the risk of increasingly intelligent cybersecurity threats to our IT systems, and will be mitigating this risk with enhanced security features. Responding to other technological changes will require ongoing innovation, collaboration, and systems thinking.

LSS engagement with the bar and overall lawyer satisfaction remain a focus. Phase II of the CIS Transition Initiative is an opportunity to make positive changes to the lawyers' experience when they interface with LSS. If we are unable to improve the functionality of CIS for lawyers quickly enough or substantially enough, there is a risk that some lawyers will take fewer or no legal aid files. This compounds the impact of long-standing low tariff rates on the society's ability to attract and retain legal aid lawyers. A lawyer supply risk is particularly problematic in rural and remote communities, where the loss of even one lawyer can affect the availability of legal aid services to the surrounding region. We will mitigate this risk by focusing on CIS improvements, monitoring lawyer supply issues, and developing a lawyer recruitment and retention strategy.

Performance Plan

Goals, Strategies, Measures, and Targets

To advance the LSS vision, we develop goals, strategies, and performance measures that engage LSS staff, our service partners, and our clients in finding timely and lasting solutions to clients' legal issues while managing to budget. Our service plan is aligned with TAP. In particular, our third goal ("LSS manages resources soundly") and associated performance measures are centred on ensuring we provide effective and efficient services, and providing maximum benefit to clients within the funding and staffing resources available to us.

LSS conducts four major stakeholder surveys, which provide data for many of our performance measures. We develop action plans to address the survey results and implement identified relevant operational and service improvements. The client satisfaction, work environment, and tariff lawyer surveys are conducted triennially. The public opinion poll has traditionally been conducted annually, but starting this year, it will be conducted biennially as the results do not provide much variation year over year. LSS staff develop the survey questions and methodology, and independent research organizations carry out the data collection, analysis, and presentation of a final report.

The society also monitors and reports on key internal operational and financial data, which are tested internally. In this service plan, we introduce five new performance measures, which are operational in nature, to complement our suite of outcome-focused performance measures. While outcome measures are meaningful because they assess the ultimate effectiveness of our services, they are difficult to measure and require more intensive data collection methods such as surveys. Output measures rely on data that is easier to collect and, therefore, allow for more frequent reporting. LSS believes that both types of measures are valuable and help illustrate our performance. We will establish baselines on these five new performance measures in our 2017/18 Annual Service Plan Report. In addition to introducing five new performance measures, LSS is undertaking a review of all of our performance measures as well as data collection methodologies.

LSS benchmarks its performance against like organizations, where possible, using the Common Measurement Tool (CMT). CMT is an independent client satisfaction benchmarking tool and data service that allows us to compare client satisfaction results against agencies providing similar services. BC Stats benchmarks our work environment survey against work units within the BC public sector.

We set survey targets by considering benchmark data and evaluating the level of improvement possible given the strategies and activities planned in the coming period. For operational and financial measures, we set targets based on a reasonable expectation of performance based on historical results. Meeting our targets would demonstrate continuous improvement in stakeholder satisfaction with, support for, and use of our services, as well as financial responsibility, all of which are necessary to achieve our goals.

Goal 1: People with low incomes who have legal issues use LSS services.

LSS needs to ensure our services are accessible, address the needs of clients, are culturally appropriate, and that the public is aware that these services are available.

Strategies

- Make it easier for clients to access legal aid services.
- Partner with Aboriginal and other underserved communities to deliver services that support positive client outcomes.
- Support service partners and front-line workers to deliver effective and efficient services.
- Support clients to be active participants in solving their legal issues.

Performance Measures

Performance Measure	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
a) Percent of clients satisfied with the accessibility of LSS services[1]	69%	N/A	N/A	73%	N/A	N/A
b) Percent of clients satisfied with the helpfulness of LSS services[1]	68%	N/A	N/A	72%	N/A	N/A
c) Percent of clients satisfied overall with LSS services[1]	66%	N/A	N/A	70%	N/A	N/A
d) Percent of clients satisfied with LSS support to help them participate in resolving their legal issues[1]	66%	N/A	N/A	70%	N/A	N/A
e) Percent of approved applicants receiving a representation contract within the same day of applying[2]	N/A	N/A	Baseline TBD	TBD	TBD	TBD

[1] Data is from the triennial Client Services Survey.

[2] Data is from our client information system.

Discussion

Overall client satisfaction with the accessibility and helpfulness of LSS services and support (measures a to d) shows that we are providing clients with the services they need when and where they need them, fulfilling our mandate to help people solve their legal problems and to facilitate access to justice. Measure (e) tracks the timeliness of application approval, which ensures minimal delay in resolution of the client's legal matter including delay in court proceeding while awaiting legal aid approval. Targets are set based on a reasonable expectation of improvement over results in baselines or the previous survey; see Performance Plan on page 7.

Goal 2: People with low incomes get help with related legal issues so they can solve and prevent legal problems.

Clients' legal problems often arise from or lead to other problems such as health, housing, and debt issues. By working with other service providers to help clients get support for these issues, LSS can improve client outcomes as well as reduce clients' use of justice, health, and social services over the long term.

Strategies

- Collaborate with service partners to assess and refer clients to services for their related legal issues.
- Support front-line workers to assess and refer clients to services for their related legal issues.

Performance Measures

Performance Measure	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
a) Percent of clients referred by LSS intake to services to address related issues[1]	N/A	N/A	Baseline TBD	TBD	TBD	TBD
b) Percent of clients satisfied with the level of support LSS gave them to address their related legal issues[2]	59%	N/A	N/A	63%	N/A	N/A
c) Percent of lawyers satisfied with LSS support for increasing their ability to help clients address related legal issues[3]	N/A	N/A	35%	N/A	N/A	N/A
d) Percent of lawyers who support the integrated approach to providing legal aid services[3]	N/A	N/A	69%	N/A	N/A	N/A

[1] Data is from our client information system.

[2] Data is from the triennial Client Services Survey.

[3] Data is from the triennial Tariff Lawyer Satisfaction Survey. The 2015/16 survey was postponed to 2016/17, to better align with other LSS evaluation work.

Discussion

Measures (a), (b), and (c) assess the effectiveness of the support provided by LSS to clients and lawyers to help clients address their related legal issues. Measure (d) indicates the level of support from lawyers in advancing this goal. Targets are set based on a reasonable expectation of improvement over results in baselines or the previous survey; see Performance Plan on page 7.

Goal 3: LSS manages resources soundly.

LSS must manage resources effectively and efficiently to ensure we are achieving the optimum benefit for the society's clients within available funding.

Strategies

- Foster employee engagement and retention of key staff through professional development, succession management, and organizational communication.
- Engage with and develop stronger relationships with legal aid lawyers.
- Improve information technology systems to respond to a changing environment.
- Improve the nimbleness and flexibility of LSS business processes to support capacity.

Performance Measures

Performance Measure	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
a) Overall average employee engagement[1]	N/A	N/A	70	N/A	N/A	70
b) Percent of lawyers satisfied with the overall support provided by LSS[2]	N/A	N/A	62%	N/A	N/A	65%
c) Number of new lawyers taking more than three contracts in the first six months[3]	53	70	70	70	70	70
d) Percent of lawyer invoices paid within 20 days[3]	N/A	N/A	Baseline TBD	TBD	TBD	TBD
e) Percent of lawyer-submitted invoices processed for payment without review[3]	N/A	N/A	Baseline TBD	TBD	TBD	TBD
f) Percent of the public that supports the provision of legal aid services[4]	94%	92%	N/A	>90%	N/A	>90%
g) Third-quarter expense forecast accuracy[5]	0.46%	0.19%	0%	0%	0%	0%

[1] Data is from the triennial Work Environment Survey.

[2] Data is from the triennial Tariff Lawyer Satisfaction Survey. The 2015/16 survey was postponed to 2016/17, to better align with other LSS evaluation work.

[3] Data is from our client information system.

[4] The Public Opinion Poll will now be conducted biannually, with the next administration occurring in 2017/18.

[5] This metric is calculated based on the following formula: (Q3 year-end expense

forecast – actual year-end expense)/(Q3 year-end expense forecast)

Discussion

High employee engagement in the public sector, tracked by measure (a), is linked to improved service for clients. Measures (b) and (c) qualitatively and quantitatively assess our progress on maintaining a sustainable supply of lawyers to provide services to clients across BC, while measures (d) and (e) track the administrative efficiency of our lawyer interactions. Sustained public support for legal aid, measure (f), confirms the importance of investment in legal aid services. Measure (g) looks at how well we forecasted our year-end expenses by comparing our third-quarter forecast and the year-end actual. Targets are set based on a reasonable expectation of improvement over results in baselines or the previous survey; see Performance Plan on page 7.

Goal 4: LSS provides leadership in justice innovation.

LSS believes that innovation is needed to bring about the fundamental justice system changes required for clients to achieve timely and lasting resolutions to their legal issues.

Strategies

- Pilot evidence-based legal aid initiatives to improve access and outcomes.
- Communicate LSS's strategic direction to stakeholders.
- Consult with Aboriginal communities and other stakeholders to identify opportunities to develop innovative services and increase access to justice for Aboriginal people.

Performance Measures

Performance Measure	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
a) Volume of references to LSS and justice innovation[1]	42	28	30+	35+	40+	40+
b) Volume of clients served by new justice innovation services[2]	N/A	N/A	Baseline TBD	TBD	TBD	TBD

[1] Data is from an annual search of academic literature, stakeholder reports, and media. Our methodology includes tracking references to LSS in relation to its justice innovation ideas and projects through Google Scholar, Canadian Newsstand Major Dailies, HeinOnline, and stakeholder websites. The search is limited to a specific set of search terms and conducted manually.

[2] Data is from our client information system.

Discussion

Measure (a) reflects the reach of LSS's influence in justice reform work. A high volume of references to LSS's justice innovation work in academic literature, government reports, and the media indicates that our ideas are being reviewed and considered by key justice system decision-makers and opinion-makers. Measure (b) reflects the reach of our justice innovation projects. Targets are set based on a reasonable expectation of improvement over baseline results in prior years with consideration for when JITI project launches have increased our media exposure. Incremental target increases are based on gradual improvement from initial 2013/14 results.

Financial Plan

Summary Financial Outlook 2016 – 2020 (in millions)

	2015/16 Actual	2016/17[7] Forecast	2017/18[1] Budget	2018/19[1] Forecast	2019/20[1] Forecast
Revenue					
Provincial Transfers[2,3,4,5,6,7,8]	67.8	69.2	68.1	68.2	68.2
Large and Major Cases[2,8]	4.8	5.6	4.7	4.7	4.7
Justice Transformation Initiatives[8]	2.0	2.0	2.0	2.0	2.0
Justice Transformation Expansion[8]	0.0	0.0	2.8	2.8	2.8
Non-government Revenue[9]	5.2	4.8	4.2	4.2	4.3
Total Revenue	79.8	81.6	81.8	81.9	82.0
Expenses					
Tariffs[2,3,4,5,7]	44.2	46.4	44.7	44.7	44.7
Salaries and Benefits	12.6	12.5	12.6	12.8	12.8
Duty Counsel	10.2	9.7	9.7	9.7	9.7
Justice Transformation Expansion[8]	0.0	0.0	2.8	2.8	2.8
Grants and Contracted Services[6]	4.7	4.8	3.1	3.0	3.0
Premises	1.9	2.0	2.2	2.3	2.4
Local Agents	1.7	1.7	1.8	1.8	1.8
Computers	1.6	0.8	1.4	1.4	1.4
Office	0.8	0.7	0.8	0.8	0.8
Amortization	0.8	0.7	0.8	1.0	1.1
Transcripts	0.7	1.0	1.0	1.0	1.0
Miscellaneous	0.3	1.0	0.5	0.2	0.1
Board Expenses	0.2	0.2	0.2	0.2	0.2
Travel	0.1	0.1	0.2	0.2	0.2
Total Expenses	79.8	81.6	81.8	81.9	82.0
Net Surplus/(Deficit)	0.0	0.0	0.0	0.0	0.0

Accumulated Surplus	5.3	5.3	5.3	5.3	5.3
Capital Expenditures	0.5	0.4	0.4	0.7	0.7

Notes

[1] The budgets for the years 2017/18 through 2019/20 inclusive are projections and not yet approved. As per section 18 of the *Legal Services Society Act*, LSS will seek budget approval from the Attorney General in each of those respective years. LSS will provide tariff services budgeting to the bottom line in each year.

[2] Budgets for large and major cases are based on ministry approved budgets and may not reflect actual costs. In 2017/18, we estimate that Category B cases will cost $2.9 million (2016/17 — $2.2 million) and Category C cases will cost $5.4 million (2016/17 — $3.4 million) based on our forecasts as of January 13, 2017. LSS will manage expenditures to the available funding provided by the ministry as in previous years.

