

**Ministry of Attorney General
Estimates 2017/18 Briefing Book**

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**Ministry of Attorney General
2017/18 September Update Budget Day Briefing**

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**Ministry of Attorney General
2017/18 September Update Budget Day Briefing**

Three Year Service Plan Comparison

(\$ millions)	2016/17	2017/18	2018/19	2019/20
2016/17 Service Plan	\$490.996	\$497.790	\$503.911	\$503.911
2017/18 September Update Service Plan*	\$519.719	\$533.698	\$540.440	\$540.511
Plan over plan change (\$)		\$35.908	\$36.529	\$36.600
Plan over plan change (%)		7.2%	7.2%	7.3%
Year over change (\$)		\$13.979	\$6.742	\$0.071
Year over change (%)		2.69%	1.26%	0.013%

*2016/17 year restated

Ministry of Attorney General
2017/18 September Update Budget Day Briefing
Plan Over Plan Changes (difference between 2016/17 Service Plan and 2017/18 September Update Service Plan):

(\$ millions)	2017/18	2018/19	2019/20
<u>September Update Budget 2017 Decisions</u>			
LSS Economic Stability Mandate	0.00	0.00	0.07
<u>February Budget 2017 Decisions</u>			
Surrey Courthouse/Crown Expansion	2.64	2.64	2.64
Surrey Justice Access Centre	0.40	0.80	0.80
Superior Judiciary Structural Pressure	1.80	1.80	1.80
Sheriffs Staffing	1.41	1.41	1.41
Okanagan Correctional Centre	1.26	0.00	0.00
Guns & Gangs Strategy	0.50	0.50	0.50
Economic Stability Dividend	0.45	0.45	0.45
Employee Benefit Chargeback Rate Reduction	-1.40	0.00	0.00
Sub-total	7.06	7.60	7.60
July Reorganization (GPEB, LCLB)	19.15	19.22	19.22
February Staff Transfers to PSSG	-0.42	-0.42	-0.42
February Tribunal Transfers	10.12	10.13	10.13
Total	35.91	36.53	36.53

Year Over Year Changes in 2017/18 September Update Plan (Difference between years in 2017 September Update Budget including 2016/17 Restated)

Year over year changes are a result of the new funding described in the Plan over Plan changes discussed above (\$7.06 million), as well as 2016/17 funding to cover salary increases for Crown and Legal Counsel (\$3.06 million) and a previous year increase for Economic Stability mandate salary increases for eligible unionized employee groups (\$3.86 million).

**Ministry of Attorney General
2017/18 September Update Budget Day Briefing**

Capital Budget:

The Capital Budget is \$5.25 million, a decrease of \$1.00 million from the previous year.

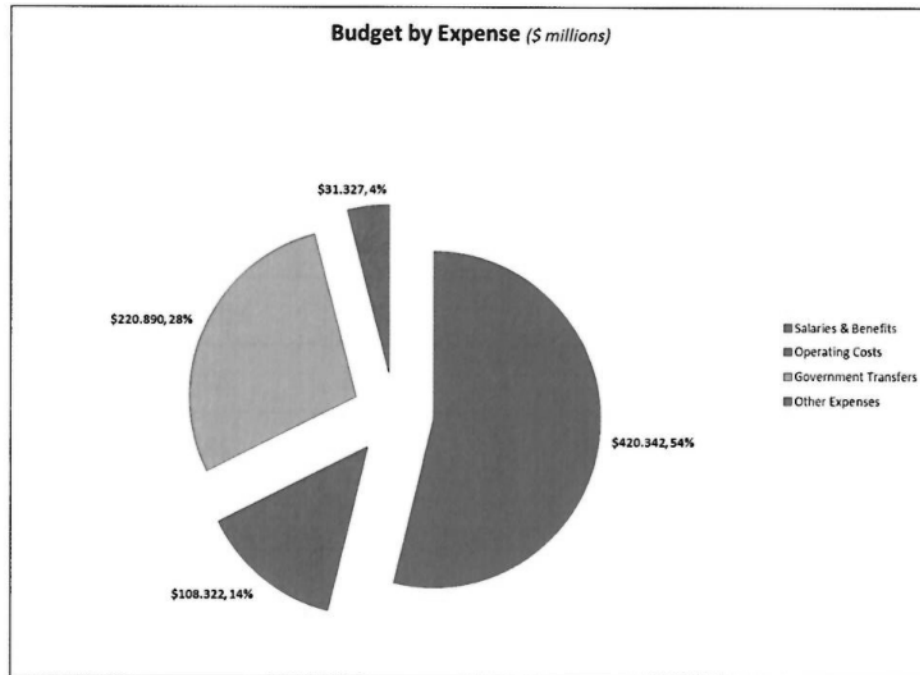
The decrease is primarily due to the completion of the Sheriffs Radio Project funding and of the Okanagan Correctional Centre Sheriff vehicle purchase and fit-up.

For administrative purposes, capital provided to the Ministry is primarily centralized in Executive and Support Services, with the exception of capital held for the Judiciary, Public Guardian and Trustee, and the BC Utilities Commission.

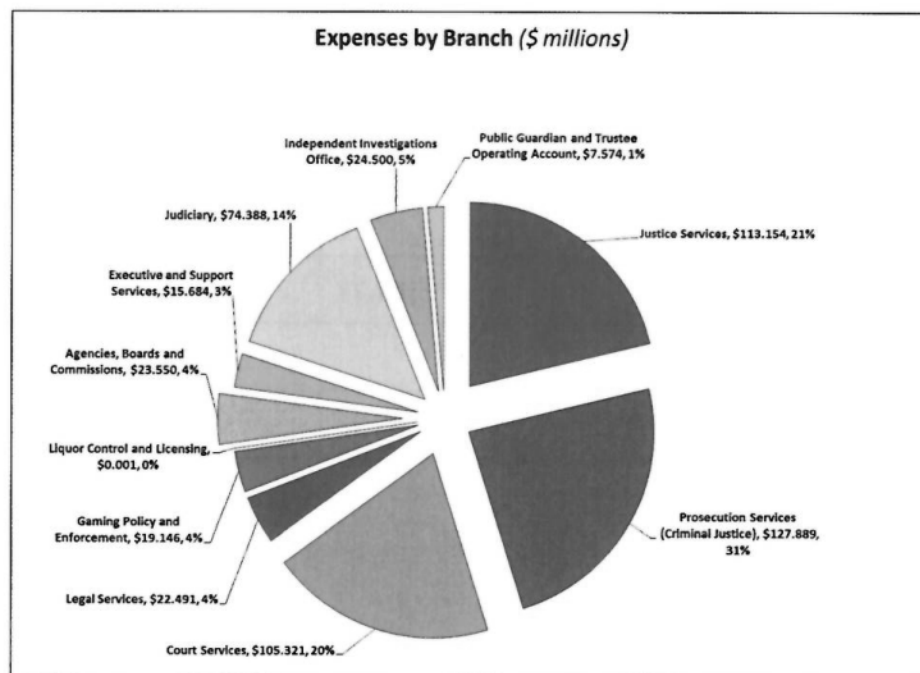
Ministry of Attorney General 2017/18 September Update Budget Day Briefing

Ministry Budget by Expense Type and by Branch

1. Expenses by Cost Type do not include recovery offsets



2. Total expenses by branch are net of recoveries



**Ministry of Attorney General
2017/18 September Update Budget Day Briefing**

Operations Budget – Core Business Summary

	2016/17	2017/18	Change	Change
(\$ millions)	Restated Estimates ¹	September Update Estimates	(\$)	(%)
Ministry of Justice Operations				
Justice Services	110.30	113.15	2.86	2.59%
Prosecution Services (Criminal Justice)	126.60	127.89	1.29	1.02%
Court Services	99.50	105.32	5.83	5.85%
Legal Services	21.21	22.49	1.28	6.05%
Agencies, Boards and Commissions	23.39	23.55	0.16	0.67%
Liquor Control and Licensing	0.00	0.00	0.00	0.00%
Gaming Policy and Enforcement	19.06	19.17	0.09	0.48%
Executive and Support Services	15.83	15.68	(0.15)	(0.94%)
Ministry Operations Subtotal:	415.88	427.24	11.36	2.73%
Judiciary	71.79	74.39	2.60	3.62%
Crown Proceeding Act	24.50	24.50	0.00	0.00%
Independent Investigations Office	7.55	7.57	0.02	0.29%
Public Guardian and Trustee	0.00	0.00	0.00	0.00%
Total	519.72	533.70	13.98	2.69%

Capital Expenditures	6.25	5.25	(1.00)	(16.01%)
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**Ministry of Attorney General
2017/18 September Update Budget Day Briefing**

Budget Summary by Branch and Appropriation

Justice Services

The \$2.86 million funding increase is a result of the rebalancing of Major Case budget between core businesses (\$1.75 million), new funding for the Surrey Justice Access Centre and for legal aid under the Surrey Courthouse Expansion accounts (\$0.66 million), with the balance of additional funding a result of the Economic Stability Mandate and Dividend, and benefit chargeback wage adjustments.

Criminal Justice

The \$1.29 million increase is comprised of Crown Counsel salary increase (\$2.38 million), Surrey Crown Counsel Expansion (\$0.74 million), 2 additional Surrey Crown Counsel under the Guns & Gangs Strategy (\$0.50 million) and the Economic Stability Mandate and Dividend, and benefit chargeback wage adjustments, offset by a reduction for rebalancing of the Major Case budget between core businesses (-\$2.69 million).

Court Services

The \$5.83 million increase reflects funding for Sheriffs Services, including for the new Okanagan Correctional Centre, (\$2.67 million), rebalancing of the Major Case budget between core programs (\$0.95 million), and Surrey Courthouse Expansion (\$0.92 million), as well as Economic Stability Mandate and Dividend, and benefit chargeback wage adjustments.

Legal Services

The \$1.28 million increase reflects the lift for Legal Counsel salary increase under the Crown Counsel Agreement (\$0.52 million), as well as Economic Stability Mandate and Dividend, and benefit chargeback wage adjustments.

Agencies Boards & Commissions

The \$0.16 million increase has primarily been provided for Legal Counsel Salary increases under the Crown Counsel Agreement (\$0.08) and the Economic Stability Mandate and Dividend, and benefit chargeback wage adjustments.

Liquor Control and Licensing

There is no change.

**Ministry of Attorney General
2017/18 September Update Budget Day Briefing**

Gaming Policy and Enforcement

The \$0.09 million increase is the Economic Stability Mandate and Dividend, and benefit chargeback wage adjustments.

Executive and Support Services

The minor decrease of \$0.15 million reflects a prior year reduction of \$0.25 million for a completed project offset by Economic Stability Mandate and Dividend funding.

Judiciary

The \$2.60 million increase reflects funding for a structural pressure in Superior Court Judiciary (\$1.80 million) and funding for the Provincial Judiciary for the Surrey Courthouse Expansion (\$0.73 million), as well as minor Economic Stability Mandate and Dividend, and benefit chargeback wage adjustments.

Independent Investigation Office

The increase of \$0.02 million reflects the Economic Stability Mandate and Economic Stability Dividend and benefit chargeback wage adjustments.

**Ministry of Attorney General
2017/18 September Update Budget Day Briefing**

Operations Budget by Group Account Classification (GAC)

	2016/17	2017/18	Change	Change
(\$ millions)	Restated Estimates ¹	Estimates	(\$)	(%)
Salaries & Benefits	409.06	420.34	11.29	2.76%
Operating Costs	103.58	108.82	4.74	4.57%
Government Transfers	218.15	220.89	2.74	1.26%
Other Expenses	32.23	31.33	(0.91)	(2.81%)
Recoveries	(79.99)	(83.69)	(3.20)	4.00%
Recoveries External	(163.31)	(163.99)	(0.68)	0.42%
Total	519.72	533.70	13.98	2.69%

Salaries & Benefits

The increase of \$11.29 million is incremental funding for Crown and Legal Counsel (\$3.06 million) and Economic Stability Mandate and Dividend (\$3.86 million), and new funding provided for Courts Sheriff Services pressures including Okanagan Correctional Centre Sheriffs (\$2.33 million), Surrey Courthouse Expansion (\$1.74 million), structural pressures in Superior Court Judiciary (\$0.98 million) and reallocation from operating to salaries to address corporate pressures (\$0.75 million), offset by rebalancing of Major Case budget and move of funding from salaries (Criminal Justice) to transfers (Justice Services) and other minor adjustments.

Operating Costs

The increase of \$4.74 million reflects increased demand for Legal Services across government (\$3.28 million) as well as the operating costs across the Ministry for the Surrey Courthouse and Crown Counsel Expansion (\$0.64 million) and Superior Court Judiciary requirements (\$0.82 million) with other minor adjustments.

Government Transfers

The increase of \$2.74 million represents a rebalancing of Major Case budget from salaries (Criminal Justice) to transfers (Justice Services) (\$1.75 million), increase in Horseman's Purse Enhancements (\$0.60 million), and new funding for the Surrey Courthouse Expansion (\$0.26 million) and minor other adjustments.

**Ministry of Attorney General
2017/18 September Update Budget Day Briefing**

Other Expenses

The decrease of \$0.91 million is the reallocation of funding from other expenses to salaries and benefits.

Recoveries

The increase of \$3.20 million is primarily the adjustment for cross government recoveries related to demand for Legal Services.

Recoveries External

The increase of \$0.68 million is primarily recovery for payments to 2 industry associations under the Horseman's Purse Enhancements.

External recoveries in JAG total \$163.989 million:

Branch	\$ (millions)
Justice Services	3.302
Court Services	2.852
Legal Services	0.300
Agencies, Boards and Commissions	9.197
Liquor Control and Licensing	11.603
Gaming Policy and Enforcement	118.772
Executive and Support Services	0.002
Public Guardian and Trustee	17.961
	<hr/>
	163.989
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Ministry of Attorney General
2017/18 September Update Budget Day Briefing

Summary Changes: February 2017 Budget to 2017 September Update Budget

	2017/18	2017/18	Change	Change	
	February 2017 Budget	2017 September Update Budget			
(\$ millions)	Estimates	Estimates	(\$)	(%)	Notes:
Ministry of Justice Operations					
Justice Services	113.154	113.154	0.000	0.00%	
Prosecution Services (Criminal Justice)	127.889	127.889	0.000	0.00%	
Court Services	105.321	105.321	0.000	0.00%	
Legal Services	22.491	22.491	0.000	0.00%	
Agencies, Boards and Commissions	23.550	23.550	0.000	0.00%	
Liquor Control and Licensing	0.000	0.001	0.001	100.00%	July Re-org
Gaming Policy and Enforcement	0.000	19.146	19.146	100.00%	July Re-org
Executive and Support Services	15.684	15.684	0.000	0.00%	
Ministry Operations Subtotal:	408.089	427.236	19.147	4.48%	
Judiciary	74.388	74.388	0.000	0.00%	
Crown Proceeding Act	24.500	24.500	0.000	0.00%	
Independent Investigations Office	7.574	7.574	0.000	0.00%	
Public Guardian and Trustee	0.000	0.000	0.000	0.00%	
Total	514.551	533.698	19.147	3.59%	

Ministry of Attorney General

3 Year Resource Summary

ANNUAL SERVICE PLAN (\$ millions)						
Core Business	Restated Budget 2016/17	2017/18 Estimates	2018/19 Plan	2019/20 Plan	2017/18 Changes	2017/18 Changes
	\$	\$	\$	\$	\$	%
Justice Services	110,297,000	113,154,000	114,016,000	114,087,000	2,857,000	3%
Criminal Justice	126,598,000	127,889,000	131,021,000	131,021,000	1,291,000	1%
Court Services	99,496,000	105,321,000	105,471,000	105,471,000	5,825,000	6%
Legal Services	21,207,000	22,491,000	24,033,000	24,033,000	1,284,000	6%
Agencies, Boards and Commissions	23,394,000	23,550,000	23,774,000	23,774,000	156,000	1%
Liquor Control and Licensing	1,000	1,000	1,000	1,000	0	0%
Gaming Policy and Enforcement	19,055,000	19,146,000	19,220,000	19,220,000	91,000	0%
Executive and Support Services	15,833,000	15,684,000	16,052,000	16,052,000	-149,000	-1%
Judiciary	71,786,000	74,388,000	74,738,000	74,738,000	2,602,000	4%
Crown Proceeding Act	24,500,000	24,500,000	24,500,000	24,500,000	0	0%
Independent Investigations Office	7,552,000	7,574,000	7,614,000	7,614,000	22,000	0%
Special Accounts	0	0	0	0	0	0%
TOTAL	519,719,000	533,698,000	540,440,000	540,511,000	13,979,000	3%

2017/18 Operating Budget Changes:

September Update 2017 Budget

\$0.066 million incremental Economic Stability Mandate for Legal Services Society in 2019/20.

February 2017 Budget

\$2.641 million budget lift to fund Surrey Courthouse and Crown Counsel Expansion

\$1.800 million new Structural Pressure funding in Judiciary

\$1.409 million for 14 additional Sheriffs and one additional Sheriffs training class

\$1.260 million budget lift in 2017/18 only for Sheriffs for Okanagan Correctional Centre

\$0.500 for 2 Crown Counsel for the Guns and Gangs strategy

\$0.450 million Economic Stability Dividend

\$0.400 for expansion of the Surrey Family Justice Centre to a full service Justice Access Centre

(\$1.399) million Benefit Chargeback reduction

Prior Year Decisions:

\$3.056 million increase for Crown and Legal Counsel compensation

\$3.862 million Economic Stability Mandate and Dividend

Ministry Capital Expenditures (Consolidated Revenue Fund) (\$ millions)						
Core Business Area	2016/17	2017/18	2018/19	2019/20	2017/18	2018/19
	Restated	Estimates	Plan	Plan	Changes	Changes
Liquor Control and Licensing	\$318,000	\$187,000	\$187,000	\$187,000	(\$131,000)	\$0
Executive and Support Services	\$4,842,000	\$4,118,000	\$4,067,000	\$4,533,000	(\$724,000)	(\$51,000)
Judiciary	\$570,000	\$570,000	\$570,000	\$570,000	\$0	\$0
Independent Investigations Office	\$145,000	\$0	\$0	\$0	(\$145,000)	\$0
BC Utilities Commission	\$10,000	\$10,000	\$10,000	\$10,000	\$0	\$0
Public Guardian and Trustee (Special Account)	\$363,000	\$363,000	\$363,000	\$363,000	\$0	\$0
Total	\$6,248,000	\$5,248,000	\$5,197,000	\$5,663,000	(\$1,000,000)	(\$51,000)

2017/18 Capital Budget Changes:

Decrease of \$1.000 million majority in Executive and Support Services due to conclusion of purchasing necessary equipment for the Sheriffs Radio Project and the fit up of the Okanagan Correctional Centre Sheriff vehicles.

Ministry of Attorney General – Top 3 Budget 2017 Issues

Top 3 issues

- Jordan Issues (Court Delay)
- Legal Aid Funding
- Adequate Funding for Courts – Sheriffs and Clerks

Jordan Issues (Court Delay)

1. Does the Ministry of Attorney General monitor the cases at risk of being stayed due to the 18 (provincial court) and 30 (supreme) month thresholds under the Jordan ruling?

Response:

Yes, the ministry is actively monitoring the cases that appear to exceed the timelines and those that are getting close to the threshold. Working with police agencies, the ministry is taking all available steps to bring these matters to trial at the earliest opportunity.

2. Since the Jordan ruling, how many cases have been judicially stayed?

Response:

From July 8, 2016 (when the Jordan ruling was delivered) until now (August 26, 2017), 30 cases have been judicially stayed in BC due to systemic delay. These cases include federally prosecuted matters.

3. What is the ministry doing to reduce and/or mitigate the Jordan risk?

Response:

The Ministry of Attorney General believes that it is reasonably well-positioned, as it has been investing in various justice reform and efficiency projects for the last several years. These projects are aimed at removing cases from the courts (e.g. Civil Resolution Tribunal), which free up judicial capacity to deal with more complex cases, and managing the cases that remain in the court system more efficiently by reducing the number of court appearances, increasing early resolution rates, and reducing the time to trial. These efficiency measures include a new resolution policy, increased Crown “file ownership”, the Provincial Court and Crown Counsel Scheduling Systems, and the introduction of the assignment court model in larger court locations in the Province.

In addition, the BC Prosecution Service is currently undertaking a Comprehensive Disclosure Strategy. In partial support of that strategy, the ministry has been provided with \$680,000 in new funding in fiscal 2017/18 for a pilot project to create three disclosure management teams across the

province. The pilot project should reduce the duration of the disclosure period (the time from when charges are laid until the defence receives full disclosure).

Legal Aid Funding

1. Is the Province providing any budget increase to Legal Services Society (LSS)?

Response:

- The Province is targeting *Budget 2018*, this government's first full budget, for platform commitments including those related to legal aid.
- This budget supports continuation of the funding of \$2 million per year to support 4 pilot projects to test innovative ways to deliver legal aid services in criminal and family matters, plus \$2.8 million per year to expand legal aid services for child protection by launching a new Parents' Legal Centre in Surrey this fiscal year.
- In addition, the Province spends approximately \$30 million annually on access to justice services such as family mediation at family justice centres throughout the province, justice access centres, and the Family Maintenance Enforcement Program.

Legal Services Society	2016/17 Budget	2017/18 Feb Budget	2017/18 Sep Budget	2018/19 Plan	2019/20 Plan
Government Revenue (\$000)					
Provincial Transfer	65,167	65,288	65,288	65,404	65,404
Justice Transformation: Pilots	2,000	2,000	2,000	2,000	2,000
Justice Transformation: Expansion	0	2,800	2,800	2,800	2,800
Major Cases	4,668	4,668	4,668	4,668	4,668
Federal High Cost Cases	650	650	650	650	650
Immigration	1,700	1,700	1,700	1,700	1,700
Drug Court	120	120	120	120	120
Community Court	370	370	370	370	370
Total Government Revenue	74,675	77,596	77,596	77,712	77,712

2. What services will the \$2.8 million justice transformation funding to the Legal Services Society provide? What is the Parents' Legal Centre?

Response:

- The \$2.8 million annual budget increase to LSS is being used to expand legal aid services for child protection.
 - The successful model of the Parents' Legal Centre at Robson Square in Vancouver will be expanded to Surrey in 2017/18.
 - This will increase the scope of this innovative service that helps families deal with child protection issues earlier in the process, in more collaborative ways, keeping matters out of court where possible.

- It also begins to address one of the recommendations in the recent report from Grand Chief Ed John, who has praised this model and its benefits for Indigenous children and their families.

3. What are the justice transformation pilot projects (\$2 million annual budget)?

Response:

- In addition to the \$2.8 million justice transformation funding for LSS, the Province is also continuing the funding of \$2 million per year to support legal aid services in the 4 current pilot projects.
 - The projects, called the Justice Innovation and Transformation Initiatives (JITI), provide additional services in criminal, family and child protection matters.
- JITI projects increase the scope of coverage for legal aid services, as many of the clients would not otherwise be eligible for legal aid services.
- JITI locations and types of legal aid services:
 - Parents' Legal Centre :
 - Robson Square, Vancouver Law Courts (pilot);
 - Surrey Courthouse (new: planned to launch by Jan 2018);
 - Expanded Criminal Duty Counsel: Port Coquitlam (pilot);
 - Expanded Family Duty Counsel: Victoria Justice Access Centre (pilot);
 - Expanded Family LawLine: throughout BC by phone or email (pilot).

Adequate Funding for Courts – Sheriffs and Clerks

Key Messages:

- Our government is committed to investing in the Justice System to ensure we provide an innovative and timely, 21st Century Justice System that serves the needs of British Columbians.
- British Columbians deserve a court system that is properly staffed and able to hear and resolve disputes in a timely manner. That's why our government will be increasing the number of court sheriffs, expanding the use of duty counsel and increasing staffing of the Court Services Branch to address court delays.
- The ministry is looking at ways to add additional classes of sheriffs to make sure there are sufficient sheriffs to ensure the courts run properly. The ministry has doubled the number of sheriff recruitment classes.

What is being done about the shortage of Sheriffs?

- The platform committed to increased staffing of the Court Services Branch, specifically to increase Sheriff FTEs to 525.
- We are starting to address the shortfall of sheriffs and making progress on this commitment by doubling the number of recruitment classes.

- New deputy sheriffs are recruited and trained on a regular basis and replace retiring or outgoing sheriffs. Sheriff Services has a section dedicated to recruitment activities and facilitates new recruit graduation through the Sheriffs' Academy located at the Justice Institute of BC.
- New deputy sheriff recruits take a 14-week intensive training program at the Sheriff Academy, part of the Justice Institute of BC, which includes both in-class and field training. A class of 30 new recruits has begun June 2017 and should be deployed across the province in October 2017. A second class is being planned for up to 32 students, tentatively scheduled to begin in January 2018.
- They will join a well-trained and highly professional Sheriff Service in locations across BC.
- This commitment will be considered more fulsomely by government in *Budget 2018*.
- In addition to funding, significant resource recruitment and training challenges need to be overcome before having fully functioning resources.

What is being done to address training and deployment of Court Administration?

- Court Administration
 - Hiring Court Administration staff typically follows the recruitment process established by the Public Service Agency and takes an average of two months to complete.
 - Training for a court clerk consists of a blended model including e-learning, in-person and on-the-job training that can take up to six months, depending on the job function.

What about scheduling responsibility?

- As part of Judicial independence, scheduling court matters is the responsibility of the Judiciary. Each level of Judiciary schedule independently of the other Courts.
- When the Judiciary schedule court matters, Court Services Branch (CSB) staff are expected to meet the judicial schedule.

What mitigations strategies are being taken to address the issue?

- CSB has historically managed most of the court schedule challenges via mitigation strategies. These strategies consist of:
 - **Reallocating staff** performing out-of-court functions (e.g., document processing, counter service, building security, prisoner transportation) to perform in-court responsibilities.
 - **Bringing in additional staff resources** from other locations (often at substantial cost in travel and overtime) to supplement the in-court resource requirements.
 - **Utilising a pool of permanent part time centralized sheriff resources** that can be deployed as and when needed.
 - **Incurring overtime** to ensure critical out-of-court responsibilities such as document processing, order preparation, and prisoner transportation are completed once the in-court activities have concluded

- **Continuing to develop service improvement initiatives** that create efficiencies, examples of which include the Court Clerk Desktop application, videoconferencing expansion, print-on-demand in the courtroom, and enhanced electronic services such as electronic Record of proceeding and the e-divorce initiative; these all assist in providing additional staff capacity resulting from efficiencies in work process improvement, reduction in duplication of duties, and similar workflow enhancement.

Budget Update Sept 11 2017 Q&As

AG – Liquor Distribution Branch Warehouse

Has there been any progress made on site selection and what the cost will be for the replacement of the Liquor Distribution Warehouse in the Lower Mainland?

Key Messages:

- In February 2017, the LDB entered into an agreement to lease a warehouse facility in Delta for a term of 10 years, with two, five-year renewal options. Work is underway to prepare the new facility, with an expected operation date of spring 2018.
- The capital cost is estimated at \$57.1M over the fiscal plan and will fund material handling equipment, racking and conveyors, as well as a new computerized warehouse management system.
- The new solution will provide the Liquor Distribution Branch with the capacity to meet its current and growing space demands, while a modernized warehouse and distribution system will provide increased efficiencies.

Background:

- In March 2014, government announced that the Vancouver warehouse had been sold for \$37M to three First Nations: Musqueam, Tsleil-Waututh and Squamish. Financial details of the sale are public and the title registered with the Land Titles Office. The LDB is currently leasing this location back from the First Nations.

BCLC Q&A

Budget Day, September 11, 2017

1. Why should taxpayers fund a new Kamloops Head Office for BCLC? What will this cost?

No decisions have been made. BCLC's Kamloops head office is 53 years old and requires significant upgrades and maintenance. BCLC will be developing a detailed assessment of options and a concept plan that will lead to a recommendation for a long-term building solution in Kamloops. As such, an estimate cannot be reasonably determined at this time.

2. Why are you allowing the Parq Casino to open when there was opposition to this relocation?

In order to obtain the City of Vancouver's approval to relocate Edgewater, the developer was required by the City to meet several covenants and conditions related to everything from responsible gambling to hiring and procurement from within the Downtown East Side. Paragon Gaming has met all and exceeded many of the requirements as set out by the City of Vancouver.

3. Why did Paragon Gaming receive more commissions for the development of Parq?

Due to the City of Vancouver's requirement for an underground parkade, the parking construction costs were more significant than any other gambling facility. As such, Paragon Gaming earned commissions faster than it would under the typical program; however, it did not receive more commissions than it would have under the typical program.

4. Why is BCLC planning to give casino service providers more commissions through the new Operational Services Agreement (OSA)?

The terms of the OSA contracts are an effective method to secure service provider investment commitments across the province and are expected to drive incremental revenue from an enhanced facility offering and stronger service provider performance and accountability. Although these changes will result in annualized increased direct costs for BCLC of approximately \$30M/year, BCLC will still meet its service plan commitments.

5. Why is BCLC going ahead with a casino at the Delta Town and Country site when they said they wouldn't?

BCLC and its third-party specialized advisory consultant undertook a detailed analysis of this location utilizing existing player data. This analysis shows that the Delta Town and Country Inn site will capture incremental revenue, with minimal impacts to adjacent gambling facilities, including River Rock, Starlight and Elements casinos. In addition, the Corporation of Delta has clearly stated that the only suitable site on which it would consider a casino is the Delta Town and Country Inn.

6. Why is BCLC's capital budget increasing \$15M per year in FY19 and FY20?

While BCLC has no major capital projects over \$50 million, the service plan notes that BCLC is planning to replace its end-of-life lottery equipment that supports \$1.1 billion in lottery revenue. The capital estimate for the replacement of lottery terminal equipment is approximately \$40M over the next two fiscal years and the project is estimated to complete in FY 2018/19.

7. Why is BCLC budgeting to deliver less revenue to government in each year over the next three years than they did in 2016/17?

BCLC exceeded its net income in 2016/17 by \$25.5 million (1.9 per cent). BCLC is budgeting for net income of \$1.31 billion in 2017/18, increasing to \$1.32 billion in 2018/19 and \$1.34 billion in 2019/20. The net income forecast for 2017/18 reflects market growth investments and the significant lottery technology upgrades BCLC is undertaking.

LDB Service Plan 2017/18 – 2019/20

(September 2017 Budget)

Key Messages:

- The BC Liquor Distribution Branch (LDB)'s contribution to the Province of British Columbia helps to provide financial support for vital services such as health care and education.
- We have now passed the two-year mark since wholesale pricing was introduced, which prompted a series of fundamental changes in the way the LDB does business. These changes include introducing the wholesale pricing model, the separation of the LDB's lines of business (wholesale and retail) and the introduction of grocery stores to the liquor marketplace.
- Modernizing the LDB's systems and processes remains a top priority across both the retail and wholesale divisions.
- The LDB is also keenly focused on ensuring the transition to the new warehouse it will be leasing in Delta – which selected following a transparent procurement process earlier this year – is seamless.
- Overall, we remain committed to:
 - Providing respectful service that exceeds customer expectations;
 - Building collaborative relationships with our employees and our stakeholders;
 - Being responsible to B.C. communities; and
 - Continually improving our operations and meeting our revenue targets.

Q&A

1. It has been two years since the wholesale pricing model was introduced. How has the market settled?

- It was to be expected that this would take some time – but now that two years have passed, it is safe to say the beverage alcohol industry, as a whole, has settled into the 'new normal'.
- We will continue to observe the trends as grocery stores begin to enter the marketplace and monitor any other liquor policy changes that take effect.

2. How has the new wholesale pricing model affected wholesale and retail pricing?

- It is important to separate wholesale prices from retail prices:
 - Wholesale prices include mark-up, which is the majority of the revenue government generates from liquor sales – it goes back into services and programs for British Columbians.
 - Liquor retailers, including BC Liquor Stores, purchase products at the same wholesale price.

- The mark-up is a set formula – if a supplier increases the price of their product to the LDB, the LDB's wholesale price of that product will increase. This could also, in turn, affect the retail price that liquor retailers choose to sell at.
- The only changes to the mark-up formula since 2015 have been decreases in the amount of mark-up applied to beer products.
- It is important to note that wholesale prices also fluctuate due to other market forces like recycling fee changes, excise tax increases, the Canada/U.S. exchange rate, etc.
- Retail prices are independently set by retailers, such as BC Liquor Stores and private liquor stores.

3. How has the new wholesale pricing model affected retailers?

- All liquor retailers, including BC Liquor Stores, now purchase products at the same wholesale price.
- The mark-up is a set formula – if a supplier increases the price of their product to the LDB, the LDB's wholesale price of that product will increase. This could also, in turn, affect the retail price that liquor retailers choose to sell at, based on the margins they want to achieve.
- Overall, from a wholesale sales perspective, sales to each type of retailer are stable, and there is healthy competition in the marketplace.

4. What impact has selling wine in grocery stores made on the industry?

- While eligible grocery stores are now permitted to sell alcohol directly from their shelves or under a store-within-a-store model, the impact of grocery stores is not yet included as a key factor the LDB's service plan, since the number of stores that are selling liquor products remains relatively small.
- We will continue to monitor uptake of the new model and review the resulting trends.

5. What is happening with the LDB's warehouse relocation project?

- The decision to relocate the Vancouver Distribution Centre to Delta was made following an open and transparent, competitive process and thorough research.
- The project team explored several options to ensure it found the best solution, including working with real estate and business advisors, market sounding, and notifying industry when a suitable site was identified in the event there was an alternative location that hadn't been considered.
- As part of the Warehouse Relocation project, the LDB will also be implementing a new Warehouse Management System (WMS).
- Following a transparent, competitive process, the LDB entered into a contract with TECSYS, an experienced Canadian supply chain technology company, to replace its current, outdated system with a modern WMS.

- Construction and remodelling at the Delta warehouse is underway to ensure the facility fits the LDB's business needs, and the project team is working diligently to get the facility and the new WMS system ready.
- While there is a lot of work to be done, the project currently remains on schedule and on budget.
- The LDB is focused on ensuring the transition to the new location is seamless so it can continue providing high quality service to the liquor industry and British Columbians.

6. Why are LDB's wholesale customer satisfaction numbers so low compared to previous years?

- 2015/16 marked a profound time of change for the B.C. liquor landscape. LDB Wholesale was separated from LDB Retail, but there was still some confusion in the industry about the relationship between the two divisions, compared to pre-April 1, 2015. Additionally, private liquor stores and Rural Agency Stores (RASs) no longer buy from BC Liquor Stores. In order to receive wholesale pricing, they now must buy from LDB Wholesale on weekly orders that are directly delivered to their stores.
- The new LDB Wholesale team has continued to listen to customers and is focused on building these important relationships.
- In an effort to better understand customers' perspectives under the new pricing model, the survey on Wholesale customer satisfaction conducted in 2016/17 included additional questions and asked for an increased level of feedback.
- It is expected that the decline in positive feedback compared to the 2013/14 survey is due, in part, to the many changes made at the LDB, and specifically in Wholesale since April 2015, as the market settled.

7. Why did LDB lower its target for retail customer satisfaction?

- Historically, the Retail Customer Satisfaction performance measure has been based on customers who rated their experience as "good", "very good" or "excellent".
- However, starting 2016/17 fiscal year, the measure is now based only on customers who rate their experience as "very good" or "excellent".
- This reporting change will better reflect customer satisfaction of their retail experience and enable the organization to focus on meaningful metrics with greater potential for improvement, but it is also anticipated to impact reported levels of customer satisfaction from 2016/17 onward.

8. If your sales-per-square-foot targets for BC Liquor Store sales keep going up, does that mean alcohol sales will continue to rise in the province? How are you balancing this with your commitment to social responsibility?

- This measures how well BC Liquor Stores convert floor space into sales – this could mean the sale of products with higher margins, as opposed to just more sales of alcohol from that store.

- Corporate social responsibility is a key goal area for the LDB, and we put a lot of energy and investment into ensuring our employees are trained about responsible sales, we promote a corporate social responsibility campaign each month focused around safe alcohol use and consumption, and we partner – such as with the Canadian Red Cross
- and Preventable BC – to ensure funds and awareness of important issues are raised within the communities.
- In addition, liquor policies are in place – such as minimum wholesale prices and minimum retail prices for liquor – to help protect health and safety.

9. If LDB didn't purchase a new warehouse, why are there capital expenditures of \$82.8M for 2017/18?

- The LDB's warehouse relocation project, outlined as a major capital project in the Service Plan, is budgeted at \$57.1 million, which is the bulk of this amount. This amount includes the implementation of a new Warehouse Management System at the Delta and Kamloops facilities.
- In addition, this total amount reflects expenditures for updating and improving stores, technology-related projects, and ongoing equipment replacements.

10. Why is the Cost of Goods on the rise?

- Each percentage change in the cost of products in the wine, spirits and refreshment beverage categories has a direct effect on net income of approximately \$14.4 million, due to the percentage-based mark-up on these products.
- Beer has a per litre mark-up and, therefore, cost of sales as a percentage of sales would increase should the beer producers increase their supplier prices. B.C. wines have lower gross margins due to the mark-up policy on direct delivery VQA wines and wines produced from 100 per cent B.C. grapes. As these two categories grow, cost of goods as a percentage of sales will continue to increase.

11. What are the LDB's major IT projects?

- We are implementing new business tools to support demand planning, strategic pricing, and service delivery. This includes extensive upgrades to our IT systems and business processes, such as:
 - The rollout of a modern point-of-sale (POS) system to our 198 BC Liquor Stores that supports the separate of the two lines of business and will help us to provide excellent service to our customers.
 - An upgrade to our new Oracle e-Business software, which will produce operational efficiencies, such as real-time inventory visibility on the Wholesale Web Store, and simplified Finance and Procurement processes in cash management and purchasing.
 - Changes to the way private distributors (B.C. liquor suppliers) remit the funds to the LDB – streamlining the process and creating efficiencies for both the LDB and the suppliers.

ICBC – Net Income Forecast

Why has ICBC's annual net loss forecasts deteriorated since February?

Key Messages:

- The higher net loss forecasts over the fiscal plan period reflect ongoing pressures from more accidents and higher claims costs – ICBC's largest cost driver – and not enough premium revenue to cover them.

• s.13;s.17

- The government and ICBC are working to develop strategies that begin to address the financial troubles at ICBC. This will include a comprehensive review of ICBC's own operations to identify ways to reduce costs while improving services.
- The 2017/18 forecast assumes the latest announced intentions for a Basic rate filing in 2017 and we will only include new savings targets once strategies are approved and implemented.

Background:

- ICBC had a record net loss in 2016/17 of \$612M. This was primarily due to more accidents and higher claims costs that well exceeded annual premiums collected.

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s.13; s.17

ICBC – Cost Pressures

What are the Province and ICBC doing to address the increasing claims costs?

Key Messages:

- **Government has heard the message that British Columbians are worried about the increasing cost of living, and it takes these concerns seriously.**
- **We have a responsibility to the ratepayers of this province to address pressures and keep ICBC rate increases affordable in the longer run.**
- **Government is working with ICBC to develop strategies to bring down claims costs so that rates remain affordable.**
- **These strategies include a comprehensive review of ICBC's own operations. While reviews have been done in the past, we need to do a review like this under the very challenging conditions ICBC is experiencing today.**
- **We expect that this operating review of ICBC will result in additional ways to improve ICBC's financial results while improving service to its customers.**

Background:

- **In July 2017, the Attorney General (responsible for ICBC) directed the corporation to make public the results of an independent review conducted by Ernst and Young (EY). The review warned of significant future rate increases if significant changes are not adopted at ICBC.**
- **The government and ICBC are working through a cross-agency group of senior officials to review the EY report and other information to develop strategies to address the financial troubles at ICBC while keeping Basic rates as low as possible.**
- **The government has also committed to a comprehensive operating review of ICBC.**
- **The government most recently passed a regulation to extend ICBC's deadline for filing its 2017 Basic insurance rate application with the BC Utilities Commission to September 15, 2017, from August 31, 2017, as it assesses the EY report and other potential strategies.**
- **As an interim measure to help begin immediately addressing ICBC's eroding finances until new strategies can be deployed, the AG has announced an intention that ICBC will apply for a 6.4% Basic rate increase, effective November 1, 2017.**
- **Government is also directing that ICBC to transfer \$470M of capital from the Optional side of the business to the Basic business, in order to help maintain Basic capital at its minimum required level of 100% under regulations.**
- **The 6.4% Basic rate increase is the highest rate allowed by the BCUC for 2017 and is significantly below what is actually required. It also compares to the arbitrary 4.9% rate cap set by government in 2016.**
- **ICBC stopped making capital/dividend payments to government in 2016/17 and the forecasts do not assume any payments in future.**

ICBC – Dividend to Government

Is government committing not to take any dividends from ICBC from now on?

Key Messages:

- Yes
- ICBC stopped making capital/dividend payments to government in 2016/17 and the forecasts do not assume any payments in future.

Background:

- Government can choose to receive the excess capital (profit) generated from ICBC's Optional insurance, which is offered in a competitive market and voluntary to purchase.
- Government does not take a dividend from the Basic insurance that all motorists purchase through ICBC.
- ICBC stopped making capital/dividend payments to government in 2016/17 due to the significant erosion of its finances. The forecasts in *Budget 2017 Update* do not assume any payments in future, nor does the government have plans to reinstate these.
- Capital transfers/dividend payments to government do not directly help the government to balance its budget.

ICBC – Insurance Rates

What will be the impact of ICBC's planned filing with the BC Utilities Commission on insurance rates for 2017?

Key Messages:

- **ICBC intends to file its Basic rate application with the BC Utilities Commission by September 15, 2017.**
- **Under the current rate smoothing framework, ICBC has requested a 6.4% increase in Basic insurance rates in 2017.**
- **This is the maximum that BCUC is permitted to approve without government intervention and 1.5 percentage points higher than the 4.9% increase arbitrarily set in 2016**
- **The government and ICBC are working to develop strategies to help address the financial challenges at ICBC and keep Basic rates as low as possible.**
- **These strategies include a comprehensive review of ICBC's own operations to identify ways to help with ICBC's finances and improve services.**

Background:

- **By September 15, 2017, ICBC will file its 2017 Revenue Requirements Application (RRA) with the BC Utilities Commission (BCUC), applying for a 6.4% increase to Basic rates. This complies with the current rate smoothing framework which allows for up to an additional 1.5 percentage point rate increase from the previous year.**
- **Last year, ICBC filed its 2016 RRA with the BCUC applying for a 4.9% increase to Basic rates. After receiving direction from government to arbitrarily limit any approved increases to 4.9%, the BCUC approved the 2016 Basic rate increase request.**
- **Should cost trends turn out to be higher than assumed in the 2017 rate application, those trends will be incorporated in the rate application for 2018.**
- **The government and ICBC have committed to taking further actions to help reduce claims costs and the resultant Basic rate requirement for future years.**
- **As a rule of thumb, every 1 percentage point change in Basic rates is worth over \$30M in ICBC revenue.**
- **The BCUC DOES NOT set Optional insurance rates. Depending on market conditions with its competitors, the corporation may also be making changes to its Optional rates as it does every year and ratepayers have the option of going elsewhere to buy this coverage.**

ICBC – Solvency

Some have suggested that the corporation has virtually become insolvent. Is this true and will ICBC still be able to make payments on its claims?

Key Messages:

- **ICBC isn't insolvent – it still has substantial reserves to honor its claims payments being made today.**
- **However, without significant changes to improve ICBC's finances starting today, the viability of this corporation becomes questionable in future.**
- **The government and ICBC are working to develop strategies to help address the financial challenges at ICBC and keep Basic rates as low as possible.**
- **These strategies include a comprehensive review of ICBC's own operations to identify ways to help with ICBC's finances and improve services.**

Background:

- **A key measure of ICBC's health is its minimum capital levels (targets) for Basic and Optional insurance. These are also referred to as MCT levels.**
- **Maintaining levels of at least 100% means ICBC has enough assets in reserve today to fully honor its claims payments in the future.**
- **To date, Basic rates have been held arbitrarily low by allowing MCT levels to erode significantly. Immediate measures, including realistic rate increases, are needed to help put the corporation back into fiscally sustainable levels.**
- **At the end of the day, the Province guarantees ICBC's claims obligations if there is a short fall.**

MINISTRY OF ATTORNEY GENERAL

The mission of the Ministry of Attorney General is to administer justice and provide legal advice to government, administer regulations for the liquor industry, and ensure that the public has confidence in British Columbia's gaming sector.

MINISTRY SUMMARY

(\$000)

	Estimates 2016/17 ¹	Estimates 2017/18
VOTED APPROPRIATIONS		
Vote 14 — Ministry Operations.....	415,881	427,236
Vote 15 — Judiciary.....	71,786	74,388
Vote 16 — <i>Crown Proceeding Act</i>	24,500	24,500
Vote 17 — Independent Investigations Office.....	7,552	7,574
STATUTORY APPROPRIATIONS		
Public Guardian and Trustee Operating Account Special Account.....	8,795	8,909
Less: Transfer from Ministry Operations Vote.....	(8,795)	(8,909)
OPERATING EXPENSES	<u>519,719</u>	<u>533,698</u>
CAPITAL EXPENDITURES ²	6,248	5,248
LOANS, INVESTMENTS AND OTHER REQUIREMENTS ³	—	—
REVENUE COLLECTED FOR, AND TRANSFERRED TO, OTHER ENTITIES ⁴	—	—

NOTES

¹ For comparative purposes, figures shown for the 2016/17 operating expenses; capital expenditures; loans, investments and other requirements; and revenue collected for, and transferred to, other entities are restated to be consistent with the presentation of 2017/18 Estimates. A reconciliation of restated operating expenses and capital expenditures resulting from transfers between ministries is presented in Schedule A.

² A listing of estimated capital expenditures by ministry is presented in Schedule C.

³ A summary of loans, investments and other requirements by ministry is presented in Schedule D.

⁴ A summary of revenue collected for, and transferred to, other entities by ministry is presented in Schedule E.

MINISTRY OF ATTORNEY GENERAL
SUMMARY BY CORE BUSINESS
(\$000)

	2016/17	2017/18 ESTIMATES		
OPERATING EXPENSES	Net	Gross	External Recoveries	Net
Core Business				
Justice Services.....	110,297	116,456	(3,302)	113,154
Prosecution Services.....	126,598	127,889	—	127,889
Court Services.....	99,496	108,173	(2,852)	105,321
Legal Services.....	21,207	22,791	(300)	22,491
Agencies, Boards, Commissions and Other Tribunals.....	23,394	32,747	(9,197)	23,550
Liquor Control and Licensing.....	1	11,604	(11,603)	1
Gaming Policy and Enforcement.....	19,055	137,918	(118,772)	19,146
Executive and Support Services.....	15,833	15,686	(2)	15,684
Judiciary.....	71,786	74,388	—	74,388
Crown Proceeding Act.....	24,500	24,500	—	24,500
Independent Investigations Office.....	7,552	7,574	—	7,574
Public Guardian and Trustee Operating Account Special Account.....	—	17,961	(17,961)	—
TOTAL OPERATING EXPENSES.....	519,719	697,687	(163,989)	533,698

CAPITAL EXPENDITURES	Net	Disbursements	Receipts	Net
Core Business				
Agencies, Boards, Commissions and Other Tribunals.....	10	10	—	10
Liquor Control and Licensing.....	318	187	—	187
Executive and Support Services.....	4,842	4,118	—	4,118
Judiciary.....	570	570	—	570
Independent Investigations Office.....	145	—	—	—
Public Guardian and Trustee Operating Account Special Account.....	363	363	—	363
TOTAL CAPITAL EXPENDITURES.....	6,248	5,248	—	5,248

LOANS, INVESTMENTS AND OTHER REQUIREMENTS	Net	Disbursements	Receipts	Net
Core Business				
Executive and Support Services.....	—	2,900	(2,900)	—
TOTAL LOANS, INVESTMENTS AND OTHER REQUIREMENTS.....	—	2,900	(2,900)	—

MINISTRY OF ATTORNEY GENERAL

VOTE DESCRIPTIONS

(\$000)

Estimates
2016/17Estimates
2017/18

VOTE 14 — MINISTRY OPERATIONS

This vote provides for the programs, operations, and other activities described in the voted appropriations under the following core businesses: Justice Services; Prosecution Services; Court Services; Legal Services; Agencies, Boards, Commissions and Other Tribunals; Liquor Control and Licensing; Gaming Policy and Enforcement; and Executive and Support Services.

JUSTICE SERVICES

Voted Appropriation

Justice Services.....	110,297	113,154
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Voted Appropriation Description: This sub-vote provides for the administration, management, and transformation of justice services throughout the province, including administrative justice reform; public, criminal, civil, and family law reform; and broad justice system policy development to support a more accessible, efficient, and effective justice system. This sub-vote also provides for legal aid, human rights, and other publicly-funded legal counsel services; development and management of legislation; access to justice services; support for the federal/provincial/territorial process for discussion of national justice issues and negotiations between the various levels of government; the investigations of matters relating to the administration of the *Correction Act* and court services; maintenance enforcement and services associated with inter-jurisdictional support court orders; alternative-to-court dispute resolution services for separating and divorcing parents and their children; parenting after separation programs; developing and promoting non-adversarial dispute resolution options within the justice system and throughout the government; and public legal education and information coordination. Costs may be recovered from ministries, the Legal Services Society, and the federal government for activities described within this sub-vote.

PROSECUTION SERVICES

Voted Appropriation

Prosecution Services.....	126,598	127,889
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Voted Appropriation Description: This sub-vote provides for the operation of Crown counsel services, including approval and conduct of criminal prosecutions and appeals of offences; advice to government on all criminal law matters; and responsibility for all other matters mandated by the *Crown Counsel Act*. Costs may be recovered from the Victim Surcharge Special Account to enable compliance with the *Victims of Crime Act*.

COURT SERVICES

Voted Appropriation

Court Services.....	99,496	105,321
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Voted Appropriation Description: This sub-vote provides for court registry operations, court administration, prisoner escort, and court security support to the Court of Appeal, Supreme Court, and Provincial Court. Costs may be recovered from the federal and municipal governments for costs related to ticket enforcement, circuit courts, and other justice-related initiatives; from contracted bailiffs for civil execution services; and from parties or the public for costs associated with activities described within this sub-vote.

LEGAL SERVICES

Voted Appropriation

Legal Services.....	21,207	22,491
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Voted Appropriation Description: This sub-vote provides for legal and related services, including legal advice; representation in civil litigation; and drafting, preparing, filing, and publishing statutes, regulations, and Orders in Council to the province and various agencies, boards and commissions, and other organizations. This sub-vote also provides for administration of Orders in Council and appeals to the Executive Council. Costs may be recovered from ministries, Crown agencies, boards and commissions, and other organizations for activities described within this sub-vote.

MINISTRY OF ATTORNEY GENERAL

VOTE DESCRIPTIONS
(\$000)

	Estimates 2016/17	Estimates 2017/18
AGENCIES, BOARDS, COMMISSIONS AND OTHER TRIBUNALS		
Voted Appropriations		
Agencies, Boards, Commissions and Other Tribunals.....	23,393	23,549
British Columbia Utilities Commission.....	1	1
	<u>23,394</u>	<u>23,550</u>

Voted Appropriations Description: This sub-vote provides for the costs of the British Columbia Ferry Commission and partial funding of the Public Guardian and Trustee Operating Account. This sub-vote also provides for the operation, administration, and support services of the following tribunals: British Columbia Civil Resolution Tribunal; British Columbia Human Rights Tribunal; British Columbia Review Board; British Columbia Utilities Commission; Building Code Appeal Board; Community Care and Assisted Living Appeal Board; Employment Standards Tribunal; Environmental Appeal Board; Financial Services Tribunal; Forest Appeals Commission; Health Professions Review Board; Hospital Appeal Board; Industry Training Appeal Board; Labour Relations Board; Mental Health Review Board; Oil and Gas Appeal Tribunal; Property Assessment Appeal Board; Safety Standards Appeal Board; and Surface Rights Board; including budgeting, expenditure management, human resources, information and systems management, performance management, appointments coordination, fees and expenses of appointees, and functions of the tribunals as set out under their governing legislation. Costs may be recovered from ministries, health authorities, regulated entities, Crown corporations and agencies, boards, commissions and other tribunals, other levels of government, parties external to government, public bodies, organizations, and individuals for activities described within this sub-vote.