[3] LSS forecasts Criminal Category A costs to be $1.5 million higher than funded. Current discussions at the FPT group indicate that funding for 2017/18 may be in the range of an additional $1.5 to $1.7 million, assuming full flow through from the province to LSS. LSS will provide services to the available funding.

[4] LSS forecasts demand for Family services would increase costs by $0.619 million if fully funded. LSS will provide services to the available funding.

[5] LSS forecasts demand for Immigration and Refugee services would increase costs by $0.477 million if fully funded. LSS will provide services to the available funding.

[6] Grants and Contracted Services includes Community Legal Assistance Society (CLAS), West Coast Prison Justice Society, Brydges Line, Downtown Community Court, and Drug Court costs.

[7] LSS is forecasting additional Criminal ($1.05 million) and Family ($1.0 million) cost pressures in 2016/17. We are assuming a balanced budget based on the successful implementation of our mitigation strategy plan, including an additional $1.081 million increase to the Federal Criminal contribution and assumes full flow through from the province to LSS.

[8] These revenues are funded by the Provincial Government. Additional annual funding of $2.8 million was approved for initial expansion of JITI, including the addition of a Surrey Parents' Legal Centre location in 2017/18.

[9] Non-government revenue includes funding from the Law Foundation, the Notary Foundation, investment income, and Federally Funded Cases by the Department of Justice (DOJ) Canada. Our 2015/16 actual expenditures and 2016/17 forecast include $0.891 million and $0.55 million respectively for Federally Funded Cases for which there is no budget as it is a flow through from DOJ Canada.

Key Forecast Assumptions

The tariff budgets are based on our best estimate of volume of applications and contracts, contract rates, and average case costs, taking into consideration any known changes to policies, initiatives, and historical trends.

External Risk Factors

1. About 5 percent of LSS's revenue ($4.2 million) is from non-government sources and is interest rate sensitive (i.e., Law Foundation, Notary Foundation, and investment income). With interest rates at historic low levels with no increase in the foreseeable future, and an uncertain real estate market due to recent changes, LSS could see a decrease in revenue. This revenue is used to fund the Indigenous Services department (including Aboriginal Community Legal Workers), the Community and Publishing Services department (including MyLawBC), the Family LawLINE, and Legal Information Outreach Workers.
2. Complex criminal trials are taking longer because of police investigation techniques, disclosure challenges, undercover operations, and gang-related prosecutions. These factors result in higher costs to LSS, including case preparation and court attendance. Having a fixed budget that does not allow for deficits means that LSS may need to restrict services in other areas in order to manage these cost pressures.
3. LSS, like other Crown corporations, had its executive compensation frozen for the past seven years, which has made it challenging to recruit and retain senior-level management staff. However, with the recent Ministry of Finance directive – BC Public Sector – Phase II, moving out of the freeze and providing further flexibility for both excluded executive and management staff will begin to help address this risk.

Internal Risk Factors

1. LSS has only raised tariff rates once since 1991 (in 2006), due to insufficient budget. The private bar have consistently reported their dissatisfaction with our tariff rates through our lawyer satisfaction surveys. At times, LSS is challenged with recruiting lawyers to provide services in certain communities (e.g., Fort St. John) and has to fly lawyers in, which increases service costs. LSS runs the risk that we will not be able to recruit lawyers, our main service providers, to provide legal aid services in the future without increasing the tariff.
2. LSS's lease on its Vancouver regional office expires on December 31, 2019. We currently pay less than market rate. If conditions remain the same, we will pay more whether we decide to renew the lease and stay in the current facility or move when the lease expires. If we are unsuccessful in negotiating a new lease with the current landlord, we will need to relocate.

Sensitivity Analysis

1. The tariff budgets have not been adjusted for any potential clients related to significant unbudgeted events.

2. It is estimated that the additional cost to fund a tariff increase to match comparable government rates for lawyers (e.g., Director's Counsel rates at $135/hour) would be $16.5 million.
3. Longer trials in BC are costing LSS more each year based on historic averages. Increased case costs compound increased volumes, which we have experienced in these cases. For every 1 percent increase in case volumes, costs for general preparation and court attendance are expected to increase $111,000.

Management Perspective on Future Financial Outlook

LSS is dependent on provincial government funding to finance the majority of its expenditures. It also receives revenue from non-government sources that are tied to interest rates. LSS will provide services to the available budget.

Mitigation Strategies

1. LSS will use predictive-risk models for budgeting and forecasting.
2. LSS will increase the use of data analytics and trend analysis, and will seek timely access to other justice system data (e.g., government, courts, and judiciary).
3. LSS will use technology to improve the efficiency and effectiveness of our programs and services.
4. LSS has implemented a Management Succession Plan to ensure continuity of leadership.
5. LSS will pursue increased collaboration and discussions with government and other justice system stakeholders.

Appendix A

Hyperlinks to Additional Information

Governance
Board Governance: lss.bc.ca/about/ourGovernance.php
Senior Management: lss.bc.ca/about/executiveDirector.php

Organizational Overview
Mandate: lss.bc.ca/about/ourMandate.php
Who We Are; and Our Vision, Mission, and Values: lss.bc.ca/about/index.php
Legal Aid Services: lss.bc.ca/legal_aid/
Legal Aid Locations: lss.bc.ca/legal_aid/legalAidOffices.php

Cliff: 426423
Date Prepared: Jan 23, 2017
Date Required: Feb 11, 2017

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: INFORMATION for Kurt J.W. Sandstrom, Q.C., Assistant Deputy Minister (ADM)

ISSUE:

- Meeting with the Legal Services Society (LSS) Board of Directors, Friday, February 17, 1:30pm, in Vancouver.

SUMMARY:

- The LSS Board has asked the ADM to speak to two specific topics:
    1. an update on the Deputy's report on the Ministry's strategic priorities; and
    2. advice on how LSS and the Ministry can work together to increase the LSS tariff.
- This briefing note provides information on these topics and other matters of current interest, as well as:
    - Appendix A: a backgrounder on LSS;
    - Appendix B: a list of the current Board members;
    - Appendix C: an LSS briefing note related to tariff rates; and
    - Appendix D: proposed speaking notes.

BACKGROUND / CONTEXT:

- The last quarterly meeting with the LSS Board Chair (Chair) Suzette Narbonne and LSS Chief Executive Officer (CEO) Mark Benton was on January 6, 2017.
    - The Deputy Attorney General (DAG) attended in place of the Attorney General (AG), accompanied by the ADM.
    - At that meeting, it was agreed that the ADM will attend LSS Board meetings to enhance the flow and quality of information between the Board and Ministry Executive.
- The last LSS Board strategic planning session, attended by the DAG for the AG, was on September 12, 2016. The main topics of his speech were performance measures and the ministry's justice reform initiatives.
- LSS usually holds a retreat for its Board members and senior management each September, to discuss strategic planning and priorities for the next fiscal year.
- These priorities inform the development of the annual Mandate Letter, Service Plan and Budget Management Plan that are drafted each fall, in advance of the next fiscal year. However, as this is an election year, Ministry of Finance staff have advised that updated Service Plans, and Mandate Letters, will be required for Crowns and Ministries in summer 2017.
- Board protocol and practice preferences:
    - presenters not use PowerPoint projections; however, handouts are welcomed and become part of the board record; and
    - focus on discussion during the meeting. As such, the board prefers to receive background information a week in advance.

- Ministry priorities:
  - The priorities the DAG outlined at the September LSS Board meeting as follows (with speaking notes attached as Appendix D):
    - Indigenous justice, especially for children in care;
    - the Criminal Justice System Review; and
    - family dispute resolution.
  - Background/context: there are several documents and other sources that guide ministry priorities: the AG's Mandate Letter, the Justice and Public Safety Council (JPSC) *Strategic Plan*, and the Ministry's *Service Plan*.
    - All these are subject to the Tax Payer Accountability Principles (TAPs), budget decisions and other central direction and priorities. In addition, external factors can impact priorities at any time.
    - Ministry priorities that are the most relevant for LSS, and to which LSS could make the greatest contribution, are usually related to access to justice, and Indigenous justice.
- LSS priorities:
  - The approved 2017/18 Mandate Letter from the AG to LSS directs them to focus on specific priorities, with deliverables, which were developed and agreed to jointly by LSS and ministry staff as follows: 'All the proposed priority actions are to be fulfilled within the existing, approved budget for LSS and are subject to the same diligent monitoring and reporting required for its regular operations.

    - **1. CIS (Client Information System)**: Implement Phase II of the CIS Transition initiative which will focus on enhancement of functionality and user experience in three main areas: Intake Referrals & Appeals; Lawyer Online Portal & Invoicing, and Duty Counsel Scheduling.
      Deliverable: by March 31, 2018 – develop, deliver and implement business processes to improve efficiency for internal and external processes.
    - **2. JITI (Justice Innovation and Transformation Initiatives)**: Continue JITI projects that support improved access and efficiency in criminal and family law services.
      Deliverable: by March 31, 2018 – Provide on-going services, monitoring, and performance reporting from within the approved funding for JITI.
    - **3. Indigenous Justice**: Work with the Ministry of Justice, affected ministries and indigenous communities to continue to develop action plans based on recommendations from the Truth and Reconciliation Commission final report: Honouring the Truth, Reconciling for the Future to better meet the legal needs of Indigenous people in B.C.
      Deliverable: by March 31, 2018 – (a) work with the Office of the Chief Judge to support First Nations Courts, in particular the training of First Nations Elders; and
      (b) actively participate in meetings with indigenous communities to support the development of action plans based on recommendations from the Truth and Reconciliation Commission final report: Honouring the Truth, Reconciling for the Future, and any other relevant reports.'

  - Subsequently, LSS requested several changes to the content, tone and direction of the Mandate Letter. Ministry staff have discussed with Crown Agency Resource Office (CARO) staff, who are not optimistic that changes to the template will be allowed, but are willing to discuss further for the next development cycle of the Mandate Letter in summer 2017.
- Outlook:

  Some of the important upcoming dates/events for LSS and the Ministry include:
  - Feb 21, Budget Day: confirmation of expected budget; public release of LSS and Ministry Service Plans and LSS Mandate Letter.
  - Late Feb / March: AG review and approval of the LSS Budget Management Plan 2017/18.
  - Feb / Mar: LSS to work with Ministry staff (including Court Services and MCFD) to develop and produce data management, performance measurement and evaluation plans for TBS report-back required in fall, 2017.
  - May/June: LSS to work with Ministry staff and Ministry of Finance staff to update the 2017/18 Service Plan and Mandate Letter to align with the post-election budget.

OTHER MINISTRIES IMPACTED/CONSULTED:

- Ministry staff have consulted with Ministry of Finance staff (TBS and CARO), as noted.

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Attachments: Appendix A – Backgrounder on LSS
Appendix B – List of current LSS Board members
Appendix C – LSS briefing note regarding tariffs
Appendix D -- Speaking notes

References:

Suggest taking the following materials to the meeting:

- LSS 2017/18 Service Plan (currently with DAG/AG for approval);
- LSS 2017/18 Mandate Letter (currently with LSS for Board signature)

APPENDIX A

Legal Services Society Backgrounder

Contents

- Overview
- Mandate and enabling legislation
- Board of Directors: structure and members
- Committees and working groups
- Memorandum of Understanding (MOU)
- Budget oversight

Overview

- LSS is an operationally independent organization that delivers legal aid services in BC.
- Its Board is comprised of nine members, five of whom are appointed by government.
- Accountability to government is primarily through the:
  - *Legal Services Society Act* (*LSSA*);
  - MOU;
  - Mandate Letter
  - budget management plan and forecast approval processes; and
  - the service planning and reporting cycle.
- LSS provides legal aid intake services largely through a call centre and directly through two offices (Vancouver and Terrace) and uses a local agent service delivery model for 32 other communities across the provinces. Services include:
  - legal representation in criminal, family, child protection, immigration and refugee, and some mental health and prison law;
  - legal advice / duty counsel in criminal, family, child protection, immigration and refugee law;
  - legal information using print and online materials, information outreach workers and community partners.

Mandate and Enabling Legislation

- LSS delivers legal aid services in BC. Where LSS provides full representation, it is predominantly in areas where government would likely otherwise be required to provide legal assistance as a result of obligations imposed by the *Charter of Rights and Freedoms*.
- The *LSSA* establishes the LSS mandate to administer an effective and efficient legal aid program. The *LSSA* also requires LSS to:
  - negotiate and enter into an MOU with government describing the level of legal aid funding provided to LSS each year and setting out how LSS is to allocate that funding;
  - present an annual budget to the AG for review and approval each year;
  - not incur a deficit without prior approval of the AG and the Minister of Finance.
- The role of LSS is established and defined by the *LSSA*. The *LSSA* provides LSS with the statutory objects relating to legal aid:
  - to assist individuals to resolve their legal problems and facilitate their access to justice;
  - to establish and administer an effective and efficient system for providing legal aid to individuals in BC; and
  - to provide advice to the AG respecting legal aid and access to justice for individuals in BC.
- LSS is operationally independent from government, as established through s.10 (4) of the *LSSA*, which states that LSS is not an agent of government, nor the Law Society of BC.
- The *LSSA* gives LSS broad authority to determine priorities and policies for the provision of legal aid, and to determine who is or is not eligible for legal aid.

- As a service delivery Crown, however, LSS is a government reporting entity, so is subject to rigorous policies, procedures, monitoring and reporting for which the Minister is responsible for overseeing.

Board Structure

- As required by the *LSSA*, LSS's nine-member Board is comprised of five members appointed by the AG and four appointed by the Law Society of BC after consultation with the BC Branch of the Canadian Bar Association. The Board must elect one of their members to be Chair.
- The current Board members are listed in Appendix B.

BOD Committees and Other Working Groups

- At the beginning of each fiscal year the Chair, in consultation with LSS' CEO, appoints the members of these committees unless the Board directs otherwise:
    - The Executive Committee is headed by the Board Chair and generally has authority on behalf of the Board.
    - The Finance Committee, which makes recommendations on LSS' finances, funding, fiscal allocations, and risk management.
    - The Stakeholder Engagement Committee, which recommends ways to strengthen LSS' relationships with key stakeholders.
- The MOU requires a working group to meet on a regular basis comprised of:
    - Executive Director, Criminal Justice and Legal Access Policy Division, MOJ or such other designate as may be assigned by the Assistant Deputy Minister, Justice Services Branch.
    - Director, Strategic Planning, Policy and Human Resources LSS, or such other designate as may be assigned by the CEO, LSS.
    - Other staff of the Government and/or LSS, as required.
- The Working Group considers:
    - the budget development cycle;
    - the financial position of LSS;
    - the establishment of strategic priorities for LSS in alignment with the government's strategic priorities, policy objectives and fiscal plan;
    - issues relating to LSS' objects that might affect government's responsibility for legal aid and access to justice; and
    - coordination of policy and program development, and such other issues as may arise.
- In addition there is currently a separate working group to address issues related to the JITI pilots.
- This working group meets regularly to discuss governance issues with respect to the design, budget, implementation, and evaluation of the five JITI pilots.
- Each of the five pilots has its own working group dedicated to the specific details of that project: policy design, logistics, implementation, communications and evaluation. Initially those groups met weekly, but as the projects have been implemented, those meetings have become less frequent.

MOU

- The *LSSA* requires LSS to enter into an MOU with government that considers:
    - an estimate of the funding government anticipates providing LSS for the next three years;
    - the types of legal matters that LSS must provide legal aid for, and those which LSS must not provide legal aid for, using government funding;
    - the priority for legal aid provided with government funding;
    - whether and how LSS might provide legal aid not considered by the MOU; and
    - how LSS will participate in justice reform initiatives.
- Although the *LSSA* sets out the mandate, powers, and objects of LSS as well as the oversight role of the ministry, it is the MOU that details the operational relationship between the parties.
- The term of the current MOU is April 1, 2014 to March 31, 2017. Negotiations for the next term are in progress.

Budget Oversight

- LSS is subject to the periodic reporting requirements of Treasury Board and the Office of the Comptroller General. Therefore, ministry staff work closely with LSS, in consultation with central finance and reporting contacts, to ensure alignment of spending and policy priorities to avoid creating pressure on the government fiscal position.
- LSS is also subject to reporting and accountability processes under the *Balanced Budgets and Ministerial Accountability Act* as well as the service planning and reporting requirements set out in the *Budget Transparency and Accountability Act*.
- Part 4 of the *LSSA* imposes financial accountability mechanisms on LSS. These include:
  - a limit on expenditures that prevents LSS from incurring a deficit without the approval of the AG and the Minister of Finance;
  - a requirement that LSS submit a budget, acceptable to the AG, each year;
  - a requirement to supply such information as may be necessary to the AG, in any form and timeline as may be required.
- Total government funding to LSS in 2016/17 is $74.675M (increased by $79K[1] from the 2015/16 budget of $74.596M), broken out as follows:

LSS Revenue from Government Sources for 2016/17:	**$ Million**
Basic Legal Aid Transfer (*includes new funding of $149K for ESM)*	$65.167
Justice Transformation (*continuing from 2014/15 & 2015/16 for $6M total in 3 years*)	$2.000
Large Case Fund (Category B under the MOU)	$1.813
Major Cases (Category C under the MOU)	$2.855
Federal High-Cost Cases	$0.650
Provincial Immigration and Refugee Legal Aid	$0.800
Federal Immigration and Refugee Legal Aid (flows through from federal government)	$0.900
Vancouver Drug Court support	$0.120
Downtown Community Court support	$0.370
TOTAL	**$74.675**

- Government funding is about 95% of LSS's total revenue. Non-government sources of revenue have declined in recent years, mainly due to low interest rates, now totalling $4M of the total LSS budget of $78.675M.
- Despite challenging economic circumstances, government funding to LSS has been stable since 2005, increased by:
  - $2.1M/year starting 2012/13 to maintain family and child protection legal aid services;
  - an additional $2M in 2014/15 (for 3 years, totaling $6M) to support LSS to implement justice innovation & transformation initiatives (JITI);
  - $74K in 2015/16 plus $75K in 2016/17 (totaling $149K) for the Economic Stability Mandate (ESM) and Economic Stability Dividends (ESD) related to staff salary increases;
  - **2016/17 (pending): federal funding increase of $1.081M for criminal and immigration and refugee legal aid services, as well as further increases with the next 5-year agreement; and**
  - **2017/18 (tbd): $2M/year to continue JITI pilots and $2.8M/year to expand the Parents' Legal Centre to Surrey, with the opportunity for funding increases for 2018/19.**

[1] $4K of the $79K pertains to ESD provided in the 2016/17 budget build but retro to the 2015/16 fiscal year.

APPENDIX B

Legal Services Society Board of Directors

	Suzette Narbonne Chair, LSS Board of Directors Chair, Executive Committee Suzette Narbonne is a sole practitioner at Narbonne Law Office in Sechelt where her practice focuses on criminal litigation, family law, and human rights representation. Before moving to BC in 1996, Suzette worked as a staff lawyer for Legal Aid Manitoba in The Pas, Manitoba.
	Alison MacPhail Vice-Chair, LSS Board of Directors Chair, Stakeholder Engagement Committee Member, Executive Committee Alison MacPhail is a lawyer and consultant on justice, governance, and organization issues, focusing on justice reform and access to justice. Internationally she has worked on alternatives to incarceration, domestic violence, criminal justice policy, reform and training.
	Dean A. Crawford, QC Member, Stakeholder Engagement Committee Dean is a partner with Coutts Pulver Crawford LLP, one of BC's leading labour and employment boutique law firms. His practice includes employment litigation, Labour Relations Board proceedings, grievance arbitration, human rights, and workers' compensation.
	Karen Christiansen, FCPA, FCA Chair, Finance Committee; Member, Executive Committee Karen Christiansen, CA, is a partner in MNP's Kelowna office. For almost 20 years, Karen has delivered a full range of business advisory and assurance solutions to help her clients achieve their goals. A key member of MNP's Assurance team, Karen serves a diverse group of clients, including business owners, real estate developers, and professionals.
	Celeste Haldane Member, Stakeholder Engagement Committee Celeste is a practising lawyer and is Acting Chief Commissioner with the BC Treaty Commission. She holds a LLM in Constitutional Law from Osgoode Hall (York University), and a LLB and BA in Anthropology from the University of British Columbia (UBC). In September she started her PhD at UBC. Celeste serves on UBC's Board of Governors, and is an active member of the Canadian Bar Association and the Indigenous Bar Association.

	Dinyar Marzban, QC Member, Finance Committee Dinyar Marzban is a senior partner with Jenkins Marzban Logan LLP. He practices in the areas of family law, civil litigation, and mediation. Dinyar was called to the BC bar in 1982, and appointed Queen's Counsel in 2004. He is an advocate for justice system reform, particularly in family law. He was a member of the Family Justice Reform Working Group for the Justice Review Task Force established in 2002.
	Rhaea Bailey Member, Stakeholder Engagement Committee After articling with Callison & Hanna, Rhaea practiced family law and child protection where she spent four years successfully advocating for her clients. Since returning to Callison & Hanna 2015, her law practice has diversified to include civil litigation, specific claims tribunal hearings, and advocacy for Indigenous rights. She has significant litigation experience in both the Provincial and Supreme Courts of British Columbia. Rhaea is Métis from Fort Chipewyan, Alberta.
	Puneet P.K. Sandhar Member, Executive Committee; Member, Finance Committe Puneet resides in Surrey and is a partner with the law firm of Sanghera Sandhar Law Group in Surrey. She holds a BA (Hons) and an LLB from Guru Nanak Dev University in India, and was called to the BC Bar in 2006. Prior to coming to Canada, she practised law in India for several years and is still an active member with Punjab and Haryana Bar Association.
	Jean P. Whittow, QC Member, Finance Committee Jean is a lawyer in private practice with a focus on administrative law and professional regulation. She acts as counsel in investigations and hearings conducted by regulatory bodies, which she advises on topics such as legislation, scope of practice, privacy/disclosure, conflicts and design/review of regulatory processes. Jean formerly held a senior management position with the Law Society of British Columbia, the regulatory body for BC lawyers.

APPENDIX C
Legal Services Society Briefing Note – 'Funding for Adequate Tariffs'

Legal Services Society

Funding for adequate tariffs
July 2016

Issue: Scale of funding needed to provide adequate compensation to lawyers comparable to other BC government legal services and other legal aid plans

Purpose: For discussion

ISSUE AND SUMMARY

1. Due to funding restrictions, the Legal Services Society has been able to increase tariff rates only once since 1991.
2. Current rates do not provide adequate compensation to lawyers and are not comparable to rates paid by government for similar legal services.
3. This paper provides, for discussion purposes, an estimate of the cost of increasing the tariffs to appropriate levels.

CURRENT TARIFFS

4. Tariff rate reference chart

Year of Call	Hourly Tariff for Family, Child Protection and Complex Criminal Cases	Block Tariff for Less Serious Criminal Cases
Less than 4 years	$84	Amount specified in the tariff
4 to 10	$88	Amount specified in the tariff + 5%
10 or more years	$92	Amount specified in the tariff + 10%

Family law, child protection and immigration tariffs

5. Lawyers working on family, child protection and immigration cases are paid according to LSS's hourly tariff rate up to a maximum number of hours for specific services. For example, the family law tariff allows a maximum of 25 hours for general preparation.

Criminal law tariffs

6. Most criminal law services are paid according to a block tariff that provides a set amount for specific services rather than an hourly rate. For example, the block tariff for a bail hearing relating to a minor offence is $100.
7. Complex and lengthy criminal trials are paid according to LSS's hourly tariff rate rather than a block tariff. These case are subject to oversight by LSS's case management program that ensures prudent and cost-effective expenditures.

8. To attract senior, experienced counsel to complex and lengthy cases, LSS offers an enhanced fee of $125 an hour. To qualify for enhanced fees, the lawyer must have significant experience in criminal law.

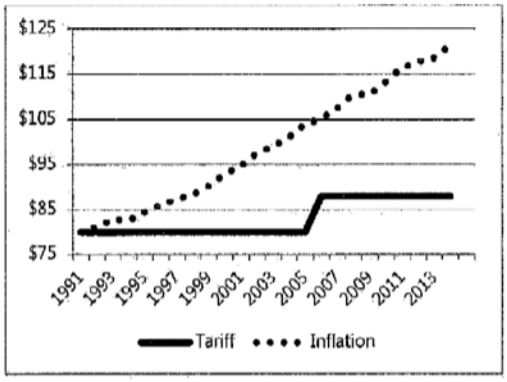
9. In cases that are unusually complex and lengthy, LSS may offer an exceptional responsibility premium. To qualify for the premium, senior counsel must satisfy the requirements for enhanced fees and demonstrate that they have executive case management skills. The premium rate is a 15 per cent increase on any tiered rates or enhanced rates. This premium applies to very few cases (maximum = $143 an hour).

HISTORY OF LSS TARIFFS

10. In 1991, LSS raised the hourly tariff from $40 (where it had been since 1979) to $80. Block tariffs provided comparable compensation.

11. The next increase was in 2006, when LSS introduced the current rates and the tier system.

12. Due to cost pressures, LSS has not had sufficient funding to increase tariffs without reducing services. Consequently, the 2006 increase was the only tariff lift from 1991 to date. Block tariffs have been adjusted for better administrations but changes have not resulted in fee increases.



COMPARISON RATES

Other legal aid plans

13. Legal aid plans that retain private lawyers use a system of block and hourly tariffs similar to that of LSS. Tiers used by other plans are based on experience and are similar, but not identical, to those used by LSS. In Ontario and Newfoundland, tariffs are set by the government.