LIQUOR CONTROL AND LICENSING

Voted Appropriation

Liquor Control and Licensing.....	<u>1</u>	<u>1</u>
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Voted Appropriation Description: This sub-vote provides for the overall policy development, administration, licensing, and enforcement in support of the *Liquor Control and Licensing Act* and regulations, and to establish and operate ongoing programs to reduce the incidence of underage drinking and increase public awareness about responsible liquor consumption. This sub-vote also provides for the activities of the Cross Government Compliance and Enforcement Secretariat. Costs related to the Secretariat's activities may be recovered from ministries and Crown agencies. Costs may be recovered from ministries, Crown agencies, licensing applications, renewal and change request fees, and from the Liquor Distribution Branch for other activities described within this sub-vote.

GAMING POLICY AND ENFORCEMENT

Voted Appropriations

Gaming Policy and Enforcement Operations.....	19,054	19,145
Distribution of Gaming Proceeds.....	1	1
	<u>19,055</u>	<u>19,146</u>

Voted Appropriations Description: This sub-vote provides for the administration of gaming in the province, including horse racing and lotteries, and includes development and administration of legislation, policy, standards, and regulations; licensing gaming events; oversight of horse racing events and teletheatres; registration; equipment and product certification; auditing all forms of gambling activities for compliance, investigation, and enforcement activities concerning legal gaming venues and illegal gaming; the management of the province's gaming initiatives; the province's responsible gambling strategy and problem gambling program; and the distribution of gaming proceeds. Costs may be recovered from revenues paid into the General Fund of the Consolidated Revenue Fund by the British Columbia Lottery Corporation, from processing fees for gaming event licence applications, from the Canadian Pari-Mutuel Agency for horse race testing, from external entities for horse race betting, and from gaming registrants for direct costs incurred in the processing of registration applications for activities described within this sub-vote. Costs may also be recovered from ministries for activities described within this sub-vote.

MINISTRY OF ATTORNEY GENERAL

VOTE DESCRIPTIONS

(\$000)

	Estimates 2016/17	Estimates 2017/18
EXECUTIVE AND SUPPORT SERVICES		
Voted Appropriations		
Minister's Office.....	728	891
Corporate Services.....	15,105	14,793
	<u>15,833</u>	<u>15,684</u>
<p>Voted Appropriations Description: This sub-vote provides for the office of the Attorney General, including salaries, benefits, allowances, and operating expenses for the minister and the minister's staff; executive direction of the ministry, including the Deputy Attorney General's office; general services to support program delivery; policy development; oversight of Crown corporations; and management services for the ministry and the Ministry of Public Safety and Solicitor General, including information and systems management and service planning. This sub-vote also provides for other initiatives sponsored by the Attorney General and the ministry. Costs may be recovered from ministries, Crown corporations and agencies, boards and commissions, other levels of government, organizations, and individuals for activities described within this sub-vote.</p>		
VOTE 14 — MINISTRY OPERATIONS	415,881	427,236

MINISTRY OF ATTORNEY GENERAL

VOTE DESCRIPTIONS
(\$000)

Estimates 2016/17	Estimates 2017/18
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VOTE 15 — JUDICIARY

This vote provides for the programs, operations, and other activities described in the voted appropriations under the following core business: Judiciary.

JUDICIARY

Voted Appropriations

Superior Courts.....	15,693	17,512
Provincial Courts.....	56,093	56,876
	<u>71,786</u>	<u>74,388</u>

Voted Appropriations Description: This sub-vote provides for administrative and support services for the Court of Appeal and Supreme Court located in the province and provides for the operational budget for the Provincial Court of British Columbia.

VOTE 15 — JUDICIARY	71,786	74,388
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MINISTRY OF ATTORNEY GENERAL

VOTE DESCRIPTIONS

(\$000)

Estimates
2016/17Estimates
2017/18

VOTE 16 — CROWN PROCEEDING ACT

This vote provides for the programs, operations, and other activities described in the voted appropriation under the following core business: *Crown Proceeding Act*.

CROWN PROCEEDING ACT

Voted Appropriation

<i>Crown Proceeding Act</i>	24,500	24,500
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Voted Appropriation Description: This sub-vote provides for the payments made under the authority of the *Crown Proceeding Act*.

VOTE 16 — CROWN PROCEEDING ACT

24,500

24,500

MINISTRY OF ATTORNEY GENERAL

VOTE DESCRIPTIONS

(\$000)

Estimates
2016/17Estimates
2017/18

VOTE 17 — INDEPENDENT INVESTIGATIONS OFFICE

This vote provides for the programs, operations, and other activities described in the voted appropriation under the following core business: Independent Investigations Office.

INDEPENDENT INVESTIGATIONS OFFICE

Voted Appropriation

Independent Investigations Office.....	7,552	7,574
--	-------	-------

Voted Appropriation Description: This sub-vote provides for the operation of the Independent Investigations Office which conducts investigations into deaths and incidents of serious harm involving on and off duty municipal police, Royal Canadian Mounted Police in British Columbia, and on duty special provincial constables. When such investigations result in Crown counsel laying charges under the *Criminal Code* of Canada or any other statute, the Independent Investigations Office supports prosecution of the charges. The Independent Investigations Office operates under the *Police Act*, which provides for the prescription of additional offences to be investigated and for issuance of public reports as necessary and as required.

VOTE 17 — INDEPENDENT INVESTIGATIONS OFFICE

7,552

7,574

MINISTRY OF ATTORNEY GENERAL

STATUTORY DESCRIPTIONS

(\$000)

Estimates
2016/17Estimates
2017/18

STATUTORY APPROPRIATIONS

This statutory appropriation provides for the programs, operations, and other activities of the following special account: Public Guardian and Trustee Operating Account.

PUBLIC GUARDIAN AND TRUSTEE OPERATING ACCOUNT

Statutory Appropriation

Public Guardian and Trustee Operating Account.....	8,795	8,909
Less: Transfer from Ministry Operations Vote.....	(8,795)	(8,909)
	<u>—</u>	<u>—</u>

Statutory Appropriation Description: This statutory appropriation provides for the Public Guardian and Trustee Operating Account which is governed under the *Public Guardian and Trustee Act*.

MINISTRY GROUP ACCOUNT CLASSIFICATION SUMMARY

GROUP ACCOUNT CLASSIFICATION

Salaries and Benefits	409,057	420,342
Operating Costs	103,584	108,822
Government Transfers	218,147	220,890
Other Expenses	32,234	31,327
Internal Recoveries	(79,993)	(83,694)
External Recoveries	(163,310)	(163,989)
TOTAL OPERATING EXPENSES.....	519,719	533,698

MINISTRY OF ATTORNEY GENERAL

SPECIAL ACCOUNTS¹
(\$000)

	Estimates 2016/17	Estimates 2017/18
PUBLIC GUARDIAN AND TRUSTEE OPERATING ACCOUNT		
This account was established as a special account by the <i>Public Trustee Amendment Act</i> in 1989 and is governed by section 24 of the <i>Public Guardian and Trustee Act</i> . The account's revenue sources are transfers from the Ministry Operations Vote. Approved expenses provide for services to clients and for the administration of the Public Guardian and Trustee. Costs may be recovered from clients and parties external to government and from fees, commissions, and charges earned.		
SPENDING AUTHORITY AVAILABLE AT THE BEGINNING OF THE FISCAL YEAR ²	25,349	23,636
OPERATING TRANSACTIONS		
Revenue	—	—
Expense	(26,655)	(26,870)
Internal and External Recoveries	17,860	17,961
Transfer from Ministry Operations Vote	8,795	8,909
Net Revenue (Expense)	—	—
Difference Between 2016/17 Estimates and Projected Actual Net Revenue (Expense)	(1,672)	
FINANCING TRANSACTIONS		
Receipts	—	—
Disbursements	—	—
Capital Expenditures	(363)	(363)
Net Cash Source (Requirement)	(363)	(363)
Working Capital Adjustments and Other Spending Authority Committed ³	322	883
PROJECTED SPENDING AUTHORITY AVAILABLE AT THE END OF THE FISCAL YEAR ²	23,636	24,156

NOTES

¹ A Special Account is an account in the General Fund where the authorization to spend money from the account is located in an Act other than the *Supply Act*.

² The Spending Authority Available at the Beginning of the Fiscal Year 2016/17 is based on the 2015/16 *Public Accounts*. The Projected Spending Authority Available at the End of the Fiscal Year represents the cash and temporary investments projected to be available at the end of each fiscal year.

³ The Working Capital Adjustments and Other Spending Authority Committed includes those adjustments that would change the cash balance of the Special Account. This may include amortization expense, changes in accounts receivable and payable, and the recognition of deferred revenues.

MINISTRY OF ATTORNEY GENERAL

LOANS, INVESTMENTS AND OTHER REQUIREMENTS BY CORE BUSINESS

(\$000)

	Estimates 2016/17	Estimates 2017/18
EXECUTIVE AND SUPPORT SERVICES		
INTEREST ON TRUSTS AND DEPOSITS — Interest earnings are credited (disbursed) to certain trust funds and deposits belonging to third parties, which are held by and are under the general administration or trusteeship of the province, on the basis of earnings received (receipts) from the investment of these funds or as specified by provincial statutes. Administration costs are funded through the ministry's voted appropriations.		
Disbursements.....	2,900	2,900
Receipts.....	(2,900)	(2,900)
Net Cash Requirement (Source).....	—	—

MINISTRY OF ATTORNEY GENERAL
(\$000)

VOTE 14 Ministry Operations

Description	Total 2016/17 Operating Expenses	50	51	52	54	Total Salaries and Benefits	55	57	59	60	63	65	67	68	69
Justice Services	110,297	14,244	—	3,467	—	17,711	—	179	24	599	208	427	—	—	—
Prosecution Services	126,598	93,644	548	22,793	—	116,985	1,793	1,346	—	4,420	171	2,732	—	—	379
Court Services	99,496	71,643	894	17,633	—	90,170	1,932	1,401	—	2,261	1,883	3,027	—	—	1,209
Legal Services	21,207	45,425	485	11,106	—	57,016	20	856	—	36,008	602	2,013	—	127	—
Agencies, Boards, Commissions and Other Tribunals	23,394	11,444	254	2,864	—	14,562	4,027	338	—	2,678	642	775	—	47	5
Agencies, Boards, Commissions and Other Tribunals	23,393	8,706	23	2,152	—	10,881	3,591	251	—	1,066	398	526	—	22	5
British Columbia Utilities Commission	1	2,738	231	712	—	3,681	436	87	—	1,612	244	249	—	25	—
Liquor Control and Licensing	1	7,150	20	1,740	—	8,910	—	221	147	300	525	300	—	—	5
Gaming Policy and Enforcement	19,055	9,944	72	2,420	—	12,436	—	472	333	312	517	621	—	120	2
Gaming Policy and Enforcement Operations	19,054	9,944	72	2,420	—	12,436	—	472	333	312	517	621	—	120	2
Distribution of Gaming Proceeds	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Executive and Support Services	15,833	7,118	18	1,754	53	8,943	—	152	57	31	7,165	227	—	12	3
Minister's Office	728	429	—	125	53	607	—	60	—	—	20	25	—	—	3
Corporate Services	15,105	6,689	18	1,629	—	8,336	—	92	57	31	7,145	202	—	12	—
Total	415,881	260,612	2,291	63,777	53	326,733	7,772	4,965	561	46,609	11,713	10,122	—	306	1,603

VOTE 15 Judiciary

Description	Total 2016/17 Operating Expenses	50	51	52	54	Total Salaries and Benefits	55	57	59	60	63	65	67	68	69
Judiciary	71,786	52,851	110	12,864	—	65,825	1,997	1,484	—	407	1,756	1,787	—	3	102
Superior Courts	15,693	11,415	80	2,778	—	14,273	—	186	—	250	1,540	795	—	—	26
Provincial Courts	56,093	41,436	30	10,086	—	51,552	1,997	1,298	—	157	216	992	—	3	76
Total	71,786	52,851	110	12,864	—	65,825	1,997	1,484	—	407	1,756	1,787	—	3	102

VOTE 16 Crown Proceeding Act

Description	Total 2016/17 Operating Expenses	50	51	52	54	Total Salaries and Benefits	55	57	59	60	63	65	67	68	69
Crown Proceeding Act	24,500	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	24,500	—	—	—	—	—	—	—	—	—	—	—	—	—	—

70	72	73	75	Total Operating Costs	77	79	80	Total Govt Transfers	81	83	85	Total Other Expenses	86	88	Total Internal Recoveries	89	90	Total External Recoveries	Total 2017/18 Operating Expenses
58	—	457	1	1,953	158	—	97,948	98,106	—	—	86	86	—	(1,400)	(1,400)	(10)	(3,292)	(3,302)	113,154
88	—	260	300	11,489	—	—	—	—	—	—	1,103	1,103	(1,688)	—	(1,688)	—	—	—	127,889
1,591	—	3,358	611	17,273	—	—	—	—	—	—	730	730	—	—	—	—	(2,852)	(2,852)	105,321
—	—	93	—	39,719	—	—	—	—	—	—	397	397	—	(74,341)	(74,341)	(290)	(10)	(300)	22,491
—	—	47	686	9,245	—	—	—	—	8,909	—	33	8,942	—	(2)	(2)	(1,278)	(7,919)	(9,197)	23,550
—	—	46	230	6,135	—	—	—	—	8,909	—	26	8,935	—	(2)	(2)	(1,278)	(1,122)	(2,400)	23,549
—	—	1	456	3,110	—	—	—	—	—	—	7	7	—	—	—	—	(6,797)	(6,797)	1
170	—	49	749	2,466	—	—	—	—	—	—	229	229	—	(1)	(1)	(1)	(11,602)	(11,603)	1
8	—	444	—	2,829	11,800	—	110,805	122,605	—	—	49	49	—	(1)	(1)	—	(118,772)	(118,772)	19,146
8	—	444	—	2,829	—	—	7,605	7,605	—	—	49	49	—	(1)	(1)	—	(3,773)	(3,773)	19,145
—	—	—	—	—	11,800	—	103,200	115,000	—	—	—	—	—	—	—	—	(114,999)	(114,999)	1
—	—	1,689	—	9,336	—	—	—	—	—	—	3,668	3,668	—	(6,261)	(6,261)	(1)	(1)	(2)	15,684
—	—	—	—	108	—	—	—	—	—	—	176	176	—	—	—	—	—	—	891
—	—	1,689	—	9,228	—	—	—	—	—	—	3,492	3,492	—	(6,261)	(6,261)	(1)	(1)	(2)	14,793
1,915	—	6,397	2,347	94,310	11,958	—	208,753	220,711	8,909	—	6,295	15,204	(1,688)	(82,006)	(83,694)	(1,580)	(144,448)	(146,028)	427,236

70	72	73	75	Total Operating Costs	77	79	80	Total Govt Transfers	81	83	85	Total Other Expenses	86	88	Total Internal Recoveries	89	90	Total External Recoveries	Total 2017/18 Operating Expenses
70	—	649	—	8,255	4	—	175	179	—	—	129	129	—	—	—	—	—	—	74,388
4	—	400	—	3,201	—	—	—	—	—	—	38	38	—	—	—	—	—	—	17,512
66	—	249	—	5,054	4	—	175	179	—	—	91	91	—	—	—	—	—	—	56,876
70	—	649	—	8,255	4	—	175	179	—	—	129	129	—	—	—	—	—	—	74,388

70	72	73	75	Total Operating Costs	77	79	80	Total Govt Transfers	81	83	85	Total Other Expenses	86	88	Total Internal Recoveries	89	90	Total External Recoveries	Total 2017/18 Operating Expenses
—	—	—	—	—	—	—	—	—	—	—	24,500	24,500	—	—	—	—	—	—	24,500
—	—	—	—	—	—	—	—	—	—	—	24,500	24,500	—	—	—	—	—	—	24,500

MINISTRY OF ATTORNEY GENERAL
(\$000)

VOTE 17 Independent Investigations Office

Description	Total 2016/17 Operating Expenses	50	51	52	54	Total Salaries and Benefits	55	57	59	60	63	65	67	68	69
Independent Investigations Office	7,552	4,719	—	1,336	—	6,055	—	161	50	111	171	208	—	—	4
Total	7,552	4,719	—	1,336	—	6,055	—	161	50	111	171	208	—	—	4

Statutory Appropriations

Description	Total 2016/17 Operating Expenses	50	51	52	54	Total Salaries and Benefits	55	57	59	60	63	65	67	68	69
Public Guardian and Trustee Operating Account	8,795	17,332	178	4,219	—	21,729	—	139	—	1,432	1,260	837	—	26	4
Total	8,795	17,332	178	4,219	—	21,729	—	139	—	1,432	1,260	837	—	26	4

70	72	73	75	Total Operating Costs	77	79	80	Total Govt Transfers	81	83	85	Total Other Expenses	86	88	Total Internal Recoveries	89	90	Total External Recoveries	Total 2017/18 Operating Expenses
100	—	314	381	1,500	—	—	—	—	—	—	19	19	—	—	—	—	—	—	7,574
100	—	314	381	1,500	—	—	—	—	—	—	19	19	—	—	—	—	—	—	7,574

70	72	73	75	Total Operating Costs	77	79	80	Total Govt Transfers	81	83	85	Total Other Expenses	86	88	Total Internal Recoveries	89	90	Total External Recoveries	Total 2017/18 Operating Expenses
—	—	883	176	4,757	—	—	—	—	—	—	384	384	—	—	—	—	(17,961)	(17,961)	8,909
—	—	883	176	4,757	—	—	—	—	—	—	384	384	—	—	—	—	(17,961)	(17,961)	8,909

**Ministry of Attorney General and Ministry of Public Safety and Solicitor General
Headcount vs FTE Burn**

Ministry	Program/ Branch	Headcount	FTE Burn
Ministry of AG	Justice Services	263	229
	Prosecution Services	916	866
	Court Services Branch	1,357	1,223
	Legal Services Branch	492	478
	Agencies Boards & Commissions	152	143
	Executive	5	5
	Minister's Office	6	6
	Information Systems Branch	79	79
	Gaming Policy & Enforcement Branch	136	133
	Liquor Control & Licensing Branch	116	115
	Judiciary	424	379
	Independent Investigations Office	52	52
	Public Guardian & Trustee	283	277
Ministry of AG Total		4,281	3,985
Ministry	Program/ Branch	Headcount	FTE Burn
Ministry of PSSG	Corrections Branch	2,630	2,479
	Policing and Security Branch	149	144
	Community Safety & Crime Prevention	99	95
	Coroners Service	153	64
	RoadSafety BC	170	170
	Minister's Office	5	5
	Executive	18	18
	Corporate Management Services	170	167
	Civil Forfeiture Office	9	9
	<i>Sub total</i>	3,403	3,151
	Emergency Management BC	115	97
	Emergency Program Act	44	33
Ministry of PSSG Total		3,562	3,281
Grand Total		7,843	7,265

Headcount: The actual number of the existing staff.

FTE Burn is based on standard hours worked, averaged over the pay periods completed for the year, except for the Minister's Office which is shown as planned FTEs

FTE Burn:

**Ministry of Attorney General
and
Ministry of Public Safety and Solicitor General**

**2017/18 – 2019/20
SERVICE PLAN**

September 2017



For more information on the Ministry of Attorney General and the
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Or visit the websites of the
Ministry of Attorney General
and the
Ministry of Public Safety and Solicitor General

Published by the Ministry of Attorney General and the
Ministry of Public Safety and Solicitor General

Attorney General Accountability Statement



The *Ministry of Attorney General and Ministry of Public Safety and Solicitor General 2017/18 - 2019/20 Service Plan* was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which the plan has been prepared.

A handwritten signature in black ink, appearing to read 'David Eby'.

Honourable David Eby, QC
Attorney General
August 31, 2017

Minister of Public Safety and Solicitor General Accountability Statement



The *Ministry of Attorney General and Ministry of Public Safety and Solicitor General 2017/18 - 2019/20 Service Plan* was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which the plan has been prepared.

A handwritten signature in black ink, appearing to read 'Mike Farnworth'.

Honourable Mike Farnworth
Minister of Public Safety and Solicitor General
August 31, 2017

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Purpose of the Ministries

The Ministry of Attorney General and the Ministry of Public Safety and Solicitor General share the vision of a safe, secure, just and resilient British Columbia. The ministries work together to administer justice, deliver public safety services and programs, and provide legal advice to government.

The Ministry of Attorney General is responsible for the following program areas: administrative, civil and family justice services; court services; family maintenance enforcement; legal advice and services to government; legal aid; prosecution services; protection and promotion of human rights; gaming policy development, regulation and enforcement; and liquor licensing, enforcement and distribution.¹

The areas of responsibility of the Ministry of Public Safety and Solicitor General are: policing and law enforcement; correctional services; restorative justice; crime prevention; victim services; coroners service; civil forfeiture; criminal record checks; private security industry regulation; consumer protection; road safety; emergency management, including preparedness, mitigation/prevention, response and recovery; flood protection and mitigation; and fire prevention and safety.²

Ministry Goals, Objectives and Performance Measures

The goal of the Ministry of Attorney General and the Ministry of Public Safety and Solicitor General is to help government achieve the following three commitments to British Columbians:

- The first commitment is to make life more affordable. British Columbians are counting on government to make their lives easier by containing costs and service fees.
- The second commitment is to deliver the services that people count on. Government services touch the lives of British Columbians every day, and there is so much more that we can – and must – do to provide these services where and when people need them. Additionally, in many cases, critical programs and services are delivered by Crown corporations, and the Ministry of Attorney General will work with its Crown board chairs to improve levels of service to citizens.
- The third commitment is to build a strong, sustainable, innovative economy that works for everyone. Our government believes that all ministries and public sector organizations have a role to play in supporting broad-based economic growth, developing poverty reduction strategies, and helping create good-paying jobs in every region of the province.

¹ In July 2017, responsibility for the following program areas and Crown corporations was transferred to the Ministry of Attorney General: Gaming Policy and Enforcement Branch; Liquor Control and Licensing Branch; Liquor Distribution Branch; British Columbia Lottery Corporation; and Insurance Corporation of British Columbia. The Crowns, agencies, boards, commissions and other tribunals for which the Attorney General is responsible are summarized in Appendix B.

² In July 2017, responsibility for Emergency Management BC was transferred to the Ministry of Public Safety and Solicitor General. As well as the responsibilities identified above, the ministry is responsible for a number of agencies and boards (see Appendix B) and the Combined Forces Special Enforcement Unit – British Columbia (see Appendix C).

Integrating with these priorities is government's commitment to true, lasting reconciliation with First Nations in British Columbia, as we move towards fully adopting and implementing the United Nations Declaration on the Rights of Indigenous Peoples and the Calls to Action of the Truth and Reconciliation Commission.

Beyond our work in supporting these commitments, the Attorney General has been tasked in his mandate letter to achieve the following specific objectives and performance targets:

- Introduce legislation to reform campaign finance laws to ban political contributions by corporations and unions, and set limits on individual contributions;
- Introduce legislation to hold a province-wide referendum on proportional representation in the fall of 2018;
- Introduce legislation to reform lobbying in British Columbia;
- Re-establish the Human Rights Commission;
- Increase the number of court sheriffs, expand the use of duty counsel, and increase staffing of the Court Services Branch to address court delays;
- Improve and support legal aid, including Indigenous³ legal services, dispute resolution services for families, and expanded poverty law services to increase access to justice;
- Work with Indigenous leadership and communities to set targets and take action to reduce the number of Indigenous people involved in the justice and public safety sector and incarcerated; and
- Conduct a comprehensive operating review of the Insurance Corporation of British Columbia.

The Minister of Public Safety and Solicitor General has been tasked in his mandate letter to achieve the following specific objectives and performance targets:

- Provide more support to police efforts to disrupt the supply chain and advocate for increasing penalties for drug dealers who knowingly distribute death-dealing drugs;
- Take action on gang and gun violence;
- Work in partnership to implement the Surrey Accord and provide the Surrey Wrap program with increased, stable and secure annual funding;
- Increase annual funding to support women who experience domestic violence, sexual assault and other crimes;

³ The word Indigenous is intended to be inclusive of anyone who is Aboriginal, First Nations, Metis or Inuit.

Ministry of Attorney General
Ministry of Public Safety and Solicitor General

- Work with Indigenous leadership and communities to set targets and take action to reduce the number of Indigenous people involved in the justice and public safety sector;
- Recognize culture for its role in rehabilitation and recovery, and provide culturally diverse and appropriate correctional programming, particularly for Indigenous offenders;
- Increase support for initiatives that are proven to prevent and reduce crime, and increase the use of restorative justice programs, and
- Lead the provincial government's planning for the safe implementation of legalized non-medical cannabis.

The Ministry of Attorney General and the Ministry of Public Safety and Solicitor General will continue to develop specific objectives and performance measures for inclusion in our 2018/19 – 2020/21 service plan, which will be released with *Budget 2018*.

Resource Summary – Ministry of Attorney General

Core Business Area	2016/17 Restated Estimates ¹	2017/18 Estimates	2018/19 Plan	2019/20 Plan
Operating Expenses (\$000)				
Justice Services	110,297	113,154	114,016	114,087
Prosecution Services	126,598	127,889	131,021	131,021
Court Services	99,496	105,321	105,471	105,471
Legal Services	21,207	22,491	24,033	24,033
Agencies, Boards, Commissions and other Tribunals	23,394	23,550	23,774	23,774
Liquor Control and Licensing	1	1	1	1
Gaming Policy and Enforcement	19,055	19,146	19,220	19,220
Executive and Support Services	15,833	15,684	16,052	16,052
Judiciary	71,786	74,388	74,738	74,738
<i>Crown Proceeding Act</i>	24,500	24,500	24,500	24,500
Independent Investigations Office	7,552	7,574	7,614	7,614
Public Guardian and Trustee Operating Account	-	-	-	-
Total	519,719	533,698	540,440	540,511
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)				
Agencies, Boards, Commissions and other Tribunals	10	10	10	10
Liquor Control and Licensing	318	187	187	187
Executive and Support Services	4,842	4,118	4,067	4,533
Judiciary	570	570	570	570
Independent Investigations Office	145	0	0	0
Public Guardian and Trustee Operating Account	363	363	363	363
Total	6,248	5,248	5,197	5,663

Ministry of Attorney General
Ministry of Public Safety and Solicitor General

Core Business Area	2016/17 Restated Estimates ¹	2017/18 Estimates	2018/19 Plan	2019/20 Plan
Other Financing Transactions (\$000)				
Receipts	(2,900)	(2,900)	(2,900)	(2,900)
Disbursements	2,900	2,900	2,900	2,900
Total Net Cash Source (Requirements)	0	0	0	0

¹ For comparative purposes, amounts shown for 2016/17 have been restated to be consistent with the presentation of the 2017/18 *Estimates*.

* Further information on program funding and vote recoveries is available in the [Estimates and Supplement to the Estimates](#).

Major Capital Projects

Major Capital Projects (over \$50 million)	Targeted Completion Date (Year)	Project Cost to June 30, 2017 (\$ millions)	Estimated Cost to Complete (\$ millions)	Approved Anticipated Total Capital Cost of Project (\$ millions)
Abbotsford Courthouse Construction of a new 14 room courthouse in Abbotsford adds needed court capacity and supports the Lower Fraser Valley Regional Plan Court Capacity Expansion Project Final Report . The project is to be delivered as a public-private partnership, with the private partner providing the design, construction, partial financing and facility maintenance for a 30-year period following construction. Construction is to begin in 2018 with facility operations beginning in 2020. ¹ The new courthouse will double the number of courtrooms available in the current facility and create over a thousand jobs during the course of construction.	2020	2	155	157

¹ Note that the Ministry of Attorney General is the project lead for reporting purposes, while the project capital budget resides with the Ministry of Citizens' Services.

Resource Summary – Ministry of Public Safety and Solicitor General

Core Business Area	2016/17 Restated Estimates ¹	2017/18 Estimates	2018/19 Plan	2019/20 Plan
Operating Expenses (\$000)				
Corrections	232,161	269,485	270,762	270,618
Policing and Security	356,850	401,036	389,358	389,285
Victim Services and Crime Prevention	40,387	40,818	41,709	41,756
BC Coroners Service	12,339	15,493	16,560	16,703
RoadSafetyBC	9,202	13,791	14,087	14,116
Emergency Management BC	15,397	15,462	15,550	15,550
<i>Emergency Program Act</i>	14,475	237,968 ²	14,728	14,728
Executive and Support Services	17,223	18,791	19,250	19,251
Statutory Services ³	14,785	16,780	16,280	16,284
Total	712,819	1,029,624	798,284	798,291
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)				
Executive and Support Services	16,342	4,903	13,137	12,017
Total	16,342	4,903	13,137	12,017
Other Financing Transactions (\$000)				
Receipts	0	0	0	0
Disbursements	0	0	0	0
Total Net Cash Source (Requirements)	0	0	0	0

¹ For comparative purposes, amounts shown for 2016/17 have been restated to be consistent with the presentation of the 2017/18 Estimates.

² The *Emergency Program Act* 2017/18 estimate includes forecasted expenditures to June 30th, 2017.

³ Statutory Services includes Civil Forfeiture Account, Corrections Work Program Account, Criminal Asset Management Fund, and Victim Surcharge Special Account.

* Further information on program funding and vote recoveries is available in the [Estimates and Supplement to the Estimates](#).

Appendix A: Ministry Contact Information and Hyperlinks to Additional Information

Ministers' Offices:

Honourable David Eby, QC
Attorney General
PO Box 9044 Stn Prov Govt
Victoria BC V8W 9E2
Phone: 250-387-1866
Fax: 250-387-6411

Honourable Mike Farnworth
Minister of Public Safety and Solicitor General
PO Box 9010 Stn Prov Govt
Victoria BC V8W 9E2
Phone: 250-356-2178
Fax: 250-356-2142

Media Enquiries: 250-387-1753

Domestic Violence Helpline

1-800-563-0808

Confidential; 24 hours/7 days; multiple languages

Families Change

Age-appropriate information to help kids, teens and parents deal with a family break up. The website was produced by the Justice Education Society in collaboration with the Ministry of Attorney General.

Human Trafficking Helpline

1-888-712-7974

Confidential; 24 hours/7 days; multiple languages

For assistance with human trafficking cases, including emergency services, and accessing shelter, interpretation and translation services.

Office of the Fire Commissioner

1-888-988-9488

24 hours/7 days

Problem Gambling Hotline

1-888-795-6111

24 hours/7 days; multiple languages

Information about, or referrals to, free problem gambling education and support services.

#SaySomething

Social media site; multiple languages

Resources for domestic violence victims, perpetrators, service providers and the family members, friends and bystanders who want to help.

VictimLink BC

Call at 1-800-563-0808; Text at 604-836-6381; Email at VictimLinkBC@bc211.ca

Confidential; 24 hours/7 days; multiple languages

Provides help and information for victims of family and sexual violence, and all other crimes.

Ministry of Attorney General

Office of the Deputy Attorney General

- 250-356-0149

BC Prosecution Service

- 250-387-3840

Court Services Branch

- 250-356-1550

Gaming Policy and Enforcement Branch

- 250-387-5311

Justice Services Branch

- 250-356-6582
 - Child Protection Mediation
 - Dispute Resolution Office
 - Family Justice Centres
 - Family Maintenance Enforcement Program
 - Investigation and Standards Office
 - Justice Access Centres

Legal Services Branch

- 250-356-8467

Liquor Control and Licensing Branch

- 1-866-209-2111

Liquor Distribution Branch

- 604-252-3000

Ministry of Public Safety and Solicitor General

Office of the Deputy Solicitor General

- 250-356-0149

Office of the Deputy Minister, Emergency Management BC

- 250-356-9400

BC Coroners Service

Community Safety and Crime Prevention Branch

- 604-660-5199
 - Civil Forfeiture Office
 - Office to Combat Trafficking in Persons
 - Victim Services

Corrections Branch

- 250-387-5059

Policing and Security Branch

- 250-387-1100

RoadSafetyBC

- 250-387-7747

Office of the Fire Commissioner

- 1-888-988-9488

Appendix B: Crown Corporations, Agencies, Boards, Commissions and other Tribunals

Ministry of Attorney General

Attorney General's BC Supreme Court Rules Committee

The Attorney General's BC Supreme Court Rules Committee assists the Attorney General in making recommendations to the Lieutenant Governor in Council respecting changes to the written rules governing the conduct of litigation in the Supreme Court of British Columbia. The Committee actively pursues opportunities to simplify the language and procedures in the rules to make them more accessible to the public while seeking opportunity to enhance access to justice through the rules.

BC Ferry Commission

The BC Ferry Commission is a quasi-judicial regulatory agency operating under the *Coastal Ferry Act*. The Commission regulates the ferry operator, British Columbia Ferry Services Inc. (BC Ferries) on 25 saltwater routes and is independent of the government and BC Ferries. The primary responsibility of the Commissioner is to regulate ferry fares. The Commissioner sets a price cap on the average level of fares which BC Ferries can charge, the goal of which is to balance the interests of ferry users with the interests of taxpayers while protecting the financial sustainability of the ferry operator. Other key tasks include: monitoring adherence to the terms of the Coastal Ferry Services Contract; approval of major capital expenditures; regulating unfair competitive advantage; and the approval and monitoring of BC Ferries' customer complaints process.

BC Human Rights Tribunal

The BC Human Rights Tribunal is responsible for accepting, screening, mediating and adjudicating complaints under the *Human Rights Code*. It provides parties the opportunity to resolve complaints through mediation; complaints that are not resolved through mediation proceed to a hearing before the Tribunal. The Tribunal is accountable to the legislature through the Attorney General and functions independently of government on all matters related to adjudication of complaints. Orders of the Tribunal are enforceable in the British Columbia Supreme Court.

BC Lottery Corporation

The BC Lottery Corporation (BCLC) is a crown corporation governed by the *Gaming Control Act*. Its mandate is to conduct, manage and operate lottery, casino, commercial bingo and internet gambling in a socially responsible way for the benefit of British Columbians. BCLC is regulated by the Gaming Policy Enforcement Branch, Ministry of Attorney General, which is responsible for regulating all gaming in the province, including horse racing and charitable gaming. BCLC also adheres to the federal financial regulator, FINTRAC, in its anti-money laundering practices.

British Columbia Review Board

The British Columbia Review Board conducts hearings to review and assess the mental condition and level of threat to the public posed by mentally disordered accused persons for the purpose of

determining whether they should be absolutely or conditionally discharged, or detained in a designated place of custody.

British Columbia Utilities Commission

The British Columbia Utilities Commission operates under the *Utilities Commission Act*, regulating utilities to ensure customers receive safe, reliable and non-discriminatory energy services at fair rates, and that shareholders of those utilities are afforded a reasonable opportunity to earn a fair return on their invested capital.

Building Code Appeal Board

Under the *Building Act (Part 4, sections 19-21)*, the Building Code Appeal Board resolves disputes regarding the *British Columbia Building Code* on whether a matter conforms to a building regulation. The *British Columbia Building Code* establishes minimum standards for residential and commercial building construction.

Civil Resolution Tribunal

The Civil Resolution Tribunal (CRT) is responsible for providing online, facilitation and adjudication services under the *Civil Resolution Tribunal Act*. It provides parties with the opportunity to resolve complaints through online self-help information and tools, through facilitation services delivered mainly by tribunal staff, and through adjudications delivered by tribunal members. The CRT is accountable to the legislature through the Attorney General and functions independently of government on all matters related to adjudication of complaints. Orders of the CRT are enforceable in British Columbia's Provincial Court and Supreme Court.

Community Care and Assisted Living Appeal Board

The Community Care and Assisted Living Appeal Board was created under the *Community Care and Assisted Living Act* to hear and decide appeals from licensing, registration and certification decisions about community care facilities, assisted living residences, and early childhood educators.

Employment Standards Tribunal

The Employment Standards Tribunal was established under the *Employment Standards Act* with a mandate to conduct appeals of Determinations issued by the Director of Employment Standards and may also reconsider any order or decision it makes.

Environmental Appeal Board

The Environmental Appeal Board resolves disputes related to decisions made by government officials on environmental issues. These decisions include water licences, contaminated site remediation orders, pesticide permits and the cancellation of hunting licences, among other things. The Environmental Appeal Board plays a role in ensuring the protection and wise use of the environment by providing a quasi-judicial access point for the public and industry to appeal certain government decisions.

Financial Services Tribunal

The Financial Services Tribunal hears appeals from individuals and institutions who want to contest enforcement decisions made by the Insurance Council of British Columbia, the Real Estate Council of British Columbia, the Superintendent of Real Estate, the Superintendent of Pensions, the Registrar of Mortgage Brokers, and the Superintendent of Financial Institutions. It provides an avenue of appeal for those who believe that they have been wrongly limited or denied the ability to work in one of the regulated occupations to which an appeal lies to the tribunal. The Financial Services Tribunal has jurisdiction to hear appeals under the following statutes: *Financial Institutions Act*, *Credit Union Incorporation Act*, *Mortgage Brokers Act*, *Real Estate Services Act*, *Pension Benefits Standards Act* and *Real Estate Development Marketing Act*.

Forest Appeals Commission

The Forest Appeals Commission resolves disputes related to decisions made by government officials on forests and the environment under the *Forest Practices Code of British Columbia Act* and continued under the *Forest and Range Practices Act*.

Health Professions Review Board

The Health Professions Review Board was created under the *Health Professions Act* to provide an independent review of certain decisions made by the self-governing colleges of designated health professions regarding the registration of their members and the timeliness and disposition of complaints made against their registrants.

Hospital Appeal Board

The Hospital Appeal Board was created under the *Hospital Act* to provide medical practitioners with an avenue of appeal from hospital board of management decisions affecting hospital privileges.

Independent Investigations Office of BC

The Independent Investigations Office was established to conduct civilian-based investigations of police officer involved incidents of death or serious harm. The office is under the direction of the Chief Civilian Director, a position for which one cannot have ever served as a police officer.

Industry Training Appeal Board

The Industry Training Appeal Board hears appeals under section 10 of the *Industry Training Authority Act*. The Board's fundamental purpose is to provide a specialized independent, accessible and cost-effective forum for the hearing of appeals from decisions of the Industry Training Authority regarding trainees and industry training credentials.

Insurance Corporation of British Columbia

The Insurance Corporation of British Columbia (ICBC) is a provincial Crown corporation mandated by the *Insurance Corporation Act*, the *Insurance (Vehicle) Act* and the *Motor Vehicle Act* to provide universal compulsory auto insurance (basic insurance) to drivers in B.C., with rates regulated by the British Columbia Utilities Commission. Similar to other vehicle owners across Canada, motorists in B.C. are required by law to purchase a minimum level of basic vehicle insurance. In addition to

providing basic vehicle insurance, ICBC offers various optional vehicle insurance coverages, including extended third-party liability, collision, and comprehensive and vehicle storage.

Investigation and Standards Office

The Investigation and Standards Office is an independent body of the Ministry of Attorney General. Its responsibilities include: investigating complaints made by inmates at provincial correctional centres and probationers supervised in the community; reviewing inmate disciplinary appeals; inspecting facilities and processes used by court services; and participating in critical incident reviews conducted by BC Corrections, or as determined by the director.

Judicial Council of British Columbia

The *Provincial Court Act* establishes the Judicial Council, a body of nine people with responsibility for improving the quality of services provided by the judicial officers of the Provincial Court. Its main functions are to advise the government on the appointment of Provincial Court judges and judicial justices and, when necessary, undertake inquiries into their conduct. Its duties under the *Provincial Court Act* include: screening candidates applying for appointment as judges and judicial justices, and retired judges' applications for reappointment; conducting inquiries regarding the conduct of judges and judicial justices; considering proposals for improving the Court's judicial services; continuing the education of judicial officers; preparing and revising, in consultation with the judicial officers, a Code of Ethics for the judiciary; and reporting to the Attorney General on matters which the Attorney General considers necessary.

Labour Relations Board

The Labour Relations Board has a mandate to mediate and adjudicate employment and labour relations matters related to unionized workplaces. The *Labour Relations Code* establishes the Board and governs all aspects of collective bargaining amongst the provincially-regulated employers and employees. This includes the acquisition of collective bargaining rights, the process of collective bargaining, the settlement and regulation of disputes in both the public and private sectors, and the regulation of the representation of persons by their bargaining agents.

Legal Services Society

The Legal Services Society provides legal aid in British Columbia as set out in the *Legal Services Society Act*. Services include legal information and advice to, and representation of, people with low incomes. The provincial government provides most of the society's funding, but the Legal Services Society remains independent of government. The society reports its activities to government through the Attorney General and determines the range of services it will provide within the framework of a memorandum of understanding negotiated with the Attorney General every three years.

Liquor Distribution Branch

The Liquor Distribution Branch (LDB) is one of two branches of government responsible for the beverage alcohol industry in British Columbia. The *Liquor Distribution Act* gives the LDB the sole right to purchase beverage alcohol both within B.C. and from outside the province, in accordance with the federal *Importation of Intoxicating Liquors Act*. As the sole buyer and re-seller of liquor in the province's mixed public-private model, the LDB is one of the largest liquor purchasers in the world.

Mental Health Review Board

The Mental Health Review Board was created under the *Mental Health Act* to conduct hearings to review and decide whether persons certified /detained at any mental health facility in B.C. should continue to be certified /detained based on criteria in the Act. The Board's function is to ensure that patients who are certified by physicians and detained involuntarily in provincial mental health facilities have access to an objective and timely review process.

Notaries Public Board of Examiners

B.C. Notaries provide non-contentious legal services to the public. The purpose of the Notaries Public Board of Examiners is to conduct and mark the statutory examinations of all applicants for enrolment as members of the Society of Notaries Public of British Columbia.

Oil and Gas Appeal Tribunal

The Oil and Gas Appeal Tribunal hears appeals from decisions of the Oil and Gas Commission which include certain orders, declarations, findings of contravention, administrative penalties and permitting decisions in relation to an 'oil and gas activity' such as geophysical exploration, the construction or operation of a pipeline, road construction, and the production, gathering, processing, storage or disposal of petroleum, natural gas or both.

Property Assessment Appeal Board

The Property Assessment Appeal Board was established under the *Assessment Act* and is the second level of appeal following the Property Assessment Review Panels. The most common issues in assessment appeals deal with a property's market value, fairness compared to the assessments of other similar properties, property classification and exemptions from taxation.

Public Guardian and Trustee of British Columbia

The Public Guardian and Trustee is a corporation sole established under the *Public Guardian and Trustee Act* with a unique statutory role to protect the interests of British Columbians who lack legal capacity to protect their own interests. The mandate of the Public Guardian and Trustee is to: protect the legal and financial interests of children under the age of 19; protect the legal, financial, personal and health care interests of adults who require assistance in decision making; and administer the estates of deceased and missing persons.

Safety Standards Appeal Board

The Safety Standards Appeal Board was created under section 43 of the *Safety Standards Act*. The Board hears appeals of decisions made under the *Safety Standards Act* by provincial safety officers and safety managers. The Board also hears appeals of decisions made by the Registrar of the Homeowner Protection Office under the *Homeowner Protection Act*.

Surface Rights Board

The Surface Rights Board was established under the *Petroleum and Natural Gas Act (PNGA)*. Under the *PNGA*, the *Mining Right of Way Act*, the *Mineral Tenure Act*, the *Geothermal Resources Act*, and

the *Coal Act*, the Board has jurisdiction to resolve disputes between landowners and companies that require access to private land to explore for, develop, or produce Crown-owned subsurface resources such as oil, gas, coal, minerals and geothermal.

Ministry of Public Safety and Solicitor General

Consumer Protection BC

Consumer Protection BC was established in 2004 under the *Business Practices and Consumer Protection Authority Act* and, as delegated by the provincial government, is responsible for administering British Columbia's consumer protection laws – namely the *Business Practices and Consumer Protection Act*, the *Cremation, Interment and Funeral Services Act*, and the *Motion Picture Act* – along with a variety of associated consumer protection regulations. It is a not-for-profit corporation that protects consumers and encourages a fair marketplace in the province.

Police Boards

Under the *Police Act* in British Columbia, municipal police departments are overseen by an appointed police board consisting of civilian members of the community. Police boards act as the conduit between the community and the police. They set the priorities, goals and objectives for the department and are responsible for developing the annual department budget.

Vehicle Sales Authority of British Columbia

The Vehicle Sales Authority of British Columbia is an administrative authority delegated by the provincial government to administer and enforce the *Motor Dealer Act* and its regulations, as well as the *Business Practices and Consumer Protection Act* as it relates to the sale of motor vehicles. Founded in 2004 and formerly named the Motor Dealer Council of BC, the agency became one of the first examples of government's new approach for administering public policy through a delegated administrative authority.

Appendix C: Combined Forces Special Enforcement Unit – British Columbia

In 1999, the Organized Crime Agency of British Columbia (OCABC) was created as an independent Designated Policing and Law Enforcement Unit under the *Provincial Police Act*.

In 2004, the Combined Forces Special Enforcement Unit-British Columbia (CFSEU-BC) was developed in consultation with the provincial government as an initiative to integrate the OCABC, the municipal police departments, and the RCMP. The Board of Governance for the OCABC also acts as the Board of Governance for the CFSEU-BC. The Board is comprised of: the Deputy Commissioner Pacific Region and Commanding Officer “E” Division RCMP; the President of the BC Association of Chiefs of Police; the President of the BC Association of Municipal Chiefs of Police; and the Chief Constable of the Vancouver Police Department. The Board determines the strategic direction of the CFSEU-BC and ensures its operational priorities are aligned with the policing priorities for British Columbia. The CFSEU-BC operates under the RCMP policies and procedures. Board members do not receive any remuneration.

The Chief Officer in charge of the CFSEU-BC leads an executive team comprised of civilian members in addition to regular RCMP and Municipal officers seconded from across the province. The CFSEU-BC Gang Enforcement Unit, Investigation Teams, and the Joint Illegal Gaming Investigation Team are just a few of the teams that fall under the responsibility of the CFSEU-BC. Offices for the CFSEU-BC are located in the Lower Mainland, Prince George, Kelowna, and Victoria.

The mission of the CFSEU-BC is to facilitate the disruption and suppression of organized crime that affects British Columbians. Its mandate is to investigate, prosecute, disrupt, and suppress criminal organizations, consistent with local, regional, national, and international priorities. The CFSEU-BC also supports other agencies by assisting in organized crime and major crime investigations. More information can be found at: www.cfseu.bc.ca.

BCLC

**2017/18 – 2019/20
SERVICE PLAN**

September 2017



For more information on BC Lottery Corporation (BCLC), contact:

74 West Seymour Street, Kamloops, B.C. V2C 1E2

250-828-5500

Email: consumerservices@bclc.com

Or visit our website at
www.bclc.com

Board Chair Accountability Statement



The 2017/18 - 2019/20 BCLC Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. 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. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of August 29, 2017, have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, BCLC'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 BCLC's operating environment, forecast conditions, risk assessment and past performance.

A handwritten signature in dark ink, appearing to read 'Bud Smith'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Bud Smith
Chair, Board of Directors

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Strategic Direction and Operating Environment

Strategic Direction

In August 2017, Government provided BCLC with a Mandate Letter outlining key principles and commitments and directing BCLC to continue to manage its programs and initiatives within existing budget targets. The letter also directed BCLC to begin working with the Ministry of Attorney General to develop strategic actions through the 2018 Mandate Letter process for *Budget 2018*.

These instructions and principles have been taken into consideration as part of the revisions to our Service Plan for the *Budget 2017 Update*. This letter forms part of our strategic context and, along with economic and market trends, informs the business choices we make.

As a Crown corporation, BCLC is required to make smart, responsible investments to grow our business, while balancing our commitment to managing our operating costs in the best interest of the Province and the people of British Columbia.

Operating Environment

Since 1998 and up until 2010, BCLC had been operating in a largely supply-driven environment, where the market for gambling entertainment was under-supplied and hence revenue increased as supply was added. As of 2010, the supply gap has been largely filled, and there has been a shift from a supply-driven to a demand-driven environment that requires BCLC to meet the demands and preferences of customers who now have a wide range of entertainment and gambling options to choose from. This shift to a demand-driven environment is driving a critical need for innovation, challenging the status quo and requires investments in developing new products and services.

Mature markets and relevance of our products to a changing player base

BCLC's major lines of business (lottery and casino) are maturing, and innovation will be critical to sustaining and growing revenues. We expect the industry to remain customer-driven and dynamic, with impacts from many competitive and market forces. With fewer new distribution opportunities we will focus on customer relationship management, enhancing gambling facilities and amenities for our customers, and new product development. BCLC will also focus on leveraging and enhancing our online and mobile platforms to deliver a more tailored customer experience with relevant offerings.

Changing demographics and consumer expectations, combined with increasing direct competition from other gambling entertainment options such as online gambling, fantasy sports and social gaming, underscore the need for BCLC to continue to be agile and responsive to the marketplace. BCLC's traditional bricks-and-mortar distribution channels are close to meeting existing market demand and our gambling product portfolio is facing declining relevance due to changing demographics and expectations. Our product mix is less relevant, in particular, to younger adults who have different expectations for entertainment and service based on the experiences they encounter elsewhere. Ensuring product relevance and a strong entertainment value proposition is critical to our future success. BCLC is focused on continuing to serve our core players' expectations, attracting new

players, and increasing participation from light and casual player segments through the creation of new content and better integrating our digital and bricks-and-mortar experiences.

Evolving player expectations for new content and experiences

Driven largely by advances in technology, consumers are demanding more from the products, services and experiences they engage with. The line between physical and digital is blurring, as demonstrated in the retail sector where retailers are leveraging the capabilities of both environments together with personalization to deliver a better experience for their customers. Trends in entertainment are also changing in that experiences related to social connectivity and competition are driving the entertainment choices for many. Mobile devices are providing a convenient means for consumers to access entertainment or shopping opportunities, whether they are at home or away.

BCLC is embracing these changes and addressing player needs by investing in new content and working to deliver a seamless customer experience across channels and touchpoints. We also continue to invest in our core products, for example Lotto Max, Lotto 6/49 and our existing properties in order to meet and exceed our players' expectations.

A key aspect of a positive customer experience is minimizing any potential harms associated with the use of our products through the promotion of responsible gambling and a focus on player health. Over-consumption of any product can potentially have harmful consequences to the consumer, which is why BCLC continues to invest in GameSense (<https://gamesense.bclc.com>), the corporation's communication platform for responsible gambling awareness and support for player health.

Competition for Talent

The Government of B.C. is projecting that, starting in 2019, there will be a province-wide labour shortage and by 2022 there will be at least a 28,400-person workforce deficit.¹ Statistics Canada is also reporting a projected decrease in the unemployment rate nationally as the labour force participation rate decreases due to the aging population.

The Conference Board of Canada² indicates that the most anticipated challenges for B.C. employers will be recruiting in the market for:

- skilled trades
- computer and information science
- engineering and electronics
- business and management

This means it will be a job-seeker's market and BCLC will need to focus on retention and knowledge transfer as key internal strategies in order to remain competitive.

¹ [British Columbia Labour Market Outlook](#). See Appendix 1, Table 2.

² [Skills for Success: Developing Skills for a Prosperous B.C.](#)

Performance Plan

Goals, Objectives, Strategies and Performance Measures

Goal 1: Player – we are creating an integrated player-focused entertainment company.

Strategies

Focus on player health.

BCLC is committed to reducing the negative health impacts our business may have on people and communities. BCLC is implementing a new strategy and evaluation framework moving away from risk awareness and focusing on player health. Our strategy incorporates key findings from research and the harm reduction approaches applied to other types of addictions. We will move towards outcome-based performance measures of responsible gambling programs in order to track and better gauge effectiveness. Across all our games, we focus on programming that encourages healthy gambling decisions, and we will continue to engage public health stakeholders to ensure that our programs reflect best practices in harm reduction and responsible gambling. Additionally, we are expanding the GameSense Advisors program to all facilities in order to enable operational efficiencies, stronger oversight, enhanced customer service, and greater alignment with our player health strategy.

Improve the gambling entertainment experience with new content and enhanced facilities.

A major focal point of our strategy is improving the gambling experience through new content. Content represents the entertainment experience that players seek when they engage with us and includes our games, amenities at our facilities and the relationships we have with our customers. BCLC will focus on a more detailed understanding of customer preferences, the entertainment industry, and gambling trends to increase BCLC's entertainment value. This understanding will allow us to make decisions on new content and the best way to engage our players in fun and entertaining experiences. We believe that enhancing the content we offer will be key to realizing our vision and serve as a catalyst for future growth.

Improve customer relationships.