	LSS	Ontario	Alberta	NFLD
Tier 1	$84	$109	$84	$135
Tier 2	$88	$122		
Tier 3	$92	$136		
Complex criminal	$125 - $143	$161		

Other BC government rates

14. Ministry of Children and Families director's counsel services: recently increased to $135/h.

15. Ad hoc criminal services: $75/h - $125/h depending on the level of court.

16. The Legal Services Branch has a tariff for outside counsel in civil matters. The rates range from $100/h for a lawyer with one year's experience to a maximum of $250/h for lawyers with seven or more years' experience.

AVERAGE AND MEDIAN LAWYER EARNINGS 2013/14

Area of Law	# of Lawyers	Average	Median
Criminal	690	$39,600	$17,400
Family	505	$19,200	$9,900
Child protection	416	$16,500	$7,100
Immigration	61	$10,200	$5,100

17. This chart does not include appeals or duty counsel fees. The criminal category includes enhanced fees and premiums in complex cases. Deducting these cases reduces the average to $35,600 and the median to $14,800.

IMPACTS OF LOW TARIFFS

18. Low tariffs are a structural problem that is inhibiting LSS's ability to attract lawyers to legal aid work and to provide the legal services low-income people need to resolve their legal problems.

19. MCFD's recent decision to increase tariff rates for director's counsel in child protection matters to $135 creates a particular inequity for lawyers who do both MCFD work and legal aid work ($135 compared to $84).

20. Tariffs are regularly noted in LSS's triennial lawyer satisfaction survey as a cause of concern and a reason for not taking referrals.

21. Lawyers have organized service withdrawals to protest low tariffs.

22. Lawyers often complain that the maximum hours allowed for services are insufficient to resolve their clients' legal issues.

SCALE OF FUNDING NEEDED FOR ADEQUATE TARIFFS

23. Approximate funding needed to match tariff rates paid by Ministry of Children and Family Development and Newfoundland Legal Aid ($135 an hour): $21 million.

24. Approximate funding needed to match rates paid by Legal Aid Ontario (Tier 1 $109; Tier 2 $122; Tier 3 $136): $16.5 million.

25. Both estimates include duty counsel fees and an equivalent increase in the criminal block tariffs, enhanced fees and exceptional responsibility premiums.

MORE INFORMATION

26. All LSS tariffs are online at: http://www.lss.bc.ca/lawyers/tariffGuide.php.

APPENDIX D
Speaking Notes

Event: Legal Services Society Board Meeting
When: Friday, February 17, 2017 – 1:30pm, Vancouver
Who: LSS Board (see Appendix B) and Executive
Notes: The Board Chair has asked that the ADM speak to two main topics:

1. Ministry priorities: an update on the Deputy's report on the Ministry's strategic priorities (from the Sep 22, 2016 LSS Board Meeting); and
2. Legal aid tariffs: advice on how LSS and the Ministry can work together to increase the LSS tariffs.

Opening:

- Thank you for inviting me to join you today.

- I appreciate the opportunity to provide you with updates in matters of mutual interest to the Board and to the Ministry.

- I also look forward to hearing your views, and to working together to enhance communication between LSS and the Ministry on an ongoing basis.

- The Attorney General, the Ministry and I recognize the important work of the Legal

Services Society Board, as well as Mark and his team, in providing access to justice services.

Ministry Priorities:

- I know that the Deputy Attorney General attended the Board's strategic planning meeting in September, where he outlined 3 main priorities for the ministry in the next 10 years:

    1. Indigenous justice, especially for children in care;
    2. the Criminal Justice System Review; and
    3. family dispute resolution.

- I've been asked to provide an update on that report. I'm pleased to advise that even in the brief time since September, we've made good progress in achieving our priorities, and LSS has played a key role in this success.

- The JITI pilot projects LSS successfully developed, launched and reported on align well with our current and ongoing priorities.

Priority #1: Indigenous Justice

- I know we continue to share Indigenous justice as a top priority.

- The Attorney General is very interested in taking action to reverse the pattern of far too many Indigenous children being taken into care.

- We have seen how the Parents' Legal Centre pilot helps Indigenous parents with early, collaborative resolution of child protection issues.

- That is why we were so pleased with the decision the Province has made to increase its investment in the PLC by expanding to a second location, in Surrey.

- I look forward to the confirmation of this decision, and the funding increase, on Budget Day, February 21.

- There are other steps the Ministry is actively taking to focus on Indigenous justice:

  - This year's Justice Summits will focus on Indigenous people and justice issues.

  - The Ministry is continuing its support for engagement with the First Nations Health Council to develop and deliver culturally meaningful services and initiatives.

  - Recently, the Ministry launched the Aboriginal Family Healing Court Conference pilot – which involves Elders helping support families in creating healing plans with treatment options using culturally appropriate approaches.

- As the work develops, there will continue to be a need for LSS to contribute its leadership and advice.

Priority #2: Criminal Justice System Review

- When the Deputy met with you in September, the Federal Government had begun initial

consultations for the "Criminal Justice System Review."

- The review is looking at system issues and pressures that lead to unintended outcomes.

- There is a sense that it will lead to different approaches to several areas of criminal justice, such as sentencing, and how we can more effectively deal with people throughout the system.

- It is also looking at ways of providing them with services and resources that allow them to be diverted out of the courts and avoiding criminal sanctions.

- Since the Deputy met with you in September, I understand there has been some focus on this at the Coordinating Committee of Senior Officials for Criminal Justice. They will be consulted on 2 things:
    - a statement of the purpose and principles of criminal law; and
    - the removal of outdated Criminal Code

provisions.

- In addition, a recent symposium on sentencing took place in Vancouver, some of you were in attendance, and we anticipate the report from that meeting will inform the federal minister's review.

- Clearly, this will take several years to implement, but it is a priority to plan for and to consider the impacts on LSS and the Ministry as plans develop.

Priority #3: Family Dispute Resolution

- The Attorney continues to place high priority on moving toward consensual dispute resolution wherever possible.

- Over the next 10 years, we will be working toward early resolution services.

- Outside court processes, valuable support has been provided through Justice Access Centres and Family Justice Centres, with LSS as a valued participant.

- After Budget Day, we should be able to provide an

update on potential expansion of JACs.

- In addition, we are still in the early stages of using the "Solution Explorer" platform developed for the Civil Resolution Tribunal, to assist families resolve disputes before accessing courts, as well as in other areas.

- We will be looking at the potential of moving to a mix of public and private service providers, unbundling legal assistance, and how to ensure court processes are proportionate to the matter in dispute.

- LSS continues to be an important stakeholder in all this work.

TOPIC 2: Legal Aid Tariffs

- Thank you for the briefing note from your staff on the subject of 'Funding for Adequate Tariffs.'

- I appreciate the work done to set out the status and funding requirements.

- I would be happy to consider putting forward a proposal and business case for additional funding.

- What would be helpful, in addition, is information to address the main questions Treasury Board ask about potential funding requests:
  - What is the problem, from the public's point of view, that we are trying to solve?
  - And what does the public receive for the funding increase?

- And of course, any outcomes must be quantified, and subject to performance measures, wherever possible.

- So for this issue, a key question is: what impact is the tariff rate having on the number of lawyers taking referrals?

- My understanding is that overall for BC, that number has been steady at about 1,000 per year, for the past few years. So the general public may not have seen a change.

- But I also understand this may not be the case by

region – that the lack of resources in the North and rural areas is offset by lawyers taking more contracts in the Lower Mainland.

- In that case, TB would want to see an option that specifically targets the problem areas: for example, increasing tariffs only for those working in remote areas, in addition to an all-in option.

- I suggest you add this type of data and options to the note, then work with Ministry staff to develop it into a viable proposal for funding consideration.

- Further, I think it will help make a strong business case if we wait until after stronger performance metrics are created for JITI and the fall report-back to TB. That will help build confidence in LSS's performance reporting.

Conclusion:

- Discussions on topics like this require us to think about our vision of justice services in the future.

- B.C. is continuing to focus on transforming the justice system to be more affordable, less complex, and resolve disputes earlier.

- At the same time, we want to ensure we are addressing the needs of the most vulnerable participants in the system.

- I am confident that LSS will continue to play a key role in making these shifts.

- Thank you – do you have any questions for me?

[End]

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: INFORMATION for the Honourable Suzanne Anton, QC, Attorney General and Minister of Justice.

ISSUE:

- Legal Services Society's (LSS) executive compensation

SUMMARY:

- LSS had requested an executive incentive compensation plan (EIC) for members of the LSS Executive Management Committee (EMC).
- The proposed EIC required the Minister of Finance to approve as an exception to policy, but this approval was not granted.
- However the Minister did approve options which would allow LSS to implement a holdback proposal in compliance with the policy.
- The LSS Board considered the options but have decided not to implement any holdback plan for LSS Executive.

BACKGROUND:

- For fiscal year 2015/16, the LSS Board approved bonuses totalling $77,465, for all five members of its EMC at 10% of base salaries.
- Information about the LSS bonuses was publicly released in July 2016, with Crown remuneration disclosure for Public Accounts. LSS was the only Crown to pay bonuses.
- After discussions with staff from the ministry and the Public Sector Employers' Council Secretariat staff (PSEC), LSS proposed an executive holdback plan that would require approval from the Minister of Finance as an exception to the 2012 policy for Crown Corporation Executive Compensation.
- PSEC considered it, but concluded that:
    - LSS did not provide a strong enough rationale; and
    - it would create a risk that other Crowns may seek similar treatment.
- As such, PSEC recommended a plan that is fully compliant instead of the one LSS proposed, subject to final decision of the Minister of Finance.
- PSEC briefed the Minister of Finance in mid-January. The LSS request for an exception to the policy was not approved.
- On January 27, the LSS Board considered policy-compliant options for an EIC, but decided not to implement a plan.
- EMC members will, however, be eligible to receive some modest, phased salary increases (about 2%) retroactively to 2016 and for the next two years.
- The LSS Board also agreed to comply with the Minister of Finance's direction to revise their policy on executive compensation to remove references to any bonus or holdback payments

OTHER MINISTRIES IMPACTED/CONSULTED:

- PSEC staff in the Ministry of Finance.

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Senior Business & Policy Advisor
Justice Services Branch
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Approved by:
James Deitch
Executive Director
Justice Services Branch
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Approved by: Kurt J.W. Sandstrom, Q.C.
Assistant Deputy Minister

Date: February 28, 2017

Cliff: 426959
[x-ref letter – 426672]
Date Prepared: Mar 7, 2017
Date Decision Required: Mar 21, 2017

MINISTRY OF JUSTICE
JUSTICE SERVICES BRANCH
BRIEFING NOTE

PURPOSE: For DECISION for Suzanne Anton, QC, Minister of Justice and Attorney General.

ISSUE: Legal Services Society's (LSS) 2017/18 budget management plan.

SUMMARY:

- The main change in the LSS 2017/18 budget, compared to last year, is a funding increase of $2.8M annually for expansion of the Parents' Legal Centre (PLC) to Surrey.
- In addition, $2M funding is provided for continuation and report-back to Treasury Board (TB) of the four successful Justice Innovation and Transformation Initiatives (JITI) pilot projects at the existing locations.
- Overall, the risks and materiality of these items are manageable within the current approved budget, with ongoing monitoring and collaboration between ministry and LSS staff.
- **As such, it is recommended that the AG approve the LSS 2017/18 budget management plan subject to the conditions set out in the attached letter (Attachment 3) and send to the LSS Board Chair (Chair).**

BACKGROUND:

- December 12, 2016: LSS submitted the first version of their 2017/18 budget management plan which presented a balanced budget in fiscal year 2017/18 and each of the following two years.
- The budget could not be approved until final decisions and directives were issued by TB and any resulting impacts assessed in the context of the ministry's budget, to be confirmed on Budget Day, February 21, 2017.
- In particular various options for funding of the JITI projects remained to be decided by TB, with consideration continuing from December into January.
- January 4, 2017: the AG sent a letter to the Chair advising the LSS budget will be approved subject to the following condition and resubmission by February 24 (three days after Budget Day):
    - 'Include with the revised budget management plan a copy of the final version of the third quarter forecast, in the format consistent with last year's final, approved budget management plan submission, to permit comparison to the proposed budget.'
- February 20, 2017: the Chair sent a letter accompanying the revised version of their 2017/18 budget management plan to the AG.