We will build on the customer relationship management (CRM) foundation currently being implemented to optimize customer communications across email, mobile push and social touchpoints to engage in relevant, personalized conversations with our players. This will deliver customized and relevant BCLC promotions, content and service to players based on an improved understanding of interactions across all BCLC touchpoints. We will continue to enhance the services delivered through the customer support centre and embrace social responsibility in how we engage customers by integrating a player health lens into our CRM approach.

Optimize our points of distribution and simplify the way our players access and experience our products.

We will continue to leverage investments in our digital and technology infrastructure to deliver exciting games and experiences to our players in our facilities and through our retailers. We will continue to ensure that current facilities are in the right locations and deliver the experiences our customers expect in order to capture the full potential of each facility. BCLC's competitive advantage is that, unlike competitors who operate solely online or solely in bricks-and-mortar, we manage products and channels in retail, hospitality, casino, community gaming centres, web and mobile to create a fulsome customer entertainment experience. We will simplify the way players access and experience our products. Our objective is to enhance the gambling experience everywhere that players choose to engage with our products.

Performance Measure 1: Player Satisfaction

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Player Satisfaction	80%	80%	80%	80%

Data Source: Continuous online tracking study conducted by third-party research professional. Study uses market research industry standard techniques to randomize the sample, while retaining a gender, age and regional balance that is consistent with B.C. population figures available from Statistics Canada's Census.

Player Satisfaction measures how successful we are in creating a player-focused entertainment company. BCLC's level of player satisfaction is already very positive and we are planning to maintain this high level in the upcoming years. To achieve this, we will continue to learn about customer preferences so we can offer relevant content and entertaining experiences that meet our players' needs.

Performance Measure 2: Player Participation (per cent at least monthly)

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Player Participation	53%	53%	53%	54%

Data Source: Continuous online tracking study conducted by third-party research professional. Study uses market research industry standard techniques to randomize the sample, while retaining a gender, age and regional balance that is consistent with B.C. population figures available from Statistics Canada's Census.

Player Participation measures the percentage of adult British Columbians who play a BCLC game in any of BCLC's gambling channels at least once a month. This measure is an indicator of how successful we are in creating entertaining and relevant experiences so players purchase our games. We have adjusted our targets based on historical and forecasted information, and are planning to grow player participation in the upcoming years, focusing on growing participation of moderate and light player segments while retaining our core players. We will continue to learn about customer preferences, enhance our content, and utilize our customer relationship management capabilities to deliver entertaining games and experiences, whether it is in our facilities, through our retailers or online.

Performance Measure 3: Player Awareness of Responsible Gambling Activities

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Player Awareness of Responsible Gambling Activities	79%	78%	78%	79%

Data Source: Continuous online tracking study conducted by third-party research professional. Study uses market research industry standard techniques to randomize the sample, while retaining a gender, age and regional balance that is consistent with B.C. population figures available from Statistics Canada's Census.

BCLC is committed to promoting responsible gambling programs that encourage positive gambling choices. Player Awareness of Responsible Gambling Activities measures how effective we are at educating our players regarding responsible gambling tools and resources, so they can make informed choices. We have updated our targets based on the actual results achieved in fiscal 2016/17 and, although we are shifting resources away from public awareness programs to player health programs, we expect that awareness of responsible gambling activities will remain relatively stable in the future due to continued provision of information at the point of sale. Based on recommendations made in the [Crown Review Report](#) on BCLC and the [Plan for Public Health and Gambling](#), we expect to introduce new measures of harm reduction in future service plans that better align with our player health strategy.

Performance Measure 4: Net Win per Capita

Performance Measure	2015/16 Baseline or Benchmark ¹	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Net Win per Capita	BCLC: \$501 LQ: \$307 OLG: \$378	\$503	\$506	\$513	\$514

Data Source: Net win is from BCLC's financial plan. B.C. population projections are from Statistics Canada (Table 052-0005). Actual population estimates are from Statistics Canada (Catalogue no. 91-215-X).

¹ Benchmarks are calculated using figures from Ontario Lottery and Gaming (OLG) and Loto-Québec's (LQ) fiscal 2015/16 financial statements provided in their published annual reports. BCLC figures represent 2015/16 actual results.

Net Win per Capita tells us how successful we are in growing revenue in relation to the provincial population. Net win is calculated for lottery and bingo games by deducting prizes from gross sales. Casino game prizing is paid during game play and is therefore already reported on a net win basis. The net win is divided by B.C.'s total population, based on Statistics Canada population figures, to obtain per capita metrics. Population estimates and projections are updated annually.

Indexing to the total population allows us to benchmark to other jurisdictions, as the age at which legal gambling is permitted varies between jurisdictions. Net Win per Capita will not grow if the population rate of growth is higher than the projected rate of net win growth. Since this measure is widely used in the gambling industry, consistent benchmarking is possible. BCLC has consistently outperformed the benchmark organizations. BCLC has been successful in attracting tourism to our facilities, which contributes to our net win; however, while tourism is not considered part of the population counts for B.C., including net win from tourism helps explain part of B.C.'s success in comparison to the benchmark organizations, whose figures also include net win from tourism.

In 2016/17, BCLC's Net Win per Capita increased over the previous year through innovation and capitalizing on strategic investments, primarily in the bricks-and-mortar and online channels of the slots category. This successfully offset the volatility experienced in high-limit table game revenue and the expected normalization in jackpot rolls in Lotto Max and Lotto 6/49 from the previous year.

Goal 2: People – we are building an engaged workforce and strong culture.

We strive to demonstrate the value of our work by complying with a rigorous and standardized approach to performance management and employee compensation, consistent with other provincial Crown corporations in B.C. BCLC's talent strategy provides a framework to guide the application of all aspects of our human resources practices. It is intended to achieve the outcome of "Our people and culture deliver exceptional business results." The talent strategy provides the foundation to build organizational capacity and capability, while promoting a culture of service excellence focused on employee engagement.

Strategies

We hire and develop the right talent.

BCLC will continue to focus on employee development and leadership in order to prepare for changing workforce demographics, and ensure BCLC has the right talent to deliver exceptional business results in an environment of changing demands and evolution of the business. We are developing a Strategic Workforce Plan to meet longer term business needs. This will be supported by enhancing leadership and employee development programs to support career progression opportunities.

We attract, retain and engage through a competitive employee value proposition.

For ten consecutive years, BCLC has been selected as a top employer in British Columbia. Competition for qualified talent is strong and therefore we continue to pursue excellence in the programs, services and experiences we offer to our workforce. BCLC will continue to provide a competitive total rewards program that includes rewards, recognition and developmental opportunities that meet both our workforce planning needs and individual career progression while being consistent with the Public Sector Employers' Council guidelines. In addition, we are implementing a diversity and inclusion strategy which will provide employees with the information and tools needed to create a more inclusive workplace, fostering greater innovation and customer focus.

Performance Measure 5: Employee Engagement

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Employee Engagement	87%	85%	85%	85%

Data Source: Anonymous online survey among BCLC employees, conducted by a third-party market research professional using industry standard techniques.

Employee Engagement is defined as the intellectual and emotional commitment employees have in an organization, and reflects the dedication employees exert to contribute to the organization's success. A passionate and engaged workforce is more productive and will help to drive the success of our business, delivering the fun entertainment experiences our players expect.

In 2016/17, we achieved an exceptionally high employee engagement score. Based on this result, we have made a slight increase to our future targets. We expect employee engagement to remain high based on our commitment to maintaining an engaged workforce through regular measurement and action. However, we recognize that maintaining the exceptionally high result may not be realistic over time, and we have reflected this in our future targets.

Performance Measure 6: Employee Turnover Rate

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Employee Turnover Rate	5.5%	8%	8%	8%

Data Source: BCLC internal sources. Data is measured on a monthly basis with the year-end calculated by averaging the monthly rates.

Employee Turnover Rate measures the combined percentage of voluntary and involuntary turnover relative to BCLC's total headcount. This measure helps us determine how successful we are in attracting and retaining talent to drive the success of our business. It is an indicator of our competitiveness in the labour market, as well as the effectiveness of our training, development and retention programs. We will continue to invest in leadership and employee development. In 2016/17, we achieved a lower than expected employee turnover rate. Future targets reflect our recent results, as well as our historical average.

Goal 3: Public – our business and the benefits it creates are understood, trusted and supported by British Columbians.

Strategies

We are a partner for socio-economic growth in communities.

BCLC strives to make business decisions that reflect and include local perspectives, and provide benefits to the community that are broader than the bottom line.

We are open and accountable.

We are committed to sharing information with municipal, business and community stakeholders and the public about BCLC and the gambling industry to create awareness and understanding. We will proactively disclose relevant information about BCLC via bclc.com and the BCLC Social Responsibility Report. We will proactively communicate major corporate initiatives and activities to the public, the media and our employees in order to be transparent, accountable and build awareness and understanding of our organization.

Our games are fair, our facilities and platforms are safe and secure.

Sustaining net income depends on BCLC's ability to build the public's understanding, trust and support of our business by being a good corporate citizen, demonstrating integrity in what we deliver and how we deliver it, and being transparent in how we manage and conduct our business. It is paramount the public understands our products are fair and our facilities are safe.

As a priority, BCLC strives to protect its casinos from money laundering threats through a comprehensive anti-money laundering program built to meet or exceed federal requirements under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, and through formal cooperative efforts with police. BCLC is committed to continuously improving its anti-money laundering efforts by conducting periodic and independent reviews of its program, and through a strong professional working relationship with the federal regulatory body responsible for anti-money laundering – the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC).

We will continue to support the Joint Illegal Gaming Investigation Team (JIGIT) whose objective is to disrupt organized crime and gang involvement in illegal gambling, and prevent criminals from using B.C. gambling facilities who may seek to legalize the proceeds of crime.

Performance Measure 7: Public Recognition of Positive Contributions

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Public Recognition of Positive Contributions	73%	74%	74%	75%

Data Source: Continuous online tracking study conducted by third-party market research professional. Study uses market research industry standard techniques to randomize the sample, while retaining a gender, age and regional balance that is consistent with B.C. population figures available from Statistics Canada's Census.

This metric measures the percentage of adult British Columbians who agree that BCLC makes positive contributions to the Province of B.C. BCLC's success depends on maintaining and growing its "social licence" to operate gambling on behalf of British Columbians. This measure helps us gauge our success in building the public's recognition of the positive contributions of our gambling business so that our business and its benefits are better understood, trusted and supported by British Columbians. We have increased our targets based on historical and forecasted information, and our plans to continue to communicate the positive contributions of BCLC's business.

Performance Measure 8: Public Perceptions of BCLC's Transparency

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Public Perceptions of BCLC's Transparency	64%	64%	65%	65%

Data Source: Continuous online tracking study conducted by third-party market research professional. Study uses market research industry standard techniques to randomize the sample, while retaining a gender, age and regional balance that is consistent with B.C. population figures available from Statistics Canada's Census.

To build the public's trust and support of our business, it is important that we are transparent so that our business and its benefits are understood by British Columbians. Public perception of BCLC's transparency helps us gauge our success in becoming increasingly open and accountable. We have increased our targets based on historical and forecasted information, and our openness and accountability strategy. We will continue to act with integrity, be proactive in our communication about our business, and engage with municipal, business and community stakeholders and the public.

Performance Measure 9: Level of Greenhouse Gas Emissions

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Level of Greenhouse Gas Emissions (CO ₂ e metric tonnes by calendar year)	2016: 833	2017: 900	2018: 900	2019: 900

Data Source: Data is obtained from the suppliers of electricity, natural gas, fleet vehicle fuel and paper from internal procurement reporting. Data for electricity and natural gas consumption is verifiable from billable consumption figures supplied by the respective utilities companies. Usage for our offsite data facility is calculated from meter readings. Fleet vehicle fuel consumption is verified from our fleet vehicle management company reporting. Paper consumption of all types of reportable paper is measured internally each month.

Our reportable greenhouse gas (GHG) emissions result from the use of buildings, fleet vehicles and certain office paper supplies. BCLC uses calculations provided by the Province to convert and report our GHG emissions in a standard format. This calculation is completed and reported in metric tonnes of carbon dioxide emissions (CO₂e) by calendar year.

Since 2010, BCLC has been mandated to meet the requirements for carbon neutrality set out in the *Greenhouse Gas Reductions Target Act*, and pursue actions to minimize GHG emissions. Sustainability is a key component of our social responsibility mandate and we are advancing environmentally sustainable behaviours in our organizational culture. Future targets have been set using historical and forecast information. As of 2015, BCLC has surpassed its long-term goal of reducing reportable emissions to 1,034 metric tonnes by 2020, a 33 percent drop from a 2007 baseline year. Future targets have been set at a constant level due to the consistent nature of BCLC's operations and unpredictable nature of winter temperatures that are the main cause of year-to-year variability in BCLC's annual emissions.

Goal 4: Profit – we will optimize net income through investing to sustain the long-term health of our business.

BCLC has strengthened its cost management capabilities and fosters a culture of cost-consciousness. The organization is committed to continuous improvement to ensure we are operating efficiently and effectively to contain costs. As part of our mandate, we will optimize BCLC's financial performance and sustain net return to the Province in accordance with government policy, directives under the *Gaming Control Act* and Treasury Board direction.

Strategies

Define and integrate the innovative experiences our players want.

We will leverage investments in the PlayNow.com infrastructure to provide the digital connection with our bricks-and-mortar environment in order to create a better player experience. We continue to monitor consumer trends so that we can deliver relevant products and experiences that meet player expectations and provide value for money. With player understanding as a cornerstone, and working with best-in-class partners, we will continue to invest in content innovation to deliver engaging gambling experiences to our players and grow net income in a socially responsible manner.

Improve operational efficiency and effectiveness.

We will continue to manage the business in alignment with government direction.

Performance Measure 10: Net Income

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Net Income (\$ millions)	1,339.0	1,311.3	1,320.9	1,339.0

Data Source: BCLC's financial plan, see page 16.

Net Income is the total amount of income generated by BCLC and delivered to the Province and benefits all British Columbians by funding public health care, education and charitable community programs. Actual results are calculated in accordance with International Financial Reporting Standards (IFRS). This measure is a direct indicator of our success in meeting our mandate to generate net income for the benefit of all British Columbians.

Future targets have been increased to reflect the continued return on fiscal 2016/17 innovation and strategic investments, primarily in the bricks-and-mortar and online channels of the slots category, and to incorporate the exceptional fiscal year 2016/17 results of Keno and the Instant category.

Performance Measure 11: Comprehensive Cost Ratio

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Comprehensive Cost Ratio (% of Net Win)	42.0 %	43.6 %	44.5 %	44.4 %

Data Source: BCLC's financial plan, see page 16.

The Comprehensive Cost Ratio (CCR) is the sum of direct, gaming support, operating, amortization and other costs (excluding interest and taxes) divided by net win and expressed as a percentage. Cost ratios are used to gauge operational efficiency. During 2016/17, CCR was amended to exclude interest so that it better reflects operational efficiency from areas within BCLC's control. Prior year actual results have been restated for comparability purposes.

Increasing future year budgets are primarily a reflection of BCLC transitioning to a new commission structure for its Casino and Community Gaming service providers, which will drive better strategic alignment with its service providers and drive incremental market growth in the long term. Retailer and service provider commissions comprise the majority of the comprehensive cost base.

Financial Plan

Summary Financial Outlook

Consolidated Corporate Operations				
	2016/17	2017/18	2018/19	2019/20
\$ millions	Actual	Budget	Budget	Budget
Revenue	3,143.9	3,163.7	3,211.4	3,252.8
Prizes (Bingo and Lottery only)	741.3	730.0	718.2	725.8
Net Win	2,402.6	2,433.7	2,493.2	2,527.0
Direct Costs	749.8	788.0	818.4	826.9
Gaming Support Costs	38.6	41.7	43.1	44.1
Operating Costs	145.2	152.4	160.7	162.0
Amortization and Other	75.9	81.0	87.2	91.1
Total Costs	1,009.5	1,063.1	1,109.4	1,124.1
Net Income Before Taxes	1,393.1	1,370.6	1,383.8	1,402.9
Taxes	54.1	59.3	62.9	63.9
Net Income	1,339.0	1,311.3	1,320.9	1,339.0
Liabilities	496.3	512.5	536.8	562.1
Accumulated Surplus / (Deficit)	(17.1)	(17.1)	(17.1)	(17.1)
Accumulated Other Comprehensive Loss	(23.3)	(23.3)	(23.3)	(23.3)
Total Deficit	(40.4)	(40.4)	(40.4)	(40.4)
Capital Expenditures	86.2	90.0	105.0	105.0

Key Forecast Assumptions, Risks and Sensitivities

Net income targets are updated through a reforecasting process that analyzes recent revenue trends for each product category to build a projection of baseline contribution margin (revenues less direct costs). Baseline costs for 2017/18 were estimated using a zero-based budgeting approach. Incremental revenues and costs from strategic initiatives are incorporated into baseline projections and result in the financial plan.

Revenue is projected to increase \$108.9 million, or 1.1 per cent compounded annually, over the three-year period (fiscal year 2016/17 – fiscal year 2019/20). Due to an expected shift in product mix, with lottery and bingo comprising a lower share of the mix, prizes are estimated to decrease by \$15.5

million, or 0.7 compounded annually, over the three-year period. Net win, which is revenue after prizes paid, is projected to increase by \$124.4 million, or 1.7 per cent compounded annually, over the three-year period.

Direct costs include private sector service provider and retailer commissions, lottery ticket and bingo paper printing, supplies and leases. These are driven by revenue projections of each product category. Direct costs are forecasted to increase \$77.1 million, or 3.3 per cent compounded annually, over the three-year period. The increase in direct costs is primarily related to BCLC transitioning to a new commission structure in its Casino and Community Gaming division.

Gaming support costs are expenses that support revenue generation including systems support, data transmission, equipment installation, product delivery, sports odds-setting and internet-based software licence and service fees. These costs are projected to increase by \$5.5 million, or 4.5 per cent compounded annually, over the three-year period. Costs in this area are forecasted to increase in line with industry trends as BCLC continues to make investments in technology to sustain and enhance core systems that support our player experiences. Also, systems support costs associated with maintaining our online and mobile-enabled gambling site, PlayNow.com, are expected to rise to keep pace with upgrades to our players' desktop operating systems, browsers, security systems and mobile devices.

Operating costs include marketing investment, staffing costs, research and development, professional fees, rent, equipment and goods, communications and financial costs. Operating costs are projected to increase by \$16.8 million, or 3.7 per cent compounded annually, over the three-year period to support and sustain continued year-over-year growth in net win. Included in this increase are the estimated operating costs required to replace Lottery legacy systems. This project involves the replacement of equipment identified as high risk as it is near anticipated end-of-life and the majority of lottery revenue relies on this critical equipment.

Sensitivity Analysis

As indicated above, the business planning process involves a thorough analysis of revenue trends by product category to determine baseline organic growth assumptions. Incremental revenue is added from new and strategic initiatives. As a result, the three-year plan is sensitive to changes in sales mix, along with risks associated with future initiatives such as execution risk, market acceptance and success of new products and facilities. Below is a table outlining the sensitivities at a net win level given the above factors.

	2017/18		2018/19		2019/20	
	High	Low	High	Low	High	Low
Net Win Target	2,434	2,434	2,493	2,493	2,527	2,527
Forecast Risks and Sensitivities						
1% change in Slot Growth Assumption	13	(13)	13	(13)	13	(13)
Volatility in High Limit Table play		(22)		(22)		(22)
Market adoption/success of new initiatives		(15)		(45)		(80)
Net Win Risk Adjusted	2,447	2,384	2,506	2,412	2,540	2,412

Management's Perspective on the Financial Outlook

Delivering on our net income commitments to Government continues to be challenging given market conditions and trends. The overall gambling industry in B.C. is at a mature stage with stable net income and a modest growth outlook.

Our two major business units (lottery and casino) are mature and face market saturation. Revenues are flattening and margins are sensitive to shifts in product mix. Lottery revenues are heavily dependent on the national games' jackpot rolls, resulting in lottery revenue volatility. As well, revenues from these business units rely predominantly on a core, aging player base.

BCLC's gambling products are mature and we depend heavily on the performance of our core six products (Slots, Tables, Lotto Max, Lotto 6/49, Keno, and Scratch & Win), which comprise more than 90 per cent of our total contribution margin (revenue less prizes and direct costs).

The projections presented above position BCLC to continue our focus on innovation to retain our existing players by supporting and enhancing existing products (e.g. replacing Lottery legacy systems), and to broaden our player base and engage new players by developing new content and experiences. These opportunities require time and investment before we will realize net income growth but are necessary to ensure the long-term health of our business.

One of these opportunities is the implementation of a new Operating Service Agreement (OSA) in our Casino and Community Gaming division, to achieve better strategic alignment with our service providers and drive incremental market growth. Although these changes will result in increased direct costs for BCLC, the terms of the OSA contracts are an effective method to secure service provider investment commitments across the Province, and are expected to drive incremental revenue from an enhanced facility offering and stronger service provider performance.

BCLC is committed to managing our business responsibly in this ever-evolving environment. Investment decisions carefully consider risk, expected return and benefits, the size of the investment required, and our commitments for future net income. We are continually managing costs and looking for ways to operate our business more efficiently and effectively.

Major Capital Projects

Currently there are no major capital projects (over \$50 million) approved through our business planning process.

Kamloops Head Office Property Development

BCLC's head office in Kamloops, B.C. is over 53-years-old and requires significant upgrades and maintenance. Avison Young (Commercial Real Estate Advisor) has been hired to assist in determining the next steps for the Kamloops head office property development, including the evaluation of building needs and business requirements, as well as assisting with the request for pre-qualification and request for proposal processes. As the project is currently in the requirements analysis phase, an estimate cannot be reasonably determined at this time and accordingly, is not included in the capital expenditure projections.

Significant IT Projects

Lottery Terminal Replacement

This project involves the replacement of equipment identified as high risk as it is near its anticipated end-of-life and the majority of lottery revenue relies on this critical equipment. Management identified this project as a priority, and this was further supported by Government in the 2014/15 Crown Review of BCLC which recommended replacement of key legacy systems. Overall replacement of key legacy systems includes this particular project as well as other software and hardware utilized to generate lottery revenue. The capital estimate available at this time is approximately \$40M over the next two fiscal years and the project is estimated to complete in FY 2018/19.

Appendix A: Hyperlinks to Additional Information

Corporate Governance

- [Governance and Oversight](#)
- [BCLC Senior Executive](#)

The Board governance information on the corporation's website includes all information required by the [Board Resourcing and Development Office](#)'s board governance disclosure requirements.

Organizational Overview

- [Mission and Values](#)
- [Who we are](#)
- [What we do](#)
- [Customer support](#)

Appendix B: Subsidiaries and Operating Segments

Active Subsidiaries

The consolidated financial statements of BCLC include a wholly-owned subsidiary, B.C. Lottotech International Inc. (“Lottotech”). The primary purpose of Lottotech is to purchase capital assets for BCLC. These assets are leased back to BCLC and the major expense is the amortization on the capital acquisitions. The management and oversight of Lottotech is consolidated within BCLC operations and the Board reviews and approves capital budgets through the business planning process.

All BCLC capital expenditures (refer to Financial Plan) are planned to be purchased through Lottotech, the only exception being employee costs related to developing assets or attributable to preparing the asset for its intended use.

Lottotech’s business activities are in alignment with BCLC’s mandate, strategic priorities and fiscal plan.

Summary Financial Outlook Table for Each Active Subsidiary

\$ Millions	2016/17 Actual	2017/18 Budget	2018/19 Budget	2019/20 Budget
Revenues	59.2	64.6	70.0	73.5
Expenses	59.0	64.4	69.8	73.3
Income from Operations	0.2	0.2	0.2	0.2
Other Income (Expenses)	(1.7)	(0.1)	(0.1)	(0.1)
Net Income	(1.5)	0.1	0.1	0.1

Lottotech’s publicly available financial statements can be found in BCLC’s [2016/17 Annual Service Plan Report](#).

Business Units' Income Statements

\$ millions	Actual 2016-17	Budget 2017-18	Budget 2018-19	Budget 2019-20
Lottery				
Revenue	1,127.9	1,090.5	1,064.5	1,076.5
Prizes	642.9	627.7	612.4	618.2
Net win	485.0	462.8	452.1	458.3
Less: direct expenses	83.1	81.9	80.6	81.7
	401.9	380.9	371.5	376.6
Operating expenses:				
General Operating	44.6	46.6	53.2	52.8
Gaming Support	13.6	14.3	14.7	15.0
Amortization	7.8	7.6	12.7	15.0
Other	0.3	1.4	1.4	1.4
	66.3	69.9	82.0	84.2
Net Income Before Taxes	335.6	311.0	289.5	292.4
Taxes	10.8	11.4	12.4	12.7
Net income	324.8	299.6	277.1	279.7
Electronic Gaming				
Revenue	157.6	174.5	192.7	204.2
Prizes	52.0	58.1	62.5	66.2
Net win	105.6	116.4	130.2	139.0
Less: direct expenses	18.4	22.3	27.9	29.7
	87.2	94.1	102.3	109.3
Operating expenses:				
General Operating	16.0	13.6	14.1	14.2
Gaming Support	7.7	8.6	9.7	9.9
Amortization	6.4	6.6	4.4	3.4
Other	(0.3)	0.8	0.8	0.8
	29.8	29.6	29.0	28.3
Net Income Before Taxes	57.4	64.5	73.3	81.0
Taxes	4.4	4.9	5.5	5.6
Net income	53.0	59.6	67.8	75.4
Casino & Community Gaming				
Revenue	1,858.4	1,898.7	1,954.2	1,972.1
Prizes	46.4	44.2	43.3	42.4
Net win	1,812.0	1,854.5	1,910.9	1,929.7
Less: direct expenses	648.3	683.8	709.9	715.5
	1,163.7	1,170.7	1,201.0	1,214.2
Operating expenses:				
General Operating	84.6	92.2	93.4	95.0
Gaming Support	17.3	18.8	18.7	19.2
Amortization	50.7	57.3	60.5	63.0
Other	11.0	7.3	7.4	7.5
	163.6	175.6	180.0	184.7
Net Income Before Taxes	1,000.1	995.1	1,021.0	1,029.5
Taxes	38.9	43.0	45.0	45.6
Net income	961.2	952.1	976.0	983.9

Capital Expenditures for each Operating Segment

\$ Millions	2016/17 Actual	2017/18 Budget	2018/19 Budget	2019/20 Budget
Gambling Systems				
Lottery	11.5	22.2	37.7	25.0
eGaming	1.6	3.7	4.0	5.0
Casino & Community Gaming	64.0	56.7	52.6	63.5
Total Gambling Systems	77.1	82.5	94.3	93.5
Infrastructure & Corporate Systems				
Systems	6.9	6.9	9.4	11.0
Corporate Facilities	2.2	0.6	1.3	0.5
Other Capital	9.1	7.5	10.7	11.5
Total Capital	86.2	90.0	105.0	105.0

Lottery

Lottery's key initiative is the replacement of legacy systems and equipment, which was recommended by Government in its 2014/15 Crown Review of BCLC, as the current infrastructure is near its anticipated end-of-life. Other initiatives include the continued expansion of distribution into major grocery store chains through Lotto Express multilane technology.

eGaming

eGaming continues to expand PlayNow.com's casino gaming content and build applications to improve player experiences through mobile devices.

Casino & Community Gaming

Casino & Community Gaming key initiatives in 2017/18 include supporting the successful opening of the new Parq Vancouver gambling facility and renewing and refreshing slot machines and table games to meet player expectations for exciting new game content.

Insurance Corporation of British Columbia

2017/18 – 2019/20 SERVICE PLAN

September 2017



For more information on the *Insurance Corporation of British Columbia*, contact:

In the Lower Mainland

604-661-2800

Elsewhere in B.C., Canada, or the U.S.

1-800-663-3051

Head Office

151 West Esplanade

North Vancouver, British Columbia, V7M 3H9

www.icbc.com

Email address: www.icbc.com/contact-us

ICBC's Corporate Service Plans, Annual Reports and Financial reports are available on the ICBC website.

Board Chair Accountability Statement



The 2017/18 - 2019/20 Insurance Corporation of British Columbia (ICBC) Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. 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. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of August 31, 2017 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, ICBC'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 ICBC's operating environment, forecast conditions, risk assessment and past performance.

A handwritten signature in cursive script that reads "Joy MacPhail".

Joy MacPhail
Chair, ICBC Board of Directors

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Strategic Direction and Operating Environment

Strategic Direction

ICBC's mandate, as provided through the Insurance Corporation Act, Insurance (Vehicle) Act and the Motor Vehicle Act, is to provide Basic and Optional vehicle insurance for B.C. motorists. The Basic rates are regulated by the British Columbia Utilities Commission (BCUC), an independent regulator. The BCUC approves the Basic insurance rates and ensures the Basic insurance product is adequate, efficient and reasonable. ICBC also sells Optional auto insurance in a competitive marketplace. In addition, ICBC provides driver licensing, vehicle registration and licensing, and violation ticket and government fine collections services on behalf of the Province under a Service Agreement between government and ICBC. ICBC also implements road safety initiatives to reduce crashes and losses on B.C. roads and to assist in managing claims costs. The organization works closely with the Ministry Responsible (the Ministry) to ensure financial targets and reporting requirements are met.

In line with Government's commitment to make life more affordable for British Columbians, while delivering services that people can count on, ICBC is dedicated to providing customers with the best insurance coverage and service, at the lowest possible cost. To support this, the Corporate Strategy focuses on four key goals: Deliver Value and Service for Customers, Ensure Financial Stability, Deliver Operational Excellence and Align People and Business Capabilities. The items included in the [2017/18 Mandate Letter](#) will help shape ICBC's longer-term strategic plan, developed in collaboration with Government.

Operating Environment

In B.C., auto insurance is based on a full tort system, which means that an at-fault driver may be taken to court for the full range of damages. An injured party also has access to accident benefits coverage, regardless of fault, including medical and rehabilitation expenses and wage loss. This environment may result in higher claims costs compared to jurisdictions that operate under different auto insurance systems.

Risks in the operating environment could impact future performance and the ability to execute the Corporate Strategy. Like other jurisdictions, B.C. is experiencing an increased frequency of motor vehicle crashes. From these crashes, more people are claiming bodily injury with a shift toward more complex claims that cost more to settle. The growing sophistication of cars is also driving up repair costs. These factors combined put upward pressure on rates for customers. Managing these costs, along with exaggerated and fraudulent claims and increasing legal representation rates are critical to offering customers the best insurance coverage for the lowest possible cost. See Goal 2 (Ensure Financial Stability) for more discussion on this topic.

Natural catastrophes, volatility in investment markets and global economic uncertainty continue to be risks to the Property and Casualty industry. Investment income has historically been a strong and consistent contributor to ICBC's financial health, helping to partially offset the pressure of rising claims costs. In recent years, however, lower interest rates in Canada and globally have put additional pressure on insurance rates across the country. In the current low-interest rate investment climate, ICBC cannot rely upon investment return to help offset claims costs to the same extent it did in the past.

Performance Plan

Goals, Objectives, Strategies and Performance Measures

This section sets out ICBC's goals, strategies, performance measures and targets for 2017/18-2019/20. While these remain similar to the 2016/17-2018/19 Service Plan, ICBC has refocused its goals and strategies to reflect changes to the operating environment and progress made over previous years.

ICBC adjusted its fiscal year end date from December 31 to March 31 to align with the B.C. Government's fiscal year end. This change was effective immediately after the fiscal calendar year ended December 31, 2015. As a result of this change, 2016/17 is a 15 month transition fiscal period from January 1, 2016 to March 31, 2017 (2016/17). For 2017/18 and thereafter, ICBC's fiscal year will be the 12 month period from April 1 to March 31. Unless otherwise noted, the financial targets and corporate performance metrics reflect this change.

Goal 1: Deliver Value and Service for Customers

ICBC is committed to working with the Ministry to *fully support government within the context of government's overall strategic priorities* and those outlined in the 2017/18 Mandate Letter and other directional letters provided to ICBC throughout the year. The focus of the Corporate Strategy reflects being low-cost and operationally excellent, providing value to customers by keeping Basic insurance rates as low as possible, and delivering consistent quality service including the implementation of more online services and the creation of safer roads.

Delivering Value

A key part of improving value to customers is to keep Basic rates as low as possible while ensuring fairness in pricing. Basic insurance rates in B.C. have experienced ongoing pressure from the number and cost of claims in recent years – with the pressure continuing in 2017 and the foreseeable future. In addition to existing efforts, ICBC continues to look for ways to mitigate increasing claims costs so that it can continue to provide the best insurance coverage at the lowest possible cost. On December 19, 2016, ICBC's former Minister Responsible directed the ICBC Board of Directors to commission a comprehensive independent review of the Corporation. This review was intended to provide a wide range of options to increase fairness and affordability, to help ensure rates are affordable for British Columbians and in line with inflation as much as possible, for years to come. A final report was provided to ICBC's Board of Directors on July 10 and was made public on July 24. In alignment with the 2017/18 mandate letter, ICBC is committed to working with Government to determine which of the report's recommendations will ensure ICBC is viable and efficient, and that the cost of vehicle insurance is fair and reasonable for British Columbians.

ICBC continues to identify new strategies to help alleviate the pressure claims costs continue to put on insurance rates. One immediate area of increased focus is fraud prevention. While the overwhelming majority of customers make honest claims, exaggerated and fraudulent claims are an increasing area of focus for all insurers. ICBC's Special Investigation Unit continues to investigate suspicious claims. Through the use of a new high-tech analytics tool that identifies suspicious claims, ICBC is boosting its efforts to identify and fight claims fraud and exaggeration early in the claims

process. Fraud analytics technology uses data, algorithms and statistical methods to help spot potentially fraudulent claims.

Smartphone usage and distracted driving-related crashes also continue to add pressure on claims costs. In B.C., more than 90 per cent of drivers have mobile phones, and 88 per cent of those are smartphones. A recent study by the Insurance Institute of Highway Safety determined that hand-held phone use makes drivers five times more likely to be involved in a crash. Distracted driving is now responsible for approximately one quarter of all fatal crashes in B.C. On average, 78 people die every year in crashes where distracted driving is a contributing factor.

ICBC is committed to *reducing injury and death on B.C. roads* and will continue to partner with law enforcement and government to raise awareness about the risks, consequences and penalties associated with distracted driving by implementing public awareness campaigns including advertising, news releases, videos and digital ads. ICBC is also exploring improvements to intersection safety given the 23 per cent increase in intersections crashes in 2015 compared to 2013. ICBC invests in intersection safety through intersection safety camera and road improvement programs. This investment in road safety will help to improve the safety of all communities in B.C. and also help to manage claims costs.

Improving Service

Government has committed itself to delivering services that British Columbians can count on. ICBC's service focus aims to *provide consistent, quality products and services to our customers* and to address business needs by cost-effectively serving customers where they are, in ways that they value. Over the coming years, ICBC will expand various customer service opportunities in the channels most relevant to customers, including digital, print and in-person. As part of these initiatives, ICBC continues to *increase online services* to help reduce costs, increase customer convenience, and enable the organization to operate more efficiently. Customers can now request their driver abstracts online, rather than by phone. Over the past several years, ICBC implemented changes to the Claims system that improve the customer experience, convenience and *give customers more choice for interacting with ICBC*. In late 2016, ICBC launched its Claims Customer Portal to allow customers to initiate a claim and check their claims' status online with a simple and secure experience.

ICBC will continue to provide services across the Province through its partners that include body shops, brokers, and agents that offer driver licensing services. Increased digital services also help to make ICBC more accessible to all British Columbians.

Strategies

To improve value and service for customers, ICBC has developed the following key strategies:

- Work with partners and government to support government priorities.
- Keep rates as low as possible while ensuring fairness in pricing.
- Design and deliver quality products and services in ways that meet customer and business needs.
- Reduce injury and death on B.C. roads

Performance Measure 1: Deliver Value and Service for Customers

Measuring feedback is how ICBC knows if it is improving value and service for customers. ICBC measures customer service performance based on the percentage of satisfied customers for each major transaction type: insurance product purchase, driver licensing and claims service.

Performance Measure	2016/17 Actual	2017/18 Target ¹	2018/19 Target ¹	2019/20 Target ¹
Insurance Services Satisfaction	95%	n/a	n/a	n/a
Driver Licensing Satisfaction	93%	n/a	n/a	n/a
Claims Services Satisfaction	92%	n/a	n/a	n/a

Data Source: Customer service performance is measured based on the percentage of satisfied customers for each major transaction type across our lines of business. The design of our measures and targets reflects the inherent differences of these key transactions. Two independent research firms conduct customer survey interviews throughout the year to monitor transactional satisfaction.

¹ Customer measures will be undergoing a planned refresh prior to 2018/19, which will include new performance measures. No targets have been set at this time.

Discussion

ICBC continues to meet or exceed strong service measures for its Insurance Services, Driver Licensing and Claims Service to ensure customers are receiving consistent, quality service while interacting with ICBC. ICBC will continue to strive toward these strong results after the planned refresh in 2018/19.

Insurance Services Satisfaction

Independent insurance brokers process over three million Autoplan policies each year. The insurance services satisfaction measure is typically based on surveys of approximately 5,000 customers over the course of a year. During the stabilization that follows the implementation of the new insurance system, there will be constraints to data access. The survey is expected to resume in late 2017/18.

Driver Licensing Satisfaction

Each year, ICBC conducts approximately 1.6 million transactions relating to the issuance of driver licences and driver exams, including renewing a licence, taking a knowledge test or undergoing a road test. This measure is weighted by the number of transactions for each type of service and is drawn from a sample of over 3,000 customers surveyed throughout the year.

Claims Service Satisfaction

Approximately 900,000 claims are processed each year through ICBC's Claims call centre, claims centres and specialty departments such as commercial claims and rehabilitation services. Claims customer satisfaction reporting was suspended at the end of May 2014, due to data restrictions resulting from the transition to the new Claims system. Claims service satisfaction measurement resumed in January 2016.

Goal 2: Ensure Financial Stability

ICBC aims to create value for customers by operating in a disciplined and focused manner. ICBC strives to continue to *operate the corporation in a low-cost manner*, in line with Government's 2017/18 mandate to make life more affordable for British Columbians, focusing on accountability, service and cost consciousness.

Claims costs are the vast majority of ICBC's costs and can be divided into injury costs, and material damage costs. Frequency (how many claims are made each year per a given number of policies) and severity (the average pay-out for a claim) are the two main elements that impact claims costs. ICBC is seeing a continued increase in crash frequency along with an accelerating number of injury claims being reported, as well as an increase in material damage severity above what was expected, with a continued increase in injury severity.

Despite the fact that vehicles and roads today are much safer, the frequency of bodily injury claims and the number of injury claims per crash continues to increase. Bodily injury severity has also followed an upward trend. The increasing number of crashes has also led to more vehicle damage claims being reported to ICBC. As this is happening, material damage costs are also rising. Vehicles today are more reliant on technology and expensive materials than ever before, while the hours of labour required to repair vehicles, and the cost of replacement parts, are also increasing, particularly for newer vehicles.

ICBC is committed to *managing bodily injury and material damage claims costs* and works with government to develop and implement short and long term strategies to mitigate the growth in claims costs. To address the growth in bodily injury claims, ICBC has further increased its overall claims staff which includes hiring additional injury adjusters, support staff, in-house legal and Special Investigation Unit employees. The additional injury staff already provides a significant net benefit by providing capacity to settle the increased number of claims files being received. In addition, ICBC has improved customers' access to benefits, including timely access to the medical treatments they need immediately after they report their claim. Tools to proactively combat exaggerated and fraudulent claims and strategic sourcing and initiatives designed to improve our supply chain model and manage supplier costs are also being implemented.

ICBC uses investment income to partially offset the cost of rising insurance rates to policyholders and aims to *balance risk and return within its investment portfolio*, specifically the ability to generate an investment return against a need to control risk. Historically, investment income has been a strong contributor to ICBC's financial health. The current investment portfolio continues to perform well, exceeding industry benchmark returns. However, ICBC cannot rely upon investment return to help offset claims costs to the same extent it did in the past due to the current low level of interest rates.

ICBC has kept its controllable operating costs flat for the last number of years and has managed to absorb inflationary increases despite an increase in business volumes both in policies and claims activity. Moving forward, ICBC will continue to manage operating costs by being an operationally excellent, low cost organization, with a continued focus on prudent management of administration costs, and realizing efficiencies from investments in the Transformation Program¹ investments other

¹ The Transformation Program was a business renewal program that replaced aging technology and put systems and business processes in place to support the services customers expect, and to deliver future financial savings.

initiatives. In addition, and in line with the 2017/18 mandate letter, ICBC will work with Government to conduct a comprehensive operating review of ICBC.

Strategies

ICBC will continue to manage the costs of bodily injury and material damage claims, and develop ways to better manage and reduce the risks and growth in costs associated with claims. These include focused claims analytics and hassle-free process initiatives, and an increased focus on investigating potentially fraudulent and exaggerated claims:

- Operate the corporation in a low-cost manner.
- Manage increasing bodily injury and material damage claims costs.
- Balance risk and return within the investment portfolio.

Performance Measure 2: Ensure Financial Stability

The following measures will be used to evaluate the *ensure financial stability* goal.

Performance Measure	2016/17 Actual	2017/18 Target ¹	2018/19 Target ¹	2019/20 Target ¹
Minimum Capital Test (MCT)	112%	TBD	TBD	TBD
Combined Ratio	128%	116%	117%	116%
Investment Return (Market Return)	Benchmark +0.31%	Policy Market Benchmark Return	Policy Market Benchmark Return	Policy Market Benchmark Return

Data Source: Financial performance measures are derived from actual financial information, forecasted trends, management targets and assumptions.

¹ Minimum Capital Test (Corporate) ratio is comprised of ICBC's Basic and Optional insurance business target Minimum Capital Test ratios. In light of the current claims trends, Corporate MCT targets for 2017/18 to 2019/20 are subject to review.

Discussion

Minimum Capital Test

MCT is a best practice property and casualty industry measurement framework established by the Office of the Superintendent of Financial Institutions (OSFI). It is a customizable framework for measuring the capital adequacy of an insurer to protect policyholders from financial risk and to provide long-term financial stability. It is the ratio of ICBC's capital available to capital required as calculated for specific risks, and is expressed as a percentage. While ICBC is not federally regulated by OSFI, *Special Direction IC2* requires ICBC to have a minimum of 100 per cent MCT ratio for Basic insurance. In addition to this legislative minimum, the BCUC has approved a regulatory target of 145 per cent for Basic insurance to reflect the risk profile of the Basic insurance product and to promote relatively stable and predictable rates (rate smoothing). In 2016/17, ICBC made capital and income transfers from Optional to Basic to improve Basic capital levels and maintain the required Basic MCT ratio.

Combined Ratio

The combined ratio is a key measure of overall profitability from operations within the insurance industry determined as a ratio of all costs and expenses over premiums (excluding investment

income). A ratio below 100 per cent indicates an underwriting profit while a ratio above 100 per cent indicates an underwriting loss. ICBC's combined ratio is typically higher than the industry average. This is partially due to the unique nature of ICBC's business model where premiums are not set to generate large underwriting profits and, together with investment income, are set to recover costs and to achieve and maintain capital targets. ICBC also delivers non-insurance services on behalf of government and these costs are reflected in the combined ratio.

Investment Return

ICBC collects premiums, which are invested in alignment with ICBC's strategic asset mix to earn a return. Investment income is important and is used to reduce the cost of insurance to policyholders. ICBC evaluates its investment performance against a policy market benchmark, which is available at the year-end. ICBC sets an investment return target equal to the policy market benchmark return. ICBC will be reviewing its strategic asset mix in 2017/18 to ensure investments continue to generate a reasonable return while maintaining sufficient assets to pay ICBC's claims.

Goal 3: Deliver Operational Excellence

Providing customers with the best insurance coverage at the lowest possible cost requires operating the corporation in a low-cost manner. This means actively controlling spending, avoiding unnecessary costs and delivering a consistent, quality experience and value for customers.

In 2014, ICBC introduced an operating methodology to deliver Operational Excellence². ICBC continues to train and encourage its employees and is reviewing its business processes to find and remove operational inefficiencies, ensure processes add value for the end customer, and build internal capacity and capability for continuous improvement.

ICBC is committed to *continuously improving the business by leveraging operational excellence principles*. In 2016, Operational Excellence tactics delivered benefits to the organization in the form of cost avoidance, revenue generation and operational efficiency. A key area has been *developing skills and processes that enable organizational flexibility to respond to a changing environment*. This includes streamlining processes in claims handling and implementing management practices that facilitate performance focus and problem solving, such as team huddles, root cause analysis and problem solving sessions. Some major achievements have been refreshing standards on how claims are handled, expediting the file assignment process and streamlining document management.

Strategies

To have a focused operation and maintain excellence, ICBC has developed the following key strategies:

- Continuously improve the business by leveraging operational excellence principles
- Develop organizational flexibility to respond to a changing environment.

² Operational Excellence is a philosophy of leadership, teamwork and problem solving that focuses on customer needs, empowering employees and optimizing existing activities so that an organization may operate more efficiently and avoid unnecessary costs.

Performance Measure 3: Deliver Operational Excellence

The following measures will be used to evaluate the *deliver operational excellence* goal.

Performance Measure	2016/17 Actual	2017/18 Target ¹	2018/19 Target ¹	2019/20 Target ¹
Loss Adjustment Ratio	16.6%	TBD	TBD	TBD
Insurance Expense Ratio	17.3%	TBD	TBD	TBD

Data Source: Financial performance measures are derived from actual financial information, forecasted trends, management targets and assumptions.

¹ Targets will be determined, in conjunction with Government, once implementation plans with respect to initiatives from the Independent Review have been developed.

Discussion

To ensure that ICBC can effectively manage the higher frequency and complexity of claims, and manage the number of pending claims, additional claims staffing continues to be added. Other operating costs such as corporate support costs should be relatively stable regardless of claims volume and complexity. To better monitor and measure how ICBC is leveraging operational excellence to manage these trends, ICBC is replacing the previous performance measure of Gross Expenses (Insurance Business) per Policy with the following two measures: Loss Adjustment Ratio and Insurance Expense Ratio.

Loss Adjustment Ratio

The Loss Adjustment Ratio is the percentage of claims handling costs per dollar of claims paid. It is calculated as the sum of claims services costs, external expenses and loss management expenses divided by claims paid net of external expenses. Claims services costs consist of salaries, benefits and operating expenses while external expenses consist primarily of costs for outside legal counsel, medical and dental reports, private investigators, independent adjusters and towing services. Loss management expenses include ICBC's Special Investigation Unit (SIU), which covers auto crime and fraud prevention, investigation and detection to help reduce claims costs. ICBC anticipates the Loss Adjustment Ratio to be stable or decreasing in the current environment of increasing crashes and bodily injury claims.

Insurance Expense Ratio

The Insurance Expense ratio is a standard industry measure to assess operational efficiency of an insurer. The Insurance Expense Ratio is calculated as a ratio of insurance operating expenses (excluding claims, claims-related costs, and non-insurance expenses) to insurance premium dollars earned. ICBC anticipates the Insurance Expense Ratio to be stable.

Goal 4: Align People and Business Capabilities

Critical to achieving the Corporate Strategy is having the right people with the right business capabilities in place to provide more information, improved services and better access for customers. ICBC will continue to build its people capabilities through implementation of human resource initiatives and workforce plans, which will include leadership development, succession planning and various employee experience programs.

One of the key strategies within this goal is to *develop accountable, aligned, enabled and motivated leaders and employees*. ICBC's Employee Opinion Survey captures employees' opinions regarding the tools and processes through which they execute their work, their understanding of how their efforts align to the Corporate Strategy, their personal motivation and their individual accountability for delivering business results. All ICBC employees are invited to participate in the full Employee Opinion Survey every two years. A full survey using ICBC's updated employee opinion survey approach was conducted in the fall of 2016.

Another key strategy within this goal is to *leverage people, technology, and practices to build business value*. In 2016, ICBC completed the final stage of its multi-year business Transformation Program, which has greatly modernized the business. The transformation included the implementation of a new claims system and a new insurance system which brings improvements to the way brokers serve customers by automating and streamlining a number of processes. It sets the stage for ongoing business enhancements in future years. It's one of the largest and most complex system renewal initiatives to date.

As each major project of the Transformation Program has been implemented and stabilized, recurring annual savings have been realized and substantial ongoing cost savings are expected. ICBC's goal is to continue to leverage new technology from the Transformation Program to allow increased development of digital and mobility services and to enable delivery of new product offerings. With ICBC's new Claims system, all new claims files are electronic which allows customers to be helped by an adjuster anywhere in the province, no matter where they live.

Strategies

To improve business capabilities and better align people, ICBC has developed the following strategies:

- Develop accountable, aligned, enabled, and motivated leaders and employees.
- Leverage people, technology, and practices to build business value.

Performance Measure 4: Align People and Business Capabilities

The following measures will be used to evaluate the *aligned people and business capabilities* goal.

Performance Measures	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Employee Opinion Indices				
Aligned	78	Indices ≤ 80 will maintain as current level at threshold to a target of an increase of 3 points	Indices ≤ 80 will maintain as current level at threshold to a target of an increase of 3 points	Indices ≤ 80 will maintain as current level at threshold to a target of an increase of 3 points
Enabled	66			
Motivated	64	Indices >80 will maintain at a minimum as a target	Indices >80 will maintain at a minimum as a target	Indices >80 will maintain at a minimum as a target
Accountable	87			
Leadership ¹	70			

Data Source: Employee Opinion Survey conducted by an independent firm

¹ The leadership index can only be updated in a full survey year.

Score Legend

- 80-100 = Extremely positive
- 60-79 = Moderately positive
- 40-59 = Moderately negative
- 0-39 = Extremely negative

Discussion

Employee Opinion Survey

From 2014 to 2016 – the period covering the introduction of ICBC’s new employee opinion survey format (2014), the first Pulse Check (2015) and the second full survey (2016) – ICBC has seen an improvement in responses across all survey indices.

ICBC’s response rate to the 2016 survey was 77 per cent (a seven per cent increase from 2014) and results indicated that ICBC reached or exceeded its index targets in four out of five indices and fell just two points short of the target in the fifth. Survey results indicate that ICBC employees largely understand where the organization is going and feel individually accountable for driving better results. The survey results further identify areas for improvement and indicate that ICBC can place greater attention on enabling employees through processes, training and tools. Motivation can be enhanced through creating a stronger sense of belonging. Programs like Diversity and Inclusion and leadership forums are examples of ways management is addressing this sense of belonging. ICBC aims to be recognized as a leader in Diversity and Inclusion in the B.C. public service. This includes leading practices such as Respectful Workplace training for managers, and support for voluntary, grassroots-driven Employee Resource Groups. These groups bring together employees with a shared background – such as Aboriginal employees, LGBTQ2+ people, persons with a disability, and women in leadership – and provide opportunities to develop professionally and personally.

Maintaining and building upon the positive momentum of the 2016 survey results is a priority throughout 2017/18. ICBC’s leadership teams have created and are implementing 2017/18 action plans that will focus on continuing to improve the employee experience.

Financial Plan

Summary Financial Outlook

(\$m)	15 months 2016/17 Actual ¹	12 months 2016/17 Actual ² (unaudited)	2017/18 Budget	2018/19 Budget	2019/20 Budget
Premiums earned	6,051	4,914	5,319	5,810	6,342
Service fees and other	130	106	108	117	142
Total earned revenues	6,181	5,020	5,427	5,927	6,484
Provision for claims occurring in the current period	5,660	4,612	4,719	5,251	5,779
Change in estimates for losses occurring in prior periods	306	202	(63)	(46)	(29)
Net claims incurred	5,966	4,814	4,656	5,205	5,750
Claims service and loss management	445	365	395	400	407
Insurance operations expenses	284	231	237	237	247
Transformation Program	38	31	30	28	28
Premium taxes and commissions	819	688	707	784	801
Total expenses	7,552	6,129	6,025	6,654	7,233
Underwriting loss	(1,371)	(1,109)	(598)	(727)	(749)
Investment and other income	615	624	499	538	435
Income (loss) - insurance operations	(756)	(485)	(99)	(189)	(314)
Non-insurance operations expenses	126	102	101	101	102
Non-insurance commissions	38	31	32	33	34
Non-insurance - other income	(7)	(6)	(7)	(21)	(39)
Net income (loss)	(913)	(612)	(225)	(302)	(411)
Other comprehensive income					
Pension and post-retirement benefits remeasurements	79	79	-	-	-
Net change in available for sale financial assets and change in non-controlling interest	152	152	(191)	81	122
Total comprehensive income (loss)	(682)	(381)	(416)	(221)	(289)
Total liabilities	15,098	15,098	16,000	17,260	18,674
Retained earnings	2,459	2,459	2,233	1,931	1,520
Other components of equity	(32)	(32)	(223)	(142)	(20)
Non-controlling interest	19	19	20	20	20
Total equity	2,446	2,446	2,030	1,809	1,520
Capital Expenditures³	81	63	60	40	40

¹ Fiscal period 2016/17 is a 15 month transitional fiscal period from January 1, 2016 to March 31, 2017.

² Represents the period April 1, 2016 to March 31, 2017.

³ Major categories of capital expenditure include: facilities (land, building, leasehold), furniture and equipment, IT systems (computer equipment and software). Looking ahead, ICBC expects capital expenditures will change in the planning period as the company maintains or replaces aging infrastructure, including replacement or upgrade facilities, and as critical business systems are renewed.

Operating Costs by Nature

(\$m)	2016/17	12 months 2016/17	2017/18	2018/19	2019/20
	Actual ¹	Actual ² (unaudited)	Budget ³	Budget ³	Budget ³
Premium taxes and commission expense	763	624	670	734	804
Premium deficiency adjustments	93	95	69	83	31
Compensation and other employee benefits	466	379	403	766	784
Pension and post-retirement benefits	104	83	88		
Professional and other services	53	44	27		
Road improvements and other traffic safety programs	42	35	31		
Building operating expenses	36	29	31		
Merchant and bank fees	48	40	43		
Office supplies and postage	26	22	20		
Computer costs	37	29	27		
Depreciation and amortization	55	45	55		
Other	27	23	38		
Total operating costs	1,750	1,448	1,502	1,583	1,619

¹ Fiscal period 2016/17 is a 15 month transitional fiscal period from January 1, 2016 to March 31, 2017.

² Represents the period April 1, 2016 to March 31, 2017.

³ Budget is on a new fiscal year basis (12 months April 1 - March 31). Operating cost targets are not planned in detail beyond the current year.

Key Forecast Assumptions, Risks and Sensitivities

Financial forecasts take into consideration ICBC's plans to address the key strategic risks facing the organization and changes in the external environment. Typical of other property and casualty insurance companies, ICBC faces material risks in the execution of its strategy and conduct of operations. The Board of Directors, the Board Committees and the Executive Leadership Team review these material risks and also financial market risk, as part of their governance and oversight function. Within the next three years, ICBC will continue to address material risks. This includes continuing to evaluate and strengthen information security system controls to protect against cybersecurity incidents (such as inappropriate access to systems or data and/or inappropriate disclosure of personal information) and continuing to leverage the use of core operational systems as part of evolving ICBC's business model. Leadership development and succession planning also continue to support the business model. Finally, like other B.C. Crown corporations, ICBC will ensure it has the appropriate business continuity plans for earthquake preparedness should this crisis scenario materialize.

Based on these plans, the following assumptions were developed and incorporated into the financial forecasts on page 15.

- The summary financial outlook is based on the status quo business model and the company's expected investment in the renewal of existing systems.

- These results reflect the overall operations of the business, including Basic and Optional insurance and non-insurance activities and are prepared based on current legislative, regulatory, accounting and judicial frameworks.
- For the 2017/18 – 2019/20 period, rate changes are assumed for both the Basic and Optional insurance businesses. Any proposed changes to Basic insurance rates are subject to BCUC regulatory approval.
- Investment income, as shown, includes the expected interest, dividends, and other income and realized gains/losses from the investment portfolio.
- Claims incurred reflect current claims trends, vehicle population growth and inflation.
- Prior years' claims reflect changes in the discounted value of unpaid claims.
- The transfer of Optional capital to the Government of British Columbia, and the transfer of Optional income and capital to the Basic business, is based on legislation and/or regulation.
- Changes in unrealized gains and losses continue to impact Other Components of Equity in 2017/18 – 2019/20 until upcoming changes in accounting standards are in effect.
- 2017/18 – 2019/20 does not include any savings from the recently completed Independent Review due to timing and decisions to be made. Any potential changes will be incorporated into future service plans.

Sensitivity Analysis

Risks are inherent in insurance forecasts since they are based on assumptions about the future. These assumptions are based on historical driving, claims and other economic patterns as well as expert judgment. However due to the volatile nature and the inherent risks of the insurance business, there is a range of uncertainties in these estimations. The following highlight the effect of variations in the assumptions underlying the financial forecast.

Premiums

- 1 per cent fluctuation means \$53 - \$63 million in net premiums (Basic and Optional combined).

Claims

- 1 per cent fluctuation means \$47 - \$58 million in claims costs.
- 1 per cent fluctuation in the unpaid claims balance means \$105 - \$129 million in claims costs.
- 1 per cent fluctuation in the rate used to discount claims means approximately \$270 - \$280 million in claims costs.

Investments

- 1 per cent fluctuation in return means \$155 - \$179 million in investment income.
- 1 per cent change in investment balance means \$4 - \$6 million in investment income.

- 10 per cent change in US exchange rate is equivalent to approximately \$38 million in investment income.
- 1 per cent change in interest rate would result in a change of approximately \$344 million in the fair value in the corporations fixed income portfolio and a corresponding impact of \$344 million to Other Comprehensive Income (OCI).
- A 10 per cent change in equity prices would result in an estimated corresponding change to OCI of approximately \$235 million.

Market Share

- 1 per cent change in market share represents a \$6 - \$8 million impact on net income.

Pension

- 1 per cent change in discount rate represents approximately \$430 million impact to the defined benefit obligation.
- 1 per cent change in discount rate represents approximately \$34 million impact to pension expense.

Management's Perspective on the Financial Outlook

The net loss for fiscal 2017/18 is forecast to be \$225 million as compared to a net loss of \$612 million for fiscal 2016/17 on a comparative 12-month basis. The net loss for 2016/17 was significantly higher than expected primarily due to higher claims costs, due to the increase in crash frequency, as well as a prior years claims adjustment as a result of greater emergence of complex and represented claims. A net loss is expected in 2017/18 and throughout the forecast period as claims costs continue to outpace premium revenues and investment income.

Higher claims costs are driven by an increase in crash frequency, and the average cost of material damage, due to higher labour and material costs. There has also been a greater frequency of bodily injury claims and a shift within legally represented claims towards a greater proportion of complex claims, which have higher associated claims costs. These observed trends are expected to continue and impact the forecast period.

ICBC continues ongoing efforts to identify and moderate the drivers of higher claims costs within its control. ICBC, with the support of government staff, continues developing and implementing short and long-term strategies to help moderate increases in claims costs and the impact of higher claims costs on future Basic insurance rates. ICBC's initiatives emphasize continuous operational improvement and consistent quality and fair handling of claims. ICBC is focused on reducing the increase in claims costs by managing higher claims volumes and limiting the amount of claims pending. This is being done by ensuring an appropriate complement of claims and claims-related staff to address claims volumes, pending bodily injury and represented claims files. In addition, ICBC continues its focus on improving management of procurement processes and initiatives to combat exaggerated and fraudulent claims. The recently completed Independent Review has identified potential cost savings opportunities and initiatives in a number of areas, including claims costs management and road safety initiatives. These opportunities are complex and require further analysis and discussion with Government. As ICBC and the Government are still considering the content of the Independent Review report received in late July, it is too soon to identify particular initiatives to

implement, or the impacts they will have. Savings from these initiatives will be included in future budgets.

The budgets for 2017/18 - 2019/20 reflect current expectations of claims costs trends and investment market conditions. Based on longer term claims cost trends, claims costs are expected to be higher than in previous years. As bodily injury continues to be the major driver of claims cost increases, there are a number of additional observed emerging trends, as identified above, that are factoring into the claims forecast. Additional cost pressure from the shift to a greater proportion of complex represented bodily injury claims has been partially offset by ICBC's management initiatives including the increased complement of claims staff, resulting in a similar future cost per bodily injury claim as in previous forecasts. However, there has been an increase in the number of crashes resulting in both higher bodily injury and material damage claims frequency and costs. While material damage cost pressures are not as large as bodily injury cost pressures, they are rising and still impacting overall claims costs.

Appendix A: Hyperlinks to Additional Information

Corporate Governance

ICBC's governance is defined through legislation applicable to all Crown corporations, and legislation specific to the company itself.

The Board of Directors guides ICBC in fulfilling its mandate and sets the corporate direction. The Board, with input from the Executive Team, approves the vision and values that guide ICBC, and the goals and strategies upon which accountability and performance are evaluated. Information on the role and membership of the Board members and Board committees is available on ICBC's website, www.icbc.com/about-icbc/company-info/Pages/Corporate-governance.aspx. Also available via this link is information regarding ICBC's Executive Committee and Governance Principles.

ICBC's Board complies with the *Board Resourcing and Development Office Guidelines* (<http://www.brdo.gov.bc.ca/governance/corporateguidelines.pdf>).

Organizational Overview

For an organizational overview of ICBC, please visit www.icbc.com/about-icbc.

Appendix B: Nominee Companies

Nominee Companies

The Corporation does not have any active operating subsidiary companies.

A portion of ICBC's investment portfolio is held in real estate. All of the fully-owned nominee holding companies hold investment properties for the purpose of generating investment income.

Legal Services Society

2017/18 – 2019/20 SERVICE PLAN

September 2017



**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

Or visit our website at:

legalaidsociety.bc.ca

Board Chair 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*. 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. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events, and identified risks, as of August 10, 2017, have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act* and 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.

A handwritten signature in black ink, appearing to read 'Celeste Haldane', written over a horizontal line.

Celeste Haldane
Chair, LSS Board of Directors

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Strategic Direction and Operating Environment

Strategic Direction

To advance LSS strategic goals, we will work on three priority actions for 2017/18, as described below. These actions advance the priorities outlined in the mandate letter from the Attorney General (AG) to improve and support legal aid, including First Nations services. We also look forward to discussing with the AG the expansion of duty counsel, family law services, and the development of poverty law services to increase access to justice, as identified in the AG's mandate letter. Our priority actions also support the government's commitment to deliver the services that people can count on, as well as true and lasting reconciliation with B.C.'s First Nations, as set out in the our mandate letter (legalaid.bc.ca/about/ourMandate.php).

The first priority action 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. 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. The third priority action is to work with the AG, affected ministries, and Aboriginal communities to continue to develop action plans based on recommendations from the *Truth and Reconciliation Commission of Canada: Calls to Action* 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.

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.

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. In 2017/18, we will take steps to incorporate the United Nations Declaration of Rights of Indigenous Peoples and the Truth and Reconciliation Commission's Calls to Action in the delivery of legal aid services to Aboriginal people, with a focus on child protection issues. LSS's approach needs to be systemic and community-focused to respond to expectations emerging from the 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 B.C., for the society to dedicate its skills, knowledge, and resources towards collaborative system reform 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. 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 and Performance Measures

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.

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, and the public opinion poll is conducted biennially. 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. 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 services will help clients achieve lasting resolutions to their legal problems if people are aware the services are available, and are accessible, address clients' legal needs, are culturally appropriate, and engage clients in finding solutions.

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: Client satisfaction with accessibility

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Percent of clients satisfied with the accessibility of LSS services	N/A	73%	N/A	N/A

Data Source: Triennial Client Services Survey.

Discussion

Client satisfaction with the accessibility of LSS services shows that we are providing services when and where clients need them. In 2014/15, 69 percent of clients were satisfied with the accessibility of LSS services. LSS set the target for 2017/18 based on a reasonable expectation of improvement over this result, taking into consideration strategies in place improve the accessibility of services during that period. We will set a target for the next iteration of the survey after we receive the result for 2017/18.

Performance Measure 1.2: Client satisfaction with helpfulness

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Percent of clients satisfied with the helpfulness of LSS services	N/A	72%	N/A	N/A

Data Source: Triennial Client Services Survey.

Discussion

Client satisfaction with the helpfulness of LSS services shows that we are delivering legal aid services that meet clients' needs. In 2014/15, 68 percent of clients were satisfied with the helpfulness of LSS services. We set the target of 72 percent for 2017/18 based on a reasonable expectation of improvement over our 2014/15 performance, taking into consideration strategies in place to improve the helpfulness of our services during that period. We will set a target for the next iteration of the survey after we receive the result for 2017/18.

Performance Measure 1.3: Client satisfaction overall

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Percent of clients satisfied overall with LSS services	N/A	70%	N/A	N/A

Data Source: Triennial Client Services Survey.

Discussion

Overall client satisfaction with LSS services shows that we are fulfilling our mandate to help people solve their legal problems and to facilitate access to justice. The result for this measure was 66 percent in 2014/15. We set the target of 70 percent for 2017/18 based on a reasonable expectation of improvement over our 2014/15 performance, taking into consideration strategies in place to increase client satisfaction with our services. We will set a target for the next iteration of the survey after we receive the result for 2017/18.

Performance Measure 1.4: Client satisfaction with support for participation in resolution

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Percent of clients satisfied with LSS support to help them participate in resolving their legal issues	N/A	70%	N/A	N/A

Data Source: Triennial Client Services Survey.

Discussion

This measure assesses the degree to which LSS is meeting clients' needs for support to participate in resolving their legal issues. Research indicates that client participation in resolving their legal problems helps strengthen resolutions and prevent new legal issues from arising. The result for this measure was 66 percent in 2014/15. We set the target of 70 percent for 2017/18 based on a reasonable expectation of improvement over our previous performance, taking into consideration strategies in place to increase support for clients to participate in resolving their legal issues. We will set a target for the next iteration of the survey after we receive the result for 2017/18.

Performance Measure 1.5: Approved applicants receiving same day contract

Performance Measure	2016/17 Baseline	2017/18 Target	2018/19 Target	2019/20 Target
Percent of approved applicants receiving a representation contract within the same day of applying	56%	58%	TBD	TBD

Data Source: LSS client information system.

Discussion

Timely application approval supports timely resolution of the client's legal matter. It also supports court efficiency by minimizing court delays while clients await legal aid approval and minimizing the risk that clients will abandon their applications and proceed without legal representation. LSS set the target for 2017/18 based on improvements in business processes and system performance as part of

the CIS transition project. LSS will track this new annual measure closely. We will set targets for future periods after determining a reasonable expectation for improvement given capacity, systems, and policies to support efficient processing of applications and lawyer assignment.

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: Clients referred to services to address related issues

Performance Measure	2016/17 Actual	2017/18 Baseline	2018/19 Target	2019/20 Target
Percent of clients referred by LSS intake to services to address related issues ¹	N/A	N/A	N/A	N/A

Data Source: LSS client information system.

¹ LSS is updating its client information system in 2017/18 to capture reliable data to support this measure.

Discussion

This measure indicates whether LSS support for front-line workers to assess and refer clients to services for their related legal issues is resulting in the targeted proportion of clients being referred. Targets will be set based on an assessment of the appropriate level of referrals and a reasonable expectation of improvement over baselines.

Performance Measure 2.2: Client satisfaction with support to address their related issues.

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Percent of clients satisfied with the level of support LSS gave them to address their related legal issues	N/A	63%	N/A	N/A

Data Source: Triennial Client Services Survey.

Discussion

This measure assesses the degree to which the support LSS provides clients to help them address their related legal issues is meeting clients' needs. The result for this measure was 59 percent in 2014/15. We set the target of 63 percent for 2017/18 based on a reasonable expectation of improvement over the 2014/15 result, taking into consideration strategies in place to increase support for clients to address their related legal issues. We will set a target for the next iteration of the survey after we receive the result for 2017/18.

Performance Measure 2.3: Lawyer satisfaction with support to help clients address related legal issues

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Percent of lawyers satisfied with LSS support for increasing their ability to help clients address related legal issues	25%	N/A	N/A	28%

Data Source: Triennial Tariff Lawyer Satisfaction Survey.

Discussion

The ability of lawyers to help clients address their related legal issues depends in part on support from LSS. Measure 2.3 assesses the degree to which LSS is meeting lawyers' expectations for support to enable them to provide this additional help. The 2016/17 result for this measure was considerably under the target of 35 percent for that year, which was set based on the previous result of 33 percent in 2012/13. Our target for 2019/20 recognizes the constraints on our ability to support lawyers in this area while we focus on improving the user experience of our lawyer portal and billing system, and continue to operate in an environment of low tariff rates.

Performance Measure 2.4: Lawyer support for integrated approach

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Percent of lawyers who support the integrated approach to providing legal aid services	68%	N/A	N/A	71%

Data Source: Triennial Tariff Lawyer Satisfaction Survey.

Discussion

Measure 2.4 indicates the level of support from lawyers for this approach to providing legal aid services. Our 2016/17 result fell slightly short of the target of 69 percent for that year and did not meaningfully improve over the 2012/13 result of 67 percent. Our 2019/20 target reflects lawyer feedback that indicates support for this approach is unlikely to rise until tariff rates are increased.

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 Measure 3.1: Employee engagement

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Overall average employee engagement	71	N/A	N/A	74

Data Source: Triennial Work Environment Survey.

Discussion

High employee engagement in the public sector is linked to improved service for clients. Targets are set based on a reasonable expectation of improvement over previous performance.

Performance Measure 3.2: Lawyer satisfaction with LSS support

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Percent of lawyers satisfied with the overall support provided by LSS	57%	N/A	N/A	60%

Data Source: Triennial Tariff Lawyer Satisfaction Survey

Discussion

This measure qualitatively assesses our progress on maintaining a sustainable supply of lawyers to provide services to clients across B.C. Overall lawyer satisfaction declined in 2016/17 from the previous score of 60 percent in 2012/13. LSS set the 2019/20 target based on expectations of improved performance as we address lawyer concerns with our lawyer portal and billing system. However, we do not expect substantial improvements in this measure until tariff rates are increased.

Performance Measure 3.3: Lawyers taking more than three contracts in first six months

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Number of new lawyers taking more than three contracts in the first six months ¹	54 ²	60	63	66

Data Source: LSS client information system.

¹ A “new” lawyer is a lawyer who received an LSS vendor number within the fiscal year.

² This result was reported in error as 88 in the LSS Annual Service Plan Report 2016/17.

Discussion

This annual measure assesses our progress on building a sustainable supply of lawyers to provide services to clients across B.C. The 2016/17 result reflects a decline from the previous year, but based on enhancements to systems and processes underway, LSS expects to improve performance on this measure in future years.

Performance Measure 3.4: Lawyers paid within 20 days

Performance Measure	2016/17 Baseline	2017/18 Target	2018/19 Target	2019/20 Target
Percent of lawyer invoices paid within 20 days	98.7%	N/A	N/A	N/A

Data Source: LSS client information system.

Discussion

This annual measure tracks the efficiency of our lawyer invoicing system and processes. Based on performance in 2017/18, LSS will review the measure and targets for future periods.

Performance Measure 3.5: Lawyer invoices processed without review

Performance Measure	2016/17 Actual	2017/18 Baseline	2018/19 Target	2019/20 Target
Percent of lawyer-submitted invoices processed for payment without review ¹	N/A	N/A	N/A	N/A

Data Source: LSS client information system.

¹ LSS is improving its client information system in 2017/18 to support collection of reliable data for this measure.

Discussion

This annual measure tracks the effectiveness of our lawyer invoicing system and processes. Targets will be set based on a reasonable expectation of improvement over baseline set in 2017/18.

Performance Measure 3.6: Public support for legal aid

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Percent of the public that supports the provision of legal aid services	N/A	>90%	N/A	>90%

Data Source: Biennial Public Opinion Poll.

Discussion

Sustained public support for legal aid confirms the importance of investment in legal aid services. LSS maintains the target of greater than 90 percent based on the consistency and high level of past performance.

Performance Measure 3.7: Third-quarter expense forecast

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Third-quarter expense forecast accuracy ¹	0.46%	0.19%	0%	0%

Data Source: LSS finance system.

¹ This measure is calculated using the following formula: (Q3 year-end expense forecast – actual year-end expense)/(Q3 year-end expense forecast).

Discussion

This annual measure tracks the accuracy of our year-end expense forecast by comparing our third-quarter forecast and the year-end actual. Targets will be set based on a reasonable expectation of improvement over previous performance.

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 Measure 4.1 References to LSS and justice innovation

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Volume of references to LSS and justice innovation ¹	29	35+	40+	40+

Data Source: Internet search of academic literature, stakeholder reports, and media.

¹ LSS tracks references to LSS in relation to its justice transformation ideas and projects using specific and consistent search terms through Google Scholar, Canadian Newsstand Major Dailies, HeinOnline, and stakeholder websites. There are some limitations to this measure's accuracy (in favour of under-reporting) because we use a manual collection method.

Discussion

Measure 4.1 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-setters. Incremental target increases are based on gradual improvement from initial 2013/14 results and with consideration for when JITI project launches have increased our media exposure.

Performance Measure 4.2: Clients served by justice innovation services

Performance Measure	2016/17 Baseline	2017/18 Target	2018/19 Target	2019/20 Target
Volume of clients served by new justice innovation services	4,355	N/A	N/A	N/A

Data Source: LSS justice innovation project databases.

Discussion

This measure tracks the growing impact of these early resolution-focused services on people in B.C. Future targets will be set based on performance in 2017/18 and with consideration of expansion plans.

Financial Plan

Summary Financial Outlook

(Sm)	2016/17 Actual	2017/18 Budget ¹	2018/19 Budget ¹	2019/20 Budget ¹
Total Revenue				
Provincial Transfers ^{2,3,4,5,6}	69.8	68.1	68.2	68.2
Large and Major Cases ²	5.2	4.7	4.7	4.7
Justice Transformation Initiatives ⁶	2.0	2.0	2.0	2.0
Justice Transformation Expansion ⁷	0.0	2.8	2.8	2.8
Non-government Revenue ⁷	5.0	4.2	4.2	4.3
Total Revenue	82.0	81.8	81.9	82.0
Total Expenses				
Lawyer Fees ^{2,3,4}	42.3	38.3	38.4	38.4
Duty Counsel Fees	10.1	9.3	9.3	9.3
Disbursements	6.0	5.9	5.8	5.8
Justice Transformation Expansion	0.0	2.8	2.8	2.8
Salaries and Benefits	12.1	12.2	12.4	12.4
Grants and Contracted Services ⁵	4.7	5.7	5.6	5.6
Premises	1.9	1.9	2.0	2.1
Local Agents	1.8	1.8	1.8	1.8
Computers	1.1	1.6	1.6	1.6
Office	0.7	0.7	0.7	0.7
Amortization	0.8	0.8	0.9	1.0
Miscellaneous	0.3	0.4	0.2	0.1
Board Expenses	0.1	0.2	0.2	0.2
Travel	0.1	0.2	0.2	0.2
Total Expenses	82.0	81.8	81.9	82.0

(Sm)	2016/17 Actual	2017/18 Budget ¹	2018/19 Budget ¹	2019/20 Budget ¹
Net Income/Excess of Revenue over Expenses/Annual Surplus (Deficit)	0.0	0.0	0.0	0.0
Total Liabilities/Debt (even if zero)	0.0	0.0	0.0	0.0
Accumulated Surpluses/Retained Earnings/Equity (even if zero)	5.4	5.4	5.4	5.4
Capital Expenditures	0.9	0.7	0.7	3.7
Dividends/Other Transfers	0.0	0.0	0.0	0.0

¹ The budgets for the years 2018/19 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 (AG) 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 \$2.8 million (2016/17 — \$2.2 million) and Category C cases will cost \$3.2 million (2016/17 — \$3.4 million) based on our forecasts as of August 16, 2017. LSS will manage expenditures to the available funding provided by the AG as in previous years.

³ LSS forecasts demand for Family services would increase costs by \$1.0 million if fully funded. LSS will provide services to the available funding.

⁴ LSS forecasts demand for Immigration and Refugee services would increase costs by \$1.07 million. To date the federal government has confirmed \$0.385 million in additional funding to the Province of B.C. The society is awaiting a funding decision from the province. LSS will provide services to the available funding.

⁵ Grants and Contracted Services includes Community Legal Assistance Society (CLAS), West Coast Prison Justice Society, Brydges Line, Downtown Community Court, and Drug Court costs. LSS is forecasting CLAS will increase costs by \$0.347 million. LSS will provide services to the available funding.

⁶ 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.

⁷ 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.

Key Forecast Assumptions, Risks and Sensitivities

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. LSS has been seeing higher than historical volumes of applications and contracts for refugee cases. We are forecasting that we will need an additional \$1.07 million to maintain services to the end of the fiscal year. To date only \$0.385 million of additional funding has been confirmed. LSS will provide services to the available budget.
2. 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 only a small increase of 0.25 per cent recently, 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.
3. 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.
4. 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 raised tariff rates only 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.

Management's Perspective on the 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

Corporate Governance

Board Governance: legalaid.bc.ca/about/ourGovernance.php

Senior Management: legalaid.bc.ca/about/ourExecutive.php

Organizational Overview

Mandate: legalaid.bc.ca/about/ourMandate.php

Who We Are, and Our Vision, Mission, and Values: legalaid.bc.ca/about/index.php

Legal Aid Services: legalaid.bc.ca/legal_aid/

Legal Aid Locations: legalaid.bc.ca/legal_aid/legalAidOffices.php

BC Liquor Distribution Branch

2017/18 – 2019/20 SERVICE PLAN

September 2017



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Or visit our website at
www.bcldb.com

Board Chair Accountability Statement



The 2017/18 - 2019/20 BC Liquor Distribution Branch (LDB) Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. I am accountable for the contents of the plan, including what has been included in the plan and how it has been reported. I am responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of August 31, 2017, have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, LDB'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 LDB's operating environment, forecast conditions, risk assessment and past performance.

A handwritten signature in black ink, appearing to read 'R. Blain Lawson', written in a cursive style.

R. Blain Lawson
General Manager and Chief Executive Officer

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Strategic Direction and Operating Environment

Strategic Direction

We have passed the two-year mark since the wholesale pricing model was introduced, which prompted a series of fundamental changes in the way the BC Liquor Distribution Branch (LDB) does business. The beverage alcohol industry, as a whole, is settling into the 'new normal', and we look forward to continuing to work together with our industry stakeholders in this new business environment. As we look to 2017/18 and beyond, the LDB is focused on delivering on our strategic priorities and revenue targets, established by the provincial government, and as outlined in our 2017/18 Mandate Letter.

The LDB's Retail Division will continue to emphasize customer service in all 198 BC Liquor Stores (BCLS), with a particular focus on showcasing a wide variety of products that meet our customers' needs while reinforcing responsible alcohol consumption through our corporate social responsibility campaigns. These campaigns will encourage the responsible use of beverage alcohol through promotional material and signage at BCLS on themes such as the prevention of drinking and driving, and underage drinking.

Securing a warehousing solution in order to meet growing demand was a high priority. The LDB worked with an executive project board, composed of senior executives from across government, on a warehousing solution for the Vancouver Distribution Centre. The lease for the current location will expire in 2019. In February 2017, the LDB entered into an agreement to lease a warehouse facility in Delta for a term of 10 years, with two, five year renewal options. Work is underway to prepare the new facility and we expect to move in spring 2018.

Across both the Retail and Wholesale divisions, modernizing our systems and processes remains a top priority for the organization. We are introducing new business tools to support demand planning, strategic pricing and service delivery. This includes extensive upgrades to our IT systems and business processes, such as the roll-out of our modern point-of-sale system to all 198 BCLS.

Throughout all of our activities, we will endeavour to instill confidence among our stakeholders, as we continue to deliver customer-centric service through both our Retail and Wholesale divisions, while continuing to work closely with B.C. liquor industry manufacturers and other partners.

Operating Environment

B.C.'s Economic Growth

The Economic Forecast Council (EFC) expects B.C.'s real GDP to grow by 3.0 per cent in 2017 and 2.3 per cent in 2018. For Canada, the EFC projects national real GDP to grow by 2.7 per cent in 2017 and 2.0 per cent in 2018. As such, B.C.'s economic growth is expected to outperform Canada in the coming years. Downside risks to B.C.'s economic outlook include uncertainty regarding U.S. fiscal and trade policy, the potential for a slowdown in domestic activity, as well as risks arising from the challenging economic environment in Asia and the euro zone. Additionally, there are risks related to monetary policy tightening and the uncertainties associated with commodity prices and the exchange rate outlook.

Liquor Policy Modernization

The liquor industry in B.C. has recently experienced significant change. The 2013 Liquor Policy Review included 73 recommendations for changes to B.C.'s liquor laws, regulations and policies. This resulted in foundational changes to the liquor industry and to the way the LDB does business, including the introduction of the wholesale pricing model and the separation of the LDB's Retail and Wholesale divisions. This has required extensive re-tooling of LDB's IT systems and business processes. In the years covered by this service plan, both the liquor industry and the LDB will continue to respond to and adjust for ongoing efforts to modernize the liquor industry.

Increasingly competitive marketplace

Following the introduction of the wholesale pricing model and the gradual increase in the number of grocery store liquor licences, the LDB's Retail division remains focused on being a competitive retailer. The full impact of liquor sales in grocery stores remain to be seen, as the market begins to adopt the new model, but will be closely monitored along with overall economic and industry trends.

Improving Wholesale customer service

After the separation of LDB's Retail and Wholesale operations, LDB Wholesale has focused on improving speed to market of new products and improving partnerships with industry, retailers and vendors to forecast demand more accurately.

Warehouse Relocation

The move of the Vancouver Distribution Centre to the new facility in Delta will allow the LDB to improve warehouse management processes, and acquire material handling equipment and a new computerized warehouse management system. The larger facility will also allow the LDB to provide higher-level customer service to its wholesale customers, and improve productivity and order fill rate.

Performance Plan

Goals, Objectives, Strategies and Performance Measures

The LDB is facing increasingly dynamic times. When looking at both the Retail and Wholesale divisions, our overall mission remains constant: to be a customer-centric, profitable retailer and wholesaler of beverage alcohol dedicated to innovation, exemplary service, helpful product knowledge, and corporate social responsibility.

To remain successful, the LDB focuses on five goals: financial performance, workplace quality and employee excellence, customer experience, business effectiveness, and corporate social responsibility. These goals are supported by specific strategies and performance measures. To ensure that the LDB meets its performance targets during a time of fundamental change for the industry, the LDB remains committed to working with its stakeholders and employees to ensure consistently high levels of service and operational efficiency.

The goals, strategies and performance measures contained in this plan are in alignment with the Province's commitments to contain costs, maintain and improve levels of service for citizens and

build a strong economy. The LDB will engage in ongoing dialogue with, and reporting to, the Ministry of Attorney General to re-examine goals, performance measures, and strategies.

Goal 1: Financial Performance

Meet financial objectives approved by Government.

Strategies

- Grow sales and effectively manage operating expenses in order to sustain net returns to the Province.

Performance Measure 1: Net Income

Performance Measure	2016/17 Actual	2017/18 Budget	2018/19 Budget	2019/20 Budget
Net income (in \$millions)	1,083.2	1,094.7	1,111.3	1,127.6

Data Source: BCLS sales data is collected from computerized point-of-sale cash register systems and stored in Head Office databases. Sales made directly to customers by authorized representatives on behalf of the LDB are transmitted to the LDB and stored in databases. LDB financial statements are audited by the Office of the Auditor General annually. LDB expense data is captured, stored, and reported by the LDB's financial system.

Discussion

Net income is the LDB's contribution to the provincial government from the total sales of beverage alcohol in the Province and is audited by the Office of the Auditor General of British Columbia. LDB's net income is a significant contributor to provincial government revenues. The LDB regularly reviews market conditions, sales trends and any policy changes, and incorporates these into future forecasts. The 2017/18 and future year targets have been updated to reflect the latest sales trends, product mix, and inflation. The forecast also incorporates current mark-up policies (e.g. the reduction in beer mark-up implemented in July 2016).

Goal 2: Workplace Quality and Employee Excellence

Create a work environment that encourages greater employee engagement.

Strategies

- Enhance staff skills and engagement through leadership development, employee training and increased communication.
- Implement Strategic Leadership Development for the organization.
- Provide a safe, healthy and harassment-free workplace.

Performance Measure 2: Employee Engagement

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Employee engagement	n/a	71	n/a	71

Data Source: Workplace Environment Survey conducted by BC Stats for the LDB.

Discussion

The LDB measures employee engagement every two years through the Workplace Environment Survey (WES). Given the overwhelming widespread organizational changes that have occurred in the past three years, the LDB believes that achieving a two point increase to 71 in 2015/16 was a significant increase. Maintaining the WES score of 71, in light of the ongoing organizational changes to come, will be a challenging target to which the LDB remains committed. The next WES will be conducted in fall 2017.

Goal 3: Customer Experience

Maintain a high level of retail and wholesale customer satisfaction.

Retail Division Strategies

- Continue to renovate BCLS to enhance customer experience with a new service experience, such as brighter, welcoming store appearance and refrigeration.
- Continuously provide enhanced customer service through ongoing employee training and support of a customer-centric culture across the retail store network.
- Identify innovative ways to showcase products that are of interest to B.C. consumers.

Performance Measure 3.1: Retail Customer Satisfaction

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Retail customer satisfaction	83%	n/a	80%	n/a

Data Source: The LDB contracts with professional survey companies to conduct the retail customer service surveys.

Discussion

Every two years, BCLS retail customers are surveyed by a professional survey company to determine customer satisfaction. Setting a consistent high bar for customer satisfaction ensures the LDB maintains its customer-centric focus.

Historically, the Retail Customer Satisfaction performance measure has been based on customers who rated their experience as “good”, “very good” or “excellent”. However, starting 2016/17 fiscal year, the measure is now based only on customers who rate their experience as “very good” or “excellent”.

This reporting change will better reflect customer satisfaction of their retail experience and enable the organization to focus on meaningful metrics with greater potential for improvement, but it is also anticipated to impact reported levels of customer satisfaction from 2016/17 onward.

Wholesale Division Strategies

- Continuously provide enhanced customer service through efficient order processing and fulfillment.
- Continue to provide enhanced customer service through employee training and support a customer-centric culture within the Warehouse team.

Performance Measure 3.2: Wholesale Customer Satisfaction

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Wholesale customer satisfaction	68%	n/a	n/a	80%

Data Source: The LDB contracts with professional survey companies to conduct the wholesale customer service surveys.

Discussion

Every two years, LDB's Wholesale customers (public and private retail stores, rural agency stores, bars and restaurants) are surveyed by a professional survey company to determine customer satisfaction. Setting a consistent high bar for customer satisfaction ensures the LDB maintains its customer-centric focus.

2015/16 marked a profound time of change for the B.C. liquor landscape. A new wholesale pricing model was implemented, which gave an equal price for all retailers, replacing the previous tiered discount system. LDB Wholesale has been separated from LDB Retail, but there remains some confusion in the industry about the relationship between the two divisions, compared to pre-April 1, 2015. To prevent this confusion from adversely impacting the wholesale customer satisfaction scores, the LDB Wholesale team is committed to improving and building relationships with its customers and work to better understand customers' perspectives and needs under the new pricing model.

With the separation of Retail from Wholesale, the direct shipping customer accounts serviced by Wholesale, outbound case picks, bottle picks and deliveries have all increased by up to 40 per cent. These increases have occurred while the existing Distribution Centre remains constrained to no more than 10 days of inventory. The Wholesale Division continues to implement many process improvements and changes across customer service, vendor and item set up, in-stock improvements, order assembly, and delivery quality.

As the LDB intends to move the Vancouver Distribution Centre to the warehouse facility in Delta in spring 2018, the next wholesale customer satisfaction survey will be conducted in 2019/20.

Goal 4: Business Effectiveness

Maintain operating efficiencies in a climate of constant change.

Retail Division Strategies

- Improve assortment and demand planning tools by implementing technology to provide the right product in the right location for consumers.
- Continue utilizing training programs to better equip store employees with product knowledge, in order to provide quality service to customers.
- Continue with long-term efforts to update BCLS retail systems to reflect the new liquor industry, improve efficiency and provide a customer-centric retail experience.

Performance Measure 4.1: BC Liquor Store Sales per Square Foot

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
BC Liquor Store sales per square foot	\$1,380	\$1,389	\$1,409	\$1,430

Data Source: BCLS sales data is collected from computerized point-of-sale cash register systems and stored in Head Office databases.

Discussion

This indicator is based on the annual dollar sales of all stores divided by total of all stores square footage. This measures how well BCLS convert floor space into sales. The 2017/18 and future targets have been revised upwards since the LDB's previous service plan as a result of modernization efforts, which have included changes to operating hours at BCLS (i.e. extended operating hours and Sunday openings), marketing initiatives and the introduction of refrigeration units at a limited number of stores implemented this fiscal year.

Wholesale Division Strategies

- Continue to modernize the Wholesale Division's systems and processes, including the use of current and cost-effective technology, such as forecasting and demand planning.
- Minimize the impact of rising labour cost per case while supporting additional smaller customers and orders, and additional bottle picks in an environment of limited space causing Distribution Centre congestion and slower anticipated order assembly.
- With the assistance of an executive project board, complete an approved business plan and begin the critical work on executing a successful transition to a new warehouse solution, in accordance with government direction, to allow the LDB to meet growing demand for its services.

Performance Measure 4.2: Distribution Centre Labour Cost per Case Shipped

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Distribution Centre labour cost per case shipped	\$1.86	\$1.90	\$1.80	\$1.77

Data Source: Orders and shipments processed by the LDB Distribution Centres are captured and stored by computer applications designed for this purpose.

Discussion

This productivity measure is calculated by dividing Distribution Centre labour expenses by total case shipments. Since April 2015, there has been a 30 per cent increase in new customers to Wholesale with much smaller and more labour intensive orders. This is due to the split between the LDB Retail and Wholesale divisions and the fact that all private liquor stores, rural agency stores and many hospitality customers must now order directly from the warehouse. With the lease of the warehouse facility in Delta, the LDB will be better positioned to provide high-quality and timely service to wholesale customers.

Performance Measure 4.3: Distribution Centre Order Fill Rate

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Distribution Centre order fill rate	91%	93%	93%	93%

Data Source: Orders and shipments processed by the LDB Distribution Centres are captured and stored by computer applications designed for this purpose.

Discussion

This is a measure of the percentage of each order filled completely by the LDB Distribution Centres (Vancouver and Kamloops) and is calculated by dividing the number of ordered items that are filled completely by the total number of items ordered.

The LDB Wholesale team has been partnering with retailers and vendors to improve forecasting and planning, and to solve inventory and space shortages to ensure product can be supplied to meet the needs of customers. Setting a consistent target of 93 per cent in the future strikes the right balance between the effective management of inventory and the minimization of product stock-outs, and reflects anticipated additional warehouse space to hold and distribute product.

Goal 5: Corporate Social Responsibility

Encourage the responsible use of beverage alcohol and minimize the impact of operations on the environment.

Retail Division Strategies

- Prevent sales to minors or intoxicated persons in BCLS through staff education and enforcement of ID-checking requirements.
- Encourage the responsible use of beverage alcohol through the display of promotional material and signage at BCLS.
- Promote awareness of responsible use by continuing co-operative programs with suppliers and other stakeholders and partners.

Performance Measure 5.1: Store Compliance with ID-Checking Requirements

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Store compliance with ID-checking requirements	96%	100%	100%	100%

Data Source: LCLB administers an ID compliance checking program and provides the results of BCLS compliance to the LDB.

Discussion

BCLS continue to ensure the enforcement of the ID-checking program to prevent sales to minors and intoxicated persons, through ongoing employee training and awareness. Compliance is measured through a program administered by the Liquor Control and Licensing Branch (LCLB). The continuous target of 100 per cent reflects the critical importance to the LDB of preventing sales to minors.

Performance Measure 5.2: Customer Awareness of LDB Corporate Social Responsibility Programs

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Customer awareness of LDB corporate social responsibility programs	89%	n/a	90%	n/a

Data Source: The LDB contracts with professional survey companies to conduct the retail customer surveys.

Discussion

The LDB encourages the responsible use of beverage alcohol through partnerships, promotional posters and other materials in stores. Every two years, the LDB conducts a customer survey to measure customer recall of these materials to ensure the LDB develops impactful and relevant messaging. Setting a high target of 90 per cent for customer awareness of social responsibility programs represents the high value that the LDB places on this goal.

Wholesale Division Strategies (including Head Office)

- Reduce the impact of operations on the environment by decreasing waste, increasing recycling rates and achieving carbon neutrality on an annual basis.
- Continue promoting waste diversion and recycling programs at Head Office and Vancouver Distribution Centre through employee training and awareness campaigns.

Performance Measure 5.3: Waste Diversion Rate at Head Office and Vancouver Distribution Centre

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Waste diversion rate at Head Office and Vancouver Distribution Centre	80%	80%	85%	85%

Data Source: Waste diversion rates represent the weight of material diverted from the landfill through composting and recycling as a percentage of the total weight of waste material generated. Rates will be determined based on measured weights reported by a contracted waste and recycling service provider.

Discussion

In 2013/14, the LDB developed this performance measure to initially track performance at Head Office and the Vancouver Distribution Centre. After 2018/19, the performance measure will be expanded to include diversion rates for BCLS, the Kamloops Distribution Centre, and the new Delta Distribution Centre.

In 2016/17, the performance measure was determined by using ongoing weight measurements taken over the entire fiscal year and was expanded to include other materials relative to previous years. This is an improvement to the prior reporting years which relied on a 24-hour sample to estimate annual totals. Due to the fact that the new sample model has been used for only one year, the LDB maintained its target of 80 per cent for 2017/18 with a slight increase to 85 per cent in 2018/19 and 2019/20.

Financial Plan

Summary Financial Outlook

(Sm)	2016/17 Actual	2017/18 Budget	2018/19 Budget	2019/20 Budget
Sales	3,331.5	3,496.6	3,596.3	3,698.7
Less: Cost of Sales	1,921.5	2,037.7	2,105.1	2,178.2
Gross Margin	1,410.0	1,458.9	1,491.2	1,520.5
Operating Expenses - Employment	194.9	203.7	207.1	213.2
Operating Expenses - Rent	46.5	53.0	55.4	58.1
Operating Expenses - Administration	97.1	116.6	126.4	130.6
Total Operating Expenses	338.5	373.3	388.9	401.9
Other Income	11.7	9.1	9.0	9.0
Net Income	1,083.2	1,094.7	1,111.3	1,127.6
Debt	0	0	0	0
Retained Earnings	0	0	0	0
Capital Expenditures	26.7	82.8	29.2	27.1

Key Forecast Assumptions, Risks and Sensitivities

With the many significant changes that have impacted the liquor landscape in the province - including the implementation of the new wholesale pricing model, the separation of Retail and Wholesale divisions by which BCLS became a customer of LDB Wholesale, expanded operating hours and the introduction of refrigerated products at BCLS and grocery stores to the liquor marketplace - the LDB continues to closely review and monitor the impacts of these changes on the LDB's financial and business operations.

The LDB's forecast has included the following assumptions:

- Market share and product mix remain relatively stable for all future years.
- Fiscal 2017/18 overall sales growth will be five per cent, driven by volume growth, retail margins and inflation.
- Overall sales growth for future years will move in line with historical averages and will be 2.8 per cent due to a combination of inflation and volume growth.

- While grocery stores are now permitted to sell alcohol directly from their shelves or under a store-within-a-store model, the impact of grocery stores is not yet included since the number of stores that are selling liquor products remains relatively small.

Capital requirements reflect expenditures for updating and improving stores, technology-related projects, and ongoing equipment replacements.

In August 2014, the property where the LDB's current Vancouver warehouse is located (on East Broadway) was sold. The LDB is leasing the current facility until the warehouse in Delta is ready for operation.

Sensitivity Analysis

Beverage alcohol is a highly regulated product and its consumption can be influenced by Government decisions, such as hours of operation for establishments that sell or serve liquor products and drinking and driving laws, to name just two. These types of policy decisions can have a significant impact on LDB revenue.

The LDB's financial performance is also affected by economic conditions:

- Changes in the marketplace – it is still unknown how the introduction of grocery stores as retailers of beverage alcohol will impact the current retail environment;
- Price competition among suppliers of wine, spirits and refreshment beverages – as the mark-up on these products is percentage-based, a reduction in the supplier price will result in less LDB revenue, assuming a constant volume; and,
- Beverage alcohol is a discretionary consumer product and sales are affected by economic conditions. Consumer confidence dictates the level of entertainment dollars spent on beverage alcohol. Product mix may also be impacted as it is dependent on consumer purchasing patterns.

Weather patterns and the timing of statutory holidays are other factors that influence LDB revenue. A hot, dry summer and long weekends result in increased sales, particularly in the refreshment beverage and packaged beer categories. Conversely, adverse weather conditions have a negative impact on liquor sales. The day of the week statutory holidays fall on also has an impact on sales – when they fall on Mondays or Fridays, sales are much stronger than when they fall on Tuesdays or Wednesdays.

The LDB monitors all of these factors, using the best information available to ensure sound decisions are made on product mix and supply, and staffing for BCLS.

Cost of Goods Sold

Each percentage change in the cost of products in the wine, spirits and refreshment beverage categories has a direct effect on net income of approximately \$14.4 million, due to the percentage-based mark-up on these products.

Beer has a per litre mark-up and, therefore, cost of sales as a percentage of sales would increase should the beer producers increase their supplier prices. B.C. wines have lower gross margins due to the mark-up policy on direct delivery VQA wines and wines produced from 100 per cent B.C. grapes. As these two categories grow, cost of goods as a percentage of sales will continue to increase.

Management's Perspective on the Financial Outlook

The 2013 Liquor Policy Review recommendations led to a significant transformation in the marketplace, and that is expected to continue.

Many liquor policy changes have been centred around increasing fairness and competition among retailers. For example, industry called for a single wholesale price to increase transparency and eliminate pricing inconsistencies, and this has resulted in a more equal footing for all retailers. More grocers will eventually meet the regulatory requirements for selling alcohol - another change that will increase competition and have a profound impact on the industry as a whole.

The LDB will continue to adapt its operations to meet the changing demands of the increasingly competitive business environment. With the clear separation of the LDB's Retail and Wholesale divisions, there is different operational oversight for each division within a common corporate management structure. In order to meet the challenges of the evolving beverage alcohol landscape, both Retail and Wholesale will continue to monitor performance, anticipate the direction of the market through the use of predictive analytics, and make changes in order to capitalize on the demands of consumers.

At the retail level, all BCLS are now subject to the one kilometre rule, which restricts location proximity from other full-service liquor retail outlets. However, they also now have the option to offer services that align with private retailers. Changes in customer consumption, product mix, gross margin by product categories, and the entry of grocery stores, will be closely monitored and adjustments made where appropriate to meet corporate targets.

The LDB's corporate management will monitor wholesale margins to ensure Government's revenue targets are protected. The move to the larger warehouse facility in Delta will drive greater efficiencies in product delivery and will better meet future demand of the marketplace.

Major Capital Projects

Major Capital Projects (over \$50 million)	Targeted Completion Date (Year)	Project Cost to June 30, 2017 (\$ millions)	Estimated Cost to Complete (\$ millions)	Approved Anticipated Total Capital Cost of Project (\$ millions)
Warehouse Relocation The LDB has entered into a long-term lease for a warehouse facility in Delta. This will position the LDB to provide high-quality and timely service to wholesale customers and to all British Columbians with as little disruption as possible – resulting in both operational and financial benefits sooner. The intent is to be operational in the Delta facility in spring 2018. The capital cost outlined is funding for material handling equipment, racking and conveyors, as well as a new computerized warehouse management system for the new Delta warehouse.	2018/19	1	56	57

Significant IT Projects

Wholesale and Retail Pricing, Store Point-of-Sale Upgrade and Centralized Store Replenishment System Projects

BCLS became a customer of the LDB's Wholesale division in April 2015. They are now subject to the same wholesale pricing as other liquor retailers. As part of the projects that separated wholesale and retail pricing, the LDB is upgrading the point-of-sale (POS) technology and implementing a centralized product replenishment system to support the modernization of BCLS and to improve customer service. To ensure the new systems roll out would go as smoothly as possible and with minimal impact on customers, suppliers and employees, the LDB piloted a few stores with the new technology and is now implementing the solutions across all the stores. The LDB expects that all stores will have the new technology by fall 2017. The total capital cost for these projects is estimated to be \$24 million over the past three years.

Appendix A: Hyperlinks to Additional Information

Corporate Governance and Organizational Overview

The LDB's corporate governance structure and organizational overview can be found [here](#).

British Columbia
JUSTICE AND PUBLIC SAFETY COUNCIL

**STRATEGIC PLAN FOR THE JUSTICE
AND PUBLIC SAFETY SECTOR**
APRIL 2017-MARCH 2020

ANNUAL UPDATE, MARCH 31 2017

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JUSTICE AND PUBLIC SAFETY PLAN 2017-2020

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CHAIR'S MESSAGE



Lori Wanamaker,
FCPA, FCA

As Chair of the Justice and Public Safety Council, I am pleased to present the 2017-18 update of the Council's strategic plan.


With the Council entering its fifth year of existence, it seems fitting to reflect on progress on issues identified when the Council was created. Timeliness and responsiveness of the justice system have been addressed through a series of measures which have reduced backlogs, improved court scheduling, and made civil processes more accessible through tribunal reform. Public measurement of key indicators continues to

expand. And the BC Justice Summits have progressed from initial discussions to become a forum for development of concrete innovations and – perhaps just as important – a reflection of a changing culture in our sector in which consultation and regular interaction between leaders of different functions is the expected norm, and no longer the exception.

In the Council's plan for 2017-18, in which the existing priorities of Indigenous justice, justice and mental health, access to justice, and violence against women, are reaffirmed, we can report progress in several of these areas in the past year. For the coming year, there are a series of significant challenges and opportunities on the horizon, including the chance to engage with the Inquiry on Missing and Murdered Indigenous Women and Girls as well as the federal government's review of criminal justice policy. There are also urgent considerations regarding enduring Indigenous overrepresentation in criminal justice, a rapidly increasing remand population, and the resource pressures which may result from the approach required to meet legal requirements associated with bail hearings and "trial within a reasonable time" requirements.

I am certain that together, we in our sector have the skill and the wisdom to address these challenges. I invite you to review and share this update.

Sincerely,



Lori Wanamaker, FCPA, FCA

EXECUTIVE SUMMARY

Although British Columbia has enjoyed declining indicators of crime for a generation, including measures of reported crime, crime severity, and violence, a number of these indicators have moved upwards over the last two years. Youth crime remains low. System costs are relatively stable after prior increases.

The period from April 2016 to March 2017 has seen a number of significant developments in the sector. These developments have in general been either positive or informative. Substantial dialogue has taken place regarding Indigenous justice engagement, Truth and Reconciliation, and child welfare. There have been further practical steps taken on implementation of trauma-informed practice, case management and court scheduling. Work continues as well on improving access to justice and on court innovation. The same period has seen further strengthening of collaborative linkages across the sector, highlighted by the Sixth and Seventh BC Justice Summits on 'Justice, Mental Health and Substance Use' which yielded a high degree of consensus around two clear recommendations.

For 2017-18 the Council reaffirms the essential elements of its plan, and the four goals of Fairness, Protection of People, Sustainability, and Public Confidence. The operational priorities the Council has identified for 2017-18 continue to be Indigenous Justice, Access to Justice, Justice and Mental Health, and Violence Against Women. The Council also looks forward to the opportunity to address the role technology can play in increasing access to justice and the overall performance of the sector, at the 8th and 9th BC Justice Summits in 2017.

THE JUSTICE AND PUBLIC SAFETY COUNCIL

The Justice and Public Safety Council (JPSC, or the Council) was established in April 2013 under the terms of the *Justice Reform and Transparency Act*. Members of the Council are appointed by British Columbia's Minister of Justice.

The Council's objectives under the provisions of the Act include:

- Development of a strategic vision for the justice and public safety sector;
- Establishment of an annual Justice and Public Safety Plan;
- Collection of information on the sector to assist in the Council's functions;
- Facilitation of the collection and sharing of information needed to enhance the ability to ensure careful management and prudent expenditure of public resources, engage in evidence-based decision making, make informed evaluations of performance, and design strategies to improve that performance;
- Promotion of collaboration and cooperation among participants in the sector; and
- Provision of advice and recommendations to the Minister.

The Act provides for the Council to produce (and refresh annually) a three-year plan for the sector to achieve progress towards its vision for the sector.