  - The letter confirms agreement with the principles and priorities as requested by the AG in the original request, and the subsequent letter reflecting the forecast adjustment.
  - The letter noted concerns that have substantively been addressed, or are in the process of being addressed in satisfactory ways between ministry staff and LSS staff.
- LSS continues to advise of risks associated with its proposed budget management plan, primarily (with further information in the Analysis sections):
  - costs related to other ongoing infrastructure system maintenance and upgrades (with an offsetting impact to the budget for tariff services); and
  - large and major cases.
  - (Amortization is also addressed in the Analysis section for information only, as it is no longer viewed as a significant risk).
- However, at this time ministry staff consider all the above risks to be reasonably manageable within the existing budget for LSS (as approved by TB Staff in the LSS Service Plan released February 21), and will continue to monitor and work with LSS to mitigate them.
  - This assumes the Province will receive the increased federal budget allocations, as anticipated, related to criminal legal aid service delivery; and that they will cover potential shortfalls in pressures in immigration and refugee services, as in 2016/17.
- TB-approved changes and funding renewals to the LSS budget from government, confirmed on Budget Day, which align with assumptions in the LSS 2017/18 budget management plan, total an increase of $2.921M compared to 2016/17 consisting of:
  - a funding increase of $2.8M annually, over three years, to expand the PLC to Surrey;
  - continuation of the $2M annual funding, for a further three years, to maintain the existing JITI pilot projects to provide stronger data for performance measures for a TB report-back in fall 2017, in advance of budget decisions for next fiscal year; and
  - small lifts, totaling $121K, for LSS staff eligible for salary increases under the Economic Stability Mandate and Dividend (ESM/ESD).
- **As such, it is recommended the AG approve the LSS 2017/18 budget management plan dated February 20, 2017, subject to conditions set out in the attached letter to the Board Chair.**

BUDGET OVERVIEW AND ANALYSIS:

Revenue

- Total government funding to LSS in 2017/18 is $77.596M (increased by $2.921Mfrom the 2016/17 budget of $74.675M), broken out as follows:

LSS Revenue from Government Sources for 2017/18:	$ Million
Basic Legal Aid Transfer (*includes new incremental funding of $121K for ESM)*	$65.288
Justice Transformation - continuation (*renewing the commitment from 2014/15-2016/17*)	$2.000
Justice Transformation - expansion	$2.800
Large Case Fund (Category B under the MOU)	$1.813
Major Cases (Category C under the MOU)	$2.855
Federal High-Cost Cases	$0.650
Provincial Immigration and Refugee Legal Aid	$0.800
Federal Immigration and Refugee Legal Aid (flows through from federal government)	$0.900
Vancouver Drug Court support	$0.120
Downtown Community Court support	$0.370
TOTAL	**$77.596**

- Government transfers – historical increases:
  - $2.1M in 2012/13 to maintain family and child protection legal aid services;
  - an additional $2M for the past three years, now renewed for the next three years (for 6 years, totaling $12M) to support LSS to implement and continue justice innovation & transformation initiatives (JITI);
  - an additional $2.8M annually for three years, starting 2017/18, to expand JITI to Surrey for the PLC; and
  - $75K last year, plus $121K in 2017/18 (totaling $196K) for (ESM & ESD) related to staff salary increases.
  - Note this does not include expected federal funding increases, as they have not been finalized.

ESD/ESM Detail:

Justice Services Branch has been provided with the following budget increases for LSS:

($mil)	2015/16	2016/17	2017/18	2018/19
ESM provided in 2015/16 budget build	0.070	0.120	0.240	0.240
ESM provided in 2016/17 budget build				0.116
ESD provided in 2016/17 budget build	0.004	0.029	0.030	0.030
Total	**0.074**	**0.149**	**0.270**	**0.386**
Year Over Year Budget Change		*0.075*	***0.121***	*0.116*

- Non-government funding: LSS also receives funding from the Law Foundation, the Notary Foundation, and interest on LSS's investments. Funding from all these sources has varied over the past several years due to fluctuating interest rates. The Law Foundation reduced its amount of annual funding to the Society by $645K in 2015/16 compared to the 2014/15 budget (from $3.6M to $2.955M). The 2017/18 budget has increased slightly, to $3.085M.

Operating Expenditures

- The LSS 2017/18 budget management plan in the detailed table (Attachment 2) sets out expenditures for next year to be reasonably close to those of the third quarter (Q3) forecast from LSS (with the exception of large cases and infrastructure, to be discussed in the next section), providing an overall reasonability check.
- Further details on specific risks are provided in the 'Risk Mitigation' section below.

Capital

- A line summarizing capital expenditures was added to the LSS Service Plan starting last fiscal year, which was not included in reports from prior years. The latest Service Plan, for 2017/18 to 2019/20, shows no change for 2017/18, at $0.4M compared to the prior year; then increases to $0.7M for each of the following two years.
- Though the amounts are small (aside from 2014/15, the final full year of CIS development), their presentation has raised questions about the source of capital funding for LSS and whether this funding could be used to offset operating pressures, if necessary.
- Through discussion with LSS staff, reference to auditor's notes in the annual financial statements, and historical reporting through the Capital Planning Secretariat, the following has been determined:
    - LSS receives no separate allocation for capital funding, distinct from operating funds, unlike most other areas of the ministry (ministry staff have been working to determine eligibility going forward);

    - The main source of capital is interest from investments, mainly from principal originating from government transfers (e.g., an ongoing accrual of about $11M for legal services incurred but not yet billed) and the accumulated surplus. Those amounts total about $16M, on which an interest rate of 2% would yield $320K annually.
    - That interest income could be used for any type of expenditures; however:
        - LSS considers the use to be at their discretion since it is incremental to the budget transfer for service delivery; and
        - Any use of that funding after it flows to the accumulated surplus negatively impacts government's fiscal plan.
- A risk that LSS has flagged is related to capital potentially required for tenant improvements in 2019/20 of an estimated $3M. However, due to the lack of rigor demonstrated in the calculation of the amount, and unlikelihood of occurrence, it does not pass standard accounting tests to be included as a liability.

KEY RISKS AND MITIGATIONS:

JITI Funding

- Management and oversight of the $2.8M increase for Surrey expansion of the PLC, and the $2M for continuation of the four existing pilots is required:
    - to ensure implementation at the new location, and effective report-back to TB in fall 2017 to inform requests for further funding and expansion.
    - In addition, as the $2.8M is considered contingency funding to the ministry, it is important to ensure accurate tracking and reporting of the actual expenditures throughout the year, for contingency reporting to TB and to avoid creating a surplus or deficit at fiscal year-end.

- Mitigations:
    - ministry staff are working closely with staff from LSS, TB, and key stakeholders like the Ministry of Children and Family Development, to ensure work plans are in place to clarify and fulfill TB expectations, such as gathering data for improved performance measures; and
    - ministry staff are working with LSS on a cash management plan that addresses the concerns the Chair raised in her letter of February 20.
    - Creation of a 'forecast allowance' from within LSS's administrative budget has been considered by ministry staff; however, due to the expectation that pressures can be managed without raising this potentially controversial matter with LSS, it is recommended that the ministry retain it as a 'back-up' plan for future implementation, if the need arises.

Federal Funding

- s.16

- s.16
    - The funding increase for 2016/17, which is reflected in the current LSS forecast because it has been confirmed, is $1.081M
- The working assumption used in the 2017/18 budget, for LSS and the ministry, is that this federal funding is remaining status quo from prior years: $14.598M (of which $13.698M, for criminal legal aid, is included in the Basic Legal Aid Transfer amount in the above table; plus $900k for immigration and refugee legal aid services).
- Similarly, for potential pressures related to projected increases in the need for immigration and refugee legal aid services, it is assumed that federal funding to cover potential shortfalls for 2017/18 will be addressed as they have been in 2016/17.
- In addition, there may be an opportunity to use some of the expected funding increases starting in 2017/18 for innovative projects such as the Expanded Criminal Duty Counsel model.

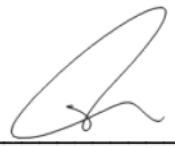
OTHER MINISTRIES IMPACTED/CONSULTED:

- Government's *Budget 2017* has been tabled in the House, confirming budget decisions related to LSS to be as anticipated by ministry staff and as approved by TB Staff's review of the LSS budget as presented in its Service Plan 2017/18-2019/20, and its Mandate Letter 2017/18, both released on Budget Day.
- **As such, the 2017/18 budget management plan that LSS submitted on February 20, 2017 conforms to the conditions required for approval.**

OPTIONS:

- **Option 1 (recommended):** approve the LSS 2017/18 budget management plan subject to the conditions set out in the attached letter (Attachment 3) and send to the Chair.
- Option 2: defer approval pending further information, analysis and consideration. There is no fixed deadline for approval, but in practice it has been before the start of the new fiscal year, April 1; and there are expected to be further time limitations due to the Provincial election.

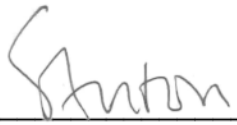
OPTION _1_ APPROVED: **DATE:**



_____ March 10, 2017

Richard J. M. Fyfe, Q.C.
Deputy Attorney General and
Deputy Minister, Justice

OPTION __ APPROVED: **DATE:**



March 14, 2017

The Honourable Suzanne Anton QC
Minister of Justice and Attorney General

Prepared by:
Kathleen Rawlinson
Senior Business & Policy Advisor
Justice Services Branch
250.356.8083

Reviewed by:
James Deitch
Executive Director
Justice Services Branch
250.387.2109

Attachments:
1. Letter from the Chair dated February 20, 2017.
2. LSS budget management plan dated February 20, 2017.
3. Recommended letter from the AG to the LSS Board Chair.

Approved by: Kurt J.W. Sandstrom, Q.C.
Assistant Deputy Minister

Date: March 10, 2017

Legal Services Society

Providing legal aid in British Columbia since 1979

Suite 400
510 Burrard Street
Vancouver, BC V6C 3A8

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Fax: (604) 682-0979
www.lss.bc.ca

Executive Office

February 20, 2017

The Honourable Suzanne Anton, QC
Attorney General and Minister of Justice
Minister's Office
PROVINCE OF BRITISH COLUMBIA
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

Dear Madam Attorney,

Re: Legal Services Society (LSS) 2017/18 Budget Management Plan

Further to your letter of January 4, 2017, enclosed is the Legal Services Society's budget management plan for 2017/18 as approved by the Board of Directors, and the third quarter forecast which I trust will meet with your approval.

This budget has been developed within the framework and principles established by the *Legal Services Society Act*, the Memorandum of Understanding mandated by section 21 of that *Act*, and the LSS commitment to transparency and accountability to all its funders in accordance with the BC Taxpayers Accountability Principles.

The enclosed 2017/18 Budget Management Plan departs from previous submissions provided to the Ministry in that it includes:

- An assumption that the Justice Transformation Expansion line item is a three-year commitment for $2.8 million per year; and
- An assumption that revenues from the provincial government will be paid to LSS monthly in a mutually agreeable manner with the first and last monthly instalments to be delivered no later than five business days after the beginning of the fiscal year as set out in the Memorandum of Understanding.

The budget presented here is not sufficient to meet anticipated demand. LSS is relying on assurances from the Deputy Minister that funding for criminal legal aid committed by Canada to the province will be provided to LSS, without holdback, as additional revenue. In presenting this budget, LSS is relying upon funds provided by Canada to the Province in respect to Immigration legal aid will also be provided to LSS, without any holdback.

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As you know, the LSS Board of Directors oversees LSS revenue and expenditures throughout the year and the management of the budget through the year occurs within the statutory framework and is further guided by the direction and priorities established by the LSS Board of Directors.

That direction and those priorities are:

1. LSS will provide services articulated in the MOU to the amount of the available government funding;

2. LSS will manage its government funding to the bottom line and not to the individual tariff line items within the budget;

3. LSS will prioritize services over administrative and operational expenditures to the extent that this can be done without compromising the ongoing effectiveness of the society;

4. LSS will prioritize preservation of services in the following order:

    a) Child protection
    b) Family
    c) Criminal; and

5. Subject to Board approval, LSS will make any necessary tariff service adjustments on the basis of the mitigation strategies included with this document.

LSS remains committed to reporting information concerning the financial and performance results of LSS that is credible, timely and complete.

Thank you for your ongoing support to LSS. I look forward to our continuing dialogue at our next quarterly meeting

Respectfully,

Suzette Narbonne,
Chair, LSS Board of Directors

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Cc: Richard J. M. Fyfe, QC, Deputy Attorney General and Deputy Minister of Justice
Kurt Sandstrom, QC, Assistant Deputy Minister, Ministry of Attorney General
Mark Benton, QC, CEO, LSS

Enclosures: 2017/18 Budget Management Plan documents as of February 20, 2017

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Finance and Corporate Services

Legal Services Society (LSS)
2017/18 Budget Management Plan

Included in the LSS submission are the following documents:

Item #	Topic	Page #
1	A three-year budget including the following: a. 2017/18 Budget Principles and Assumptions; b. Three year Budget for 2017/18 to 2019/20 c. Application and Referral Volumes Based on JAG Budget d. Application and Referral Volumes Based on LSS Forecast	1 - 5
2	A 2017/18 departmental budget by expenditure category compared to 2016/17 forecast expenditures as of the December 2016 forecast submission.	6
3	A separate document identifying presssures LSS is forecasting, along with the following: a. A budget pressure mitigation plan that presents options to manage any pressures; and b. Operational impacts of the pressures and mitigation plans.	7 - 14
4	A capital and an amortization forecast/schedule for the next ten years, by year and asset type.	15
5	A spending plan for the anticipated budget increase in federal funding for criminal legal aid.	16
6	A detailed set of assumptions showing the main cost drivers and formulas used in the calculations, and the estimated dollar impacts for each item.	17 - 20
7	A performance metric to measure the accuracy of the LSS 3rd Quarter Forecast of the surplus, if any, compared to final, actual results.	21

The Honourable Suzanne Anton, QC, Attorney General and Minister of Justice
February 20, 2017

Legal Services Society
Budget Principles & Assumptions for 2017/18

Overview:

LSS has been advised through our mandate & budget request letters that we are not permitted to run a deficit unless otherwise approved by the Ministry. LSS must also seek Treasury Board approval to access its Accumulated Surplus. This is consistent with 2015/16.