In its work, the Council consults broadly within the sector, including but not limited to leaders of key sector institutions and agencies, non-governmental organizations, professional bodies, subject matter experts, and participants at British Columbia Justice Summits. By law, the Council's annual plan is delivered at the end of March, and is made available to the public at the same time.

A list of the Council's current membership can be found in Appendix 3.

SECTOR CHARACTERISTICS: CONTEXT FOR PLAN RENEWAL

Emerging issues

The Council has highlighted a number of emergent developments in justice and public safety which are of contemporary significance in British Columbia. These include continued growth in the use of remand, bail patterns and bail reform, the reduced ceiling for delay in criminal cases set out in *R. v. Jordan*, the commissioning of the Inquiry into Missing and Murdered Indigenous Women and Girls, and the review of various aspects of justice policy by the government of Canada.

Growth in British Columbia's remand population

The adult population serving prison sentences in BC jails has declined by 21% over the last decade, dropping gradually since 2007. However, notwithstanding this decline in the sentenced population, in the past two years the overall average number of adults incarcerated has increased significantly. This change has been driven entirely by rapid increases in the average number of adults remanded in custody awaiting trial.

As a consequence of recent trends, British Columbia's prison population is now numerically dominated by those awaiting trial rather than those serving sentences. BC, like Canada as a whole, has experienced a rise in the justice system's use of remand, such that it is common to find greater numbers of people in jail and awaiting trial than actually serving jail sentences. In a national comparison completed in 2014-15, Nova Scotia (68%), Alberta (67%), Manitoba (65%), Ontario (65%), Yukon (59%) and British Columbia (57%) had a higher proportion of adults in remand than were serving custodial sentences.¹ In BC, this number rose to 61% in calendar 2016.²

¹ Statistics Canada, *Trends in the use of remand in Canada, 2004/2005 to 2014/2015*.

<http://www.statcan.gc.ca/pub/85-002-x/2017001/article/14691-eng.htm>. In noting the national aspects of this phenomenon, the report sets out that "the number of adults in remand has grown almost six times more than the number in sentenced custody. From 2004/2005 to 2014/2015, the average daily adult remand population increased 39%, while the average daily sentenced custody population was up 7%."

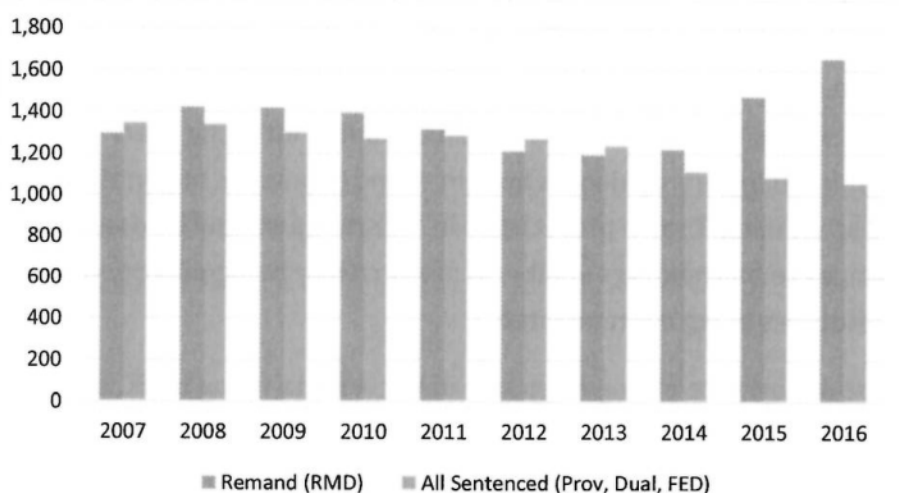
² Government of British Columbia; BC Corrections Operations Network (CORNET), extracted through the Cognos business intelligence system.

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The average daily count of adult accused remanded in custody has now risen in BC for three consecutive years, from 1,194 in 2013 to 1,657 in 2016. This represents an increase of 39%. Moreover, evidence suggests that the increased numbers of persons remanded in custody are also spending longer periods waiting in jail for trial: in recent years, the average daily count of remanded accused has risen significantly faster than the number of admissions to remand.³

Growth in the absolute and proportional remand count, and the reasons this is occurring, are not yet well understood locally or in Canada more broadly. The Council views these patterns and their understanding as questions of increasing importance for the administration of justice in British Columbia.

Figure 1: Adults in custody, BC Corrections: annual daily average 2007 to 2016



³ Adult remand admissions in BC rose 21.5% in the two years from 2013-14 to 2015-16. By comparison (and allowing for slightly different cut-off dates for data), between calendar 2014 and calendar 2016 the average daily adult remand population rose by 35%. The fact that the daily average number of persons remanded has risen faster than the number admitted to remand suggests that, once admitted, accused persons are spending a longer period in custody prior to trial. Data from Government of British Columbia; BC Corrections Operations Network (CORNET), extracted through the Cognos business intelligence system. This measure is a rate of all admissions, not unique admissions. This means that individuals who are admitted more than once in a given year will be counted more than once. The definition of admission does not include a status change from remand to sentenced.

Bail practices

In an area related to the remand patterns described above, British Columbia's system of bail (judicial interim release) has previously been the subject of reform efforts. Historically this reform attention has been due to the relatively high number of 'unproductive' appearances – i.e. adjournments – linked to the bail process. Between 2006 and 2009, bail reform with the use of video appearances was trialled in two locations (Surrey and the Peace River district); these efforts however met with mixed results, and the trials were not expanded to broader use.

While existing challenges with bail remain, the question of reform has acquired additional urgency in light of the recent ruling of the Alberta Court of Queen's Bench and prior Alberta government review regarding the legality of police officers assuming the role of prosecution in bail hearings. In finding that no such right in law exists, the Queen's Bench ruling put an end to such practice in Alberta and cast existing practice in other jurisdictions into question.⁴ As in Alberta, the practice of police officers standing in for Crown prosecutors has been common in British Columbia for many years. The implications of the ruling are significant both in terms of practice and in terms of resources and scheduling: Crown prosecutors in Alberta must now be present at all bail hearings. Changes to bail hearings in Alberta are currently being piloted, with changes to prosecution resources being contemplated.

Recognizing the importance of ongoing study of the Alberta ruling by BC's prosecution service, defence bar, and others, the Council views the resource requirements of the bail process – and consequently, examination of possible reforms and efficiencies – as now being of even greater significance.

Supreme Court ruling on delay

In *R. v. Jordan*, the Supreme Court of Canada in 2016 set out a new framework for an acceptable amount of delay in criminal proceedings, in which (with some qualifications including delay initiated by defence) "the presumptive ceiling is 18 months for cases tried

⁴ Alberta Court of Queen's Bench, *Hearing Office Bail Hearings (Re)*, 2017 ABQB 74. The ruling may be found at <http://www.canlii.org/en/ab/abqb/doc/2017/2017abqb74/2017abqb74.html>.

in the provincial court, and 30 months for cases in the superior court”⁵ – with, after a period of transition for cases currently underway, a presumed stay of proceedings to be applied to cases running in excess of those ceilings.

As the most significant ruling on delay since *R. v. Askov*, the ruling in *Jordan* has profound implications for practice in Canadian criminal proceedings and for the resources applied to those proceedings, particularly on the part of the Crown and the Courts. More broadly, public debate over the implications of *Jordan* has raised the question of the capacity of Canadian federal and provincial justice systems to manage all of the available caseload in ways which are consistent with the right to a speedy trial under Section 11(b) of the Charter of Rights and Freedoms.⁶

Not least because the ruling in *Jordan* relates to a case originating in British Columbia, it will be vital for BC’s system of justice and those who administer it to understand the practical implications of the new framework for the existing criminal caseload, and to develop a sustainable model of criminal prosecution, case management and case conduct going forward. Initial analysis of BC’s existing criminal docket suggests that the risk of stays of proceedings under *Jordan* is low relative to other jurisdictions. However, in light of recent stays of high profile cases (e.g. *R. v. Regan*), in the Council’s view the importance of a system adjustment to the realities of *Jordan* in this province is a matter of priority.⁷ This view is reinforced by the provincial reality, set out elsewhere in this document, of increasing numbers of reported crimes, growing numbers of criminal cases, and increases in the remand population.

National Inquiry into Missing and Murdered Indigenous Women and Girls

The Council welcomes the establishment by the Government of Canada in September 2016 of the National Inquiry into Missing and Murdered Indigenous Women and Girls. The independent Inquiry’s mandate is to examine and report on the systemic causes of all

⁵ *R. v. Jordan*, 2016 SCC 27, [2016] 1 S.C.R. 631. See also *R. v. Askov*, [1990] 2 S.C.R. 1199.

⁶ “Courts Shaken by Solutions to Delays.” *Globe and Mail*, March 12 2017.
<http://www.theglobeandmail.com/news/national/courts-shaken-by-search-for-solutions-to-delays/article34275019/>

⁷ *R. v. Regan*, 2016 ABQB 561. This case involved an alleged homicide of an inmate in an Alberta correctional institute committed by another inmate, in which the accused claimed a delay of 62.5 months.

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forms of violence against Indigenous women and girls in Canada, by looking at patterns and underlying factors.

As part of its national mandate, the Inquiry will hold public hearings in British Columbia to hear (and gather privately) the stories of families of missing or murdered Indigenous women, girls and 2SLBTQ as well as those who have experienced violence, and collect the advice of Elders, of Indigenous and non-Indigenous organizations, experts, academics, officials and public workers.

The Inquiry, empowered by provincial and territorial governments, will also establish regional, issue-specific advisory bodies who can bring relevant information to its attention, refer incidents of illegal or improper behaviour to the relevant authorities, including relevant Ministries.

The Inquiry's hearings over the coming year will almost certainly shed further light on issues previously surfaced in British Columbia in 2012-13 by the Missing Women Commission of Inquiry led by Wally Oppal, QC. The Council looks forward to the opportunity for the justice and public safety sector to join with BC's Indigenous communities and other British Columbians in supporting the work of the Inquiry.

Federal review of justice policy

The Council notes the existing mandate of the federal Minister of Justice to review and address a number of areas of criminal justice policy, as well as changes to family court. These include:

- a review of the changes in our criminal justice system and sentencing reforms over the past decade;
- increased use of restorative justice processes and other initiatives to reduce the rate of incarceration amongst Indigenous Canadians;
- implementation of recommendations regarding the restriction of the use of solitary confinement and the treatment of those with mental illness;
- addressing gaps in services to Indigenous people and those with mental illness throughout the criminal justice system;

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- creation of a federal-provincial-territorial process that will lead to the legalization and regulation of marijuana;
- improved use of information technology to make the system more efficient and timely,
- exploration of sentencing alternatives and bail reform; and
- the creation of a unified family court.

It is clear that each of these issues are of direct relevance to the citizens of British Columbia. Of particular note, sentencing practices and Indigenous incarceration rates, as noted elsewhere in this document, remain topical in the province; marijuana use and cultivation have long been a central focus for law enforcement, public order, and justice; and the intersection of those with mental health and substance use disorders with the justice system have – along with family law – been the subject of BC Justice Summits over the past three years.

In addition to survey and other data collection, two consultations were conducted in British Columbia during August 2016 by the Minister as part of her consultations on these matters, consultations which were particularly focused on criminal justice policy. In addition, the National Symposium on Criminal Justice, an annual federally-sponsored forum of criminal justice experts, held its ninth National Symposium in Vancouver in January 2017, with an agenda focused on sentencing matters including judicial discretion, restorative justice, and compliance with the Supreme Court ruling in *R. v. Gladue* regarding sentencing of Indigenous defendants, and with recommendations to be delivered to the Department of Justice.

The Council, appreciating the scope of the federal Minister's review and mandate, welcomes further opportunity for British Columbia's justice and public safety sector to engage as the resulting reform agenda forms at the national level.

Sector trends

In refreshing its plan, the Council continues to track a number of important trends. As identified earlier in this report, one resilient problem remains the high levels of incarceration of Indigenous people. Declining crime rates and historically low rates of youth crime have had little effect on this pattern over time.

British Columbia has now seen two consecutive years of increasing crime rates and increasing crime severity after an extended period of crime rates declining consistently to lows not seen since the late 1960s. Violent crime, too, has increased in the most recent year of recorded data. Youth crime remains low, while youth re-offending has risen slightly for the first time in several years. System costs, consistent with increases in crime and case volumes, and custody counts, have increased after several years of relative stability.

In general, it may be the case that after a generation of declining crime indicators, the province is witnessing a reversal of these trends.

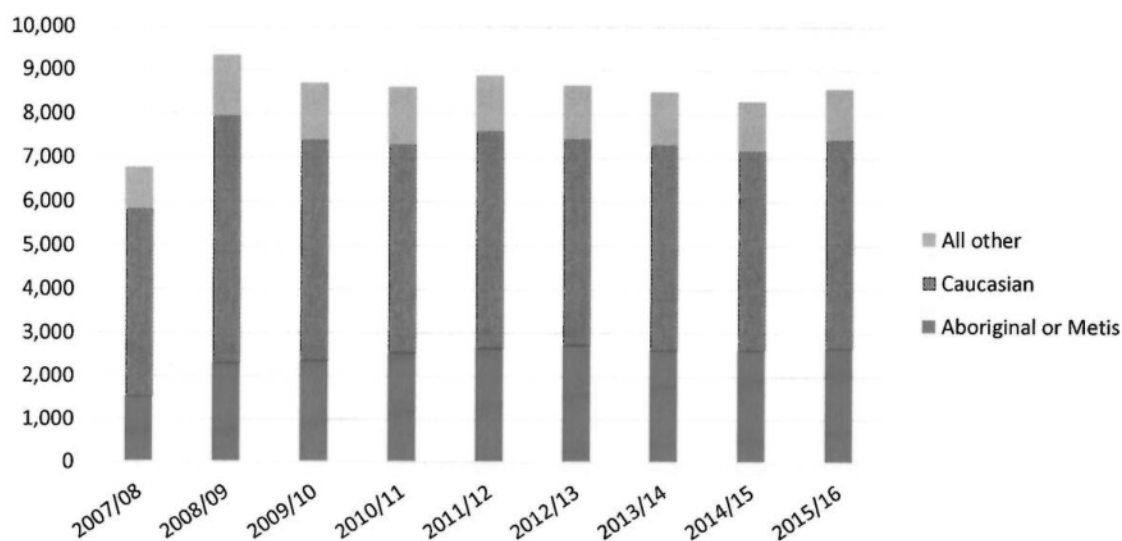
Several key environmental indicators of the sector's characteristics and performance are set out in the following pages.

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Indigenous people and the justice and public safety sector

One resilient feature of over-representation is incarceration rates of Indigenous people in the province. Taking self-reported ethnicity⁸ on release from custody as a proxy measure, unique episodes of custody for Indigenous people in BC in 2015-16 accounted for approximately 31% of all custody releases. Indigenous incarceration thus continues to occur at a rate approximately six times greater than expected given the percentage of the population which is Indigenous.⁹

Figure 2: Persons released from custody by ethnicity, annual totals, 2007-08 to 2015-16



⁸ In BC's justice and public safety sector, self-report on admission to corrections is the sole indicator of ethnicity gathered.

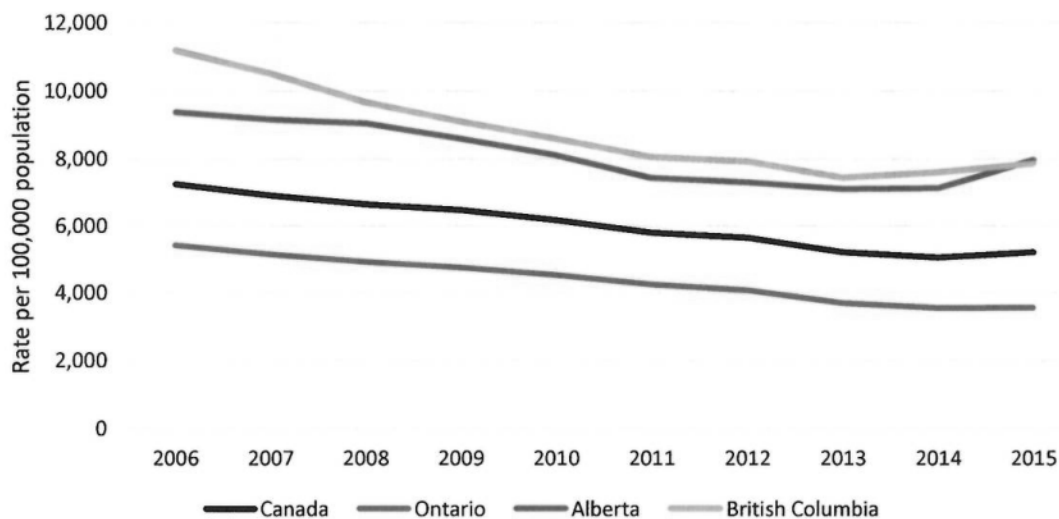
⁹ **Data source and considerations:** Government of British Columbia; BC Corrections Operations Network (CORNET), extracted through the Cognos business intelligence system. The rate of releases of individuals from a custody centre who self-report "Aboriginal" or "Metis" status in comparison to those who self-report "Caucasian," or who self-report other categories. This is a measure of all releases, not unique releases of individuals for the following legal hold statuses: dual status, federal, immigration, not stated, and provincially sentenced. This measure does not include releases for clients on remand status. As this is a measure of all releases, not unique releases means that individuals who are released more than once in a given year will be counted more than once. The definition of release does not include a status change from remand to sentenced or sentenced to remand; however, it does include individuals released from custody to probation. Indigenous peoples were identified as 5.4% of the provincial population in the 2011 census. In 1996, Parliament enacted s.718.29(e) of the Criminal Code, which places a statutory duty on sentencing judges to consider an offender's Indigenous circumstances in the determination of what constitutes a fit sentence. The leading authority on interpretation of this provision is *R. v. Gladue*, [1999] 1 S.C.R. 688.

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Crime rates (reported)

While the long term national pattern has seen crime decline significantly since 1991, there has been a recent interruption of that trend in British Columbia, with reported crime increasing for the second straight year. For context, the rate for 2015 remains lower than levels reported at any other time since 1970. British Columbia's overall crime rate in 2015 showed a 3.5 per cent increase from 2014, a sharper rate of increase than had occurred the previous year. As is typical of Canada's western provinces, the rate of reported crime in British Columbia is substantially higher (more than double) the rate in Ontario. For the first time since collection of comparable statistics began in 1998, BC's crime rate is lower than that of neighbouring Alberta.

Figure 2: Reported crime incidents per 100,000 population (excluding traffic), BC 2006-2015 – Canada, Ontario, and Alberta included as comparators¹⁰



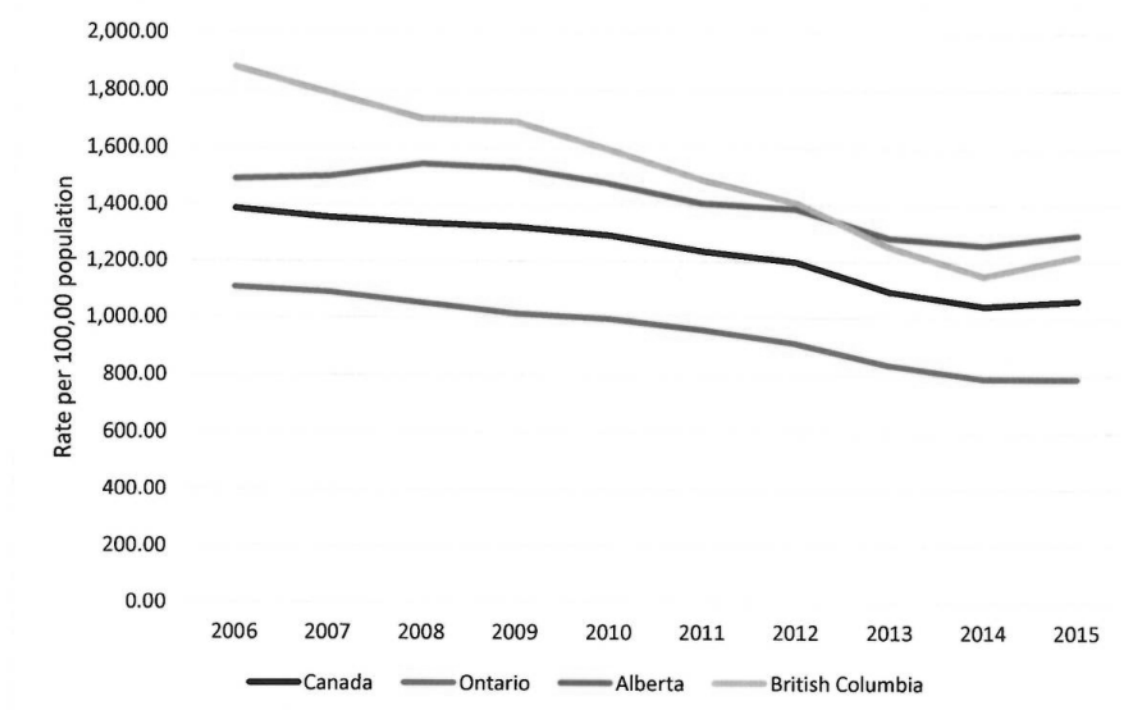
¹⁰ Source: *Canadian Centre for Justice Statistics*. Most recent data year is calendar 2015. These figures reflected reported crimes. They do not reflect crimes which are for one reason or another unreported to police, and they are therefore necessarily an incomplete picture of criminal occurrences. The rate of victimization, typically determined by population survey, is considered a more accurate picture of total criminal activity. However, victimization rates are currently measured nationally every five years – too infrequently to serve as a useful policy tool – and are not included here. The reader should also note that the crime rate is at best an incomplete measure of police workload, as it does not capture the range of proactive community or public order activity required of police agencies, enforcement of non-criminal statutes (e.g. *Motor Vehicle Act*) or non-criminal requests for service from the public.

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Violent crime

Violent crime, and particularly domestic and sexual violence which often involve greater complexity, remains high relative to rates in central Canada. BC's rate of violent crime incidents per 100,000 population, having declined steadily for a decade, increased by 6.1% between 2014 and 2015. This is a departure from the preceding decline of 40% in the rate of violent crime in BC since 2005, a period preceded by stable, high levels of violent crime. The 2015 increase in violent crime in BC is consistent with, although more marked than, changes in comparative jurisdictions.

Figure 3: Reported violent crime incidents per 100,000 population, BC 2006-2015 – Canada, Ontario, and Alberta included as comparators¹¹



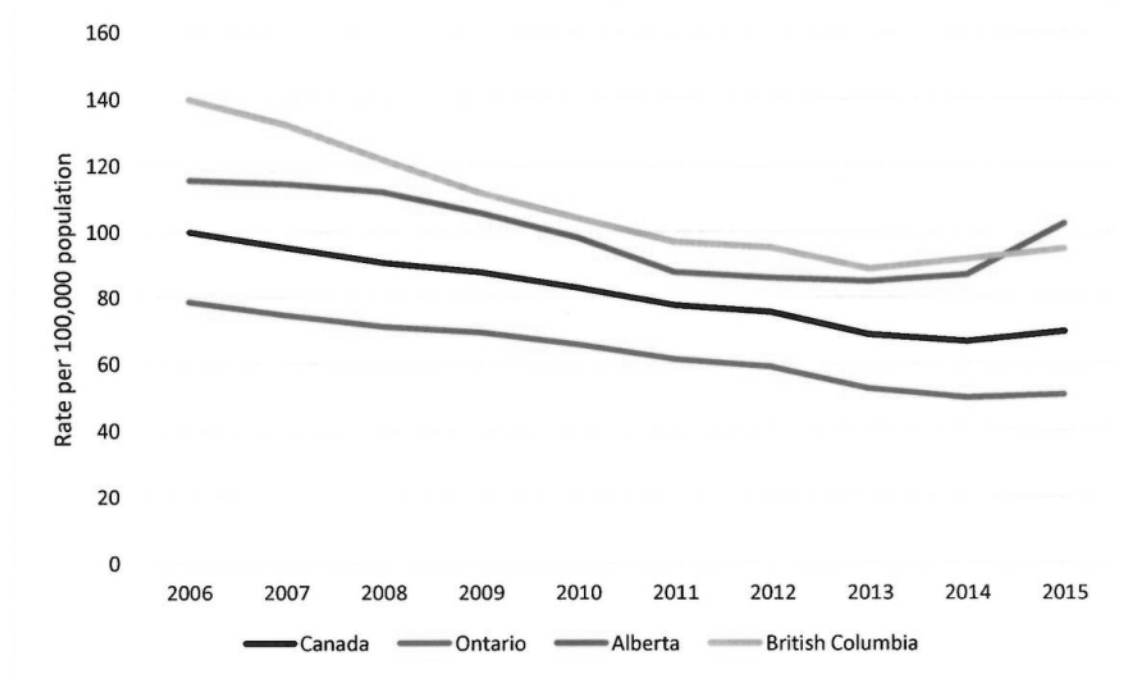
¹¹ Source: *Canadian Centre for Justice Statistics*. Most recent data year is calendar 2015. See caveats in footnote 1, above.

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Crime severity

The relative severity of crime has increased in the province for a second year in a row. In 2015, British Columbia's crime severity index – a measure of the seriousness of criminal offences being committed which addresses some limitations of the traditional "crime rate" measure, specifically its lack of capacity to distinguish differences between, for example, homicide and mischief – rose by 3.5 per cent from the prior year. The change in BC's crime severity is consistent with national trends, for the first time being below that of Alberta but remaining significantly greater than that of Ontario.¹²

Figure 4: Crime Severity Index trends, BC 2006-2015 – Canada, Ontario, and Alberta included as comparators



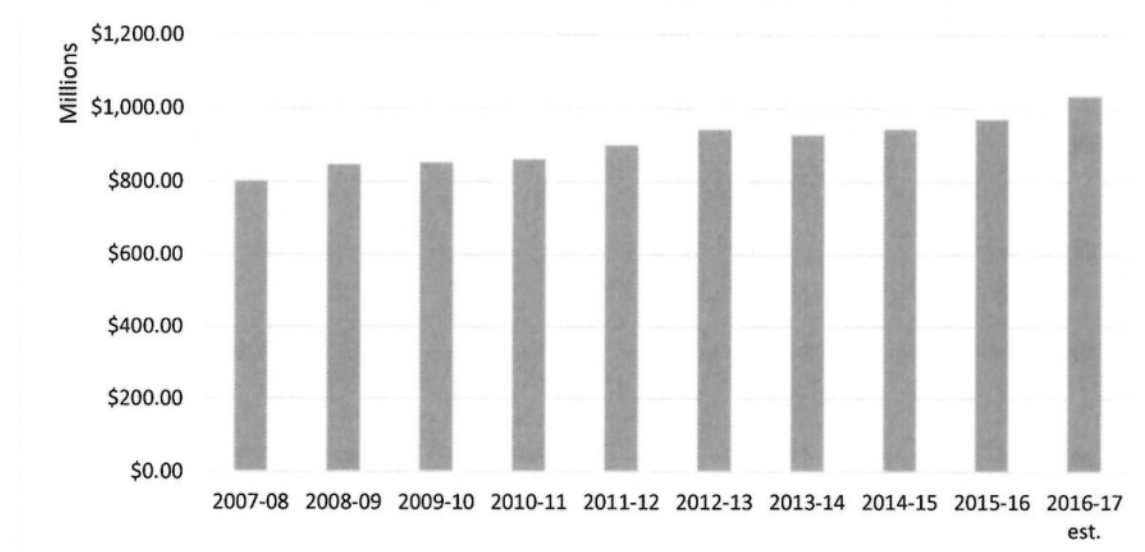
¹² Source: *Canadian Centre for Justice Statistics*. Most recent data year is calendar 2014. The Police Reported Crime Severity Index (PRCSI) measures changes in the level of severity of crime in Canada from year to year. In the index, all crimes are assigned a weight based on their seriousness. The level of seriousness is based on actual sentences handed down by the courts in all provinces and territories. More serious crimes are assigned higher weights, less serious offences lower weights. As a result, more serious offences have a greater impact on changes in the index.

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Sector costs (provincial)

After a period of stability or only marginal increases, expenditures on core provincial justice and public safety sector functions rose by approximately 6.5 per cent between 2015-16 and 2016-17. While all core functions exhibited percentage increases in expenditure, including court and prosecution expenses, the greatest increases were experienced within the public safety functions (policing, corrections, victims services and road safety). In light of increased reported crime, and of recent growth in the remanded custody population noted above, these increases in public safety expenditures are consistent with changes in volume.

Figure 5: Justice and public safety costs (provincial only), 2007/08-2016/17¹³



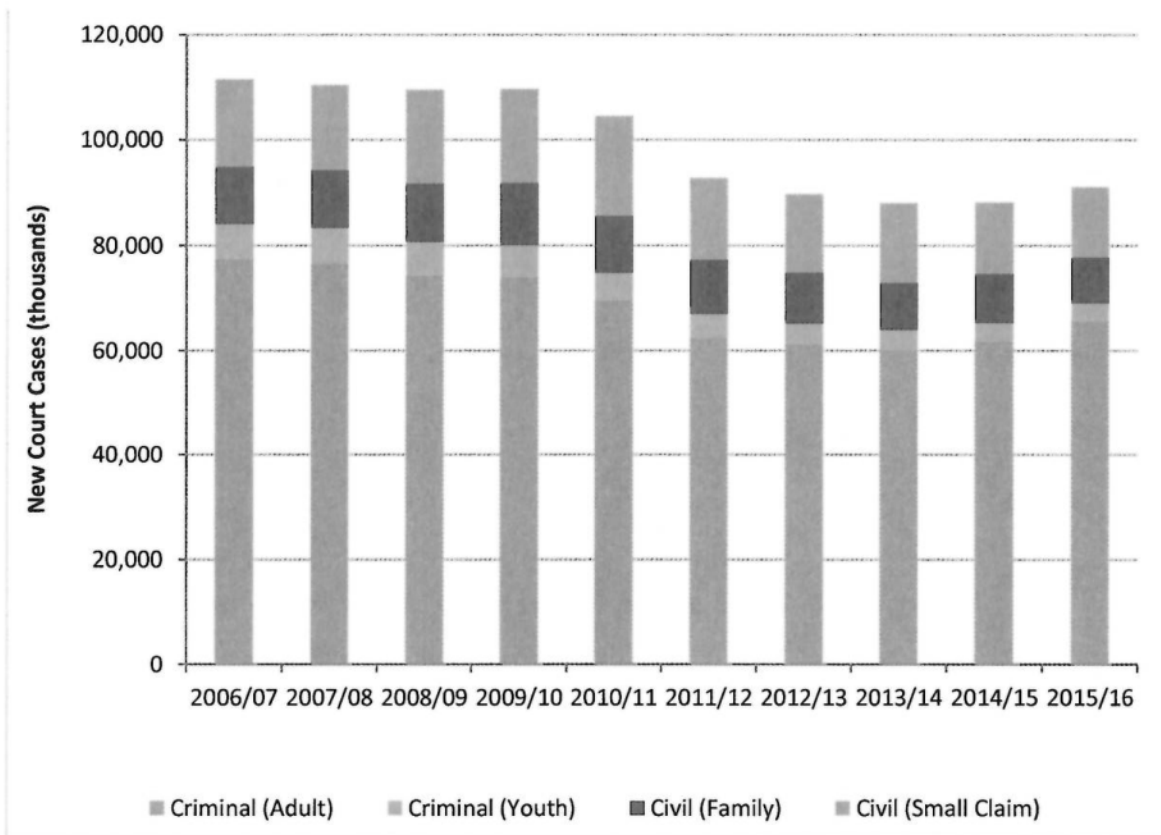
¹³ Source: BC Government Justice and Public Safety Sector, Corporate Management Services Branch. Most recent data year is fiscal 2016-17 (figures are actual expenditures, and estimated to year end for 2016-17 at March 1, 2016). This chart incorporates budget figures from the Ministries of Justice and Attorney General and of Public Safety and Solicitor General, and of their antecedent Ministries, and combines salary and operating costs, for core sector functions. Figures include amounts for Corrections, the Corrections work program, police services, community safety and crime prevention, RoadSafetyBC, justice transformation, justice services, prosecution services, and court services. Figures exclude amounts which have not consistently been funded via the justice and public safety ministry budget(s) for services (government corporate infrastructure and facilities) and programs (for example, emergency management, liquor control and licensing, and gaming policy and enforcement). The chart also excludes funds for the judiciary and federal and municipal budget figures for justice and public safety, which comprise a significant portion of the total public expenditure in the sector – in particular, the costs of municipal policing and federal enforcement.

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New case volumes (provincial)

The annual number of new Provincial Court cases entering the system, which declined by 21 per cent between 2006/07 and 2013/14, has now increased by four per cent over the last two years. Adult criminal cases have increased in the last two years, and more sharply in 2015-16, after seven consecutive years of decline. While these changes are recent, they are consistent with other indicators of increasing volume including crimes reported to the police.

Figure 6: New Provincial Court cases by type (excluding traffic) 2006/07-2015/16¹⁴



¹⁴ Source: BC Ministry of Justice, Court Services Branch.

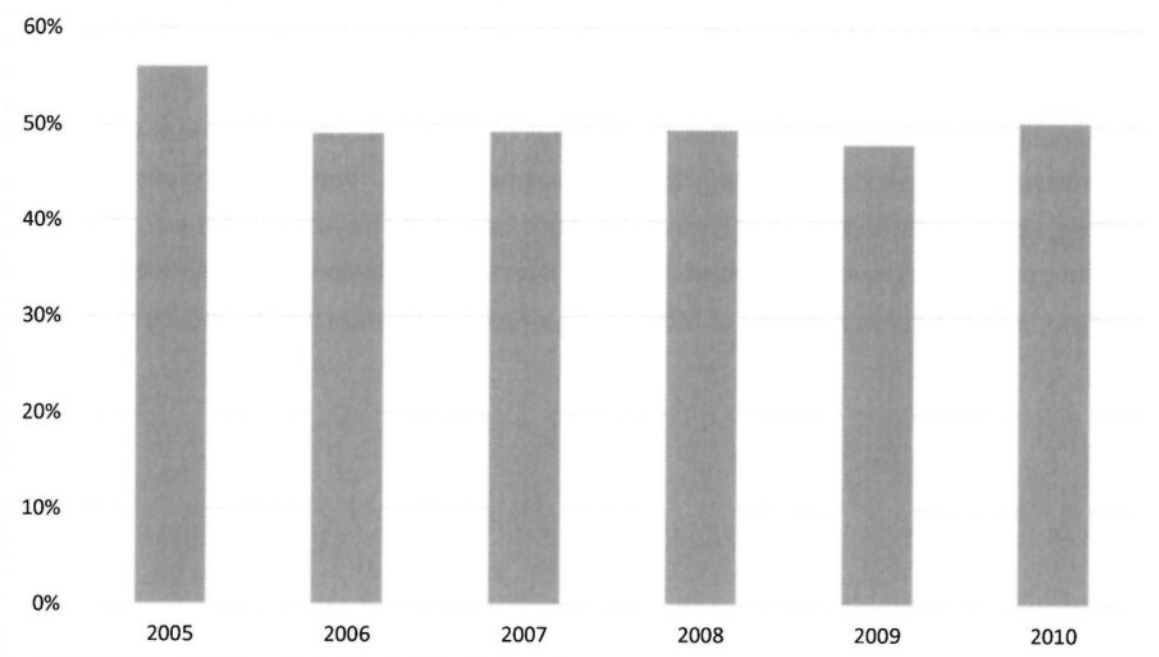
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Youth justice

Youth justice in recent years represents a continuing success story in British Columbia, as youth crime continues to decline, and the number of youth in provincial custody remains well below 100, so low that annual fluctuations in those numbers have little statistical meaning. However, there is a major caveat to these trends: Indigenous youth have increased as a percentage of the remaining youth custody population in recent years. There are, as in the adult population, significantly more youth under community sentence.

In recent years, the rate of youth re-offending has been relatively stable. In 2015 the percentage of youth not reoffending within five years of a first community sentence increased from 49% to 50%.¹⁵

Figure 7: Youth receiving first community sentence with no new offence in following 5 years



¹⁵ **Data source and considerations:** Government of British Columbia; BC Corrections Operations Network (CORNET), extracted through the Cognos business intelligence system. Percentage of Youth Justice clients (ages 12-17) receiving a first community sentence who are not convicted of a new offence within the following five years (includes offences in adulthood). A five-year follow-up period is used for this metric. The metric counts recidivism of individual clients; therefore, individuals who are admitted more than once in a calendar year will only be counted once.

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Further indicators and metrics

In February 2017, the Council released its second annual *Update on Performance Measurement for the Justice and Public Safety*, including data on ten key environmental indicators. This report may be found [online](#) on the Council's website.¹⁶

In 2017-18, the Council will continue to monitor, support, and where appropriate facilitate the development of performance metrics of direct relevance to BC's justice and public safety sector, and in particular those related to its sector priorities of violence against women, justice and mental health, access to justice, and Indigenous justice.

Work likely to produce useful performance measures is underway, at various stages, with respect to mental health, access to justice, and police performance. Regarding violence against women, work on implementation of trauma-informed practice in BC's justice system has followed the 5th Justice Summit in November 2015, and has been supported by Justice Canada. The Council notes the focus on outcome measures within this work, and encourages their development.

With respect to indigenous justice, the Council welcomes its recent engagement with BC's Aboriginal Justice Council (AJC) over priority operational areas. The Council looks forward to making significant headway on Truth and Reconciliation in the justice context, and on measuring progress on such important issues as overrepresentation and its causes, child protection, and the cultural safety of Indigenous people encountering the justice system.

¹⁶ <https://www.justicebc.ca/app/uploads/sites/11/2016/03/pm-2016-2017.pdf>

OVERVIEW OF SECTOR DEVELOPMENTS 2016-17

The period from April 2016 to March 2017 witnessed a number of positive developments in the sector, regarding steps to combat violence against women, promote access to justice, ensure appropriate responses to individuals with mental health and substance use (MHSU) disorders, and exploring the potential of specialized courts for groups in greatest need within the existing system.

It is useful in this overview to revisit two parallel observations made by the Council a year ago. First, while there is growing momentum on the part of broad-based, collaborative reform initiatives which must be applauded, there is still room to act more boldly when confronting the major challenges of our sector. Perhaps the best example of such a challenge is that since the *R. v. Gladue* Supreme Court decision in 1999, there has been no meaningful improvement in the circumstances of British Columbia's Indigenous peoples with respect to the criminal justice system – and by some measures (such as incarceration rates), the situation has worsened over this same period.

In the areas of combatting violence against women, access to justice, mental health and justice, criminal victimization and trauma, and other pressing matters, there has been clear progress in the past 12 months, but it is still frequently observed that we as a sector are failing to use the resources already at play as well as we should. The Council is encouraged by the positive work that is occurring, and supports continued efforts to address directly the four priority areas identified later in this document.

Secondly, participants in the sector are increasingly working together, and employing collaborative, multi-lateral and cross-sectoral approaches. It is critical, in the Council's view, that such efforts continue in such a way as to become the 'new normal' for the Sector. As noted last year, so few of the major challenges we face can be solved independently by individual agencies or institutions. In the last year, efforts regarding trauma-informed practice in the justice system, our approach to those with MHSU disorders, and improving access to justice, have all progressed in voluntary, collaborative fashion. Parallels from prior decades exist, but are rare, and it is critical that we in the sector continue to apply such methods as our default approach. In this way, not only are

specific issues being addressed, but linkages and relationships are being built which will enhance our collective ability to diagnose and solve other problems in the sector.

Noteworthy developments within the sector over the last year include the following.

Indigenous justice

2016-17 saw significant engagement between British Columbia's Indigenous peoples and the provincial government regarding 'Social Determinants of Health,' of which the justice system is acknowledged to be an important component. Through a series of regional caucuses held across the province in September and October 2016, under the auspices of the First Nations Health Council, Indigenous leaders, experts and other representatives met with a range of government personnel to provide comprehensive input on priorities for BC's Indigenous population, and on the importance of getting to Truth and Reconciliation as a foundation of forward progress. The themes from the caucuses were discussed at the Gathering Wisdom for a Shared Journey forum in late November and early December.

2016 also saw the delivery of a report by Grand Chief Ed John, Special Advisor to the Ministry of Children and Family Development, on Indigenous child welfare in British Columbia.¹⁷ Grand Chief John's report addressed a range of challenges within the child welfare system, in whose care Indigenous children are fifteen times more likely to be than are other children in the province. With respect to the justice system itself as regards child welfare, the report's 85 recommendations include calls for:

- legislative amendments to improve court proceedings relating to child welfare;
- judicial specialization on Indigenous family issues, and judicial focus on ensuring compliance with existing legislative requirements;
- expansion of programs aimed at enhancing access to justice, expanded Parents Legal Centre support in northern and interior BC and the Island, funds to support participation in child protection proceedings, and Native Courtworker support of Indigenous families in child welfare matters; and
- expansion of alternative dispute resolution and mediation as options.

¹⁷ <http://fns.bc.ca/pdf/Final-Report-of-Grand-Chief-Ed-John-re-Indig-Child-Welfare-in-BC-November-2016.pdf>

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Grand Chief John also called for a Justice Summit to be convened in future, within the context of the TRC Calls to Action on justice, to deal specifically with Indigenous child welfare matters.

Progress on mental health, justice and public safety

2016 saw the BC Justice Summit process move to addressing individual themes over a full-year cycle. The focus for the Sixth and Seventh Summits was 'Justice, Mental Health and Substance Use.' At the first of these two major dialogues in June 2016, representatives of the judiciary, justice and public safety professionals, forensic mental health specialists, public health experts, Indigenous justice experts, and the NGO sector converged in discussion around health, police, court, corrections and community responses to what has been called a mental health crisis within the sector. The following event, in November, led to a set of recommendations delivered to the Ministers of Justice and of Public Safety, the Chief Justices of BC's Superior Courts, and the Chief Judge of the Provincial Court, regarding two key areas of innovation and collaboration. The first recommendation calls for coordinated response on the part of the justice, public safety, and health systems, to people with MHSU disorders in crisis in the community. The second calls for continuity of care for those with MHSU disorders across transitions between justice and public safety agencies and the community. The Summit has called for a plan setting out how these objectives will be achieved to be agreed by the leadership of the relevant sectors by November 2017. The Summit's Report of Proceedings may be found [here](https://www.justicebc.ca/app/uploads/sites/11/2016/03/SeventhSummitReport.pdf).¹⁸

Deepening collaboration to combat violence against women

The past year saw further development in work combatting violence against women and sexual violence, as well as tackling the closely-related issue of the implications of violent trauma for criminal justice. Further implementation of the provincial government's Violence-Free BC initiative has occurred, with the continuing institutional setup of integrated Domestic Violence Units in collaboration with police agencies and victim services providers. Following the 5th BC Justice Summit's consideration of the impact

¹⁸ <https://www.justicebc.ca/app/uploads/sites/11/2016/03/SeventhSummitReport.pdf>

that violent trauma has on the capacity of victims of violence to engage with the justice system's traditional methodologies, significant financial support was provided in 2016 over five years by the Department of Justice Canada to deliver education, awareness and training promoting a trauma-informed justice system in British Columbia, further addressing a performance gap in the system previously identified by the Council.¹⁹ To administer these funds, a multilateral steering committee has now been functioning for nine months, involving representatives of Crown, police, government, the legal profession, and the anti-violence sector. As a first step, a major training conference for front-line service providers was delivered in March 2017.

Continued work to improve access to justice

In 2015, a provincial coordinating committee (Access to Justice BC or A2JBC) was established under the leadership of the Chief Justice of British Columbia to consider improvements to the BC civil and family justice system, with a Triple Aim of improved user experience, improved outcomes for the population, and sustainability.²⁰ Access to Justice BC brings together judges, legal practitioners, mediators, public policy experts, NGOs and system users in consideration of these aims. In 2016, A2JBC began taking steps to address one of the long-standing challenges in the area of access, the question of measurement, and has begun working towards the establishment of definitions and baseline measures. This work will allow improved capacity to describe, and therefore affect, the current situation regarding access to justice. The Council remains strongly supportive of A2JBC, its expressed Triple Aim, and the key elements of its approach: a user-centered perspective of the system, multi-disciplinary approaches, and a commitment to experimentation, and looks forward to opportunities to support or otherwise contribute to the work of A2JBC in improving access to justice for British Columbians.

¹⁹ See Plan Goals and Objectives: Fair | Impartial, below, p. 22.

²⁰ While Access to Justice BC has taken civil and family matters as its initial focus, access to justice in criminal matters may be brought in to scope in the future.

Further improvements to court scheduling

Under the leadership of the Provincial Court, the Provincial Court Scheduling Project has through the implementation of an Assignment Court model in seven court locations maintained a specific focus on reducing delay and increasing event certainty in the scheduling of criminal cases. These steps have been complemented by Crown process reforms further implemented in 2016 that include enhanced file ownership in criminal cases, quality control standards to streamline case management practices, increased early file resolution and on-line charge assessment, and other steps in support of the Provincial Court Scheduling Project. Cumulatively, these reforms are aimed at increased efficiency, reduced file churn and a more effective utilization of system resources. In light of the prospect of increasing volumes related in particular to upward movement in reported crime, and the increased time pressures on the criminal justice system as a consequence of *R. v. Jordan*,²¹ the Council considers these steps an important development in preventing the re-emergence of the challenge of backlogged cases.

Continued strengthening of the BC justice summit process

Seven Justice Summits have now been held in British Columbia over four years since 2013. As the Council observed last year, this process continues to mature in terms of content and purpose, and has retained and deepened the engagement and commitment of participants from across the sector. In 2016, more assertive steps were taken within the process, as the focus on mental health brought substantial, new participation in the Summits from the health sector in particular, at the expert, event design and participant levels. The Summits continue to play an important role in ensuring that this series of leadership discussions is diverse and inclusive. This strong support and engagement continues to allow the Summits to move from discussion of system norms and strategy towards concrete areas of collaboration and innovation and tangible results. The ongoing work addressing trauma-informed practice and information sharing in related family, domestic violence and child protection proceedings stemming from the 5th Summit is one

²¹ In *Jordan*, the Supreme Court of Canada established a presumptive ceiling of 18 months on the length of a criminal case in provincial courts, from the charge to the end of trial, and a presumptive ceiling of 30 months on criminal cases in superior courts. The case is widely expected to increase pressure on the Courts' available time to deal with criminal matters to avoid judicial stays of proceedings related to timeliness. See <https://scc-csc.lexum.com/scc-csc/scc-csc/en/item/16057/index.do>.

example of this focus on specifics. The current steps to implement the 7th Summit's recommendations on coordinated crisis response and continuity of care for the MHSU population represent a further increase in practical focus. The Council looks forward continuation of this momentum at the 8th and 9th Summits in 2017, which will take as their focus 'Technology and the Justice and Public Safety Sector.'

Court innovation

Specialized courts may yield direct benefit to British Columbians through their capacity to manage distinct areas of law, increase access to justice, and improve overall client outcomes and experience by providing a focal point for resources. The Council notes the positive development of a Provincial Advisory Committee for Specialized Courts and Judicial Initiatives. This body was created in February 2017 in a manner consistent with the provincial government's Specialized Courts Strategy released in March 2016. In light of interest expressed from various quarters concerning establishment of such courts, the Strategy had expressed the need to have better collaboration and coordination across specialized courts, to ensure they are being developed, administered and evaluated in a consistent manner. The committee is jointly chaired by the Provincial Court and the Ministry of Justice. Several proposals are to be considered for new initiatives which will benefit from a more collaborative approach to development, including a number of First Nations Court proposals as well as other types of initiatives in the suburban regions in the Lower Mainland. In light of the significance for Indigenous peoples of the creation of specialized courts, it is anticipated that a third committee co-chair will join the Court and the Ministry, representing the Aboriginal Justice Council of British Columbia. The Justice and Public Safety Council welcomes these developments, and looks forward to supporting the work of the Provincial Committee as may be appropriate.

UPDATING THE STRATEGIC PLAN

This is the fourth edition of the three-year strategic plan initially developed by the Justice and Public Safety Council of British Columbia in March 2014.

The plan was and is based on the Council's vision for the justice and public safety sector. The plan emphasizes the strengths of the sector, and also identifies gaps between where the sector is today and where it should be to meet the needs of citizens.

Scope and limitations of the plan

The plan applies broadly to publicly-funded programs and services that contribute to the administration of justice, to the delivery of justice services, and to public safety in British Columbia, within or outside government – referred to collectively as “the sector.” The sector includes:

1. The formal justice system, which includes administrative law, civil law, criminal law, court processes, family law, prosecution, and related work.
2. The closely related functions of protection of the public, such as policing, corrections, crime prevention, and services to victims of crime.
3. Regulatory, protective and/or response functions such as motor vehicle licensing and fines, civil forfeiture, and coroner services.
4. The reform of provincial statutes, the modernization of which is of importance not just to public justice participants, but to users of the justice system.
5. The governing and administrative activity – the bureaucracy – which supports all of the justice and public safety work on which British Columbians rely.

Goals, objectives, and performance gaps

The Council's plan, set out over the following pages, identifies specific gaps where the current reality of the sector does not match the aspirations of the vision. Against each goal and objective, ‘performance gaps’ are set out, as identified through dialogue among sector participants. The gaps are reviewed annually by the Council in light of work done over the preceding twelve months.

JUSTICE AND PUBLIC SAFETY PLAN 2017-2020

GOAL	OBJECTIVE	PERFORMANCE GAP(S)
OUR SECTOR IS FAIR	Accessible We offer services accessible to all regardless of means or location, provide meaningful redress, and ensure access to justice for vulnerable and marginalized people proactively.	Improved access to justice is needed in civil, family and administrative disputes, in both urban and rural settings. We need to better balance the application of public resources to increase access to justice for accused persons.
	Impartial We model integrity, fairness and natural justice in our procedures and in delivering services, treating people equally.	We require an integrated strategy to address over-representation of Indigenous people in the court and correctional systems. We must ensure fair treatment of victims of violent trauma and sexual violence through comprehensive implementation of Trauma-informed Practice.
	Timely We work together to reduce systemic delay as an impediment to justice; we seek early resolution of individual processes wherever possible.	The administration of the court system must continue to be modernized to improve scheduling and decrease unproductive appearances. We need to further incorporate established risk/need-assessment practices beyond corrections, in prosecution and police policy.

JUSTICE AND PUBLIC SAFETY PLAN 2017-2020

GOAL	OBJECTIVE	PERFORMANCE GAP(S)
OUR SECTOR PROTECTS PEOPLE	Prevention We offer early, appropriate and effective interventions to reduce antisocial behaviour, assisting people in rebuilding healthy, productive lives.	Cross-sector, community-based strategies are required to protect vulnerable populations. We need to address the factors associated with prolific offending, and also address the factors that make people more vulnerable to victimization. To improve road safety compliance, we need to better link critical information regarding high-risk drivers, such as driver records, prohibitions, administrative reviews and driver remedial actions.
	Protection We work together to reduce threats to public safety, protect complainants and victims of crime, and prevent re-victimization of the vulnerable by the system.	We need a coordinated, evidence-based framework for managing and supporting sexual and domestic violence cases through the courts, ensuring coordination with family process, and ensuring referrals to support services. We require better tools to increase the frequency with which missing persons are located.
	Systemic Approach We work across all levels of government to understand and address root causes of crime, and support and participate in effective alternative interventions and innovation.	Meaningful options need to be available to the courts in support of alternatives to incarceration consistent with <i>R v Gladue</i> . The recommendations of the Seventh Justice Summit regarding mental health, coordinated crisis response and continuity of care should be fully implemented.

JUSTICE AND PUBLIC SAFETY PLAN 2017-2020

GOAL	OBJECTIVE	PERFORMANCE GAP(S)
OUR SECTOR IS SUSTAINABLE	Focused efforts Based on measurable demand, we make evidence-based decisions to resource the system's necessary functions, ensuring these services are delivered efficiently.	We need better measures of demand and workload for sector processes around which resource planning can occur. Sustainable models for policing service delivery are required at the provincial, regional and municipal levels.
	Managed resources We allocate resources prudently across the system according to clear and demonstrated cause and effect.	All significant public investments, in cash or in kind, need to be evaluated against expected outcomes identified in advance. Savings or efficiencies created from reforms should be clearly identified through planning and measurement, and be reallocated where resources are most required.
	Effectiveness We measure and improve the return on investment of public resources, collectively and as institutions.	We require a methodology to define the cost per key output for each of the sector's major functions.

JUSTICE AND PUBLIC SAFETY PLAN 2017-2020

GOAL	OBJECTIVE	PERFORMANCE GAP(S)
OUR SECTOR HAS THE PUBLIC'S CONFIDENCE	Adaptive We offer services and programs that are nimble; we solicit and respond to the needs of people and monitor the effectiveness of our programs	We need to establish, to report on, and to respond to feedback loops with sector client populations.
	Performance-focused We assume collective and respective responsibility for system performance, engaging British Columbians in dialogue as users and observers of the system.	Meaningful performance reports on core sector deliverables and services should be regularly published.
	Empowering People entering the system have sufficient opportunity and support to learn its rules and practices at their level of need; the public both understands and values the system; we treat the time of every participant as valuable.	<p>People must be better informed and educated about ways in which the sector can assist them in adapting to change and resolving disputes.</p> <p>More user-needs-driven information should be made available – and provided proactively – at the outset of proceedings.</p>

REAFFIRMATION AND/OR CHANGE OF PLAN ELEMENTS

Continuity of vision

For the plan renewal applicable to the period 2017-18 to 2019-20, the Council reaffirms the relevance of its four goals for the sector – **fairness, protection of people, sustainability, and public confidence** – and their enduring relevance to the work of justice and public safety professionals in British Columbia. The Council also reaffirms the twelve objectives derived from these goals.

Revision of identified performance gaps

Goal: FAIR | Objective: IMPARTIAL – In recognition of the work underway on Trauma-informed Practice, following the Fifth BC Justice Summit and supported by the Department of Justice Canada, the Council has amended the text to read: “We must ensure fair treatment of victims of violent trauma and sexual violence through comprehensive implementation of Trauma-informed Practice.”

Goal: PROTECTS PEOPLE | Objective: SYSTEMIC APPROACH – Further to the work of participants at the Sixth and Seventh BC Justice Summits, identification of priority areas for action regarding those with mental health and substance use disorders, and the ongoing efforts regarding the Summit’s recommendations, the Council has amended the text to read: “The recommendations of the Seventh Justice Summit regarding mental health, coordinated crisis response and continuity of care should be fully implemented.”

Sector operational priorities for 2017-18

The following areas have been reaffirmed by JPSC as its priorities for the sector in 2017-18.

INDIGENOUS JUSTICE

The problems affecting BC’s Indigenous peoples with respect to justice and public safety have been highlighted earlier in this document but can be revisited in more detail here. Important issues to be addressed, identified as priorities by the Aboriginal Justice Council of British Columbia in its own terms of reference, include the overrepresentation of Indigenous people in the criminal courts and correctional systems, and the

JUSTICE AND PUBLIC SAFETY PLAN 2017-2020

overrepresentation of Indigenous children in removals under the Child, Family and Community Service Act. Indigenous peoples are also disproportionately affected by violence of all kinds (homicides, violence in relationships, sexual violence, and other violent crime), go missing at rates far higher than the general population, and encounter substantial barriers in obtaining access to justice. The legacy of residential schooling, colonialism and systemic racism, including those effects still ongoing, is expressed in trauma which is transmitted across generations and interferes in its own right with the ability to access justice. JPSC looks forward in 2017 to establishing, together with the Aboriginal Justice Council and key elements within the provincial justice system, a guiding framework and vision regarding areas of greatest concern in terms of Indigenous justice, including early objectives and outcomes sought under any agreed strategy. In addition, as this dialogue progresses JPSC looks forward to opportunities, as they may emerge, to use the BC Summit process to build consensus and accelerate needed change.

JUSTICE AND MENTAL HEALTH

The prevalence of police encounters with mentally disordered people in the community, combined with the rates of mental disorder and substance dependency amongst the sentenced population, make clear the need for coordinated work in addressing the needs of mentally disordered British Columbians. The progress made on these and other issues at the Sixth and Seventh Summits, and the pending development of a plan based on the Summit recommendations, are important and positive steps. The Council looks forward to supporting this work through agreement to implementation and monitoring of progress.

ACCESS TO JUSTICE

Concerns over the ability of people to identify, obtain and afford services, understand and exercise their rights and obligations, and/or participate in proceedings on a level footing have been a continued focus amongst sector leaders over the past year. Recognizing these concerns are national in scope, the response must primarily be provincial. The work of Access to Justice BC will be important in working towards solutions to these challenges which place British Columbians' access to justice at the centre. The situation overall remains a priority for the sector. The Council looks forward to supporting the work of

A2JBC, and to the current work on access metrics which will be necessary to gauge progress going forward.

VIOLENCE AGAINST WOMEN

With respect to violence against women, including domestic violence and sexual violence, it remains an important objective to establish the most effective means of managing criminal cases through the system. The sector has recently identified a common interest in ensuring our operations and policies are trauma-informed, an approach for which funds have been obtained. Continued implementation of this and of other coordinated approaches is of great importance to the sector in 2017-18. As previously noted, we still require a means of measuring prevalence and repeat offending when these go unreported, so we may understand and implement what works best in protecting women from violence.

* * *

The Council continues, in support of these priority areas, to encourage efforts to collaborate and innovate in broadening the empirical grounding of our sector's policies and operations, through the individual and collaborative development of business analytics and transparent reporting. It is as important as ever to know what works, and to understand how we can reliably and transparently determine what works.

LOOKING AHEAD

The Council, in looking ahead to 2017-18, anticipates positive developments in a number of areas in the sector, including:

- Implementation of the recommendations of the Fall 2016 Justice Summit concerning coordinated crisis response, and continuity of care, for those with mental health and substance use disorders, including agreement on an implementation plan between leaders of the justice, public safety and health sectors by November 2017.
- The opportunity, in partnership with the BC Aboriginal Justice Council, the provincial government, the courts, and other participants in the system, to contribute to a vision, and framework for action, regarding Indigenous peoples and British Columbia's justice and public safety sector, including use of the Justice Summit process in future as a means of building consensus on Truth and Reconciliation, and to identify and accelerate meaningful change.
- The opportunity to address the role technology can play in improving access to justice and sector performance, at the 8th and 9th BC Justice Summits.
- Further follow-up on the recommendations of the 5th BC Justice Summit regarding the development of trauma-informed practice in the criminal justice arena, and progress on information sharing practices where family justice, domestic violence and child protection processes intersect.
- Continued development of the work of Access to Justice BC in addressing significant barriers which still confront British Columbians as they engage our system, including necessary work on defining and measuring access to justice.
- Continued enhancement of our sector's data analytic capacity, and continued exploration of ways in which we can enhance our understanding of the sector and its performance, and share that understanding with the public.

PLAN FEEDBACK

Comments are encouraged and may be emailed to justicereform@gov.bc.ca. Written communication may be sent to:

The Chair

British Columbia Justice and Public Safety Council

c/o Allan Castle, Coordinator, Justice and Public Safety Council and BC Justice Summits

11th floor, 1001 Douglas Street

Victoria, BC V8W 3V3

APPENDIX 1: SECTOR VISION

British Columbia is committed to a justice and public safety sector founded on the rule of law. The sector encompasses criminal, civil, family and administrative law. It is **fair**, **protects people**, is **sustainable**, and has the **public's confidence**.

Goal 1: Our sector is fair

Objectives

Accessible – We offer services accessible to all regardless of means or location, provide meaningful redress, and ensure access to justice for vulnerable and marginalized people proactively.

Impartial – We model integrity, fairness and natural justice in our procedures and in delivering services, treating people equally.

Timely – We work together to reduce systemic delay in the sector as an impediment to justice; we seek early resolution of individual processes wherever possible.

Goal 2: Our sector protects people

Objectives

Preventative – We offer early, appropriate and effective interventions to reduce and redress antisocial behaviour, assisting people in rebuilding healthy, productive lives.

Protective – We work together to reduce threats to public safety, protect complainants and victims of crime, and prevent re-victimization of the vulnerable by the sector.

Systemic approach – We work across all levels of government to understand and address root causes of crime, and support and participate in effective innovative interventions.

Goal 3: Our sector is sustainable

Objectives

Focused – Based on measurable demand, we make evidence-based decisions to resource the sector's necessary functions, ensuring that services are delivered efficiently.

Managed – We allocate resources prudently across the sector according to clear and demonstrated cause and effect.

Effective – We measure and improve the value realized from public investment, collectively and as institutions.

Goal 4: Our sector has the public's confidence

Objectives

Adaptive – We offer services and programs that are nimble; we solicit and respond to the needs of people, respond to changes in communities, and monitor the effectiveness of our programs.

Performance-focused – We assume collective and respective responsibility for system performance, engaging British Columbians in dialogue as users and observers of the system.

Empowering – People entering the system have sufficient opportunity and support to learn its rules and practices at their level of need; the public both understands and values the system; we treat the time of every participant as valuable.

APPENDIX 2: VALUES OF OUR SECTOR

In a justice and public safety sector within a free and democratic society, the rule of law and principles of fundamental justice must guide the behaviour of the sector. Based on this foundation, the following values apply to work within the sector, such that our actions are:

Fair and equitable

Acting without discrimination with regard to ethnicity, age, religion, gender, gender identification, sexual orientation, belief or socio-economic status

Open and responsive to change

Thinking critically about existing practice, considering information that challenges orthodoxy, and responding actively to environmental changes

Outcome-focused

Setting realistic objectives, assessing our work according to results, and working together to ensure our activities do not have unintended adverse consequences

Accountable

Engaging the public on the effectiveness of our work, and reporting regularly on meaningful aspects of our performance

Evidence-based

Managing operations and innovating through shared collection and analysis of data about what works, and by enabling rigorous research through partnership

Proportionate

Allocating resources in ways that are necessary and reasonable, according to agreed-upon risks, and taking action in consideration of the sector's goals as a whole

Transparent

Making information broadly available about the sector's functions, enabling constructive democratic dialogue about goals, outcomes, services and performance

APPENDIX 3: JUSTICE AND PUBLIC SAFETY COUNCIL

Under provisions of the *Justice Reform and Transparency Act*, Council members are appointed by Ministerial order and may include: an individual who is in a senior leadership role in the government and who has responsibility for matters relating to the administration of justice in British Columbia or matters relating to public safety, and includes any other individual the minister considers to be qualified to assist in improving the performance of the justice and public safety sector. The current membership includes:

Lori Wanamaker (Chair)	Deputy Minister, Ministry of Children and Family Development
Richard Fyfe (Vice-Chair)	Deputy Attorney General, Ministry of Justice and Attorney General
Elenore Arend	Assistant Deputy Minister, BC Corrections, Ministry of Public Safety and Solicitor General
Patti Boyle	Assistant Deputy Minister, Community Safety and Crime Prevention, Ministry of Public Safety and Solicitor General
Lynda Cavanaugh	Assistant Deputy Minister, Court Services, Ministry of Justice and Attorney General
Clayton Pecknold	Assistant Deputy Minister, Policing and Security Branch Ministry of Public Safety and Solicitor General
Bobbi Sadler	Chief Information Officer, Ministry of Justice and Attorney General and Ministry of Public Safety and Solicitor General
Kurt Sandstrom	Assistant Deputy Attorney General, Legal Services, Ministry of Justice and Attorney General
Mark Sieben	Deputy Solicitor General, Ministry of Public Safety and Solicitor General

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2017/18 ESTIMATES NOTE**National Inquiry into
Missing and Murdered
Indigenous Women and
Girls (MMIWG)****Suggested Response:**

- Concerns regarding the disproportionate violence experienced by Indigenous women and girls have been raised across the country for a number of years. The province is committed to addressing these critical issues and to fully participating in the National Inquiry into Murdered and Missing Indigenous Women and Girls.
- All provinces and territories, including B.C., have passed Orders in Council to allow the commission to consider matters within both provincial and federal jurisdiction.
- B.C. has been granted standing as a party to the inquiry to enable the province to make comprehensive written and oral submissions.
- B.C.'s Order in Council specifies that the commission may not make findings of misconduct against a person, nor make a report that alleges misconduct by a person.
- The Commission publically released an interim report on November 1, 2017 which details the outcomes of their research process to date, and provides insights into themes and underlying causes of violence against Indigenous women and girls.
- B.C. is in the process of reviewing the report to assist us in making progress on these issues.
- B.C. continues to move forward on actions and initiatives to increase safety and respond to the needs of Indigenous women and girls and across the province:
 - As part of our commitment to true, lasting reconciliation with First Nations in British Columbia our government will be fully adopting and implementing the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and the Calls to Action of the Truth and Reconciliation Commission.
 - In September 2017 the province signed a Memorandum of Understanding with the BC Aboriginal Justice Council to develop an Indigenous Justice Strategy which will include a focus on addressing violence against Indigenous people, especially women and girls.
 - We also continue to implement recommendations from BC's inquiry into missing and murdered women, and will be providing a status update in the coming months.

- We have made solid progress to expand services, enhance policy and practice and increase the knowledge and skill of frontline service providers. Some examples of what we have done include:
 - Establishment of the Compensation Fund for the children of the missing women
 - Enactment of the Missing Persons Act which provides police with tools to help locate a missing person sooner.
 - Implementation of a Vulnerable Victims and Witnesses Policy for Crown Counsel.
 - Establishment of the Real Time Intelligence Centre to provide 24/7 analytical support to police investigating crime, including missing persons.
 - Development of provincial policing standards on missing persons investigations.
- The learnings from the MWCI report have also influenced other government reform and change initiatives, such as the BC Policing and Community Safety Plan.

Does the province support an extension of the two-year mandate?

- Currently, per the federal Terms of Reference, the commission is required to provide their final report by November 1, 2018. In the interim report the commission advises that they will not be able to fulfil their mandate by that date. The interim report does not specify the length of the extension the commission will be seeking.

Will the province support the National Inquiry's recommendation for the creation of a national police task force to assess or reopen cases or review investigations?

- The Ministry of Public Safety and Solicitor General is in the process of reviewing the full report and carefully considering its content.

Will the province provide funding to Indigenous organizations to support their participation in the National Inquiry as recommended in the interim report?

- The federal government is funding the costs of the National Inquiry. This includes the operating costs of the Inquiry, the Commissioner's salaries and facility costs. It also includes providing funding for approved legal services to enable Indigenous and other non-government organizations to participate as parties with standing to the Inquiry.
- Provinces and territories are responsible only for the costs of their own government participation such as costs associated with reviewing and redacting documents for disclosure and other legal services.

Status of the Missing Women Commission of Inquiry Report (MWCI Report) recommendations

See Estimates Note CROSS 2 "OAG Report on Government Response to MWCI Report"

Recommendations".

Background:

- The commission's mandate is currently two years, from September 2016 to December 2018. The commission has indicated they will be seeking an extension beyond this two year mandate but has not yet made a formal request.
- Systemic factors that may be considered by the commission include issues related to child welfare practices, policing investigations, health, education and the justice and public safety sector.
- The inquiry will be conducted in three phases:
 - Community/Family Hearings to hear the stories and concerns of family members and survivors;
 - Institutional Hearings to hear from governments, police agencies, service providers and Aboriginal community groups; and
 - Expert panels on key topics.
- In September 2017 the first BC community hearing was held in Smithers. Inquiry staff visited Smithers, Terrace and Hazelton during July 2017 to meet with families in advance of the community hearing.
- The inquiry has not confirmed if any further community hearings will be scheduled in B.C., however it is anticipated that there will be at least one additional community/family hearing in B.C.
- Institutional hearings are expected to begin in 2018. Areas of focus are expected to include policing, the justice system and child welfare.

Interim Report

- The National Inquiry released an interim report on November 1, 2017, as per the Inquiry Terms of Reference.
- The report reconfirms the Inquiry's focus on police services and practices and notes it will also focus on forms of institutionalized violence beyond the justice system. Specifically it notes child welfare, treatment in hospitals and prisons, exclusion from political leadership, systemic discrimination in the law, and daily experiences of racism and sexism.

- In the past year the Inquiry research process has analyzed information gleaned during the pre-Inquiry stage, advisory meetings and existing reports to find common concerns, priorities and recommendations.
- In particular, the Inquiry notes that a significant number of reports offer recommendations that fall under 17 broad overarching themes, such as the need for:
 - Measures to improve relationships between police services and Indigenous communities; and
 - Compensation for children of victims.
- The Inquiry endorses existing recommendations and includes two Calls for Immediate Action.
 - Fully implement the Truth and Reconciliation Commission Calls to Action and the principles of the United Nations Declaration on the Rights of indigenous Peoples as a framework for reconciliation; and
 - Fully comply with the Canadian Human Rights Tribunal ruling (2016) that found that Canada was racially discriminating against First Nations children.
- The Report also includes further procedural recommendations. While the majority of these are directed at the federal government, three recommendations reference provincial governments:
 - That the federal, provincial and territorial governments provide funding to help ensure Indigenous organisations' full and meaningful participation in the National Inquiry;
 - That Health Canada's Resolution Health Support Program provide funding to Indigenous organizations and other service providers such as the provinces to provide necessary health supports to families during the Inquiry process; and
 - That the federal, provincial and territorial governments collaborate to create a national police task force to assess or reopen cases or review investigations.

Provincial Response to the National Inquiry

- As provincial lead, the Ministry of Public Safety and Solicitor General is working closely with the Ministry of Attorney General (Legal Service Branch and BC Prosecution Services) on justice and public safety sector issues related to the Inquiry, as well as other ministries that will likely be participating (such as Ministry of Children and Family Development).
- The province has a team, consisting of an executive lead, lawyer and policy analyst lead, to coordinate provincial participation in the inquiry and to participate in two federal/provincial/territorial working groups for the inquiry established to facilitate coordination and collaboration across the country as appropriate.

- Planning for a provincial submission to the inquiry is underway and will include information from across government on topics such as child welfare, education, health, justice and public safety.
- Leveraging federal funding, B.C. has also established a Family Information Liaison Unit (FILU) within the ministry in order to support families of missing and murdered indigenous women and girls.
- FILU provides frontline victim services and the supports are available to family members whether or not they are participating in the national inquiry.

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2017/18 ESTIMATES NOTE

OAG Report on Government Response to MWCI Report Recommendations

Suggested Response:

- We appreciate the Auditor's General examination of government's response to 21 recommendations and both urgent measures made by the Missing Women Commission of Inquiry (MWCI).
- In response to the Office of the Auditor General's (OAG) recommendation for action, the province will issue a public report in the fall of 2017.
- In future, the scope of reporting may be modified to include other related initiatives, such as recommendations from the National Inquiry on Missing and Murdered Indigenous Women and Girls.

Background:

- The OAG completed an examination of how the B.C. government has responded to selected recommendations made by the MWCI report and released a public report on December 9, 2016.
- The OAG examination focused on 21 recommendations and two urgent actions identified in the MWCI report.
- 21 of the recommendations and one urgent action are the responsibilities of the Ministry of Public Safety and Solicitor General and the Ministry of Attorney General, and the Ministry of Transportation and Infrastructure is responsible for one urgent action.
- During its examination, the OAG verified actions taken and drew conclusions regarding whether those actions have been responsive to their intent.
- The OAG concluded that government:
 - Responded to the intent of eight recommendations;
 - Partially responded to the intent of four recommendations and two urgent actions;
 - Has not responded to the intent of five recommendations; and

- Was not far enough along with four recommendations to determine if the approach addresses the intent.
- Additionally, the OAG provided more general observations with respect to approaches taken to implement various recommendations across the following four themes: funding, stakeholder engagement, reporting and accountability, and oversight.
- The OAG's public report made one recommendation for action: "that the provincial government report publically each year on how its programs and initiatives are meeting the intent of the Missing Women Commission of Inquiry's recommendations."

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2017/18 ESTIMATES NOTE**Highway 16****Suggested Response:**

- The province has been working on several fronts to support greater safety for women living in rural and remote areas of northern B.C., including in communities along and near the Highway 16 corridor.
- The ministry provides over \$2.5 million in ongoing annual funding for services and supports to victims of crime and women who have experienced violence in northern B.C.
- In March 2017, two civil forfeiture grants totaling \$70,000 were provided to Carrier Sekani to support a child and youth advocacy centre and healing and rebuilding for family members of missing and murdered women along Highway 16.
- In December 2015, the Ministry of Transportation and Infrastructure (TRAN) announced a five-point action plan that resulted from the symposium.
- In 2017 TRAN increased the five-point action plan from \$5 million to \$6.4 million:
 - \$2.6 million over two years for transit expansion;
 - \$2 million over three years for a community transportation grant program to purchase and operate vehicles;
 - \$300,000 over two years for a First Nations driver education program;
 - \$1.5 million over two years for highway infrastructure safety improvements including webcams and transit shelters; and
 - Collaboration to increase interconnectivity of services with BC Transit, Northern Health and others.

Greyhound Application to Cease Service

- Ministry of Transportation is following the application to cease service and will be working with local governments to explore all options to support affordable transportation in northern B.C. while awaiting a decision.
- As an independent body, the Passenger Transportation Board is required to consider Greyhound's application.
- The government will also work closely with affected communities to find reliable

transportation options that will help them grow and thrive.

Background:**Transit Expansion**

- Between August and September 2016, BC Transit, in partnership with First Nations and local community partners, undertook public engagement on proposed transit options along the Highway 16 corridor. Based on public consultation results, revised service options were shared with local decision makers in October 2016 for their consideration and approval.
- Since then, BC Transit has launched several new bus services serving communities along the Highway 16 corridor.
 - In January 2017, the first Highway 16 Inter-Community Transit Service was launched connecting Moricetown and Smithers.
 - In June 2017, two new bus services linking Burns Lake to Prince George and Smithers were launched; these spans of highway previously represented the largest gap in transit systems along the Highway 16 corridor.
 - In Fall 2017 a new transit service will be launched from Hazelton to Terrace.
- TRAN has approved 12 communities and organizations along Highway 16 to receive grants to purchase and operate community vehicles for three years. The first vehicle is now in operation providing shuttle service between Vanderhoof and Saik'uz.

Additional Progress

- Increased individual and community safety through funding to support community-led prevention and awareness activities:
 - Since 2006, \$150,000 in funding has been provided to support implementation of Highway of Tears Symposium Report recommendations.
 - Since 2012, \$350,000 has been provided to Carrier Sekani to raise awareness through a media campaign, and to develop, deliver and enhance community safety workshops along Highway 16, which include discussions about safe transportation options.
 - In 2013/14, the Ministry of Justice helped to secure \$54,000 in federal funding for Carrier Sekani to undertake a community consultation on the needs of victims and family members of missing and murdered women along the Highway of Tears.
 - In March 2014, \$110,000 in grant funding was allocated to further support the safety of vulnerable aboriginal women and girls during their transition from rural to urban communities.

- In March 2016, \$45,000 in grant funding was provided to Carrier Sekani to increase supports to families of missing and murdered persons linked to Highway 16, as well as to support activities of the Highway of Tears Awareness project.
- In March 2017, \$70,000 in grant funding was provided to Carrier Sekani to support a child and youth advocacy centre, as well as healing and rebuilding for family members of missing and murdered women along the Highway of Tears.
- Implementing practical, affordable and sustainable solutions to identified transportation challenges:
 - A new comprehensive web-based portal was developed, which provides residents with easy access to information on transit, medical transportation, inter-city bus, rail and community-based transportation services.
 - The First Nations driver education program, included in the five-point action plan, is also underway and has been extended to March 2019. Funding of \$300,000 over two years is providing hands-on driver training to First Nations members.
 - TRAN, Northern Health Authority and First Nations Health Authority are using integrated GIS mapping to look at medical transportation needs and patterns, to better coordinate medical transport services for people in First Nations communities
- Earlier intervention through targeted RCMP engagement and outreach to hitchhikers:
 - Members of the RCMP in B.C. now engage with hitchhikers they see while on duty, stopping to interact with and distribute safety information kits to all hitchhikers observed along the highway.

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2017/18 ESTIMATES NOTE**Justice and Public Safety
Transformation****Suggested Response:**

- Our government is committed to transforming access to justice, timeliness and efficiency in BC's justice system.
- BC is addressing the shortage of Sheriffs in the courts, investing in legal aid so to enable equal access to justice, and addressing the over-representation of Indigenous people in our justice system.
- BC has made significant progress, but much work remains to be done to show practical results in communities:
 - Work is underway, in partnership with the courts, to modernise court administration, including improved information systems, improved provincial court scheduling and coordination with prosecution scheduling, and improved citizen access to court documents.
 - Work is also underway on significant reforms of the administrative justice sector, including the expansion of the jurisdiction of the Civil Resolution Tribunal which, as Canada's first-ever online tribunal, will help citizens resolve common strata disputes, small claims and other matters outside the traditional courtroom.
 - Work is underway to address overrepresentation of Indigenous people in the justice system by developing an Indigenous Justice strategy with Indigenous leadership.
 - Continuing to work towards better access to justice, alternatives to court and early resolution in family matters

If asked about Justice and Public Safety Council and its Plan

- The *Justice Reform and Transparency Act*, enacted in 2013, provided for the establishment of a Justice and Public Safety Council responsible for setting the strategic vision for the justice system and enabling justice partners to work more collaboratively.
- The Council is publishing reports on a number of key justice environmental indicators, including measures of court case timeliness, rates of incarceration of Aboriginal persons, reoffending rates, and traffic safety.
- However, the Council does not include any representatives from outside of government, and we will be looking into ways we can enhance representation of others, including users and front line service providers, in the Council's work.

If asked about Justice Summits

- I am looking forward to attending the next Justice Summit in November as this is an opportunity for three levels of British Columbia courts, justice system leaders, subject matter experts, and key stakeholders to come together. The Summits are intended to facilitate collaboration among all justice participants to discuss changes in directions or new justice reform initiatives.
- To date, eight Justice Summits have been held.
 - The first two Justice Summits in 2013 focused on the criminal justice System.
 - The May 2014 Summit focused on family justice.
 - The November 2014 Summit focused on better responses to violence against women.
 - In 2015, action planning based on ideas of the previous four events was the focus.
 - In 2016, Justice and mental health was the focus.
 - The two 2017 Summits are focusing on justice and technology.
- I would like to see the Summits identify concrete actions, with clearly measurable results for users of the justice system, in particular:
 - The over-representation of Indigenous persons in our justice system and better legal services to Indigenous persons must become a top priority.
 - Alternatives to court, including early resolutions, culturally-appropriate resolutions, and restorative justice solutions are top priorities.
 - Much better supports to users and front line service providers in the justice system are a priority, including technology supports such as the use of expert systems to provide free legal advice and online resolutions.
 - Performance measurement and the publication of key indicators are a priority.
 - Finally, I am very interested in seeing much better integration between the justice system and other systems, particularly in the areas of mental health, addictions, and housing, so that together, we can find ways to stop the systematic criminalization of persons with mental health, substance use, and housing challenges.

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COMMITMENT	ACTIVITIES	LEAD(S)	STATUS
Criminal Justice and Public Safety Council			
A Criminal Justice and Public Safety Council should be established within the Ministry of Justice and Attorney General.	The Justice and Public Safety Council was established in April 2013, in accordance with the <i>Justice Reform and Transparency Act</i> .	JPSS	Complete
The Criminal Justice and Public Safety Council should include the senior leaders of the Ministry, assisted by a secretariat.	The council is chaired by the Deputy Minister of Justice and, currently, includes Ministry of Justice executive members and a representative from the Ministry of Children and Family Development. https://www.justicebc.ca/membership/	JPSS	Complete
<p>The Criminal Justice and Public Safety Council should have responsibility for overall management of the criminal justice system, including preparing, under the direction of the Minister and in consultation with other justice participants, a Criminal Justice and Public Safety Plan for the province. The plan should also include:</p> <ul style="list-style-type: none"> ▪ A recognition that all of the criminal justice sectors have responsibility for achieving the overall goals of the justice system of both public safety and justice; ▪ A recognition that timeliness is fundamental to both public safety and justice; ▪ System-wide performance measures for timeliness based on the interval from the reporting of a complaint until its resolution. Each sector in addition will need to frame targets within this overall framework; and ▪ The development of performance measures for the criminal justice system as a whole. 	<p>The council, which is appointed by the Attorney General, is responsible for:</p> <ul style="list-style-type: none"> ▪ setting the strategic direction and vision for the provincial justice system through an annual Justice and Public Safety Plan; ▪ engaging in dialogue with justice and public safety participants and stakeholders; and ▪ guiding the way to open, transparent and accountable leadership. <p>http://www.bclaws.ca/civix/document/id/complete/statreg/13007#section3 http://www.bclaws.ca/civix/document/id/complete/statreg/13007#section6 Articulated in Justice and Public Safety Council Strategic Plan</p>	JPSS	Complete
	Timeliness in an objective in Goal 1 of the JPSC goals and objectives	JPSS	Complete
	The council was supported in its work on performance measurement by the justice and public safety performance measures working group and feedback provided by a review committee comprising representatives from justice related NGOs, RCMP, federal government, and universities. On their advice, initial metrics were approved by the council that align with the sector goals of fairness, timeliness, protection of people, and sustainability.	JPSS	Complete
	Performance measures included in strategic plan. See also above.	JPSS	Complete
<p>The Criminal Justice and Public Safety Council should also have responsibility for</p> <ul style="list-style-type: none"> ▪ Oversight of multi-sectoral initiatives; and ▪ Public reporting on criminal justice data and progress reports. 	See <i>Justice Reform and Transparency Act</i> (Objects of council, section 3) http://www.bclaws.ca/civix/document/id/complete/statreg/13007	JPSS	Complete
	See <i>Justice Reform and Transparency Act</i> (Objects of council, section 3) http://www.bclaws.ca/civix/document/id/complete/statreg/13007	JPSS	Complete
A Justice Summit including all levels of court and justice system leaders should be created by statute as a means to facilitate collaboration among all	See <i>Justice Reform and Transparency Act</i> , section 9. http://www.bclaws.ca/civix/document/id/complete/statreg/13007#section9	JPSS	Complete

COMMITMENT	ACTIVITIES	LEAD(S)	STATUS
justice participants, to consider progress in the process of reform, and to discuss changes in direction or new initiatives.			
Secretariat			
The Justice and Public Safety Council should be supported by a secretariat to assist in the development of the strategic plan, the development of appropriate performance measures and generally carrying out directions of the Justice and Public Safety Council.	The secretariat was established in January 2013, with executive, policy, business intelligence, and project management elements.	JPSS	Complete
The secretariat should include responsibility for criminal justice policy as well as project management expertise to improve the rigour with which projects endorsed by the Justice and Public Safety Council are implemented.	Project Management Office was established in January 2013 but discontinued in 2015 through staff departure. Project management protocols established by PMO are currently overseen at branch level.	JPSS	Complete/ Now Not Active
The secretariat should have an advisory board with independent academic or outside expert representation, as well as police, victim and broader public representation.	The justice summit process delivers regular external input on key policy and operational issues from the sector to government and to the Justice and Public Safety Council. No advisory boards are currently contemplated; however, the legislation leaves the option open.	JPSS	N/A
The Role of Data and Transparency			
The Justice and Public Safety Council secretariat should be responsible for the acquisition, analysis and reporting of criminal justice data.	The Ministry of Justice is making data about the justice system available publicly through the Justice Data website . On it you will find corrections , courts and prosecution data , which will be updated yearly. The site features dashboards that can be used to display data on maps and to break them down into accessible and user-friendly graphs and pie charts.	JPSS	Complete
The secretariat should establish methods to systematically gather data respecting performance measures and other useful data which can be regularly reported on and featured as part of the Justice and Public Safety Council's annual report.	See above. The open data strategy is key to the sector's justice reform efforts. Making justice system data available to the public encourages informed dialogue between British Columbians and government about the functioning, accountability and reform of the justice system.	JPSS	Complete
The ministry should distribute key business intelligence information, related to both the strategic system goals as well as branch specific goals, to local professionals and staff and encourage discussion and debate on the information.	See above. The ministry has made a substantial investment in business intelligence and management. The existence of a cross-platform business information capacity that could enable the examination of case histories from inception to resolution is a singular opportunity that may be unique to British Columbia.	JPSS	Complete
Crime Prevention and Investigation			
A province-wide crime reduction plan should be developed under the direction of the BC Association of Chiefs of Police in collaboration with the Justice	N/A		

COMMITMENT	ACTIVITIES	LEAD(S)	STATUS
and Public Safety Council.			
Statistics Canada should be asked to increase the frequency of the General Social Survey to better understand trends in self-reported victimization that are particular to British Columbia, and the survey should provide information respecting regional and cultural concerns as well as particular offences.	The BC public safety and solicitor general ministry and the attorney general ministry are engaging with Statistics Canada on the General Social Survey redesign, which includes potential increased surveying frequency of certain portions of the GSS such as victimisation. BC is identifying areas of particular interest regionally, for specific offences, etc. Note that most other P/T jurisdictions are also involved in the consultations.	FPT / Canadian Centre for Justice Statistics, Liaison Officer	In Progress
A province-wide plan for diversion, including restorative justice, should be developed to include education, quality assurance and control, performance measures, reporting, and evaluation.	<p>The public safety and attorney general ministries are working to develop a strategic cross-sectoral approach that will allow for greater collaboration and dialogue about restorative justice, and ultimately increase the use of restorative justice programs in the province. The work will engage justice professionals, restorative justice community leaders and Aboriginal leaders.</p> <p>The province currently supports 50 community-based restorative justice programs. Jointly with the federal government, the province also funds indigenous justice programs, which may include restorative approaches, in 34 communities. We are committed to build on this work.</p>	CPPO/CSCP	In Progress
Early Resolution			
A new approach to pre-charge resolution should be taken that maximizes the opportunity to resolve matters before formal charge approval is complete.	N/A	BCPS	See BCPS Public Report issued December 2015, which includes reference to policy direction (RES1) on increased early file resolution and greater flexibility for the principled use of Direct Indictments (DIR1).
An abbreviated report to Crown counsel form should be considered for appropriate cases by the Police/Prosecution Liaison Committee in consultation with Legal Services Society and the defence bar.	Training materials produced for police on Report to Crown Counsel (RCC) preparation and disclosure practices.	BCPS	
The BCPS should adopt file ownership as the default administrative process for the handling of criminal matters.	Criminal Justice Branch moved forward with enhanced file ownership, effective February 1, 2014. Enhanced file ownership promotes continuity on a file, facilitates early resolution and inspires readiness for trial when trials occur. It operates together with branch quality standards and scheduling improvements. Quality standards are a set of branch-wide best practices and new processes for Assignment Court locations. The standards mandate	BCPS	Complete. See BCPS Public Report issued December 2015

COMMITMENT	ACTIVITIES	LEAD(S)	STATUS
	prescribed steps at intake, assignment of files, front-end procedures, prior to arraignment or fixing dates, and before trial that apply to seven Provincial Assignment Court locations.		
<p>The Legal Services Society should be supported to provide legal services to promote early resolution by</p> <ul style="list-style-type: none"> Assigning duty counsel to the same court on a continuing basis; Changing the legal aid tariff to facilitate legal assistance in disposition courts; and Providing advice and other services precharge to facilitate resolution at that point. 	<ul style="list-style-type: none"> Three-year projects with pilot terms concluding March 31, 2017. The ministry has provided LSS with an additional \$2M per year since 2014/15 (for 3 years, totaling \$6M) to support justice transformation initiatives. LSS and JAG staff collaboratively developed implementation, evaluation, performance monitoring and reporting plans. A portion of this funding was used to increase criminal legal aid services that support early resolution, increase access for self-represented litigants, and keep criminal matters out of court, where possible. A business case, supported by an independent evaluation and performance measures for the criminal legal aid project, was reviewed to assess options for ongoing operation. The evaluation report has been publicly released. Continuation and expansion subject to Budget 2017. 	<p>JSB-CJLAPD</p> <p>JSB-CJLAPD</p> <p>JSB-CJLAPD</p> <p>JSB-CJLAPD</p>	Pending upcoming service planning and budget decisions
Police should advise all persons who are given a notice to appear in court on a future date of the possible availability of legal assistance and how to access it.	N/A	BCPS	
Pre-Trial and Trial			
<p>The Justice and Public Safety Council should support initiatives to</p> <ul style="list-style-type: none"> Create timelines for early resolutions; Implement the Provincial Court Process and Scheduling Project; 	The Court rolled out an assignment court scheduling system in the seven highest volume courthouses in the Province. In those locations, all cases ready to proceed to trial first go to an assignment court where they are assigned judges for trial. The process appears to be proving effective in increasing judicial utilization and facilitates the ability to assign cases in order	Prov Court of BC	Complete/ongoing. – Recommendations more appropriate for the court than the BCPS.

COMMITMENT	ACTIVITIES	LEAD(S)	STATUS
<ul style="list-style-type: none"> Substantially reduce the time to trial; and Reduce the current case backlog to bring all pending cases into compliance with the new standards being developed by the Provincial Court. 	<p>of their priority for judicial attention. The Provincial Court has indicated that an evaluation of the assignment court model will be undertaken.</p> <p>British Columbia's courts have seen improvement in the timeliness of adjudication. The Chief Judge gave this a high priority in the Provincial Court, and a number of complementary measures have helped reduce back logs with some reductions in time to trial. Cases within the system now generally fall within the presumptive standards recently set by the Supreme Court of Canada.</p> <p>The backlog reduction project in the Provincial Court increased early resolution rates, reduced case volumes, and changed the make-up of the case load.</p>	<p>Prov Court of BC and BC Supreme Court</p> <p>Prov Court of BC and, where appropriate, the BC BCPS</p>	
Broader use of judicial justices should be considered by the Provincial Court for the hearing of all preliminary inquiries and expansion of their use for bail applications.	N/A		
The Supreme Court Criminal Committee should be resourced to retain project management expertise to assist in developing best practices in pre-trial and trial management.	N/A		
Role for Risk Management and Behaviour Management			
The BC Corrections proposal outlined in <u>Schedule 8</u> to educate and inform other justice participants of best practices in the assessment of risk should be implemented, and subject to resources, consideration should also be given to enhancing the role of corrections staff in providing relevant advice on risk and behaviour management in relation to release and sentencing decisions and conditions.	A BC Corrections presentation, Making Connections, has been developed to share evidence-based information about BC Corrections approaches in risk assessment and offender supervision with Justice partners. Presentations commenced in the spring of 2014 and continue on an ongoing basis at local and provincial levels.	CORR	Ongoing
Provincial Court Reform			
<p>In consultation with the Provincial Court, the <i>Provincial Court Act</i> should be amended to</p> <ul style="list-style-type: none"> Clarify and affirm the role, powers and duties of the Chief Judge and amend the term of office to seven years; 	<p>Under the <i>Justice Reform and Transparency Act</i>, the <i>Provincial Court Act</i> was amended on April 11, 2013, in consultation with the Office of the Chief Judge, to acknowledge aspects of the Chief Judge's authority over judicial administration. The term of office for the Chief Judge is seven years.</p> <p>http://www.bclaws.ca/civix/document/id/complete/statreg/96379_01#section10</p>	<p>CSB</p> <p>CSB</p>	

COMMITMENT	ACTIVITIES	LEAD(S)	STATUS
<ul style="list-style-type: none"> Recognize and clarify the role of the Executive Committee and the Management Committee of the Provincial Court; Provide for a specific judicial complement, subject to review every three to five years; 	<p>The legislative provisions for determining judicial complement were passed as part of the <i>Justice Reform and Transparency Act</i>, but these provisions are not yet in force. Appointments have kept pace with retirements and at least 13 judicial appointments have been made since 2012.</p> <p>Section 18 of the <i>Justice Reform and Transparency Act</i> states that the Lieutenant Governor in Counsel must prescribe the number of judges that will constitute the complement.</p> <p>As of summer 2017, discussions continue between the ministry and the judiciary in an effort to develop an agreed upon provincial court judicial complement model. Upon agreement discussions to proceed with bringing forward section 18 would be further discussed at Protocol Committee meetings.</p>	CSB	
<ul style="list-style-type: none"> Permit the attorney general to refer questions concerning judicial administration to the Court; and 	<p>In April 2013, the Attorney General, the Chief Justice of British Columbia, the Chief Justice of the Supreme Court and the Chief Judge of the Provincial Court signed a memorandum of understanding which clarifies the roles and responsibilities of the Attorney and the Chief Justices in the administration of the Courts. It acknowledges and respects the constitutional framework in which the Attorney General and the judiciary, as separate and independent branches of government, operate, while asserting the necessity of collaboration and consultation on matters of judicial administration and court administration to develop and maintain an accessible, modern, and effective justice system.</p>	CSB	
<ul style="list-style-type: none"> Provide for a professional judicial administration officer with a defined role and responsibility. 		CSB	
The Court should establish a voluntary Advisory Committee on Judicial Administration, including people with expertise in private and public management.	N/A		
BC Prosecution Service			
BC Prosecution Service Reform initiatives in Schedule 6 should be implemented.	N/A	BCPS	Complete. Public Report issued December 2015. Available online here .
The charge approval function and responsibility should remain with the BCPS.	British Columbia mandates Crown approval of charges and is committed to Crown Counsel's use of an electronic system to approve charges. This system,	BCPS	See McCuaig report , released May 2012.

COMMITMENT	ACTIVITIES	LEAD(S)	STATUS
	which has its own metric, has resulted in timelier turnaround for decision-making but needs attention to avoid slippage. It promotes consistency and is a critical initial step in the electronic disclosure process.		
The Role of the Public			
In order to improve transparency of Provincial Court processes, consideration should be given to <ul style="list-style-type: none"> Providing a web-based service to remind subscribers of developments and resolutions in particular cases; and Providing online and courthouse user surveys that focus on service standards and ideas for improvement. 	N/A		
Improved scheduling of witnesses via modern information technology should be considered.	N/A	CSB	
Victims should receive online exit surveys after the resolution of a complaint.	N/A	CSB	
Domestic Violence			
The Provincial Office of Domestic Violence, working collaboratively with the Justice and Public Safety Council, should prepare a plan to reduce domestic violence, including an integrated and cross-sectoral approach that includes an informed role for the victim, diversion if appropriate, and early resolution, timely hearings, innovative sentencing, and transparency in the goals and progress towards achievement.	Government's extensive consultation with anti-violence groups culminated in the release of the Provincial Domestic Violence Plan in February 2014. The three-year, \$5.5-million Provincial Domestic Violence Plan was coordinated through the Provincial Office of Domestic Violence (PODV). http://www2.gov.bc.ca/gov/content/safety/public-safety/domestic-violence/provincial-office-of-domestic-violence	PODV/ CSCP	Complete
Administration of Justice Offences			
An administration of justice offence cross-sectoral working group should be established (under the direction of the Justice and Public Safety Council) to <ul style="list-style-type: none"> Better understand the trends and outcomes of administration of justice offences; Identify best practices for determining the terms of release into the community pending trial, and the best practices in enforcement and supervision of those conditions, with the goal of achieving the best outcomes for the victim, the community and the offender; and 	Remains an area of interest. No funding available. Remains an area of interest. No funding available. Remains an area of interest. No funding available.	BCPS & CORR BCPS & CORR BCPS & CORR	No further update from BCPS. Subject to MAG/PSSG executive priority-setting.

COMMITMENT	ACTIVITIES	LEAD(S)	STATUS
▪ Develop a pilot to test the strategies.	Remains an area of interest. No funding available.	BCPS & CORR	
Mental Health and Addiction			
New approaches such as those taken by the Victoria Integrated Court should be fully evaluated to determine whether they improve outcomes for offenders with mental illness and addictions, so that they can be considered for broader implementation.	<p>Implementation of the Specialized Courts Strategy led to the development of a Provincial Advisory Committee on Indigenous and Specialized Courts and Related Initiatives which will advise on the development of an approach to evaluating existing specialized courts including the development of common performance measures.</p> <p>Government is also developing a Criminal Justice Transformation strategy which will create two pilot projects to better serve a small group of prolific offenders, often Indigenous, homeless and suffering from mental health and severe addictions issues, who are cycling through the criminal justice system. This strategy seeks to launch two pilot projects – one in Victoria and one in Surrey - to divert this population out of the criminal justice system and into integrated services with a housing first approach. These pilots are still under development but will include evaluation funding to determine which approaches are demonstrating success and should be scaled provincially.</p>	JSB-CJLAPD	In Progress
Restorative Justice			
The Justice and Public Safety Plan for the Province should include a performance goal for increased use of restorative justice programs.	While not specifically articulated as a goal in the Justice and Public Safety Plan, use of restorative justice approaches is captured under <i>Goal 1: Our System is Fair; Objective: Accessible – We offer services accessible to all regardless of means or location, provide meaningful redress and ensure access to justice for vulnerable and marginalized people proactively.</i>	CORR/ CSCP	N/A
Expanded funding for restorative justice programs should be made available and innovative methods of funding, such as funding referrals, should be assessed in cases where the offender would otherwise be subject to a significant criminal penalty.	<p>Community-based RJ groups are eligible for annual funding of \$2,500 to support volunteer training and administrative expenses. CAPs have various capacity levels with some programs using municipal funding to provide more complex and extensive RJ services. In addition, since 2008 over \$900,000 in Civil Forfeiture Grant funding has been provided to support specialized victim-sensitive restorative justice training and development projects.</p> <p>Indigenous Justice Programs, which are restorative in nature, are funded with \$2.07 million from the federal government and \$1.7 million from the province and is delivered by contracted Aboriginal service providers.</p> <p>Funding for restorative justice programs may be considered as part of the work of the public safety and attorney general ministries to develop a strategic cross-sectoral approach to increase the use of restorative justice programs in the province.</p>	CPPO/CSCP	In Progress

COMMITMENT	ACTIVITIES	LEAD(S)	STATUS
Resources and Priorities			
<p>Within the scope of available funding, priority should be considered for</p> <ul style="list-style-type: none"> reducing the backload of cases, enhancing the managerial capacity of the courts, and enabling the full realization of the early case-resolution process. 	<p>In its platform document, Government has made a number of commitments and initiated action that will address this recommendation, including:</p> <ul style="list-style-type: none"> Ensuring justice is served by taking immediate action to address the shortage of court sheriffs. Providing fair access to justice by improving legal aid; expanding the use of duty counsel; increasing staffing of the Court Services Branch; improving access to dispute resolutions services for families; expanding poverty law services; and, supporting First Nations legal services. Increasing support for initiatives that are proven to prevent and reduce crime. <p>Increasing the use of restorative justice programs.</p>	CMSB	
To enable the aggressive resolution of the backlog of cases, an additional five judges should be appointed to the Provincial Court.	N/A	CSB	

2017/18 ESTIMATES NOTE**JUSTIN Audit
Response****Suggested Response:**

- We value the work of the Office of the Auditor General (OAG), and remain committed to making improvements to JUSTIN access and security.
- We have made significant progress and a project team is continuing its work to address all of the Auditor General's findings.
- The audit's recommendations have guided important changes to the system that will significantly reduce the possibility of privacy or security breaches.
- Ministry staff meet with OAG representatives on an ongoing basis to provide status updates and solicit feedback on the response to the audit.

Background:

- On January 24, 2013, the Auditor General released a 17 page report on the then Ministry of Justice's JUSTIN system which outlined numerous deficiencies.
- Staff from the then Ministry of Justice and the Office of the Auditor General presented an update to the Select Standing Committee on Public Accounts on November 18, 2013.
- JUSTIN is a province-wide database that integrates justice agencies' information for the purpose of managing and storing criminal case information. It is used primarily by the BC Prosecution Service, Court Services Branch and the Judiciary.
- Its functions include:
 - police reports to Crown Counsel and police scheduling;
 - assessing and approving Crown cases;
 - notifying victims and witnesses;
 - court and judicial trial scheduling; and
 - recording results and producing documents.

- The Auditor General's report reaches two main conclusions:
 1. "Information in the JUSTIN system is inadequately protected from internal or external threats."
 2. "Controls in the JUSTIN system are inadequate to detect or prevent unauthorized access."

Summary of OAG's Five Key Recommendations and Current Status

- JUSTIN has been hosted on servers in the government's new data centres in Kamloops and Calgary since October 2014. Many of the concerns about JUSTIN raised by the Auditor General are related to servers and infrastructure and were addressed by moving from the Victoria based data centres.

Recommendation 1: Controls in network and system components in the JUSTIN environment should be reviewed, reconfigured, documented and better managed to ensure multiple layers of security are in place.

- The ministry has restricted access to the JUSTIN database servers by removing the ability to connect directly to these servers by system administrators, contractors or other IT support staff. All access to the JUSTIN database is now controlled by a dedicated Secure Access Gateway.
- Security has also been heightened with more complex password policies for system administrators.
- Other network controls have been modified so that remote users from other ministries can no longer connect to the JUSTIN application. While these users have never had the ability to logon to JUSTIN, removing their ability to even access the logon screen adds another layer of security.
- Enhanced security screening is now mandatory for all contractors providing IT services to the ministry including those that support the JUSTIN application.

Recommendation 2: User access to JUSTIN information should be granted and managed based on the principle of 'need to know'.

- Access to JUSTIN has been restricted. At the time of the audit, approximately 3,300 users had access to Report to Crown Counsel information. That number has since been reduced to approximately 3,000 users.
- User management processes have been updated so that employees now have their access revoked when their employment ends.
- Training materials and guidelines have been updated to ensure data in the system is properly classified and secured according to the current access model.

- The ministry initiated a project to determine appropriate need-to-know access for JUSTIN users. This project has defined a new role-based access model for JUSTIN that will enable better control of information. System changes to JUSTIN have been implemented for the new Crown roles and the remaining new roles are expected to be implemented by December 2017.

Recommendation 3: *Highly sensitive JUSTIN information should be properly classified and secured with extensive monitoring in place.*

- The ministry has acquired new database monitoring tools and has implemented the audit logging feature of the tools.
- A project has been initiated to monitor the audit logging data and to provide real time alerts for potential security issues.

Recommendation 4: *More effective audit trails and tools should be in place to enable detection and investigation of suspicious or unauthorized activity.*

- Additional audit trails have been implemented and monitoring processes are now in place to better detect compromised accounts or unauthorized or suspicious system access. Further enhancements to monitoring capabilities will be realized by new database monitoring tools which are being implemented.

Recommendation 5: *An effective monitoring program should be in place to enable proactive detection of unauthorized access and removal of copied JUSTIN information.*

- A new information security program has been established. It incorporates existing and additional information security staff into an enlarged group under a new director of information security. This program includes ongoing enhancement to access monitoring for JUSTIN and other information systems.
- The ministry has implemented annual independent third-party vulnerability scans that have helped increase the JUSTIN system security stance.
- To safeguard the value and sensitivity of the JUSTIN data, a new process has been developed to ensure that Security Risk Threat Assessments, Privacy Impact Assessments and Information Sharing Agreements are in place before copies of JUSTIN data are created.

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2017/18 ESTIMATES NOTE

Minister's Office Budget

Suggested Response:

- The Minister's Office budget has increased by \$163,000 from \$728,000 in 2016/17 to \$891,000 in 2017/18.
- The increase in Minister's Office budget is consistent with the increase in the scope of responsibilities for the Attorney General from what it was in 2016/17. Today, the Attorney General has responsibility for 3 of the largest Crown corporations, with one of them (ICBC) requiring a much greater level of Minister's Office focus and therefore added support requirements. As well, the aggressive list of Ministerial Mandate Letter responsibilities in 2017/18, also creates added demands for a more senior staff support complement in the Minister's Office.
- Across government, the increases to the budgets for Ministers' Offices are being funded from within existing ministry budgets, not from budget lifts.

If asked what is the current staffing complement of the Minister's Office and how does this compare to 2016/17

- There are now 6 staff (senior Ministerial Assistant, 2 Ministerial Assistants, Executive Assistant, Administrative Coordinator, Administrative Assistant)
- In 2016/17, there were 5 staff (Chief of Staff, Executive Assistant, Correspondence Officer, Administrative Coordinator, Administrative Assistant)

2016/17 Estimates (Feb 2016)		Revised Forecast		2017/18 Estimates - Sept 2017	
	Budget		Oct. 2016		Budget
Justice and Attorney General			Variance	Attorney General:	
COS		\$	80,325.04	Senior MA	\$ 94,500.00
MA (not going to be filled)				MA	\$ 82,500.00
EA		\$	51,300.17	MA	\$ 82,500.00
AC		\$	53,996.76	EA	\$ 67,000.00
CO (salary \$ effective April 2016)		\$	54,414.97	AC	\$ 60,000.00
AA (salary \$ effective April 2016)		\$	39,884.28	AA (salary \$ effective April 2016)	\$ 42,000.00
	\$ 295,000.00	\$	279,921.22		\$ 428,500.00
Under (over) spending	\$		15,078.78		

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2017/18 ESTIMATES NOTE**Mandate Letter
Commitments**

Introduce legislation to reform campaign finance laws to ban political contributions by corporations and unions, and set limits on individual contributions.