In the 2017/18 operating budget, LSS budgeted $21.849 M for the Criminal Category A Tariff, although cost projections are $23.297 M. LSS has received assurances from the Ministry that the additional cost of $1.5 M will be funded from a flow through of additional Criminal Legal Aid funds from the Federal Government to the Province of BC. LSS will provide services to the available funding.

LSS anticipates continued tariff cost pressures in the areas of Family & Immigration in 2017/18. In the absence of new funding LSS will manage to the available budget as per the attached mitigation strategies.

Per terms of our MOU LSS is not permitted to use surpluses in other tariff areas to cover a shortfall in Immigration funding. LSS is working with the provincial government to seek additional funding from the federal government.

LSS is also forecasting that costs for Category B & C cases will exceed the amount of available budgets in 2017/18 which will result in additional costs for the Ministry. LSS will provide services to the available funding.

Guiding Principles:
The guiding principles upon which we agreed for the 2016/17 budget continue to guide the development of the 2017/18 budget.

Assumptions:

1. Revenues from the Provincial government will remain at the 2015/16 levels other than:
    a. An additional $0.121 million for salary increases for unionized staff under the *Economic Stability Mandate and Economic Stability Dividend.*
    b. An additional $2.8 million for Justice Transformation Expansion, subject to budget decision.
2. Revenues from the provincial government will be paid to LSS monthly in a mutually agreeable manner with the first and last monthly instalments to be delivered no later than five business days after the beginning of the fiscal year as set out in the Memorandum of Understanding.

3. Law Foundation base funding of $2.955 million will remain at 2016/17 levels plus an additional $0.130 million of deferred revenue being recognized in 2017/18.
4. Contract (referral) volumes for tariff services will occur as forecasted.
5. No additional services will be provided by the society unless additional funds are secured.
6. JITI funding remains at $2.0 million.

Key Points:

7. LSS is concerned with Category B costs exceeding the available budget. In 2017/18 we anticipate a deficit of $1.1 million over and above the base budget of $1.813 million for a total forecasted cost of $2.9 million due to higher volume of cases, higher costs, and additional costs for CLAS. Note, deferred contributions available in prior years are no longer available to LSS as this was completely exhausted in 2015/16. Per terms of our MOU any excess costs are to be covered first by the Criminal Category A surplus, if any. Secondly, any remaining deficit is to be covered by the Ministry. As we are not expecting a Criminal Category A surplus any overage becomes a cost for the Ministry.
8. LSS is concerned with Category C costs exceeding the available budget. In 2017/18 we anticipate a deficit of $2.545 million over and above the base budget of $2.855 million for a total forecasted cost of $5.4 million. LSS has limited ability to control costs in this area. Per terms of our MOU the Ministry is responsible for indemnifying LSS for its costs of Category C cases.
9. All tariff budgets were calculated based on a fee code basis rather than an estimate of the average case cost times the expected number of contracts. This process is consistent with the past three years and has proven to be highly reliable.
10. Contract (referral) volumes were calculated using actual applications and contracts (referrals) for each month over the past three and a half years.
11. The Amortization & Premises budgets were updated to reflect current & anticipated costs.

Risks or Items Not Budgeted For:

12. We have not budgeted for any additional costs that may result from the implementation of the recommendations contained in the Truth & Reconciliation Commission Calls to Action or Grand Chief Ed John's report on child protection and Aboriginal children in care.
13. We have not budgeted for any changes as a result of a more liberal Immigration & refugee policy by the federal government.
14. The tariff budgets have not been adjusted for any potential JITI impacts.
15. Court Services Branch on occasion goes out to tender transcript providers. LSS is a party to this tender. Any resulting negotiated increase ends up costing LSS more money as our budget is not increased for this. In 2016/17 LSS budgeted $1 million for transcripts.

Legal Services Society
Final 2017/18 Budget
Figures in thousands

	2015/16 Actuals	Dec/16 Q3 Forecast	2016/17 Budget	2017/18 Budget	Gov't Funded	Non-Gov't Funded	2018/19 Budget	2019/20 Budget
Provincial Revenue								
Grant	64,640	65,167	65,167	65,288	65,288	-	65,404	65,404
Federal Funding to BC	-	1,081	-	-	-	-	-	-
Justice Transformation	2,000	2,000	2,000	2,000	2,000	-	2,000	2,000
Justice Transformation Expansion	-	-	-	2,800	2,800	-	2,800	2,800
Category B	2,174	2,193	1,813	1,813	1,813	-	1,813	1,813
Category C	2,598	3,383	2,855	2,855	2,855	-	2,855	2,855
Federal High Cost	101	200	650	650	650	-	650	650
Immigration	1,700	2,230	1,700	1,700	1,700	-	1,700	1,700
Drug Court	120	120	120	120	120	-	120	120
Community Court	370	370	370	370	370	-	370	370
Total Provincial Revenue	**74,594**	**76,744**	**74,675**	**77,596**	**77,596**	**-**	**77,712**	**77,712**
Other Revenue								
Law Foundation	3,033	2,955	2,955	3,085	-	3,085	3,095	2,955
Notary Foundation	756	900	600	600	-	600	600	750
Investment Income	348	300	368	368	-	368	400	468
Department of Justice	892	550	-	-	-	-	-	-
Other	163	115	115	115	-	115	115	115
Total Other Revenue	**5,192**	**4,820**	**4,038**	**4,168**	**-**	**4,168**	**4,210**	**4,288**
Total Revenue	**79,786**	**81,564**	**78,713**	**81,764**	**77,596**	**4,168**	**81,922**	**82,000**
Tariff Services								
Criminal Category A	22,332	22,900	21,849	21,849	21,849	-	21,849	21,849
Category B	2,649	1,780	1,400	1,400	1,400	-	1,400	1,400
Category C	2,117	2,902	2,375	2,375	2,375	-	2,375	2,375
Department of Justice	859	550	-	-	-	-	-	-
Criminal Duty Counsel	5,170	5,405	5,375	5,375	5,375	-	5,375	5,375
Justice Transformation	2,000	2,000	2,000	2,000	2,000	-	2,000	2,000
Justice Transformation Expansion	-	-	-	2,800	2,800	-	2,800	2,800
Federal High Cost	101	200	650	650	650	-	650	650
Family Category A	9,095	9,951	8,951	8,951	8,951	-	8,951	8,951
Family Duty Counsel	3,381	3,481	3,166	3,166	3,166	-	3,166	3,166
Family Law Line	315	-	315	315	-	315	315	315
CFCSA Category A	6,413	7,085	7,285	7,285	7,285	-	7,285	7,285
Immigration & Refugee	1,580	2,030	1,500	1,500	1,500	-	1,500	1,500
Contracted Representation Services	2,486	2,516	2,516	2,516	2,516	-	2,516	2,516
Total Tariff Services	**58,498**	**60,800**	**57,382**	**60,182**	**59,867**	**315**	**60,182**	**60,182**
Tariff Services Admin	1,867	1,640	1,990	2,048	1,878	170	2,072	2,072
Public Services	5,316	5,447	5,447	5,413	4,652	761	5,441	5,441
Category B Admin	413	413	413	413	413	-	413	413
Category C Admin	481	481	481	481	481	-	481	481
Immigration & Refugee Admin	81	200	200	200	200	-	200	200
Publishing	1,691	1,336	1,336	1,466	392	1,074	1,499	1,359
Community Engagement	928	951	951	960	-	960	960	960
Indigenous Services	641	595	595	595	-	595	595	595
Executive Office	1,208	1,175	1,259	1,309	1,309	-	1,079	1,079
Strategic Planning, Policy and HR	1,824	1,824	1,824	1,774	1,774	-	1,787	1,787
IT Services	2,676	2,064	2,064	2,064	2,064	-	2,085	2,085
Finance & Admin	1,498	1,384	1,384	1,384	1,384	-	1,402	1,402
Infrastructure	-	500	500	500	500	-	500	500
Amortization	774	744	777	777	777	-	955	1,093
Premises	1,890	2,010	2,110	2,198	1,905	293	2,271	2,351
Total Operating Costs	**21,288**	**20,764**	**21,331**	**21,582**	**17,729**	**3,853**	**21,740**	**21,818**
Total Costs	**79,786**	**81,564**	**78,713**	**81,764**	**77,596**	**4,168**	**81,922**	**82,000**
Net Surplus/(Deficit)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Legal Services Society
Application and Referral Volume - JAG Budget
For the Fiscal Year April 1, 2017 to March 31, 2018

Tariff	2013/14	2014/15	2015/16	3 Yr. Average		Budget 2016/17	Forecast 2016/17	Variance 2016/17		Budget 2017/18	Change
Criminal											
Admin											
Application	4,466	4,606	4,100	4,391		4,420	4,468	48		4,420	-
Referrals	3,552	3,729	3,445	3,575		3,530	3,887	357		3,320	(210)
Referral %	79.5%	81.0%	84.0%	81.4%		80.0%	87.0%	-		75.0%	-
Summary											
Application	10,101	10,110	9,525	9,912		10,350	9,944	(406)		9,930	(420)
Referrals	8,065	8,264	8,633	8,321		7,240	8,494	1,254		7,400	160
Referral %	79.8%	81.7%	90.6%	83.9%		70.0%	85.0%	-		75.0%	-
Indictable											
Application	9,857	9,539	9,716	9,704		9,470	9,442	(28)		9,680	210
Referrals	8,406	8,231	8,862	8,500		8,060	8,690	630		8,500	440
Referral %	85.3%	86.3%	91.2%	87.6%		85.0%	92.0%	-		88.0%	
Major											
Application	331	365	354	350		330	268	(62)		342	12
Referrals	305	340	344	330		311	243	(68)		325	14
Referral %	92.1%	93.2%	97.2%	94.2%		94.0%	91.0%	-		95.0%	-
Appeals											
Application	450	586	484	507		480	470	(10)		450	(30)
Referrals	173	280	277	243		280	230	(50)		250	(30)
Referral %	38.4%	47.8%	57.2%	48.0%		58.3%	49.0%	-		56.0%	100.0%
Criminal Sub-Total											
Application	25,205	25,206	24,179	24,863		25,050	24,592	(458)		24,822	(228)
Referrals	20,501	20,844	21,561	20,969		19,421	21,544	2,123		19,795	374
Referral %	81.3%	82.7%	89.2%	84.3%		78.0%	88.0%	-		80.0%	-
CFCSA											
Application	3,241	3,330	2,962	3,178		3,020	3,106	86		3,150	130
Referrals	2,553	2,571	2,423	2,516		2,420	2,346	(74)		2,370	(50)
Referral %	78.8%	77.2%	81.8%	79.2%		80.0%	76.0%	-		75.0%	-
Family											
Application	9,364	8,621	7,888	8,624		6,210	7,854	1,644		7,860	1,650
Referrals	3,727	3,494	3,887	3,703		3,460	4,031	571		3,380	(80)
Referral %	39.8%	40.5%	49.3%	42.9%		56.0%	51.0%	-		43.0%	-
Immigration											
Application	865	981	1,040	962		1,040	1,418	378		1,040	-
Referrals	641	720	779	713		780	1,053	273		780	-
Referral %	74.1%	73.4%	74.9%	74.2%		75%	74.0%	72.0%		75.0%	-
Total											
Application	38,675	38,138	36,069	37,627		35,320	36,970	1,650		36,872	1,552
Referrals	27,422	27,629	28,650	27,900		26,081	28,974	2,893		26,325	244

The Honourable Suzanne Anton, QC, Attorney General and Minister of Justice
February 20, 2017

Legal Services Society
Application and Referral Volume - Based On Forecast
For the Fiscal Year April 1, 2017 to March 31, 2018