- On September 18, 2017, the Province introduced legislation to put an end to big money in politics and put people back at the heart of government decision making.
- The *Election Amendment Act* will:
 - End corporate and union donations;
 - Limit individual contributions to \$1,200 a year, the second-lowest limit in Canada;
 - Ban out-of-province donations;
 - Cap contributions to third-party election advertisers;
 - Require ongoing public reporting of all fundraisers attended by party leaders, cabinet ministers and parliamentary secretaries, including those held in private residences;
 - Reduce campaign spending limits for candidates and political parties by about 25%; and
 - Set new fines and penalties for contraventions of election financing and advertising laws.
- The bill contains a transitional provision restricting the use of contributions received before the legislation comes into force.
 - Political contributions previously collected that are not allowed under the new rules cannot be used in future elections.
- The bill also introduces a transitional annual allowance for political parties over a set term of five years.
 - The allowance diminishes in value over time and is intended to help political parties transition to the new campaign finance rules.
 - A special committee of the legislature will review the allowance to determine if it should be continued. If no action is taken, the allowance will expire in 2022.

Introduce legislation to hold a province-wide referendum on proportional representation in the fall of 2018.

- On October 4, 2017, the Province introduced legislation to allow a referendum on electoral reform before the end of November 2018. The *Electoral Reform Referendum 2018 Act* sets out the terms for a province-wide referendum on proportional representation.
- Government will promote active debate and discussion by providing information about electoral systems to voters through public engagement in the months ahead. All British Columbians will be encouraged to engage in this process, including political parties, organizations and individuals.
- The legislation will allow voters in the referendum to submit their ballot by mail to the chief electoral officer.
- If the referendum passes, the new system would be enacted before the next provincial election, scheduled for 2021.

Introduce legislation to reform lobbying in BC.

- On October 2, 2017, the Province introduced legislation to toughen the rules around political lobbying to increase transparency and eliminate the potential for undue influence or use of insider information by lobbyists.
 - The legislation – which amends the *Lobbyists Registration Act* – will ban former public office holders and their senior staff from lobbying government for two years after leaving government.
 - It also provides the Registrar of Lobbyists the discretion to grant an exemption from this two-year prohibition if it is deemed best for public interest.
 - The two-year prohibition would come into effect approximately two months after the amended legislation is approved, giving the registrar time to update the online registry and develop policy to guide the granting of exemptions.
- Penalties under the *Lobbyists Registration Act* will remain.
 - Administrative penalties may be imposed by the registrar up to \$25,000 for non-compliance with the act and regulations; and
 - For convictions of offences, fines up to \$25,000 for a first offence and up to \$100,000 for a subsequent offence may be imposed.

Re-establish the Human Rights Commission.

- Public engagement is underway on re-establishing the Human Rights Commission in British Columbia. Led by Ravi Kahlon, Parliamentary Secretary for Sport and Multiculturalism, the consultations are being conducted over two months with individuals and groups, both online and in person.
- The consultations will inform the Parliamentary Secretary's recommendations on developing a modern, efficient and effective human rights commission that will help build a safer and more inclusive society.
- The recommendations will be presented in a written report and submitted to the Attorney General in December 2017. Legislation is expected to follow in 2018.

Increase the number of court sheriffs, expand the use of duty counsel and increase staffing of the Court Services Branch to address court delays.

- British Columbians deserve a court system that is properly staffed and able to hear and resolve disputes in a timely manner. That's why our government will be increasing the number of court sheriffs, expanding the use of duty counsel and increasing staffing of the Court Services Branch to address court delays.
- Addressing the shortfall of sheriffs is a top priority. The ministry has doubled the number of sheriff recruitment classes and we're looking at ways to add additional classes to make sure there are sufficient sheriffs to ensure the courts run properly.
- 24 sheriff recruits graduated in May 2017 and a second class of 30 graduated in September. Another class is scheduled to begin in January 2018.
- Additional recruitment classes and ongoing funding for FTEs this year is estimated at \$1.4 million.
- Court Services Branch is in the process of requesting funding increases to Court Administration and Sheriff Services staffing.

Improve and support legal aid, including First Nations legal services, dispute resolution services for families and expanded poverty law services to increase access to justice.

- The Province is targeting the 2018/19 budget, this government's first full budget, for platform commitments related to legal aid.
- The current budget supports continuation of \$2 million in funding per year to support four pilot projects to test innovative ways to deliver legal aid services in criminal and family

matters, all of which have shown success in initial evaluations:

- Expanded Criminal Duty Counsel;
 - Expanded Family LawLINE;
 - Expanded Family Duty Counsel; and
 - The Parents Legal Centre at the Vancouver Provincial Courthouse at Robson Square.
- The Legal Services Society is in the process of completing additional, outcome evaluations of the pilot programs to further assess the effectiveness of these early resolution services.
 - The current budget also commits \$2.8 million per year to expand legal aid services for child protection.
 - A new Parents Legal Centre is being launched in Surrey this fiscal year.

Work with First Nations to set targets and take action to reduce the numbers of Aboriginal people involved in the justice system and incarcerated.

- We are committed to reducing the over-representation of Indigenous people in the justice system and better assisting those involved.
- In September, a MOU was signed by the Co-Chairs of the BC Aboriginal Justice Council and the Province to develop an Indigenous Justice Strategy.
 - The strategy will support reconciliation with Indigenous peoples; decrease their over-representation in the justice and public safety sector as both victims and offenders; and improve access to culturally relevant and appropriate justice services.
- We support Indigenous Courts, which are judicial-led initiatives that have been developed in consultation with the ministry, local First Nations, community members, police, defence lawyers, and other support service groups, like the Native Courtworkers and Counselling Association of BC.
 - Indigenous Courts take a holistic, culturally appropriate approach to Indigenous offenders with the goal of finding solutions to the problems underlying criminal behaviour, other than incarceration. They provide support and healing to assist in offender rehabilitation and acknowledge and work to repair the harm done to victims and communities.
- We are committed to ensuring that judges have all of the information they need in order to apply the sentencing principles outlined in the *Criminal Code* for Indigenous offenders.
 - Government does not have a program for the preparation of stand-alone Gladue reports. Where an offender self identifies as an Indigenous person, the pre-sentence report ("PSR") prepared by Corrections will contain a section titled "Special Considerations for Aboriginal Offenders". The PSR, together with submissions from

counsel, provide the sentencing judge with the required Gladue information when a Gladue report is not otherwise available.

- The Legal Services Society (LSS) developed a pilot project that produced Gladue reports for offenders who qualified for legal aid. Although the formal pilot has ended, LSS continues to provide Gladue reports for some Indigenous clients in limited circumstances using funding from the Law Foundation.

Conduct a comprehensive operating review of ICBC.

- PWC has now been contracted to work with the ministry and ICBC to conduct a comprehensive review of ICBC operations and practices. The review will be completed by the end of January.
- PWC will:
 - Evaluate and provide recommendations on the structure and accountability of ICBC's current lines of business to help ensure that ratepayers are provided with the most efficient, cost effective products, programs and services; and
 - Assess and report on overall fiscal and operational management of the corporation.
- The review is one part of a comprehensive strategy that is being developed to get ICBC back into long term financial sustainability. As this evolves over the coming weeks and months, government will be providing regular updates on steps being taken to achieve this objective.

Move forward on the Calls to Action of the Truth and Reconciliation Commission, and review policies, programs and legislation to determine how to bring into action the United Nations Declaration on the Rights of Indigenous peoples.

- This government will be working closely with Indigenous leadership on how we can implement and follow the principles of UNDRIP in a collaborative and respectful manner.
- BC's approach to advancing long-term reconciliation is focused on building respectful government-to-government relationships, and improving opportunities and outcomes for Indigenous people in BC.
- In September, a MOU was signed by the Co-Chairs of the BC Aboriginal Justice Council and the Province to develop an Indigenous Justice Strategy.
 - The strategy will support reconciliation with Indigenous peoples; decrease their over-representation in the justice and public safety sector as both victims and offenders; and improve access to culturally relevant and appropriate justice services.

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**Ministry of Attorney General
Estimates 2017/18 Briefing Book**

**Justice Services Branch
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2017/18 ESTIMATES NOTE**Legal Aid - Funding and Services****Suggested Response:**

- The B.C. government recognizes the importance of legal aid services for British Columbians.
- Despite challenging economic circumstances, government funding to the Legal Services Society (LSS) has been stable since 2005, increased by:
 - \$2.1 million in 2012/13 to maintain family and child protection legal aid services;
 - \$6 million over three years (2014-2017; \$2 million/year) to support the implementation of the Justice Innovation & Transformation Initiatives (JITI);
 - an additional \$2 million in 2017/18 to continue the four JITI pilots (Expanded Criminal Duty Counsel, Expanded Family LawLINE, Expanded Family Duty Counsel and the Parents' Legal Centre);
 - \$2.8 million in 2017/18 to expand the Parents' Legal Centre model, including launching a Surrey location this fiscal year; and
 - \$74,000 in 2015/16, \$75,000 in 2016/17 and \$121,000 in 2017/18 (totaling \$270,000) for the Economic Stability Mandate (ESM) and Economic Stability Dividends (ESD) related to staff salary increases.
- Pilot funding for JITI was extended in 2017/18 as a result of business cases and evaluations produced by LSS that demonstrate the success of the pilots. The Society is also providing updated evaluations of the JITI pilots this fiscal year to support a possible request for ongoing/expansion funding. See **Estimates Note JSB 3 Legal Aid – Justice Transformation Initiatives** for more information.
- LSS has experience unprecedented pressures on immigration and refugee (I&R) legal aid as a result of several factors including the global refugee crisis. The Department of Justice Canada (DOJ) has confirmed that additional funding of \$580K will be transferred to the province this fiscal year to help offset this pressure. This additional funding will allow LSS to continue I&R legal aid services until December 2017 while funding discussions continue.

Budget Overview

- Total government funding to the Legal Services Society in 2017/18 is \$77.596 million (increased by \$2.921 million from the 2016/17 budget of \$74.675 million), broken out as follows:

LSS Revenue from Government Sources for 2017/18:	\$ Million
Basic Legal Aid Transfer	\$65.288
Justice Transformation: Pilots	\$2.000
Justice Transformation: Expansion (Parents' Legal Centre)	\$2.800
Major Cases (\$1.813M Cat B + \$2.855M Cat C)	\$4.668
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

See Attachment B for definitions of line items.

- With this funding, the Society manages the delivery of a wide range of legal aid services: e.g., in 2016/17¹:
 - Number of applications processed by the Society requesting legal representation: 38,182.
 - Number of applications resulting in referrals for legal representation: 28,286.
 - Number of times LSS assisted clients through advice services (includes services provided through circuit counsel, duty counsel, Brydges Line, & Family LawLINE): 131,862.
 - Number of Aboriginal Community Legal Work interactions: 1,269.
- Government views legal aid as a continuum of services and legal aid involves more than just services provided by the Society. In addition to Society funding of \$77.596 million, the Province spends approximately \$30 million annually on access to justice services, such as family mediation at family justice centres throughout the province, justice access centres, and the Family Maintenance Enforcement Program.
- Non-government funding (see Attachment A for detail): the Society also receives funding from the Law Foundation, the Notary Foundation, and interest on the Society's investments. Funding from all these sources has decreased over the past several years due to lower interest rates. The 2017/18 budget from other revenue, including funding from the Law and Notary Foundations, remains unchanged from 2016/17 and 2015/16 at \$4 million, down \$1.2 million from 2014/15. Federal legal aid funding is subject to a contribution agreement between Canada and BC. The most recent five-year cost sharing agreement for criminal and immigration/refugee legal aid expired on March 31, 2017; a new agreement is in the process of being finalized.

If asked about Increased Case Costs for Child Protection

- The increase in the volume and cost of child protection cases appears to be ongoing, though there was a decrease in child protection case costs between 2015/16 and 2016/17 (\$400K

¹ From Legal Services Society's 2016/17 Annual Service Plan Report:
http://www.bcbudget.gov.bc.ca/Annual_Reports/2016_2017/pdf/agency/lss.pdf

variance). We are working closely with the Society and the Ministry of Children and Family Development (MCFD) to monitor this trend and manage any potential pressures without impacting services to clients.

- Pilot evaluations of the Parent's Legal Centre (PLC) in Vancouver demonstrate that it supports early resolution in child protection cases and assists in addressing the some service delivery pressures. The PLC represents an innovative approach to providing advice and representation for parents engaged in child protection matters pursuant to the *Child, Family and Community Services Act* (CFCSA). The evaluated success of this pilot and its robust business case resulted in a \$2.8 million funding increase to expand the PLC model to a new location in Surrey in 2017/18.

If asked about Funding for Duty Counsel or Poverty Law Services

- LSS provides duty counsel services in criminal, family and immigration/refugee legal aid, from government funding.
- LSS has budgeted to spend the following this fiscal year:
 - Criminal duty counsel: \$5.375M;
 - Family duty counsel: \$3.166M;
 - Immigration & refugee duty counsel: \$150K.
 - Actual spending this year is forecast by LSS to be on budget.
- In addition to these ongoing duty counsel services, government funds LSS to operate innovative models in both criminal and family duty counsel matters.
 - Updated, independent evaluation reports are still being finalized, but early results have shown quantitative and qualitative data that demonstrate these innovations increase the scope and reach of duty counsel services.
 - These models, along with two others being evaluated (Family LawLine and Parents' Legal Centre) also provide a wider range of legal aid, such as poverty law services than standard services.

Background:

- LSS is an operationally independent organization that provides legal aid services on behalf of government. The Society is governed by the *Legal Services Society Act* (LSSA). The LSSA requires that the Attorney General and the Society negotiate a Memorandum of Understanding (MOU) that considers:
 - what the level of government funding will be;
 - the types of matters for which the Society will provide legal aid;
 - the priority assigned thereto;
 - those other activities the Society must or must not undertake; and
 - how the Society will participate in justice reform initiatives.

The most recent three-year MOU between the Society and the ministry expired on March 31, 2017. A new MOU has been negotiated and is in the process of being signed off by the AG.

- LSS provides legal representation to financially eligible clients in criminal matters, serious family and child protection matters, and some immigration, mental health, and prison law matters. It also delivers legal advice and information services. See Attachment A for information on historical funding and caseload volumes.

Justice Transformation Initiatives

- Ministry and Society staff collaboratively developed a plan for the \$2 million (\$6 million over 3 years) of justice transformation funding, including testing an expanded criminal duty counsel model and increasing child protection and family legal aid services. The pilot funding for these initiatives ended in 2016/17; however as a result of robust business cases and evaluations produced by LSS, funding of \$2 million has been allocated to continue four of the five pilots: Expanded Criminal Duty Counsel; Expanded Family LawLINE; Expanded Family Duty Counsel; and the Parents' Legal Centre.
- LSS is in the process of producing updated pilot evaluations to support a possible request for ongoing/expansion funding.
- Funding (\$2.8 million) has already been approved to expand the Parents' Legal Centre (PLC), including a new location in Surrey in 2017/18. LSS is also seeking funding and ministry approval to expand a culturally-appropriate PLC model to a mid-sized urban centre that can act as a service hub for surrounding small/remote communities. This initiative is consistent with Grand Chief Ed John's report recommendations on Indigenous child welfare in BC.
- See Estimates Note JSB 3 Legal Aid - Justice Transformation Initiatives for more information.

Major Cases – Defence Costs

- Government cannot comment on specific cases that are currently before the courts.
- Total costs associated with each major case can only be released when all legal proceedings have concluded, just as was done with the Pickton and Air India matters.
- Government usually incurs costs relating to the defence in major cases by way of applications by defence counsel on behalf of an accused who cannot fund their own defence.
- The Society's annual budget for the defence costs of major cases is \$4.668 million. Historically, actual costs have exceeded these budgets. However, due to the uncertainties and variability of forecasts for major cases (from factors such as trial timing, guilty pleas and other unanticipated issues), these budget pressures have been considered to be more suitable for funding through access to contingencies, rather than providing fixed budgets.

- 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.
- The history and preliminary forecasts of total major case defence costs for the Society and ministry shows its variability:

LSS & Ministry (\$mil)	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16	Actual 2016/17	Forecast 2017/18*
Major case costs (defense)	3.4	9.3	9.5	6.1	4.3	4.7	5.2	5.5

* as of September 7, 2017 forecast submission

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

Federal Funding

- The funding of criminal legal aid services for British Columbians is a responsibility shared by the provincial and federal governments.
- Federal legal aid funding is subject to the five-year contribution agreement between Canada and the provinces, the *Agreement Respecting Adult and Youth Criminal Legal Aid, Immigration and Refugee Legal Aid and Court-Ordered Counsel in Federal Prosecutions*, expired on March 31, 2017. Approvals for the successor agreement were delayed due to anticipation of the Federal Budget announced March 22, 2017 and analysis of the proposed funding formula to determine budget allocations among Provinces and Territories over the next five years. Attorney General and Treasury Board (TB) approval will be required for the new agreement.
- The maximum federal contribution to criminal legal aid for BC is \$15.35 million in 2017/18: \$14.45 million for criminal and \$0.900 million for immigration/refugee legal aid. Federal funding for criminal legal aid increased from 2016/17 by \$0.567 million. This increase is a part of an overall increase in criminal legal aid funding of \$88 million, over five years, for all provinces and territories, starting in 2016/17, to alleviate some of the pressures on criminal legal aid programs.
- Prior to fiscal year 2016/17, Federal funding of legal aid services for criminal matters had remained at the same nominal level for the past ten years, though demand has increased. Some of the pressures on criminal legal aid programs relate to the following cost drivers:
 - federal legislative changes such as sentencing and procedural changes in the criminal law increase demand on legal aid in terms of volume (new offences/offenders);

- seriousness and complexity of cases (mandatory minimum penalties, anti-terrorism cases); and
 - population increases.
- In addition to the \$15.35 million, on July 24, 2017, the Department of Justice Canada (DOJ) confirmed that one-time additional funding of \$385K will be transferred to the province to help offset pressures on immigration and refugee legal aid pressures. The DOJ has been in touch with the Ministry and LSS to determine the timeline for future funding needs beyond the \$385K. There is a possibility that the DOJ may provide more funding in the future.
- We continue to work collaboratively with our federal and provincial partners to look at innovative ways to maintain services despite ongoing resource constraints.

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Attachment A: Financial and Operational Data

Funding History

LSS Revenue (\$m)	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	1-Year Change
Gov transfer: budget	\$69.768	\$71.868	\$72.526	\$74.526	\$74.596	\$74.675	\$0.079
Gov transfer: increase	\$2.100	\$0.658	\$2.000	\$0.070	\$0.079	\$2.921	\$2.842
Non-gov revenue	\$4.515	\$4.695	\$4.565	\$4.038	\$4.038	\$4.168	\$0.130
Total revenue	\$76.383	\$77.221	\$79.091	\$78.634	\$78.713	\$81.764	\$3.051

- Government transfers - increases:
 - \$2.1 million in 2012/13 to maintain family and child protection legal aid services;
 - \$6 million over three years (2014-2017; \$2 million/year) to support the implementation of the Justice Innovation & Transformation Initiatives (JITI);
 - an additional \$2 million in 2017/18 to continue the four JITI pilots (Expanded Criminal Duty Counsel, Expanded Family LawLINE, Expanded Family Duty Counsel and the Parents' Legal Centre); and
 - \$74K in 2015/16 plus \$75K in 2016/17 and \$121K in 2017/18 (totaling \$270K) for the Economic Stability Mandate(ESM) and Economic Stability Dividends (ESD) related to staff salary increases
- ESD/ESM Detail:
 - Justice Services Branch has been provided with the following budget increases for the Society:

	(\$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 2017/18 budget build		0.004	0.029	0.030	0.030
Total		0.074	0.149	0.270	0.386
<i>Year Over Year Budget Change</i>			<i>0.075</i>	<i>0.121</i>	<i>0.116</i>

- Government transfers - other: usually provided from access to contingencies for defence costs for major criminal cases.
- Non-government revenue:

LSS Non-Gov Rev (\$m)	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16	Actual 2016/17	Budget 2017/18	1-Year Change
Law Foundation	\$3.8	\$3.7	\$3.3	\$3.0	\$3.1	\$3.1	\$0.0
Notary Foundation	\$0.5	\$0.5	\$0.8	\$0.8	\$0.9	\$0.6	-\$0.3
Investment Income	\$0.6	\$0.4	\$0.4	\$0.3	\$0.3	\$0.4	\$0.1
Federally Funded by DOJ			\$0.8	\$0.9	\$0.7		-\$0.7
Other interest	\$0.2	\$0.3	\$0.2	\$0.2	\$0.1	\$0.1	\$0.0
Total revenue	\$5.1	\$4.9	\$5.5	\$5.2	\$5.1	\$4.2	-\$0.9

- In general, most of the Society's non-government funding is highly dependent on the level of interest rates.
- The overall 2016/17 decrease of \$0.1 million compared to the 2015/16 budget is due to the decrease in Federally Funded Cases by DOJ of \$0.2 million offset by Law Foundation increasing by \$0.1 million.
- Federally Funded Cases by DOJ were not included in LSS financial statements prior to 2014/15 and are not assigned a budget.

Expenditure History

LSS Expenditures (\$m)	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16	Actual 2016/17	Budget 2017/18	1-Year Change
Criminal legal aid	\$46.89	\$44.64	\$41.93	\$41.27	\$42.59	\$43.04	\$0.45
Family legal aid	\$16.69	\$15.76	\$14.34	\$15.05	\$15.68	\$14.85	-\$0.82
Child protection legal aid	\$7.36	\$8.21	\$7.77	\$7.36	\$7.91	\$11.22	\$3.31
Immigration legal aid	\$1.72	\$1.97	\$2.14	\$2.09	\$2.66	\$3.02	\$0.36
Other programs	\$2.98	\$2.83	\$3.08	\$3.26	\$2.99	\$3.02	\$0.03
Administration	\$8.30	\$7.15	\$10.58	\$10.75	\$10.16	\$10.65	\$0.49
Total expenditures	\$83.94	\$80.56	\$79.83	\$79.79	\$81.98	\$85.81	\$3.82

- The 1-Year Change is based on 2016/17 forecast as of September 7, 2017 compared to 2016/17 Actual.
- Expenditures for administration were unusually low in 2013/14 due to mitigation plans the Society put in effect in order to offset temporary pressures in the criminal tariff that year.

Volume of Legal Advice

Service	Number of client visits/calls handled				
	2012/13	2013/14	2014/15	2015/16	2016/17
Applications for legal representation ¹	39,135	38,705	38,175	37,456	38,182
Referrals for legal representation	27,124	26,459	26,557	27,525	28,286
Referral rate (not including Administrative Appeals)	69.3%	68.4%	69.6%	73.5%	74.1%
Legal advice interactions ¹	135,561	133,128	131,934	113,626	131,862
Aboriginal Community Legal Worker interactions	1,051	1,128	1,247	958	1,269

Average LSS website visits per month	28,577	33,160	33,270	456,720	418,770
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1 Includes circuit counsel, duty counsel, Brydges Line and Family LawLINE.

Volume of Referrals (Legal Representation) by Type

Type of legal problem	2014/15		2015/16		2016/17	
	Service Requests	Contracts	Service Requests	Contracts	Service Requests	Contracts
Criminal	25,277	19,852	25,341	20,548	25,762	20,971
Family	8,620	3,442	7,888	3,803	7,657	3,807
CFCSA	3,347	2,549	3,122	2,377	3,205	2,424
Immigration	981	714	1,064	776	1,473	1,064
Administrative	N/A	N/A	20	21	85	20
Total	38,175	26,557	37,456	27,525	38,182	28,286

Source: Legal Services Society 2016/2017 Annual Service Plan Report (published August 2017).

Attachment B: Government Funding to the Legal Services Society

Basic Legal Aid Funding – (\$65,288,000) – this includes funding for all tariff services such as criminal (to be increased in 2017/18 from Federal funding: see Attachment C), family, child protection, mental health and prison law representation and advice services as well as administrative and operational expenses.

Justice Transformation – (\$4, 800,000) – Funding for the continuation of the JITI pilot projects was extended by \$2 million in 2017/18. In addition, \$2.8 million was provided to LSS for expanding the Parents' Legal Centre in 2017/18).

Large Case Fund – (\$1, 813,000) – this includes funding for all cases exceeding \$75,000 and up to \$175,000 plus all court ordered and state-funded counsel cases. (Category B under the MOU)

Major Cases – (\$2, 855,000) – this includes funding for all cases exceeding \$175,000 or cases where counsel are paid at a rate that exceeds the regular Society tariff rate. Historically, costs exceeding this budgeted amount have been provided through access to contingencies. (Category C under the MOU)

Federal High-Cost Cases – (\$650,000) – this includes funding for all cases exceeding \$50,000 that are prosecuted by the federal government (Public Prosecution Service of Canada).

Provincial Immigration and Refugee Legal Aid – (\$800,000) – this funding is the provincial government's contribution for immigration and refugee cases.

Federal Immigration and Refugee Legal Aid – (\$900,000) – this funding is the federal government's contribution for immigration and refugee cases.

Vancouver Drug Court – (\$120,000) – this includes funding for contract defence counsel to assist individuals appearing before the Drug Court in Vancouver. This is a part-time position at 0.6FTE.

Downtown Community Court – (\$370,000) – This includes funding for a full-time contract defence counsel, a full-time Legal Information Outreach Worker, and the duty counsel roster at the Downtown Community Court in Vancouver.

2017/18 ESTIMATES NOTE**Legal Aid - Jurisdictional Comparison****Suggested Response:**

- The B.C. government recognizes the importance of legal aid services for British Columbians.
- Access to justice is more than access to court. It involves a variety of services that provide citizens with assistance and support to prevent problems where possible, reach early resolution where appropriate, and use the court system only when necessary.
- The Legal Services Society (LSS) is the main provider of legal aid services in the province. The Society provides legal representation to financially eligible clients in criminal matters, serious family and child protection matters and some immigration, mental health, and prison law matters. It also delivers legal advice and information services.
- Total government funding to the Society in 2017/18 is \$77.6 million (the 2016/17 budget was \$74.7 million).
- Despite challenging economic circumstances, government funding to the Society has been stable since 2005, and increased by \$2.1 million in 2012/13. We have also increased funding to the Society by \$2 million in 2017/18 to continue to support four Justice Innovation and Transformation Initiatives (JITI) pilots, and have provided an additional \$2.8 million to support the expansion of the Parents' Legal Centre (PLC) model to a new location in Surrey. The Society has also been provided with additional funding from the Economic Stability Mandate and Dividend.
- The funding of criminal legal aid services for British Columbians is a responsibility shared by the provincial and federal governments. As of B.C.'s last Budget Day (September 11, 2017) the total direct federal funding contribution to legal aid in B.C. is budgeted at \$15.35 million in 2017/18: \$14.45 million for criminal and \$0.900 million for immigration/refugee legal aid. Federal funding for criminal legal aid increased from 2016/17 by \$0.567 million. This increase is a part of an overall increase in criminal legal aid funding of \$88 million, over five years, for all provinces and territories, starting in 2016/17, to alleviate some of the pressures on criminal legal aid programs.

If asked about how B.C. ranks in per capita spending on legal aid

- B.C. is currently ranked seventh among the provinces in per-capita spending on legal aid, up from eighth over the previous three years. The latest data available to date is for 2016/17, so it includes the last \$2 million of \$6 million given over three years for JITI.

Government funding contributions

Provincial Ranking	Province	2016/17 P/T government contribution (in thousands)	Funding contribution per capita
1	NL	\$17,170	\$32.4
2	ON	\$395,266	\$28.3
3	NS	\$24,961	\$26.3
4	MB	\$32,183	\$24.4
5	SK	\$23,971	\$20.8
6	QC	\$171,130	\$20.6
7	BC	\$74,600	\$15.7
8	AB	\$66,340	\$15.6
9	PEI	\$1,710	\$11.5
10	NB	\$7,874	\$10.4

- Legal aid expenditures consist of direct costs for legal services such as legal representation, legal advice and provision of information, as well as other expenditures such as administrative costs.
- Government also supports access to justice by providing over \$30 million for other justice services. This amount is not included for the purpose of these rankings because comparison is difficult. However, it is recognized that B.C. is a leader in front end dispute resolution.

If asked about Tariff rates in B.C.

- Legal aid tariff rates in B.C. have stayed the same since 2005 with the exception of the creation of the Exceptional Responsibility Premium in 2010.
- B.C. offers a combination of hourly tariff rates based on lawyer experience and block tariff rates that depend on the contract tariff item.

Tier	Years of call	Block fees	Hourly rate
1	Less than 4 years	Amount specified in tariff item (Jr. counsel: 75% of amount*)	\$83.90 (Jr. counsel \$62.93)
2	4 or more years and less than 10 years	Applicable Tier 1 rate plus 5%	\$88.10 (Jr. counsel \$66.07)
3	10 or more years	Applicable Tier 1 rate plus 10%	\$92.29 (Jr. counsel \$69.22)

* Exception: Junior counsel receives 100% of the amount for legal services provided in court when the senior counsel is not in attendance.

Enhanced Fee Rates (fees in excess of the tiered rates the Society normally pays to counsel):

Enhanced fees	Hourly rate
Senior counsel	\$125.00

Junior counsel	\$62.93 — \$83.90**
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**The Legal Services Society determines the rate after considering the junior counsel's experience, qualifications, and the tasks assigned to junior counsel in the case.

Exceptional Responsibility Premium: A 15% increase in any tiered rates and/or enhanced fees that the Society pays to counsel pursuant to the Enhanced Fees and Exceptional Premium policy e.g., Senior counsel rate of \$125.00 plus 15% = \$143.75. This rate applies when it is confirmed that Crown counsel are receiving a pay increase under Article 31 of the Crown Counsel Agreement.

Articled Students:

	Block fees	Hourly rate
Articled Students	Amount specified in tariff item	\$62.93

- The province's hourly tariff rate is in the middle of the provincial range of \$43/hr to \$136.43/hr. It should be noted that while some provinces have higher tariff rates, their services may be delivered primarily by staff lawyers, making direct comparisons challenging. See Appendix A for an overview of provincial/territorial tariff rates.

If asked about legal aid service delivery models

- B.C. currently operates on a judicare system with an extremely limited number of staff lawyers for limited circumstances.
- Prior to 2002, B.C. had more of a mixed system that included staff lawyers who provided criminal, family and poverty law services.

Provincial/territorial model of legal aid delivery

Province/Territory	Delivery Model ¹	Proportion of private bar lawyers	Proportion of staff lawyers	Contributory system?
BC	Judicare	99%	1% (2 lawyers)	N
AB	Judicare	98%	2%	Y
SK	Staff	9%	91%	Y
MB	Judicare	68%	32%	Y
ON	Judicare	Criminal, civil, immigration and family cases (majority)	Poverty law only	Y
QC	Mixed	Criminal/penal	Family/civil	Y
NL	Staff	2%	98%	Y
NB	Mixed	55%	45%	Y

¹ Despite having mixed delivery models, some P/T's legal aid plans are still referred to as a judicare or a staff system based on the majority of lawyers used.

NS	Staff	20%	80%	Y
PEI	Staff	Conflict of interest	Majority	Unknown
YT	Staff	Unknown	Majority	Y
NWT	Mixed	Unknown	Unknown	Y
NU	Mixed	50%	50%	N

If asked about legal aid coverage and services offered in B.C.

- Family legal aid services in BC are limited compared to other major provinces; representation is offered only for the most serious family cases, such as domestic violence.
- B.C. is one of only a few provinces that do not offer services for poverty law issues such as government benefits and income support.
- B.C. is the only P/T to provide duty counsel services for immigration/refugee cases.
- It is also one of the few P/Ts to provide significant online resources, as well as legal aid services over the phone (other than the constitutionally-mandated Byrdges phone line).

If asked about legal aid eligibility thresholds in B.C.

- With the exception of Nunavut, B.C. is the only P/T that does not use a contributory system of legal aid. In B.C., individuals with incomes above the eligibility threshold seeking legal representation are not covered by the plan. Prior to 2002, B.C. had a contributory system; however in 2002, it was determined through a cost-benefit analysis that the administrative costs outweighed the benefits of such a system.
- B.C. has a relatively generous income eligibility threshold of net \$1,550/month. It is difficult to compare eligibility thresholds across provinces and territories as some plans consider net income and others consider gross income. Furthermore, there are variations in deductions and what is considered 'earned' income. See Appendix B for provincial/territorial eligibility thresholds.

If asked about Legal Aid Contracts in B.C.

- The Society tracks the number of lawyers accepting contracts by geographical areas of B.C.
- In 2016/17, LSS issued 28,286 legal representation contracts with 971 lawyers. The Society experienced a 2.5 percent reduction in the number of lawyers accepting contracts from 2015/16.
- LSS is seeing a greater number of junior lawyers (up 16 percent) accept contracts and a sharp decline of more senior lawyers (down 51 percent) accepting contracts than in the past.

- In the Society's tariff lawyer satisfaction survey, 36 percent of lawyers surveyed plan to take the same number of cases in future years; 32 percent plan to take fewer or no contracts in the coming years. This percentage has increased from 27 percent in 2013 and 19 percent in 2010.

Region	Total Active Lawyers	Number of Lawyers accepting referrals in:			% of Lawyers who took referrals vs Lawyers active
		2013/14	2014/15	2015/16 (to Jan 31/16)	
Interior/East Kootenays	121	89	90	87	72%
North	68	47	54	55	81%
North West	41	29	30	29	71%
Okanagan/West Kootenays	118	86	86	78	66%
Out Of Province	-	6	-	-	-
Surrey/Fraser Valley	311	204	217	194	62%
Vancouver Island	314	218	211	185	59%
Vancouver/Sunshine Coast	643	368	382	355	55%
Total	1,616	1,047	1,070	983	61%

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Appendix A: Provincial/territorial legal aid plan tariff rates

Province/ Territory	Hourly Rates (ranges depend on lawyer experience)	Block/Fixed Fees
BC	\$83.90 - \$92.29	Amount specific to contract item, scaled to lawyer experience
AB	\$92.40	Amount specific to contract item
SK	\$88.00	Depends on the type of court
MB	\$80.00	Amount specific to contract item/offence
ON	\$109.14 - \$136.43	Amount specific to contract item/offence
QC	N/A – no hourly rate	Amount specific to contract item (for family/civil only)
NL	\$120.00 - \$135.00	N/A – no block fees
NB	\$58.00 - \$70.00	N/A – no block fees
NS	\$70.00 - \$95.00	N/A – no block fees
PEI	N/A – no specific legal aid legislation	N/A
YT	N/A – private bar lawyers set their own fees	N/A – no block fees
NWT	\$90.00 - \$146.00	N/A – no block fees
NU	\$61.00 - \$108.00	N/A – no block fees

Appendix B: Provincial/territorial legal aid eligibility thresholds

Province/ Territory	Net/ Gross	Monthly Income for a Single Person		Monthly Income for a Family of Four	
		Full Coverage	Contribution Agreement	Full Coverage	Contribution Agreement
BC	Net	\$0 - \$1,550	N/A	\$0 - \$2,780	N/A
AB	Net	\$0 - \$1,638	Repayment required	\$0 - \$3,120	Repayment required
SK	Net	\$0 - \$985	\$986 - \$1,085	\$0 - \$1,690	\$1,691 - \$1,860
MB	Gross	\$0 - \$1,917	\$1,918 - \$2,917	\$0 - \$2,833	\$2,834 - \$4,500
ON	Gross	\$0 - \$1,136	\$1,137 - \$1,315	\$0 - \$2,532	\$2,533 - \$3,169
QC	Gross	\$0 - \$1,706	\$1,707 - \$2,383	\$0 - \$2,798	\$2,799 - \$3,908
NL	N/A	Discretionary	Discretionary	Discretionary	Discretionary
NB	Gross	\$0 - \$1,200	\$1,201 - \$2,600	\$0 - \$2,000	\$2,001 - \$4,700
NS	Gross	\$0 - \$1,067	Discretionary	\$0 - \$1,932	Discretionary
PEI	Gross	\$0 - \$1,469	Unknown	\$0 - \$2,894	Unknown
YT	Net	\$0 - \$1,600	\$1,601 - \$1,920	\$0 - \$2,600	\$2,600 - \$3,120
NWT	N/A	Unknown	Unknown	Unknown	Unknown
NU	Gross	\$0 - \$4,200	N/A	\$0 - \$8,000	N/A

2017/18 ESTIMATES NOTE**Legal Aid - Justice
Transformation Initiatives****Suggested Response:**

- The Province is targeting 2018/19 budget, this government's first full budget, for platform commitments including those related to legal aid.
- This budget supports continuation of the funding of \$2 million per year to support 4 pilot projects to test innovative ways to deliver legal aid services in criminal and family matters, plus \$2.8 million per year to expand legal aid services for child protection by launching a new Parents' Legal Centre in Surrey this fiscal year.
- The initial \$6 million over the three year period was used to deliver five pilot projects that focus on increasing access to justice and services that promote early resolution of legal issues. Four of the five pilots have shown initial success in evaluations: Expanded Criminal Duty Counsel; Expanded Family LawLINE; Expanded Family Duty Counsel; and the Parents' Legal Centre. These evaluations, along with robust business cases resulted in the additional \$2 million given this fiscal year to continue the four pilots. The Family Mediation Referral pilot was shown to not be successful due to low take-up, and was discontinued as a result.
- We worked collaboratively with the Society to develop these pilot projects to provide low-income British Columbians with increased access to legal information and advice to help them resolve their legal problems as quickly and efficiently as possible, and out of court where feasible and appropriate.
- These JTI projects align closely with the ministry's strategic goal of enhancing access to justice and improving system outcomes through early assistance to citizens.

Overview of Justice Innovation and Transformation Initiative Projects

1. **Expanded Family Duty Counsel:** The first pilot was launched in September 2014, when the Society hired a full-time family duty counsel at the Victoria Justice Access Centre to provide brief drop-in family law advice and help self-represented litigants prepare for court.
2. **Expanded Family LawLINE:** The Society 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 matters.
3. **Parents Legal Centre:** In March 2015, the Society opened the Parents Legal Centre (PLC) at Robson Square in Vancouver to facilitate earlier and more collaborative resolutions for child protection matters. LSS is currently in the early planning stages of an expansion to a location in Surrey.

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4. **Expanded Criminal Duty Counsel:** In April 2015, the Society launched an expanded criminal duty counsel service in Port Coquitlam to provide more continuity of services and facilitate earlier resolutions of less serious criminal matters. The first of four anticipated refresh evaluations received by the ministry from LSS is for this pilot, shows it has met and even exceeded expectations in its first two years of operation with greater resolution rates, fewer court appearances to resolve cases and positive client feedback.

If asked why a larger investment is not being made

- It is important that we test whether an investment in early resolution services for family, child protection and criminal legal aid can help reduce overall justice system costs while increasing services to clients. LSS is in the process of producing updated evaluations for the pilots that will have captured outcome data over a longer period of time compared to summative evaluations completed in 2016.

Background:

- In 2012, the Society provided advice to a previous Minister about legal aid initiatives that could contribute to broader justice system transformation in its report *Making Justice Work*.
- In February 2013, the government released the White Paper on Justice Reform, Part Two, in which it committed to supporting the Society to test an expanded criminal duty counsel model and to expand the family legal aid services it currently provides.
- The Minister's 2013/14 mandate letter directed that the ministry work with the Society to prepare a plan for an additional \$2 million for criminal and family legal aid services beginning in 2014/15.
- Ministry and Society staff collaboratively developed a plan for the transformation funding. All five Initiative projects were launched between September 2014 and April 2015.
- Process evaluations with a focus on implementation and early outcomes were completed in the fall of 2015. Summative evaluations focusing on outcomes in the pilots' first year of operation were completed in the summer of 2016. These evaluations demonstrated early success of four of the five pilots. The Family Mediation Referral pilot was discontinued.
- Around the same time, using data from the evaluations, LSS produced business cases to make a case for provincial expansion of the four remaining JTI projects. This resulted in an additional \$2 million in funding to continue the pilot projects in 2017/18 and \$2.8 million for the expansion of the PLC model in Surrey.^{s.13}

s.13

- Refresh evaluations examining pilot outcomes over a longer period of time for three of the four pilots are anticipated by fall 2017. A draft of the Expanded Criminal Duty Counsel refresh evaluation has already been completed, showing that the pilot is successfully achieving its objectives.

Project Details

1. Expanded Family Duty Counsel

- A full-time lawyer and administrative assistant coordinate duty counsel and legal advice services in the Victoria Justice Access Centre to offer more consistent advice service to family clients. The model replicates the services currently available at the Vancouver Justice Access Centre.
- Clients are able to book appointments in advance and have access to the same lawyer for a repeat visit, if necessary.
- Legal advice services offered at the Justice Access Centre help people resolve legal matters earlier and outside of court where possible. It helps address a gap in service in Victoria where client volumes are high. This service has been successful at the Vancouver Justice Access Centre.
- The summative evaluation completed in July 2016 shows that the pilot is operating as expected.
 - The summative evaluation focuses on outcomes within the first year of operation; therefore data are not available to make conclusions on savings as a result of efficiencies gained, nor whether the pilot is helping clients achieve early resolution.
 - The pilot is having a positive effect on client access to duty counsel.
 - The majority (67%) of open and closed files involved only one lawyer, thereby providing greater continuity of services.
 - Clients reported a wide range of assistance from the Family Duty Counsel and the majority (87%) say this was helpful to them for understanding the legal process and their family law matter, as well as for making decisions on options for resolution.
 - 83% of clients had a high level of satisfaction with the service.

2. Expanded Family LawLINE

- Family lawyers provide legal advice to qualifying clients across the province over the telephone through Family LawLINE. The Society expanded Family LawLINE hours to assist more clients, enhanced the use of technology, and extended the service model to allow clients to have greater continuity of service from the same lawyer and more hours of advice (from 3 hours to 6 hours) than was previously available.

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- This initiative builds on existing services and uses technology to provide clients across the province with legal advice services to assist them in resolving their family legal matters.
- This model can be especially helpful in serving people in remote areas of the province who may not have easy access to existing in-person services.
- The summative evaluation completed in July 2016 shows that the pilot has been implemented as planned.
 - As a result of creating a triage process, intake levels have been steady at around 200 clients per month. However with this, the level of demand for service hours is not as high as predicted; 75% of all clients have used less than one hour of service.
 - Two-thirds of clients who had more than one meeting had a high continuity of counsel.
 - 86% of clients reported that information and assistance for understanding the legal process and their family law matter was helpful.
 - 88% of clients received a referral to another resource, the most common being Family Duty Counsel and legal aid intake.
 - The LawLINE pilot has the potential to avoid \$133,884 annually in court costs if court hours per file making a court appearance are reduced by 10%; if court hours per file were reduced by 30%, this would avoid an estimated \$401,653 in court costs annually. If the average number of court trials were reduced by 10%, this would avoid \$39,873 annually in court costs; an estimated \$119,618 in annual court costs could be avoided if court trials were reduced by 30%.

3. Parents Legal Centre for Child Protection Cases

- A lawyer and an advocate provide continuing service to parents who are involved with the Ministry of Children and Family Development or a Delegated Aboriginal Agency. Service is provided both prior and after removal proceedings and assists parents up to the conclusion of the presentation hearing. Paralegal support assists parents to engage community and family supports, participate in programming, and participate in mediation without necessarily requiring counsel to attend.
- This service allows parents who are involved in child protection matters to receive continuing legal advice services to support them in reaching a resolution through consensual resolution processes when possible and appropriate, which is consistent with the Ministry of Children and Family Development Service Plan.
- In addition to Vancouver and Surrey, LSS is also seeking funding and ministry approval to expand a culturally-appropriate PLC model to a mid-sized urban centre that can act as a service hub for surrounding small/remote communities. This initiative is consistent with

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Grand Chief Ed John's report recommendations on Indigenous child welfare in BC.

- The summative evaluation completed in July 2016 shows that the model is operating as expected and supporting effective service delivery.

- Just over half (52%) of the clients identify as Aboriginal.
- The majority of clients (76%) are accessing the PLC prior to court processes.
- Of the 10 clients interviewed, only one was unsatisfied with the service provided.
- Although it is still too early to know the outcome of many of the cases handled by the PLC, a range of \$8,206 to \$41,030 potential avoided costs annually was estimated for the Vancouver Provincial Court, depending on the number of reduced court hours as a result of early resolution and collaboration.

4. Expanded Criminal Duty Counsel

- As part of its regular services, the Society provides duty counsel to assist individuals in Provincial Court who have been charged with a crime and have not yet been granted a legal aid referral. Duty Counsel will provide summary advice and appear in court to handle simple matters that can be completed the same day. They do not retain conduct of files.
- In an expanded model, a specific lawyer is assigned to the same court on a continuing basis. Counsel retains conduct of non-complex files for a set amount of time. They receive instructions from clients, obtain disclosure, and take steps to resolve matters where appropriate. If cases cannot be resolved and clients qualify for legal aid, clients are referred to a private bar lawyer.
- The principal objective of the model is to support continuity of service and early resolution in less complex criminal cases. The model aligns well with the BC Prosecution Service Crown File Ownership project and the Provincial Court Scheduling Project.
- The Society reviewed similar expanded criminal duty counsel programs in Nova Scotia, Alberta, and Manitoba to outline this model in its report, *Making Justice Work*. The Society found that the programs in other provinces have been effective in promoting early resolution and can be less expensive depending on the tariff rates paid to lawyers.
- The draft refresh evaluation completed in July 2017 shows that the project has met and even exceeded expectations in its first two years of operation.
 - Analysis of project and court data shows that the project has resolved 86% of its cases, which is greater than resolution rates of comparison court locations (64% in Abbotsford and 70% in Kelowna).

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- The pilot has also resulted in few court appearances to resolve cases, leading to a greater efficiency for the court process and estimated costs avoided ranging from \$122,860 to \$184,290.
- 78% of clients that received expanded services would not be eligible for a legal aid representation contract.
- Interviews with 44 clients show that the overwhelming majority of clients were satisfied with the services they received.

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2017/18 ESTIMATES NOTE**Self-Represented Litigants****Suggested Response:**The problem

- Unaffordable legal services, combined with a very costly, complex, and slow court system, are key drivers behind the increasing rates of self-representation in B.C. and across Canada.
- In BC in 2016/17, other than Small Claims (83% of appearances unrepresented), family law tends to have higher percentages of unrepresented appearances with 45% in Provincial Court and 36% in Supreme Court. 4% of Supreme Court motor vehicle accident appearances were unrepresented.
- In 2016, Canadian Lawyer Magazine reported average hourly rates for experienced lawyers as ranging from \$280 - \$448. It also reported the average cost of a contested divorce with a 2 to 5 day trial as between \$35,000 to \$53,000.
- Traditionally, the justice system has been built by and for experts; the result is a system steeped in complex tradition, convention, practice directives, rules and forms. It rewards people who can best navigate that complexity, as well as those who can pay for them.
- Professor Julie Macfarlane of the University of Windsor led the first major study of self-represented litigants (SRLs) in Canada that engaged self-represented litigants. Prior to the National Self-Represented Litigants Project, research tended to frame self-represented litigants as a problem for system insiders and a sign of insufficient state-funded counsel. Now, justice system leaders across Canada are pointing out that the traditional justice system is not meeting the needs of the majority of justice system users, and deep change to the justice system's underlying culture and structures is essential.

The way forward

- Modern service design recognizes that excellent service depends on a clear user focus, particularly continuously measuring and improving how the service meets user needs. This common practice in business and technology development requires ongoing, systematic engagement of users in development, testing and continuous improvement.
- This approach to justice service design was first applied in B.C. in developing the Civil Resolution Tribunal. At a policy level, this work included a legislated presumption of self-representation (while keeping representation an option where appropriate). At the implementation level, the CRT relied on user-focused testing at all stages of development and implementation, as well as a user-focused continuous improvement program.
- The digital tools and services provided by the Solution Explorer at the "front end" of the Civil Resolution Tribunal are available 24/7 to anyone with an internet connection. Through

Solution Explorer expert systems, users are able to access information, self-help tools, online legal services, and links to the right human services at the right time. A core concept in this new approach to justice service design is that users should be able to travel end-to-end through integrated online and human services without re-entering data twice. This approach to technology and service design is extending the geographic and demographic accessibility of justice services in a way that leads the world.

- Solution Explorers that deliver these types of services are being built or are already built in B.C. for child support claims, human rights complaints, residential tenancy disputes, small claims and strata disputes. While current Solution Explorers deliver free information, self-help tools and legal advice online; future models will include off/on ramps to human legal coaching, unbundled legal services, and the full range of legal clinic services. Digitally enabled by the Solution Explorer, these services will transform the way self-reported litigants access legal and other justice services.
- In-person human supports remain an essential aspect of justice services to SRLs. People with serious barriers like low literacy, mental capacity, FASD, and substance abuse often cannot successfully use online information and self-help tools. However, tools such as the Solution Explorer are a “force multiplier” for over-stretched front line justice service providers, enabling them to extend their geographic and demographic reach. Also, by integrating online and human services, it becomes possible to reduce siloing and integrate services to improve outcomes for users. Finally, by triaging and better supporting those users who are most likely to “fall through the cracks”, it becomes possible to increase awareness of their path and progress, enabling human services to support resolutions for people who currently find the justice system too challenging.

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2017/18 ESTIMATES NOTE**Auditor General's Report
on the Family
Maintenance
Enforcement Program****Suggested Response:**

- The Ministry has accepted and is implementing the recommendations made by the Auditor General following the audit of the tendering process in 2006 for Family Maintenance Enforcement Program (FMEP) services.
- The Auditor General recommended that the Ministry obtain independent expertise during all stages of the next tendering process, and the Ministry has acted upon this:
 - The Ministry is working with procurement specialists to complete an assessment of services and options for the Ministry in the future.
- I have asked the Deputy Attorney General to:
 - Establish procedures to ensure the Ministry's Chief Financial Officer and legal counsel review and confirm that non-standard forms of contract for significant programs have met the requirements of policy and are consistent with the objectives of policy;
 - Develop guidance for program managers regarding when to evaluate contractor performance, as required by policy, in situations where a new procurement is initiated before the existing contract has come to an end;
 - Ensure that executive oversight of significant contracts includes monitoring program management's response to identified risks.
- I have also asked the Deputy Attorney to ensure that the lessons learned from this audit are applied to other contracts within the Ministry.

Background:

- The Office of the Auditor General reviewed the actions taken in 2006 by the Ministry to tender the FMEP contract.
- The OAG concluded that although policy was followed, the Ministry did not choose the best procurement method and was unable to generate suitable competition for this contract.
- As a result, the Ministry could not demonstrate best value for services delivered under the contract.

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2017/18 ESTIMATES NOTE**Maintenance Enforcement and Locate Services Caseload/Activity Summary****Suggested Response:**

- Service demands for Maintenance Enforcement and Locate Services (MELS) remain fairly constant (small decrease), while the recovery of support payments continues to increase year over year on a case-by-case basis and for total recoveries.
- Last year, over \$215 million was paid through the Family Maintenance Enforcement Program (FMEP), and over \$3.66 billion has been paid through the program since inception in 1988.
- Most of the families assisted by MELS programs are lower income families with children, with many living below the poverty line.

Background:

- MELS facilitates the establishment, recalculation and payment of child and spousal support orders.

Family Maintenance Enforcement Program

- Monitors and enforces almost 40,000 maintenance orders and agreements at any given time, providing services to approximately 75,000 parents and 65,000 children.
- Service is provided by a private sector agency, Themis Program Management and Consulting, on contract to the provincial government since 1988; the annual cost is now about \$18 million.
- The program collected and distributed over \$215 million in maintenance in 2016/17, more than 97% for children.
- Since inception in 1988, the program has collected over \$3.66 billion for families.

Family Search Program

- 8 Family Search officers locate and analyse information on individuals to obtain, change and enforce support orders, as well as guardianship, parenting time, parental responsibilities and contact orders.

- Almost 19,000 search requests are made each year by FMEP, Interjurisdictional Support Services, Family Justices Services, and Court Services Branch.

Interjurisdictional Support Services

- Facilitates the making of orders and collection of child support and spousal maintenance payments where either the payor or recipient lives in another Canadian province or territory or a country that has a reciprocating agreement with B.C.
- Agreements are in place with every province and territory in Canada, all American states and territories, and 17 other countries.
- Last year, about 1,000 support applications and orders were processed through the program. Out of these 1,000 cases:
 - 400 involved applications to court to change or establish child support; and
 - 600 involved requests to register the order for enforcement in BC.