Tariff	2013/14	2014/15	2015/16	3 Yr. Average	Budget 2016/17	Forecast 2016/17	Variance 2016/17	Budget 2017/18	Change
Criminal									
Admin									
Application	4,466	4,606	4,100	4,391	4,420	4,468	48	4,420	-
Referrals	3,552	3,729	3,445	3,575	3,530	3,887	357	3,750	220
Referral %	79.5%	81.0%	84.0%	81.4%	80.0%	87.0%	-	85.0%	-
Summary									
Application	10,101	10,110	9,525	9,912	10,350	9,944	(406)	9,930	(420)
Referrals	8,065	8,264	8,633	8,321	7,240	8,494	1,254	8,450	1,210
Referral %	79.8%	81.7%	90.6%	83.9%	70.0%	85.0%	-	85.0%	-
Indictable									
Application	9,857	9,539	9,716	9,704	9,470	9,442	(28)	9,680	210
Referrals	8,406	8,231	8,862	8,500	8,060	8,690	630	8,720	660
Referral %	85.3%	86.3%	91.2%	87.6%	85.0%	92.0%	-	90.0%	
Major									
Application	331	365	354	350	330	268	(62)	342	12
Referrals	305	340	344	330	311	243	(68)	325	14
Referral %	92.1%	93.2%	97.2%	94.2%	94.0%	91.0%	-	95.0%	-
Appeals									
Application	450	586	484	507	480	470	(10)	450	(30)
Referrals	173	280	277	243	280	230	(50)	250	(30)
Referral %	38.4%	47.8%	57.2%	48.0%	58.3%	49.0%	-	56.0%	100.0%
Criminal Sub-Total									
Application	25,205	25,206	24,179	24,863	25,050	24,592	(458)	24,822	(228)
Referrals	20,501	20,844	21,561	20,969	19,421	21,544	2,123	21,495	2,074
Referral %	81.3%	82.7%	89.2%	84.3%	78.0%	88.0%	-	87.0%	-
CFCSA									
Application	3,241	3,330	2,962	3,178	3,020	3,106	86	3,150	130
Referrals	2,553	2,571	2,423	2,516	2,420	2,346	(74)	2,370	(50)
Referral %	78.8%	77.2%	81.8%	79.2%	80.0%	76.0%	-	75.0%	-
Family									
Application	9,364	8,621	7,888	8,624	6,210	7,854	1,644	7,860	1,650
Referrals	3,727	3,494	3,887	3,703	3,460	4,031	571	4,050	590
Referral %	39.8%	40.5%	49.3%	42.9%	56.0%	51.0%	-	52.0%	-
Immigration									
Application	865	981	1,040	962	1,040	1,418	378	1,610	570
Referrals	641	720	779	713	780	1,053	273	1,220	440
Referral %	74.1%	73.4%	74.9%	74.2%	75.0%	74.0%	72.0%	76.0%	77.0%
Total									
Application	38,675	38,138	36,069	37,627	35,320	36,970	1,650	37,442	2,122
Referrals	27,422	27,629	28,650	27,900	26,081	28,974	2,893	29,135	3,054

Legal Services Society
2017/18 Operating Budget Submission
Departmental Budget by Expenditure Category
Figures in 000's

Description	Salaries	Contracted Services	Operational Costs	2017/18 Department Budget	Q3 Forecast
Total Tariff Services Admin	2,788	161	193	3,142	2,734
Less: Cat B Admin	0	0	(413)	(413)	(413)
Less: Cat C Admin	0	0	(481)	(481)	(481)
Less: Immigration Admin	0	0	(200)	(200)	(200)
Net Tariff Services Admin	2,788	161	(901)	2,048	1,640
Public Services	3,092	2,084	238	5,413	5,447
Publishing	870	297	299	1,466	1,336
Community Engagement	475	355	130	960	951
Indigenous	204	360	31	595	595
Executive Office	679	206	424	1,309	1,175
Strategic Planning, Policy and HR	1,217	333	224	1,774	1,824
Finance and Administration	1,163	153	69	1,385	1,384
Information Technology	1,200	383	481	2,064	2,064
Infrastructure	0	0	500	500	500
Amortization	0	0	777	777	744
Premises	0	0	2,198	2,198	2,010
Total	11,687	4,331	5,564	21,582	20,764

The Honourable Suzanne Anton, QC, Attorney General and Minister of Justice
February 20, 2017

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES

CRIMINAL

Criminal representation services are provided to financially eligible clients who face a risk of jail, loss of livelihood, removal from Canada or are not able to receive a fair hearing if self-represented. Increased volumes of representation contracts and significant case cost increases in more complex criminal cases mean that criminal tariff costs are forecast to exceed available funding.

2016/17 Budget	2017/18 Forecast	Deficit
$21,849,000	**$23,297,000**	**($1,448,000)**

Risk (Budget Pressure)	Cost Driver	Mitigation Strategy
Possible acceleration or deceleration of cases in the Provincial Court affecting the number of bills and therefore expenditures.	• Changes to the capacity of the Provincial Court (e.g. responses to SCC decision on trial delay) (Jordan decision) • Possible impact of Crown file ownership project include: - Earlier resolution of criminal cases thereby increasing the number and frequency of bills processed by LSS in fiscal 2017/18 - Delayed or reduced approval of charges.	• Seek additional funding from Federal Criminal Legal Aid Funding with direct flow through from the province to LSS • If expenditures exceed budget, LSS will reduce expenditures through one or all of the following options: - Eliminating or reducing out of custody duty counsel services in high volume locations (Abbotsford, Chilliwack, Kamloops, Kelowna, New Westminster, North Vancouver, Surrey, Vancouver (222) and Victoria). - Eliminating or restricting coverage for Administrative offences.

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES **CRIMINAL**		
Risk (Budget Pressure)	**Cost Driver**	**Mitigation Strategy**
		- Reduce number of Appeals contracts (which will increase s. 684 appointments in Category B) - Limit the number of referrals to the available budget • If expenditures are below budget, LSS will allocate excess in accordance with the Memorandum of Understanding
Increase in cost per case	• Determination of constitutionality of mandatory minimum penalties (*Safe Streets and Communities Act)* drives case costs higher • Procedural complexity increases trial length (e.g. R. v. Hart voir dires) • Increase in externally driven disbursement costs (BCMA rates, transcript costs, meterage, etc.)	• See above
Increase in the average length and overall cost of complex criminal proceedings.	• Higher volumes of drug and gang related prosecutions • Increase in frequency and duration of pre-trial applications related to disclosure, privilege, and Crown positions related to Charter issues	• See above

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES

FAMILY

To manage family law expenditures to budget, LSS restricts services to situations where safety is at risk or there is a persistent denial of access to children. The society further limits expenditures by restricting discretionary services. A consequence of this is that LSS currently refuses about 50 per cent of applicants for family representation services. The society also provides Family Duty Counsel and Family Advice Lawyer services to court and non-court self-represented clients at most Provincial Court and some Supreme Court locations. Based on forecasted tariff expenditures LSS anticipates a deficit in Family services in 2017/2018 unless the following mitigation strategies are undertaken.

2016/17 Budget	2017/18 Forecast	Deficit
$8,951,000	**$9,570,000**	**($619,000)**
Risk (Budget Pressure)	**Cost Driver**	**Mitigation Strategy**
Demand for referrals exceeds budget	• *Family Law Act* – provides a broader definition of violence • More clients qualify for legal aid as definition of violence is more broadly understood • BC families affected by the economic downturn in Alberta increases the prevalence of family violence and makes more clients financially eligible	• Limit the number of referrals to available budget • Limit the scope of services offered to applicants • Eliminate discretionary coverage for clients with income within $200 of financial cut-off • Eliminate any discretionary coverage for clients regardless of need or ability to pay • Reduce income for financial eligibility criteria

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES **FAMILY**		
Risk (Budget Pressure)	**Cost Driver**	**Mitigation Strategy**
Case cost increases	• Family Law Act creates a statutory obligation on lawyers to screen for family violence - impacts usage of general preparation hours • Lack of available court time requires multiple and duplicate hearing preparations. • Experienced local lawyers choosing private paying clients for better remuneration • Increased travel costs due to lack of available lawyers in many regions • New legislation creates increased usage of preparation hours as counsel learns leading decisions & challenges interpretations	• Reduce the scope of legal services offered to qualifying clients • Limit or reduce preparation & attendance for mediation per referral • Limit total number of mediations per referral

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES FAMILY		
Risk (Budget Pressure)	**Cost Driver**	**Mitigation Strategy**
	• Increase in externally driven disbursement costs (BCMA rates, transcript costs, disclosure from third parties such as MCFD and police agencies, meterage, etc.) • Statutory emphasis on out-of-court dispute resolution by mediation or arbitration creates growing disbursement expenditures & counsel fees for mediation/arbitration	
Tariff billing & number of bills exceeds budget	• Accelerated scheduling of cases as family trials given priority • Increased tools available in legislation such as conduct & enforcement orders • Family Duty Counsel and Family Advice Lawyers assist clients who do not qualify for representation and are self-represented (LSS policy for higher financial eligibility threshold for advice services)	• Limit the number of referrals to the available budget • Reduce the scope of services to qualified clients • Limit or reduce preparation & attendance hours for court applications per referral • Temporarily suspend Family Duty Counsel and Family Advice Services (other than contractual obligations to Lead FDC)

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES

CFCSA

Child Protection services are provided to financially eligible parents, persons who have lived with the child in a parent or custodial relationship, or a member of the community who has a cultural or traditional responsibility towards the child or children, and the child has been removed or there is a risk of removal due to protection concerns by MCFD or a Delegated Aboriginal Authority (DAA). LSS anticipates that the recent release of **Indigenous Resilience, Connectedness and Reunification – From Root Causes to Root Solutions,** A Report on Indigenous Child Welfare in British Columbia by Special Advisor Grand Chief Ed John will escalate demand for CFCSA services and costs as it focuses on consensual dispute resolution processes and will create fiscal pressures for LSS in 2017-2018. LSS will need to closely monitor demand and implement the mitigation strategies if demand exceeds budget.

2016/17 Budget	2017/18 Forecast	Deficit
$7,285,000	**$7,285,000**	**$ 0**
Risk (Budget Pressure)	**Cost Driver**	**Mitigation Strategy**
Demand for referrals exceeds budget	• Increase in number of clients applying for coverage in Child Protection cases • Increased applications prior to removal of children as a result of increased awareness of legal rights related to parenting	• Limit referrals to available budget • Limit preparation & attendance at Family Group Conferences • Eliminate any discretionary coverage for clients regardless of need or ability to pay • Provide a more restrictive level of advice service to clients at the “pre-removal” protection stage

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES **CFCSA**		
Risk (Budget Pressure)	**Cost Driver**	**Mitigation Strategy**
Increased case costs	• Increased usage and cost of consensual dispute resolution processes at family assessment stage • Increased usage of consensual dispute resolution processes at all levels and stages of intervention • Increased usage of hours available in tariff for related poverty issues such as benefit entitlement, housing, debt • Increase in externally driven disbursement costs (BCMA rates, transcript costs, meterage, etc.) • Increase in length of trials • Increase in disclosure issues and volumes and related counsel preparation time and court attendance • Increased travel costs due to lack of available lawyers in many regions	• Limit preparation & attendance hours for dispute resolution processes • Limit number of mediations allowed per referral • Eliminate extended services for complex CFCSA cases that require more hours than provided in tariff • Eliminate legal services currently covered by the tariff for related poverty issues
Potential acceleration or deceleration of cases in court affecting the number of bills received and therefore expenditures.	• Projected accelerated scheduling of cases due to changes in provincial court trial scheduling process and additional available hearing dates	• Manage the number of referrals to the available budget • Reduce the scope of legal services offered to qualifying clients

BUDGET PRESSURES, COST DRIVERS AND MITIGATION STRATEGIES

IMMIGRATION

Immigration representation services are provided to financially eligible clients who have meritorious refugee claims and to financially eligible clients who face immigration proceedings that would result in their removal from Canada in circumstances that put their personal safety at risk. Significant increases in the number of refugee claims in BC resulting from the international refugee crisis mean that the immigration tariff is forecast to exceed available funding.

2016/17 Budget	2017/18 Forecast	Deficit
$1,500,000	**$2,300,000**	**($800,000)**
Risk (Budget Pressure)	**Cost Driver**	**Mitigation Strategy**
Increased demand for services	• Increase in applications for refugee protection in BC resulting from international refugee crisis	• Seek additional funding from federal government and full flow through from provincial government to LSS • Reduce discretionary services currently provided to long-term residents at risk of removal from Canada • Cease services when available funds exhausted (target on current budget is October 2017)
Increase in case costs	• Increase in refugee claims will increase demand for appeals under new procedures introduced in December 2012	• As above

16/17 10 Year Capital Forecast
Legal Services Society
(figures in $000's)

Agency	Project Name	12/13 Actual	13/14 Actual	14/15 Actual	15/16 Actual	16/17 YTD Q3	16/17 Forecast	17/18 Forecast	18/19 Forecast	19/20 Forecast (note 1)	20/21 Forecast	21/22 Forecast	22/23 Forecast	23/24 Forecast	24/25 Forecast	25/26 Forecast
Legal Services Society	Office Furniture and Equipment	53		1					100	100	100	100	100	100	100	100
Legal Services Society	Tenancy Improvement	31								3,000						
Legal Services Society	Client Information System (CIS)	139	1,768	2,090	262		700									
Legal Services Society	Information Technology	150	27	40	53	39	50	400	400	400	400	400	400	400	400	400
Legal Services Society	Large Case Management	178														
Legal Services Society	Infrastructure				176				150	150	150	150	150	150	150	150
	Total Additions	**551**	**1,795**	**2,131**	**491**	**39**	**750**	**400**	**650**	**3,650**	**650**	**650**	**650**	**650**	**650**	**650**

Book Value March 31, 2016	
Furniture	172
Equipment	6
Computer Equipment	42
Computer Software	272
CIS	3,832
Leasehold Improvements	612
Total	4,936

Current Actual Amortization

Project Name	15/16 Actual	16/17 YTD Q2	16/17 Forecast	17/18 Forecast	18/19 Forecast	19/20 Forecast (note 1)	20/21 Forecast	21/22 Forecast	22/23 Forecast	23/24 Forecast	24/25 Forecast	25/26 Forecast
Furniture	54	27	54	54	54	11						
Equipment	7	4	6									
Computer Equipment	59	14	42									
Computer Software	38	20	38	38	38	38	38	38	38	5		
CIS	426	213	426	426	426	426	426	426	426	426	426	
Leasehold Improvements	191	95	163	163	163	122						
Total Additions	774	373	728	681	681	597	464	464	464	430	426	0

Amortization of Additions

Project Name	15/16 Actual	16/17 YTD Q2	16/17 Forecast	17/18 Forecast	18/19 Forecast	19/20 Forecast (note 1)	20/21 Forecast	21/22 Forecast	22/23 Forecast	23/24 Forecast	24/25 Forecast	25/26 Forecast
Office Furniture and Equipment			0	0	5	15	25	35	45	55	65	75
Tenancy Improvement						75	300	300	300	300	300	300
Client Information System (CIS)				70	70	70	70	70	70	70	70	70
Information Technology			16	26	163	263	400	400	400	400	400	400
Large Case Management												
Infrastructure				0	36	73	281	244	150	150	150	150
Total Annual Amortization	**773,990**	**373**	744	777	955	1,093	1,540	1,513	1,429	1,405	1,411	995

Note 1: The $3.0 million estimated cost for Tenancy Improvements in 19/20, is the cost the society may incur to relocate offices should the society not be able to renegotiate its Vancouver lease.

Note 2: Assume half year rule in year of acquisition other than for Tenancy Improvements

Legal Services Society

Providing legal aid in British Columbia since 1979

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Fax: (604) 682-0979
www.lss.bc.ca

Finance and Corporate Services

LSS Proposed Use of Additional Criminal Legal Aid funding from the Federal Government in 2017/18

LSS's proposal includes the following:

1) **To fund existing cost pressures in Criminal Category A cases**: LSS anticipates more cases next year along with higher costs per case (due to longer trials) for its Criminal Case Management (CCM) cases. LSS is currently forecasting a criminal cost pressure of $1,448,000 in 2017/18.

2) **Other areas where LSS would expand include**:
   a. Targeted Indigenous programs/services such as:
      i. First Nations Courts Elders programs and community committee support;
      ii. Duty Counsel in First Nations Courts;
      iii. Gladue Reports, proven in BC to reduce frequency and length of incarceration where they are utilized; and
      iv. Increased training for Gladue writers in northern and remote communities (all are criminal legal aid innovations)
   b. Training & development for lawyers in areas such as:
      i. Cultural Competency recommended by the Truth and Reconciliation Commission (another criminal legal aid innovation) and as identified by Aboriginal leadership and communities as needed in BC, eg. at the First Nations Health Caucuses, LSS Aboriginal Justice Dialogues;
      ii. Lawyer and community training on Gladue principles and how to apply them in the absence of a Gladue report; and
   c. Any year-end surplus in these funds is to be used as a reserve fund for future Category B cases.

Legal Services Society
2017/18 Budget
Calculation of Criminal Category A Budget
Figures in 000's

	17/18 Forecast	17/18 Budget	Difference
Administrative	1,456	1,337	(119)
Summary	4,812	4,500	(312)
Indictable	11,017	10,128	(889)
Major	864	900	36
CCM	3,723	3,660	(63)
Appeals	1,425	1,324	(101)
Total	23,297	21,849	(1,448)
2016/17 Q3 Forecast	22,900		
Change	397		

The Honourable Suzanne Anton, QC, Attorney General and Minister of Justice
February 20, 2017

Category A Tariff Budget
For the Fiscal Year April 1, 2017 through March 31, 2018
Figures in 000's

Criminal Administrative Tariff

Tariff Code	Tariff Description	% of Cases	No. of Cases	Units/Case	Total Units	$ Cost / Unit	Budget	%
113035	Non-trial resolution	77.8%	2,730	1.1	3,000	160	**480**	**36%**
111005	Provincial Court fee	90.9%	3,190	1.0	3,200	70	**224**	**17%**
113050	Sentencing	63.6%	2,230	1.2	2,700	80	**216**	**16%**
	Subtotal						**920**	**69%**
	All other tariff codes (78)						**417**	**31%**
	eg. Multiple information resolution					**Total Budget**	**1,337**	**100%**
	eg. Bail matters in Provincial Court							

Criminal Summary Tariff

Tariff Code	Tariff Description	% of Cases	No. of Cases	Units/Case	Total Units	$ Cost / Unit	Budget	%
113035	Non-trial resolution	79.9%	6,400	1.2	7,700	200	**1,540**	**34%**
113050	Sentencing	65.5%	5,300	1.2	6,400	100	**640**	**14%**
111005	Provincial Court fee	88.5%	7,100	1.0	7,100	85	**604**	**13%**
	Subtotal						**2,784**	**62%**
	All other tariff codes (61)						**1,717**	**38%**
	eg. Multiple information resolution					**Total Budget**	**4,500**	**100%**
	eg. Bail matters in Provincial Court							

Criminal Indictable Tariff

Tariff Code	Tariff Description	% of Cases	No. of Cases	Units/Case	Total Units	$ Cost / Unit	Budget	%
113035	Non-trial resolution	69.2%	7,055	1.3	9,200	288	**2,650**	**26%**
113080	Trial (subsequent half-days)	5.8%	593	4.0	2,400	535	**1,284**	**13%**
113050	Sentencing	57.8%	5,892	1.3	7,700	125	**963**	**10%**
	Subtotal						**4,896**	**48%**
	All other tariff codes (80)						**5,232**	**52%**
	eg. Bail matters in Provincial Court					**Total Budget**	**10,128**	**100%**
	eg. Provincial Court fee							

The Honourable Suzanne Anton, QC, Attorney General and Minister of Justice
February 20, 2017

Category A Tariff Budget
For the Fiscal Year April 1, 2017 through March 31, 2018
Figures in 000's

Criminal Major Tariff

Tariff Code	Tariff Description	% of Cases	No. of Cases	Units/Case	Total Units	$ Cost / Unit	Budget	%
113080	Trial (subsequent half-days)	11.2%	45	6.6	300	740	**220**	**24%**
113035	Non-trial resolution	48.1%	192	1.3	200	390	**98**	**11%**
113075	Trial (first two half-days)	13.7%	55	1.2	100	1,330	**88**	**10%**
	Subtotal						**406**	**45%**
	All other tariff codes (62)						**494**	**55%**
	eg. Meterage					**Total Budget**	**900**	**100%**
	eg. Sentencing							

Criminal CCM - A Tariff

Tariff Code	Tariff Description	% of Cases	No. of Cases	Units/Case	Total Units	$ Cost / Unit	Budget	%
9153	General Preparation	65.6%	216	93.1	20,100	95	**1,903**	**52%**
9158	Court Attendance (Actual)	55.6%	183	29.5	5,400	91	**491**	**13%**
9159	Trial Preparation	33.6%	111	46.3	5,100	92	**475**	**13%**
	Subtotal						**2,869**	**78%**
	All other tariff codes (142)						**791**	**22%**
	eg. Disclosure/Case assessment					**Total Budget**	**3,660**	**100%**
	eg. Travel out-of-office							

Criminal Appeals Tariff

Tariff Code	Tariff Description	% of Cases	No. of Cases	Units/Case	Total Units	$ Cost / Unit	Budget	%
9510	Transcripts	36.8%	154	1,425.0	219,500	1	**298**	**23%**
908010	Additional preparation	8.9%	38	30.9	1,200	90	**105**	**8%**
2040	Miscellaneous	5.3%	22	1.5	33	2,800	**93**	**7%**
	Subtotal						**496**	**37%**
	All other tariff codes (44)						**828**	**63%**
	eg. Preparation for conviction appeal in BCCA					**Total Budget**	**1,324**	**100%**
	eg. General preparation - Enhanced Fee							

The Honourable Suzanne Anton, QC, Attorney General and Minister of Justice
February 20, 2017

Non-Criminal Tariff Budget

For the Fiscal Year April 1, 2017 through March 31, 2018

Figures in 000's

Family Tariff Budget

Tariff Code	Tariff Description	% of Cases	No. of Cases	Units/Case	Total Units	$ Cost / Unit	Budget	%
211010	General Preparation	91.8%	3,870	9.0	34,800	88	**3,062**	**34%**
213010	Attendance for court processes	62.5%	3,310	4.3	14,200	88	**1,250**	**14%**
211020	Preparation for Supreme Court	11.6%	1,280	5.2	6,700	88	**590**	**7%**
	Subtotal						**4,902**	**55%**
	All other tariff codes (93)						**4,049**	**56%**
	eg. Preparation for out-of-court dispute resolution					**Total Budget**	**8,951**	**123%**
	eg. Filing/Hearing Fees							

CFCSA Tariff Budget

Tariff Code	Tariff Description	% of Cases	No. of Cases	Units/Case	Total Units	$ Cost / Unit	Budget	%
311010	General Preparation	90.1%	3,870	9.0	34,800	89	**3,097**	**43%**
313010	Attendance for court processes	77.0%	3,310	4.3	14,200	89	**1,264**	**17%**
313050	Attendance for mediation and/or consensual dispute resolution	32.0%	1,380	5.2	7,200	89	**641**	**9%**
	Subtotal						**5,002**	**69%**
	All other tariff codes (87)						**2,283**	**31%**
	eg. Preparation for mediation					**Total Budget**	**7,285**	**100%**
	eg. Travel out-of-office							

Immigration Tariff Budget

Tariff Code	Tariff Description	% of Cases	No. of Cases	Units/Case	Total Units	$ Cost / Unit	Budget	%
411010	General Preparation	46.9%	360	13.4	4,800	90	**432**	**29%**
421020	Preparation for immigration appeal/judicial review	9.8%	80	18.3	1,500	90	**135**	**9%**
413010	Attendance at a hearing - refugee claims	30.5%	240	4.0	1,000	90	**90**	**6%**
	Subtotal						**657**	**44%**
						Duty Counsel	**140**	**9%**
	All other tariff codes (89)						**703**	**47%**
	eg. Additional preparation					**Total Budget**	**1,500**	**100%**
	eg. Submissions to CIC/CBSA							

LSS 3rd Quarter Forecast Accuracy Metric
in thousands (000's)

3rd Quarter Forecast	2013/14	2014/15	2015/16
Revenue	80,841	79,469	79,636
Expense	81,341	79,469	79,636
Surplus/(Deficit)	**(500)**	**0**	**0**
Year-end Actual from Audited Statements			
Revenue	80,058	79,715	79,786
Expense	80,558	79,833	79,786
Surplus/(Deficit)	**(500)**	**(118)**	**0**
Variance			
Revenue	(783)	246	150
Expense	(783)	364	150
Surplus/(Deficit)	**0**	**(118)**	**0**
% Variance			
Revenue	0.97%	0.31%	0.19%
Expense	0.96%	0.46%	0.19%

The Honourable Suzanne Anton, QC, Attorney General and Minister of Justice
February 20, 2017

ATTACHMENT 3

Ms Suzette Narbonne
Chair
Board of Directors
Legal Services Society
400 – 510 Burrard Street
Vancouver BC V6C 3B9

Dear Ms. Narbonne:

On behalf of the Government of British Columbia I write to advise you that I approve the 2017/18 three-year budget management plan for Legal Services Society (LSS) as submitted on February 20, 2017, with the revisions and principles agreed upon and confirmed by your letter of the same date, noting for clarification that any mitigation strategies that impact service delivery are only to be undertaken after all administrative spending options have been assessed jointly by LSS and ministry staff and approved by the LSS Board.

Please submit LSS's first forecast for fiscal year 2017/18 to ministry staff by Thursday, May 4, 2017.

I appreciate the time and diligence that you, the LSS board, and staff have put towards these matters and look forward to ongoing collaboration with LSS.

Yours very truly,

Suzanne Anton QC
Attorney General
Minister of Justice

pc: Mr. Richard J. M. Fyfe, Q.C.
Mr. Kurt J. W. Sandstrom, Q.C.
Mr. Mark Benton, Q.C.