Client Relations Program

- Provides information, handles inquiries, and investigates complaints relating to the Division's programs, mostly in relation to the FMEP.
- About 120 emails, letters and telephone calls are received by the Director of Maintenance Enforcement annually, from payors, recipients, other government agencies, elected officials and the general public.
- About 0.05% of FMEP clients – about 1 in 2,000 – make a complaint, and about 90% of enquiries and complaints are satisfactorily resolved the first time they are raised.

	2001/02	2014/15	2015/16	2016/17	Anticipated 2017/18	Anticipated Trends 2015/16 to 2017/18
Budget	\$16.379M	\$17.828M	\$17.839M	\$17.908M	\$17.928M	
Clients Served (Estimated)						
FMEP	155,000	150,000	150,000	145,000	142,000	Small decrease in demand due to demographics.
Locate Services	20,000	22,000	18,500	18,950	18,850	Small decrease in demand due to demographics.
Interjurisdictional Support Services	1,530	1,200	1,000	1,000	1,000	Program is in steady state.
TOTAL (Clients Served)	176,530	173,200	169,500	164,850	161,850	Clients served and service demands will largely remain constant or have small decrease through 2017/18.

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2017/18 ESTIMATES NOTE**Family Compensation Act****Suggested Response:**

- Government is aware that the *Family Compensation Act* (FCA) does not allow for bereavement damages (non-pecuniary damages for grief and loss of guidance, care and companionship of the deceased person).
- The costs of reforms to include bereavement damages will be significant, as government and ICBC are always defendants in FCA claims.
- Government is not looking at reforms to the FCA at the present time.

Background:Features of the FCA

- At common law, compensation is not available for the death of a person. Legislation in most common law jurisdictions overcomes this limitation by permitting family members of a person wrongfully killed to bring an action for damages against the party who caused the death. The FCA is B.C.'s wrongful death legislation.
- The FCA permits spouses (including people in a marriage-like relationship for at least two years), parents (including grandparents and step-parents) and children (including step-children and persons to whom the deceased stood in the role of a parent) to bring an action for damages against the party who caused the death.
- The FCA allows for pecuniary damages to be awarded to address financial loss suffered as a result of the death of a family member, including lost financial support, funeral expenses, and medical and hospital expenses incurred on behalf of the victim.
- While the FCA does not explicitly allow for bereavement damages, in cases involving minor children with a deceased parent, a low amount of pecuniary damages are awarded to each child to address the loss of guidance, care and companionship of the parent.¹

Other Canadian Jurisdictions

- Most Canadian provinces have amended their wrongful death legislation to also include bereavement damages. There are a variety of models used across Canada.
 - Legislation in Alberta, Saskatchewan, Manitoba and the Yukon use statutory caps for bereavement damages, with a range of amounts awarded and a range of family members who qualify as eligible claimants.

¹ The conventional amount is \$35,000, which is the "rough upper limit" awarded to minor children for the loss of a parent. The amount is adjusted based on factors of age and other considerations such as the involvement of the parent in the child's life.

- Legislation in Ontario, Quebec, New Brunswick, Nova Scotia, PEI, and Newfoundland and Labrador use a court award model, also with a range of family members who qualify as eligible claimants.
- Legislation in B.C., Northwest Territories and Nunavut do not include bereavement damages.

Stakeholder History

- The Ministry published a green paper in June 2007 on reforming the FCA. The responses to the green paper yielded uncompromising and opposing policy positions from stakeholders on the scope of reforms. Plaintiff organizations advocated for far-reaching reforms, while defendants, including ICBC and government stakeholders, voiced concerns with the financial impacts of reforms.
- Changes to the FCA have been called for since the 1980s. There are a number of organized and vocal stakeholders who are lobbying for reforms to the FCA who have been critical of government's inaction since the 2007 green paper. These groups include the Trial Lawyers Association of BC (TLABC), the Coalition Against No-Fault Insurance (CANF), the BC Coalition of People with Disabilities, the Wrongful Death Law Reform Society of BC (also known as "In Their Name," and is affiliated with TLABC and CANF. "In Their Name" is a campaign led by families and friends who could not access a remedy under the FCA following the death of a loved one who was wrongfully killed), and the Canadian Bar Association, BC Branch (CBABC).
- The TLABC has proposed a variety of reforms over the years. Most recently the proposal has been to adopt a far-reaching approach based on a compilation of different US state laws, with a focus on the loss to the deceased's estate. This model includes a very broad class of eligible claimants, including anyone who can establish they were dependent on the deceased for financial or non-economic losses (such as ex-spouses or anyone reliant on the deceased for support). It also includes punitive damages.
- In its 2012 and 2017 *Agenda for Justice* platform documents, the CBABC has advocated for reforms to the FCA to include bereavement damages with statutory caps (similar to Alberta's legislation), as well as punitive damages in appropriate cases.
- While these stakeholders each have different perspectives, the common thread in their positions is that bereavement damages should be made available under the Act. Previously plaintiff organizations such as TLABC and CANF strongly opposed models of reforms with statutory caps due to the fact that they were not far-reaching enough.

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2017/18 ESTIMATES NOTE

Independent Investigations Office

Suggested Response:

- Our government supports the Independent Investigations Office (IIO) to ensure that all incidents of death and serious harm involving on and off-duty police officers, and special constables in BC are dealt with promptly, competently and independently.
- Our government, in collaboration with the IIO, is undertaking activities to address issues such as: case backlog, investigative resources and training.
- The budget for the IIO is \$7.574M for 2017/18, an increase of \$22K from the 2016/17 budget as a result of salary and benefits adjustments.

Recruitment of the Next Chief Civilian Director (CCD):

- Ron MacDonald was appointed as the new Chief Civilian Director on October 24 2017.
- Mr. MacDonald served in a similar role as Nova Scotia's Director of the Serious Incident Response Team for the past five years.

IIO investigator resources:

- The IIO currently has 31 investigator positions.
- There is ongoing recruitment of IIO investigators to fill existing and future vacancies.

Investigator training:

- A restructured training program for current and new investigators is being implemented this fiscal year. This program will provide standardized training and evaluation, build competency and enhance professionalism.
- Budget 2017/18 provides the IIO with access to operating contingencies vote of up to \$0.525M for investigator training. IIO is in the development stage of a two year competency based Investigator Training Program.

Legal issues:

- The IIO has encountered a number of legal issues that require the expertise of outside counsel in specific areas of oversight.

- In two cases, lack of police cooperation with IIO investigations has resulted in the IIO retaining outside counsel to commence legal action.

Background:

General overview:

- The IIO is a component of the civilian based police oversight system in B.C.
- The IIO is a civilian-led body established as a police force under the *Police Act*, to investigate incidents of death or serious harm involving police officers and special constables in B.C. It has been operational since September 2012.
- The IIO is headed by the CCD, who has never served as a police officer. The CCD appointment is a five year term and may be renewed once.
- The CCD is ultimately accountable to the Attorney General (AG) and functionally accountable to the Deputy Attorney General (DAG) in order to maintain independence from other policing matters that fall within the responsibility of the Deputy Solicitor General (DSG), reporting to the Minister of Public Safety and Solicitor General.
- The IIO was established within the Ministry of Attorney General and has its own vote appropriation. The Historical Estimates Budget and Actual Expenditures for the Office are as follows:

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18 Forecast	1 year Change \$	1-year Change %
Estimates Budget	\$9.30M	\$10.10M	\$8.100M	\$7.544M	\$7.552M	\$7.574M	\$0.022M	0.30%
Actual/ Forecast Cost	\$6.61M	\$7.20M	\$7.135M	\$7.324M	\$7.770M	\$8.903M	\$1.133M	14.58%
Surplus	\$2.69M	\$2.90M	\$0.965M	\$0.220M	(\$0.218M)	(\$1.329M)		

- The IIO is budgeted for 55 FTEs and is forecast to employ 60 FTEs, which include management staff, investigators, legal counsel, and administrative staff.
- As of October 27, 2017, 19 (61%) IIO investigators are civilian and 12 (39%) are former police officers who, immediately prior their appointment to the IIO, had not served in BC within the past five years or were not a current member of a police or law enforcement agency outside of BC.

Investigations:

- Section 38.11 of the *Police Act* provides the statutory standard of referral used by the CCD to refer cases to Crown Counsel. Following the conclusion of an IIO investigation, the CCD must make a report to Crown counsel if he believes an officer may have committed an offence.
- As of October 27, 2017, the IIO has concluded 154 investigations:
 - 83 Public Reports have been issued;
 - 71 cases were referred to Crown Counsel and in 12 cases charges were approved;
 - 2 cases resulted in stay of proceedings;
 - 4 cases resulted in guilty pleas;
 - 2 acquittals; and
 - 4 pending Court decision.
- As of October 27, 2017, the IIO has 51 investigations open.

IIO reviews:

- Since its establishment, the following reviews of the IIO have been undertaken:
 - Review by a Special Committee of the Legislative Assembly (2015);
 - ^{s.13}
 - Interim Chief Civilian Director review of the IIO administrative and operational processes (2017);
 - Sec. 42 (*Police Act*) review of the IIO investigative training conducted on behalf of the Director of Police Services (2017); and
 - Internal case review of the IIO investigation into the police involved death of ^{s.22} in November 2012 (2017).
- Each review puts forward a report with a number of recommendations to address concerns raised by the IIO and stakeholders; some require legislative amendments.
- In addition to these reviews, a review of the Ontario civilian based policy oversight system undertaken by Justice Michael Tulloch was released in April 2017. This report is of

particular interest to B.C. as there are similarities to the B.C. system generally and specifically between the Special Investigations Unit (SIU) and IIO.

- The recommendations and findings from these reviews are informing development of a plan to support stabilizing the IIO in its administrative and operational processes as well as improving the investigative capacity. The ministry is working in collaboration with the IIO to implement this plan.

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2017/18 ESTIMATES NOTE**Specialized Courts****Suggested Response:**

- B.C. has a number of specialized courts including Indigenous courts, the Victoria Integrated Court, Domestic Violence Courts, the Downtown Community Court and Drug Treatment Court in Vancouver.
- Specialized courts are an important part of B.C.'s justice system and improve access to justice by offering an alternative to the traditional court process which has a problem-solving focus.
- Government continues to pursue strategic level engagement with the Provincial Court Judiciary and justice partners to ensure effective management of current and any future specialized courts.

Background:

- A number of BC communities, as well as some justice system participants, have indicated strong support for the establishment of new specialized courts as an innovative and more effective response to justice system and community challenges.
- In the White Paper on Justice Reform Part Two, government committed to work with the judiciary and other justice partners to develop an evidence-based, integrated and strategic approach for specialized courts in the province.
- B.C. currently has a number of specialized courts, including First Nations courts, domestic violence courts, the Victoria Integrated Court, and the Downtown Community Court and the Drug Treatment Court, both in Vancouver, as well as other courts better described as judicial docket initiatives designed to improve the efficiency of dealing with certain types of cases.
- B.C. currently has several specialized courts as well as some courts that are more accurately described as judicial initiatives designed to improve the efficiency of dealing with certain types of cases.
 - **Indigenous Courts** (also called "First Nations Courts") take a holistic, culturally appropriate approach to offenders. They provide support and healing to assist in offender rehabilitation and seek to acknowledge and repair the harm done to victims and the community. Elders and community members are often involved in the development of healing plans. In addition to other screening criteria, offenders must either plead guilty to a criminal offense or have been found guilty of a criminal offense in another court to be eligible for Indigenous Court.
 - **Domestic Violence Courts** in Nanaimo and Duncan take a collaborative and

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therapeutic approach to justice by bringing together various community service providers and government agencies. The primary objective is to promote the prevention and reduction of domestic violence within families and relationships. The domestic violence docket courts in the interior (Kelowna and Penticton) are primarily designed to increase efficiency and case management of domestic violence cases that have a high level of trial uncertainty. Note: the Kamloops DV process ended in April 2015 – a decision by the Office of the Chief Judge.

- **Drug Treatment Court** of Vancouver deals with non-violent offenders whose offences are motivated by addiction and committed in the Greater Vancouver District. Offenders must plead guilty and choose to opt into the drug court's treatment program. Sentencing is deferred to allow for completion of treatment.
 - **Downtown Community Court (DCC)** was designed to take an innovative, problem-solving and more efficient approach to crime in Vancouver. The DCC integrates justice, health and social service agencies to deal with offenders in a holistic, coordinated manner. The evaluation of the DCC focused on three key areas: recidivism, efficiency and community engagement. The evaluation found that the DCC was successful in reducing recidivism among a specific population of high-needs offenders. Additional research is taking place to determine whether the improved outcomes identified in the evaluation extend to the entire DCC population.
 - **Victoria Integrated Court** combines justice, health and social services to manage offenders with a history of substance abuse and/or mental disorder, unstable housing and whose criminal activity has had a significant impact on the community. Offenders must plead guilty and demonstrate a willingness to address the underlying causes of their criminal activity.
- The Specialized Courts Strategy released in March 2016 emphasizes evidence-based decision making, good governance, fiscal responsibility and evaluation and monitoring. Prior to the development of the Specialized Courts Strategy, there was no province-wide approach to specialized courts, as they tend to be established through local championship, expertise and resources.
 - The Strategy presents three strategic priorities:
 1. Establish a **Governance Model** for strategic level decision-making for specialized courts;
 2. Develop a **Needs Assessment and Business Case Requirement** for community proposals for new specialized courts which are anticipated to have a significant impact on resources, policies and processes; and
 3. Develop an **Assessment Framework** for existing specialized courts to ensure they are meeting their stated objectives. Although there are some encouraging studies indicating

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high levels of satisfaction among offenders and stakeholders, there is little empirical evidence to ascertain if these courts are achieving their intended objectives.

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2017/18 ESTIMATES NOTE**Protection Orders –
Family Law Act****Suggested Response:**

- *Family Law Act* protection orders limit contact and communication between family members where there is risk of family violence. Breaches of *Family Law Act* protection orders are enforceable through the Criminal Code.
- Court Services Branch leads an on-going cross-ministry coordinating group on protection order implementation. There are members from all areas of government, including Justice Services Branch, BC Prosecution Service, Policing and Security Branch, the Provincial Office of Domestic Violence, Ministry of Children and Family Development, police, and victim services.
- We are continuing to monitor how protection orders are being used as a tool to protect vulnerable families and to help identify system challenges and potential improvements within the new regime.

Background:

- The *Family Law Act* protection orders replace restraining orders under the previous *Family Relations Act*. The purpose of protection orders is to limit contact and communication where there is risk of family violence.
- The *Family Law Act* protection order scheme is intended to improve the effective enforcement of safety-related orders in family law cases by allowing breaches of these orders to be enforced through section 127 of the Criminal Code. This underscores the seriousness of family violence and is intended to deter breaches of protection orders.
- The ministry participated in a collaborative project with justice system partners and the Provincial Office of Domestic Violence to map the pathway of protection orders from the point of application to the enforcement of breaches. The results of this review are informing our work to improve upon protection orders. For example:
 - Court rules in both the Provincial and the Supreme Courts were amended so all protection orders are prepared by the court registry to prevent delay and improve consistent use of terms; and
 - The ministry implemented a process in December 2016 to ensure protection orders are

served on respondents who are not present in court when the order was made, to enhance safety and facilitate successful prosecution if the order is later breached. There is a plan to evaluate the process once the first 12 months of data are available.

- These orders are preventative in nature; therefore, the number of charges and prosecutions for breaches is only one measure of effectiveness. The increased sanction (criminal versus civil enforcement) is intended to provide a deterrent to breaches, and a more effective justice system response to breaches that do occur.
- The ministry is monitoring protection orders. An overview of the first two years of data concerning *Family Law Act* protection orders was published online in a Ministry of Justice Factsheet, Protection Orders under the *Family Law Act*. See Attached Ministry of Justice Factsheet, Protection Orders under the *Family Law Act*.
- The *Family Law Act* increased the court's ability to deal with family violence. It:
 - defines family violence to include physical, sexual and psychological abuse;
 - makes safety and the impact of family violence a key part of the best interests of the child test;
 - provides guidance for judges to assess family violence;
 - requires people who are applying for guardianship of a child to provide information about their criminal and child protection history to ensure judges have the information needed to make decisions about the care of vulnerable children; and
 - requires family dispute resolution professionals to screen for and take training about family violence.
- The expanded definition of family violence and the introduction of protection orders in the *Family Law Act* respond to numerous reports, including the Keeping Women Safe report and the Representative for Children and Youth's reports, Honouring Christian Lee, and Honouring Kaitlynn Max and Cordon.
- The issue of family violence crosses over a number of branches of the ministry including the Justice Services Branch, BC Prosecution Service, and Court Services Branch.

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Protection Orders under the *Family Law Act*

History behind protection orders

There are a variety of mechanisms available under criminal and family law that help protect people experiencing or at risk of family violence. The protection order available under the *Family Law Act* (FLA) was developed in response to frustrations with restraining orders that were made under the previous *Family Relations Act* (FRA).

Restraining orders were only available in limited circumstances, and the enforcement mechanisms were confusing and sometimes ineffective. Enforcement was further compromised because the duration of the orders was often unclear and the terms of the orders were not always directly related to safety.

Protection orders now available under the FLA:

- are available to a broader range of family members;
- may be applied for at any time, including on a stand-alone basis;
- only include safety-related terms to emphasize the seriousness of the order and improve enforcement;
- expire one year after being made unless the court orders otherwise; and
- are enforced under the *Criminal Code* as a criminal offence, which underscores the seriousness of family violence and is intended to deter breaches of protection orders.

Who should apply for an FLA protection order?

Individuals need to evaluate which of the following options is the best response in their family situation: an FLA protection order, an application for a peace bond under the *Criminal Code*, or reporting the situation to police for possible criminal investigation and prosecution. More information about peace bonds and FLA protection orders is available in *For Your Protection: Peace Bonds and Family Law Protection Orders* at <http://www2.gov.bc.ca/assets/gov/law-crime-and-justice/criminal-justice/bc-criminal-justice-system/if-victim/publications/peace-bonds-english.pdf>.

The first two years of FLA protection order data

Protection orders have been available since the FLA was implemented on March 18, 2013. The first two

years of data concerning FLA protection orders is now available. Similar to FRA restraining orders, the overall number of FLA protection orders remains relatively small compared to the total number of orders with protective conditions sent to the Protection Order Registry (POR) from the family, child protection, and criminal justice systems combined.

FRA restraining orders made prior to the FLA continue to be enforceable and information about breaches of these orders is reported below. However, caution should be used when comparing FRA restraining orders with FLA protection orders as the two types of orders are not directly equivalent. The characteristics and the enforcement mechanisms for each differ. It should also be noted that there was a transition period following implementation of the FLA.

Number of general family orders sent to the POR¹

	2011/12	2012/13	2013/14	2014/15
Provincial Court	1,928	1,858	1,437	1,343
Supreme Court	815	770	526	429
Total	2,743	2,628	1,963	1,772

Before the FLA was implemented, a wider array of orders was sent to the POR and not all orders were directly related to safety. The larger decrease between 2012/13 and 2013/14 is expected because under the FLA protection orders are only made and sent to the POR if there is a risk of family violence.

Number of Reports to Crown Counsel (RCCs) sent from police to Crown Counsel for alleged breaches of FLA protection orders

	2013/14	2014/15
FLA order	70	135
FRA order	35	23

The number of RCCs submitted by police to Crown Counsel for breaches of FLA protection orders increased by 93%, and correspondingly declined for

¹ These figures count all new, varied and cancelled general family orders that contain at least one protective term granted under the FLA or FRA, and sometimes other family Acts like the Family Maintenance Enforcement Act (FMEA). General family orders exclude orders granted under the Child, Family and Community Services Act (CFCSA).



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FRA orders. This was anticipated as the system transitions into using FLA mechanisms to resolve family safety concerns.

Number of RCCs where charges were approved by Crown Counsel for alleged breaches of protection orders²

FLA RCCs	Received	Approved for charge	Returned to police	Not approved
2013/14	70	49 (70%)	8 (11%)	12 (17%)
2014/15	135	82 (61%)	8 (6%)	39 (29%)

The percentage of RCCs where charges were approved for breaches of FLA protection orders has remained relatively stable. There are a number of systemic and case specific factors that contribute to a charge not proceeding for breach of a protection order. The Ministry's ongoing work described below is intended to facilitate the charge assessment of some breaches of these orders.

CFCSA orders³

	Sent to POR	RCCs received	Charge approved
2013/14	213	18	11 (61%)
2014/15	249	12	10 (84%)

There was an increase in 2014/15 in CFCSA orders sent to the POR. Although there was a decrease in the number of RCCs received by Crown Counsel for breaches of CFCSA protection orders, there was an increase in the percentage of RCCs where charges were approved.

Other orders

FLA protection orders are only one means for providing protection in family violence cases. Other mechanisms available within the criminal justice system include peace bonds and bail conditions, probation orders and conditional sentences with no-contact conditions. In fiscal 2014/15, there were 16,066 orders made in spousal violence cases ("K" file cases) in Adult and Youth criminal court where the Protection Order Registry was notified.

Outcomes of spousal violence related offences

The Criminal Justice Branch's 2014/2015 Annual Report provides data about findings of concluded spousal violence related offences (see page 16 of the report at <http://www2.gov.bc.ca/assets/gov/law-crime-and-justice/criminal-justice/prosecution-service/reports-publications/cjb-annual-report-2014-2015.pdf>). Although it is not broken down by the specific type of offence, this data includes offences for breaches of FLA protection orders and FRA restraining orders that meet the classification of "K" file.⁴

Overall trends

The number of new family files generally has been decreasing:

2011/12	2012/13	2013/14	2014/15
23,827	21,855	20,234	20,589

The total number of all RCCs sent to the B.C. Ministry of Justice Criminal Justice Branch increased in the last year.⁵ There was an increase in the number of spousal violence related RCCs (designated as "K" files) and of these, a decrease in the RCCs received for applications for s.810 *Criminal Code* peace bonds.

	All RCCs	"K" RCCs	s.810 "K" RCCs
2013/14	64,254	14,462	1,089
2014/15	65,666	14,586	1,021

Ongoing work

The Ministry of Justice is working to implement recommendations resulting from a review of FLA protection orders based on interviews with justice system stakeholders. Court rules have been amended to reduce delay in preparing and filing protection orders, and to ensure the terms are clear and easier to enforce. An initiative is also underway to ensure service of protection orders on respondents who are not present in court when the order is made, to enhance safety and facilitate successful prosecution if the order is breached.

² Charge assessment decisions are made by Crown Counsel in accordance with Criminal Justice Branch's charge assessment guidelines policy, which requires both a substantial likelihood of conviction and that the public interest requires a prosecution.

³ These figures count all new, varied and cancelled child protection orders made in Provincial Court under the CFCSA that contain at least one protective term.

⁴ The Criminal Justice Branch's Spousal Violence – SPO 1 policy broadly defines spousal violence and the Branch classifies all spousal violence related cases as "K" files, including breaches of FLA protection orders and FRA restraining orders, <http://www2.gov.bc.ca/assets/gov/law-crime-and-justice/criminal-justice/prosecution-service/crown-counsel-policy-manual/spo-1-spousal-violence.pdf>.

⁵ Reports to Crown Counsel submitted to the Public Prosecution Service of Canada for drug related and other offences are not included within these figures.

2017/18 ESTIMATES NOTE**Civil Resolution Tribunal****Suggested Response:**

- The Civil Resolution Tribunal provides 24/7, integrated online and human services through:
 - the Solution Explorer – online guided information pathways that enable users to diagnose and resolve strata disputes and small claims through self-help tools like template letters;
 - facilitations – by tribunal staff and Mediate BC contracted facilitators; and
 - adjudications – by members who are subject matter experts in strata disputes and civil litigation.
- The Civil Resolution Tribunal was launched in July 2016 to resolve strata disputes and, as of June 1, 2017 it is also resolving small claims up to \$5,000.
- As of September 6, 2017, the Strata Solution Explorer has been used for a total of 9441 explorations (71% using the Strata Owners or Tenants stream and 29% using the Strata Council stream). The Small Claims Solution Explorer has been used for 5515 explorations (the Buyers and Sellers streams being the most popular).
- A total of 1793 applications have been received by the CRT, 1475 notices generated, 430 disputes are currently in facilitation and 59 disputes with the Tribunal Members for decision. There have been a total of 87 decisions to date.

If asked if the CRT is meeting its 60-90 day resolution target

- The 60-90 day resolution target assumes full staffing and technology. The Civil Resolution Tribunal is being implemented using an agile approach. This means that it started doing intake for strata disputes with minimal staff and barebones technology, then adjusted its use of technology and human resources through a continuous improvement methodology.
- The CRT has steadily been adding staff and more technology capacity. It will continue to refine processes and work towards the target.
- As the first tribunal of its kind in the world, an agile, continuous improvement approach to implementation is the smart way forward. It is already resolving disputes more quickly and less expensively than the Supreme Court or Provincial Court, and it is anticipated that it will hit its time to resolution targets by the end of 2019.

If asked when the monetary jurisdictions will be raised for CRT small claims and the small claims court

The monetary jurisdictions will be raised based on a thorough business analysis. The CRT started resolving claims in June. It is new technology (including an online negotiation module launched in August) this fall. It is tracking the data related to these enhancements and that data will enable the Ministry of Attorney General to make recommendations to Treasury Board and Cabinet on the timing of jurisdiction increases.

Background:

- Agile development is a modern standard to technology development based on launching a minimum viable product with the intention of testing it, incorporating the learning of the testing and redeploying. It assumes continuous improvement and a series of appropriate adjustments that result in increased usability and meeting of user needs.
- The CRT tests both technology functionality and key policy approaches. Technology is tested with an increasingly broad range of testers, starting with internal and always including users and the public. The CRT tests things like fee schedules and fee waiver approaches starting with community and legal advocates.
- The CRT can now see a map of where its applications originate. A version of the map with data from earlier this summer can be found at:
<https://www.easymapmaker.com/map/6986a06e8cc97a64d666aa437103dc1b#page-3>

Implementation approach

- The CRT is developing its facilitation and case management skill set, as well as its procedures and the full suite of technology required features to support case management, through its work with real cases. This work is enabling it to constantly evaluate procedures and look for efficiency improvements. It is continuing to hire staff (having posted three more case manager positions in August) and anticipates hiring three more in near future. It is also adding technology functionality, particularly additional tools to help CRT disputants resolve the dispute (e.g. beta testing for the online negotiation tool begins this fall).
- A key challenge is that facilitations are currently taking longer than estimated, particularly for strata disputes which involve some complex, entrenched issues and are proving to be more time-consuming than anticipated. New technology capacities, including machine learning-driven early neutral evaluations, are being identified, developed and implemented.
- Prior to increasing monetary jurisdiction, the CRT expects it will need more staff than anticipated. It is working now on determining how much for Budget 2018.

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2017/18 ESTIMATES NOTE**Tribunal Transformation Initiative****Suggested Response:**

- The Tribunal Transformation Initiative is beginning to transform the way tribunals deliver their services to users of BC's administrative justice sector.

Culture and Leadership Change

- MAG is encouraging tribunals to apply new approaches to delivering their services to users. By encouraging a new generation of tribunal leaders to lead change through cross-appointments of tribunal chairs, breaking down organizational silos between tribunals, and investing in new technologies, MAG is enabling tribunals to transform the way they do business.
 - In January 2018, the government wide Work Environment Survey will be implemented with all 19 Attorney General tribunals, enabling tribunal leaders to identify opportunities for improvement in their work environments.

Appointments and Compensation

- The Dispute Resolution Office team is working with Board Resourcing and Development Office (BRDO) to manage the appointment process and ensure that all tribunal appointments are made on the basis of merit following an open, transparent appointment process. It also works with the Public Sector Employers Council to ensure that tribunal pay is fairly administered.
 - MAG is responsible for approximately 311 appointments for 19 AG tribunals.
 - The Dispute Resolution Office oversees the implementation of Treasury Board Directive 1/17 on remuneration and reimbursement of expenses for OIC appointed tribunal Chairs, Vice Chairs and Members, including a shift toward greater use of merit pay.
 - The Treasury Board Directive on remuneration rates for tribunal appointees was updated in December 2016, and tribunal chairs have submitted requests for compensation increases. Attorney General has made a decision that is in line with the broader public service, Treasury Board Directive 1/17 and the implementation guidelines set out by the Public Sector Employers Council.

Technology

- MAG is building two integrated Cloud based systems for online dispute resolution (the Solution Explorer) and case management (the Dispute Resolution Suite) to streamline business processes and meet citizens' increasing expectations related to 24/7 service through smartphones and computers.
 - The Dispute Resolution Office is working with PwC to develop these systems and implement them across the administrative justice sector through this initiative.

- 9.8M in capital funding has been approved to build a technology foundation for other tribunals and launch the Civil Resolution Tribunal.
- 8.2M has been spent to date on the Solution Explorer and Dispute Resolution Suite, including the content for the expert systems that are resolving strata disputes and small claims.
- 4.1M in capital funding has been approved to enable the team to work with as many as 20 Tribunals across the administrative justice sector to help them replace their old and at risk technology supports.

Facilities Co-location

- MAG is working with Real Property Division (RPD) to co-locate six tribunals in existing space at 605 Robson Street in Vancouver.
 - Six tribunals are the Human Rights Tribunal, BC Review Board, Mental Health Review Board, Property Assessment Appeal Board, Surface Rights Board and Civil Resolution Tribunal.
 - RPD's business case is to accommodate the design and construction of a \$1.9M purpose built space for six tribunals. The capital funding will cover the costs for tenant improvements, laptops and furniture (within the project scope).
 - The project is currently in the design phase with an estimated project completion date of December 2018.

Accountability

- MAG will introduce mechanisms to increase accountability of tribunal chairs, enable tribunals to report performance and balance AG tribunal sector budget.
 - This will enable BC's administrative justice system to deliver the highest rate of return on new justice system investments both to taxpayers and users.
 - MAG is preparing mandate letters and roles and responsibilities matrices for each tribunal chair. Tribunal chairs will be consulted during the process.
 - Through the Civil Resolution Tribunal, MAG is developing the technology and evaluation framework required by tribunals to assess their performance against cost per case, time to resolution, and user experience, then continuously improve their processes.

Background:

- The Tribunal Transformation Initiative was launched in 2012. The intention is to decrease costs for users of the justice system and for taxpayers, reduce delay, and simplify dispute resolutions processes, while maximizing the number of judges available for cases that require court intervention.
- Currently, 28 tribunals operate independently of each other in 16 different physical locations around metro Vancouver and Victoria. Government is committed to consolidating tribunal expertise and services, by supporting the integration of many of BC's 28 tribunals to share staff, corporate administration, facilities, and a common technology platform.
- In May 2016, Treasury Board approval was received for the Civil Resolution Tribunal and Tribunal Transformation Initiative. On April 1, 2017, 12 tribunals were transferred to the Ministry of Attorney General with \$8.7 million in operating budgets. There are now 19 Ministry of Attorney General Tribunals.
- When fully implemented, Tribunal Transformation is projected to generate net savings of more than \$1.5 million annually, plus other financial benefits of nearly \$1 million per year. However, operating costs to implement Tribunal Transformation will exceed savings during each of the first four years.

Appendix – list of 19 Attorney General tribunals

Contact: Jason Pallan (JSB)	Phone: s.17
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Attorney General Tribunals

1. BC Human Rights Tribunal
2. BC Review Board
3. BC Utilities Commission
4. Building Code Appeal Board
5. Civil Resolution Tribunal
6. Community Care and Assisted Living Appeal Board
7. Employment Standards Tribunal
8. Environmental Appeal Board
9. Financial Services Tribunal
10. Forest Appeals Commission
11. Health Professions Review Board
12. Hospital Appeal Board
13. Industry Training Appeal Board
14. Labour Relations Board
15. Mental Health Review Board
16. Oil and Gas Appeal Tribunal
17. Property Assessment Appeal Board
18. Safety Standards Appeal Board
19. Surface Rights Board

2017/18 ESTIMATES NOTE**Justice Access Centres****Suggested Response:**

- Justice Access Centres (JACs) in Nanaimo, Vancouver and Victoria are accessible front doors to the family and civil justice system that help people find solutions to justice problems outside of court. They are an example of how the ministry is successfully improving access to justice.
- JACs provide people with information, needs assessment, referral to appropriate services, dispute resolution options, and limited legal advice. About 75% of clients present with family law issues.
- Each JAC has staff to assist with self-help information services, a service utilized extensively by self-represented litigants. As a result, litigants are better prepared to go to court, if necessary, to resolve their justice problem.
- The ministry provides core family justice services offered by Family Justice Counsellors and other staff in each JAC. In each location the Legal Services Society funds access to Family Advice Lawyers and/or Family Duty Counsel. The Family Maintenance Enforcement Program provides an Outreach Worker.
- The ministry partners with agencies such as Access Pro Bono, the Credit Counselling Society, and Mediate BC to provide civil services in JACs. In Victoria the JAC is co-located with the University of Victoria Law Centre providing a unique opportunity to refer civil clients to a range of legal services.
- In 2016/17 there were approximately 23,215 client contacts at the Nanaimo, Vancouver and Victoria JACs for services provided by ministry staff such as self-help information, assessment, dispute resolution, and referrals to legal advice or other services as well as attending in-person Parenting After Separation sessions.
- An evaluation of the Vancouver JAC was completed in September 2014. This evaluation included a court use study comparing a group of clients who used JAC services in 2011 with a group of people who did not use JAC services.
 - 67% of the group who used JAC services did not file applications at court, and had no court appearances, for the subsequent 2-3 years; and
 - The evaluation also demonstrated high satisfaction rates from the client survey.
- The Surrey Family Justice Centre was relocated to the Surrey Courthouse in November 2015. Clients using courts now have better access to family justice services.

- The transformation of the Surrey Family Justice Centre into a JAC is currently underway. Renovations are currently scheduled for completion in late 2018.
- In February 2017 the ministry announced that they would be moving forward with the development of a new Abbotsford courthouse that includes plans to transform the current Abbotsford Family Justice Centre to a Justice Access Centre. This has been established as a Partnership BC (Public-Private Partnership) project and the procurement process is still underway.
- The ministry also uses technology to help more people in BC solve their justice problems.
 - Expanding on the JAC model of early triage, Virtual Initial Needs Determination (VIND) staff are now available by telephone to assess client needs and provide services more efficiently, particularly those in more remote locations;
 - Family Justice Counsellors can use technology to provide mediation services to clients who live at a distance from each other and/or Family Justice Centres/JACs.

Background:

- JACs continue to be a key Ministry transformation initiative, with recent announcements in Spring 2017 about expansions to include JACs in Surrey and Abbotsford.
- JACs exemplify the tenants and goals of the Government's Regulatory Reform and Service Improvement. JACs improve the justice system by delivering services that are faster, easier to access, and simpler to use, which effectively reduces regulatory burden and frustration for people using the justice system.
- Services assist clients to solve problems involving: parenting arrangements (including parenting responsibilities and time with a child), guardianship, child and spousal support, debt and financial issues, consumer issues, employment, housing, income (including social benefit programs), immigration and human rights.
- The Nanaimo JAC opened October 2008. In 2016/17, it had 11 ministry employees and a budget of \$.79 M. It opened initially as a partnership between the Ministry of Attorney General and Legal Services Society. The partnership ended in March, 2010. Since that time the Nanaimo JAC has been funded solely by the Ministry, with LSS continuing to provide Family Advice Lawyers as they do at other Family Justice Centres.
- The Vancouver JAC opened July 2010. In 2016/17, it had 16 ministry employees and a budget of \$1.09 M. It also offers self-help information services for unrepresented family and civil law litigants primarily involved in Supreme Court matters.

- The Victoria JAC opened October 2013 and is now fully operational. In 2016/17 it had 10.5 ministry employees and an operating budget of \$.764 M. It also offers self-help information services for unrepresented family and civil law litigants primarily involved in Supreme Court matters. The Legal Services Society is currently piloting a project involving expanded Family Duty Counsel services at the Victoria JAC.
- The Nanaimo JAC and Vancouver JAC are also Rule 5 sites. Rule 5 mandates that family litigants in some Provincial Court registries meet with a Family Justice Counsellor prior to proceeding to court. The Ministry is currently reviewing the Rule 5 process through an external evaluation and the results of which will inform future expansion of Rule 5, including any consideration for Victoria.
- Evaluation results of the Nanaimo JAC include:
 - Justice problems are clearly identified, including the underlying problems to legal issues;
 - Clients surveyed feel they are referred quickly to appropriate services such as mediation and are highly satisfied with the services they receive; and
 - 92% of people interviewed found the assessment process for family problems helpful or very helpful.
- Vancouver JAC clients reported similarly in the 2014 Vancouver JAC Evaluation report:
 - 77% of those who recalled receiving a referral in the JAC said that they followed up on that service and found it helpful;
 - 73% said they followed up on referrals to resources located in the community and 66% found those helpful;
 - 90% said they would recommend JAC services.
- The 2014 Vancouver JAC Evaluation also included a rigorous study component on the court use of JAC clients. This Court Usage study found that 67% of the group who used JAC services did not file applications at court, and had no court appearances, for the subsequent 2-3 years.
- In 2015/16 there were approximately 21,997 client contacts at the Nanaimo, Vancouver and Victoria JACs for services provided by ministry staff such as self-help information, assessment, dispute resolution, and referrals to legal advice or other services. Of these 21,997 client contacts, 28.3% (6,231) occurred in Victoria, 25.4% (5,595) occurred in Nanaimo and 46.2% (10,171) occurred in Vancouver. This also includes the number of clients who attended an in-person Parenting After Separation session in these locations.

- In 2016/17 there were approximately 23,215 client contacts at the Nanaimo, Vancouver and Victoria JACs for services provided by ministry staff such as self-help information, assessment, dispute resolution, and referrals to legal advice or other services. Of these 23,215 client contacts, 25.2% (5,848) occurred in Victoria, 26.6% (6,179) occurred in Nanaimo and 48.2% (11,188) occurred in Vancouver. This also includes the number of clients who attended an in-person Parenting After Separation session in these locations.

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2017/18 ESTIMATES NOTE**Indigenous Courts****Suggested Response:**

- Indigenous Courts are judicial-led initiatives that have been developed in consultation with the ministry, local First Nations, community members, police, defence lawyers, and other support service groups like the Native Court Workers and Counselling Association of British Columbia.
- Government is working in partnership with Indigenous communities and organizations in order to improve outcomes for Indigenous offenders and victims.
- Indigenous Courts take a holistic, culturally appropriate approach to Indigenous offenders with the goal of finding solutions to the problems underlying their criminal behaviour other than incarceration.

If asked about the establishment of new Indigenous Courts in BC

- The ministry is aware that a number of communities have expressed interest in establishing an Indigenous Court.
- We are committed to working with communities to consider new proposals. Part of this process is seeking advice from a newly established, multi-agency Provincial Advisory Committee for Indigenous and Specialized Courts and Related Initiatives.
 - The Provincial Advisory Committee is co-chaired by the Chief Judge, the Aboriginal Justice Council co-chair and the Assistant Deputy Minister for Justice Services (AG).
 - The Committee's terms of reference include providing advice on the planning, development and evaluation of Indigenous and specialized courts and related initiatives.

Background:

- The overrepresentation of Indigenous people in the justice system is the result of historical government legislation and policies of assimilation, as well as a result of the institutional abuses that occurred within the residential school and child welfare systems.
- Many Indigenous people and communities suffer severe forms of intergenerational and collective trauma that are exhibited in mental health and substance misuse illnesses that bring them into conflict with the law.

- The overarching goal of Indigenous Courts is to take a holistic, culturally appropriate approach to Indigenous offenders and find solutions to the problems underlying their criminal behaviour other than incarceration. They do this by providing support and healing to assist in offender rehabilitation and to acknowledge and repair the harm done to victims and the community.
- Indigenous Courts currently operate in five BC communities: New Westminster; North Vancouver; Kamloops; Duncan and Merritt.

s.16

- There is significant interest amongst court users to complete an evaluation of Indigenous Courts. Justice Services Branch staff have received two evaluation proposals and one "evaluability report". Funding and methodology discussions are ongoing and no decisions have been made.

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2017/18 ESTIMATES NOTE**Section 211 Reports of
the *Family Law Act*****Suggested Response:**

- Section 211 of the *Family Law Act* (FLA) allows Provincial and Supreme Courts to order the completion of written reports on needs of a child, the ability of a party to satisfy those needs and/or the views of a child
- Most Section 211 reports ordered by Provincial Court are provided by Family Justice Services Division through the publically funded Family Justice Report Service (FJRS). Some reports are privately funded by the parties and written by private practitioners.
- Family Justice Counsellors are highly specially trained to carry out report writing. A survey of Supreme and Provincial Court judges carried out in 2005 showed judges were very satisfied with the service.
- The FJRS is staffed by 7.5 Family Justice Counsellors (FJs) who write both Views of the Child Reports and more extensive Full Reports.
- Full Reports include the views of the child, observations of parent/child interactions as well as interviews with parents and other significant people in the child's life. They also include assessment of the family situation and recommendations on parenting arrangements for the courts to consider.
- Views of the Child Reports summarize the opinions, thoughts and wishes of children involved in family court cases. These are non-evaluative and contain no assessment or recommendations.
- FJs completed 484 reports in 2016, a 130% increase since 2008. This significant increase is the result of a thorough review of the service and the implementation of recommendations, such as streamlining work processes.
- Between 2008 and 2016, the number of reports ordered by the Court has increased at a similar rate. The current volume of reports ordered by the Court is higher than the Ministry's staff capacity to complete the reports. Consequently there are wait times of up to 12 months for a Full Report and approximately up to 6 months for a Views of the Child Report. The current wait list for a report is the lowest it has been since 2015.
- There has been a marked increase in the number of VOC reports being ordered than in past years. To assist with this demand, Family Justice Counsellors dedicated to dispute resolution will periodically complete these reports locally to eliminate the need for a writer to travel. Additionally, Family Justice Counsellors in other Family Justice Centres/Justice

Access Centres will periodically complete these reports if mediation workload demand allows for some capacity.

- FJSD is taking steps to reduce wait times for these valuable reports and is consulting with both the Provincial Court and Supreme Court on potential remedies for alleviating wait times.

Background:

- Section 211 of the *Family Law Act* (FLA) authorizes judges to order reports that assess the needs of a child, the ability of a party to satisfy those needs and/or the views of a child.
- This judicial prerogative was previously captured under section 15 of the *Family Relations Act* and these reports were then referred to as "Custody and Access Reports".
- There are two main types of reports prepared under section 211 by report writers: Views of the Child Reports (VOC), and Full Reports.
- Views of the Child reports are completed by gathering a child's opinions, wishes and concerns and presenting them to the court. The report writer speaks directly to the child, and asks questions about the important aspects of their life. The completion of a VOC report for very young children is generally discouraged.
- Full reports set out observations of parent-child interactions and interviews with the parents, other family members and people who play a significant role in the child's life. Courts ordering a Full Report may request a more direct response to particular aspects of a child's life. Full reports usually include an assessment of the family situation regarding parenting arrangements for the judge to consider.
- If the child(ren) resides in BC but the other parent/party resides outside BC, responsibility for preparing the Section 211 Report is split between a FJC in BC and another professional in the jurisdiction where the other parent/party lives. The FJC will interview the parent/party who lives here, as well as the children. The report will be similar to that described above, however because the FJC does not interview both parent/parties, it may not include recommendations.
- Privately funded Section 211 reports are completed by psychologists, social workers, and lawyers. These reports are costly and the expense is born by the parties.
- The number of privately funded reports, in comparison to public funded reports, is not currently tracked by courts or FJSD. It is generally acknowledged that privately funded report referrals are primarily generated in Supreme Court and are a small proportion of the total number of reports ordered.

- FJSD has allocated 7.5 Family Justice Counsellors to its report writing service.
- The service is available to both the Supreme and Provincial Court, although 90-95% of the reports are ordered by the Provincial Court.
- Total reports completed per calendar year since 2008 are as follows:

YEAR	COMPLETED REPORTS
2008	210
2009	267
2010	381
2011	431
2012	460
2013	486
2014	550
2015	445
2016	484

- In that same timeframe between 2008 and 2016, the number of reports ordered by the Court has increased at a similar rate, to a total of 579 in 2016.
- The lowered number of completed reports in 2015 was caused by staffing shortages within the report service due to illnesses and retirement. The report service returned to full staffing complement in November 2015.
- There has been a marked increase in the number of VOC reports being ordered than in past years. To assist with this demand, Family Justice Counsellors dedicated to dispute resolution will periodically complete these reports if mediation workload demand allows for some capacity.
- The current wait time for a Full Report is 10-12 months. VOC reports are generally completed four to six months after the referral is received.
- In 2016 the Chief Justice of the Supreme Court expressed his concerns to the Minister about the wait times for reports.
- In recent years FJSD has worked with Court Services Branch to make improvements to the report referral forms used by courts. Clearer instructions in the referral forms have resulted in more efficient referrals between courts and FJRS staff.
- FJSD has consulted with the Provincial Court and Supreme Court regarding potential remedies for reducing the wait times for the reports.

- A survey of Supreme and Provincial Court judges carried out in 2005 showed judges were very satisfied with the service.
- A report published by West Coast LEAF - *Troubling Assessments: Custody and Access Reports and their Equality Implications for BC Women* June 2012, while critical of many of the privately prepared reports, spoke favourably about the work of FJSD staff, noting the quality of the Division's training, its focus on assessing for violence; and the transparency of its policies and complaints process.

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2017/18 ESTIMATES NOTE

Gladue Reports

Suggested Response:

- We are committed to ensuring that judges have all of the information they need in order to apply the sentencing principles outlined in the *Criminal Code* for Indigenous offenders.
- Government does not have a program for the preparation of stand-alone Gladue reports. Where an offender self identifies as an Indigenous person, the pre-sentence report ("PSR") prepared by Corrections will contain a section titled "Special Considerations for Aboriginal Offenders". The PSR together with submissions from counsel provide the sentencing judge with the required Gladue information when a Gladue Report is not otherwise available.
- The Legal Services Society (LSS) developed a pilot project that produced Gladue reports for offenders who qualified for legal aid. Although the formal pilot has ended, LSS continues to provide Gladue reports for some Indigenous clients in limited circumstances using funding from the Law Foundation.

If asked about the costs of producing Gladue reports

- Both Ontario and Alberta have well developed, though very different publically funded models to prepare and provide Gladue reports. However, as neither program has recently been evaluated, comparisons of cost and outcomes are challenging.
 - Based on the most updated, but limited information available, it appears as if the Ontario model, which uses employees as opposed to contract fee for service writers in Alberta, is the more expensive model.
- The Law Foundation of British Columbia, which provides LSS with the funding it uses to provide Gladue reports, estimates that average per report costs are \$1200 - \$1400.¹ LSS issued 79 reports in 2016, putting costs at a range from \$95K - \$110K.
- At an average cost of \$1200 - \$1400, providing reports for all Indigenous clients would require between \$6.2M and \$7.2M.²

Background:

- Government does not have a program for the preparation of stand-alone Gladue reports. Where an offender self identifies as an Indigenous person, the pre-sentence report ("PSR") prepared by Corrections will contain a section titled "Special Considerations for Aboriginal Offenders". The PSR together with submissions from counsel provide the sentencing judge

¹ <http://www.canada.com/opinion/columnists/efforts+reduce+numbers+aboriginals+jail+failing+badly/13893742/story.html>

² *Ibid.*

with the required Gladue information when a Gladue Report is not otherwise available.

- Pre-sentence reports are provided to the court by probation officers when requested. Where an offender self identifies as an aboriginal person, the pre-sentence reports will include an additional section titled "Sentencing Considerations for Aboriginal Offenders".
- This section is not held out to be a Gladue report but it does contain what has come to be considered Gladue information. Probation officers began including this section in PSRs shortly after the Gladue decision was issued. In the majority of cases, it appears that the information contained in the PSR has been enough for judges to feel like they can adequately carry out their obligations in determining an appropriate sentence for an Indigenous offender.
- If, after reading the pre-sentence reports, a sentencing judge is of the opinion he or she requires more information to sentence the offender, Crown counsel will identify what information the judge requires and work with defence counsel to present that information to the court.

Pressures on government to provide stand-alone Gladue reports

- Pressure comes from the legal community in general, including recent media statements from LSS, submissions from defence counsel in various cases and the position of the Criminal Defence Advocacy Society.
- In January 2017, the ninth Symposium on Re-Inventing Criminal Justice made six categories of recommendations, one of which addresses over-representation of Indigenous peoples in jails. Of the 12 recommendations in this category, many call for new federal funding and national standards for the preparation of Gladue reports.³

LSS Gladue report pilot project

- In 2011, LSS developed a pilot project that produced Gladue reports for offenders who qualified for legal aid. Although the formal pilot has ended, LSS continues to provide Gladue reports for some Indigenous clients in limited circumstances using funding from the Law Foundation.
- LSS conducted an evaluation of its pilot program in 2013 and came up with an estimated cost of approximately \$2,340 per report. These costs were more than the original program budget estimated, though LSS believes that this can partly be attributed to the extra costs involved in the development and implementation of a new program.⁴

³ <http://icclr.law.ubc.ca/sites/icclr.law.ubc.ca/files/publications/pdfs/E%20-%20The%20Ninth%20National%20Reinventing%20Criminal%20Justice%20Symposium.pdf>

⁴ <http://www.lss.bc.ca/assets/aboutUs/reports/aboriginalServices/gladueReportDisbursementEvaluationJune2013.pdf>

- This evaluation also suggests that Gladue reports do support efforts of judges and counsel to find and implement sentences that would reduce incarceration rates of Indigenous offenders. It also highlights the need for program modifications such as support for Indigenous people after interviews and more resources.

The Alberta Program

- The Gladue program in Alberta is funded by the Indigenous Initiatives Office in the Ministry of Justice and Solicitor General. The budget for this program is \$895K this year.
- If demand exceeds the available budget, it creates a spending pressure for the ministry, funding for which is ultimately found from somewhere within the ministry as Gladue Reports are seen as court mandated.
- A report will be prepared if an accused person, their counsel, or the court requests it. Last year 705 reports were requested; this is an increase from 580 a year before. Reports are prepared for both provincial and superior courts.
- The model used is a fee for service model as opposed to an employee model. With a budget of \$895K, that puts the cost per report at an average of \$1270⁵.
- This program is currently being evaluated and a report is expected for April, 2018. Anecdotal evidence is that Gladue reports are having an impact on sentencing outcomes, but Alberta is waiting for the evaluation report before drawing any conclusions.

The Ontario Program

- As of June 2017, Ontario is spending \$7.9M/year on Gladue report services:
 - \$5.95M by the ministry of Attorney General,
 - \$1.725M by Legal Aid Ontario; and
 - \$224K by the federal Department of Justice.
- In order to support clients who receive Gladue reports, a position was created called Gladue Aftercare worker. The role of these workers is to assist clients who have received a Gladue report in carrying out the conditions of bail and or sentence.
- Up until 2017, Legal Aid Ontario (LAO) was the main funder of Gladue reports, but in April 2017, the ministry increased its funding from \$324K to \$5.95M with 85% of that funding going to Aftercare workers.
- Given that the funding increase by the ministry is very recent and quantitative data is therefore incomplete, it is difficult to determine a reliable cost per report. Using the previous budget of \$1.725M provided by LAO, and without knowing how that budget is

⁵ This calculation assumes that none of the \$895K is used for administration of the program.

broken down, a rudimentary examination suggests that the employee model is more expensive per report than the contracted fee for service model used in Alberta.

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2017/18 ESTIMATES NOTE

Human Rights
Commission

Suggested Response:

- Parliamentary Secretary Ravi Kahlon will be submitting a report to the Attorney General in December on the functions of a new Human Rights Commission.
- It is anticipated that the Human Rights Commission will be launched in 2018/19. This will require amendments to the BC Human Rights Code, Treasury Board approval, the creation of a new staff positions, and the completion of technology supports for the Commission.
- The annual cost of the new Commission has not yet been determined. However, the cost of staffing a very "bare bones" Commission is estimated at approximately \$1,000,000 per year.

Commissioner	1 FTE	\$ 200,000
Lawyer	1 FTE	\$ 125,000
Policy Analyst	1 FTE	\$ 80,000
Communications Staff	1 FTE	\$ 80,000
Knowledge Engineer	1 FTE	\$ 60,000
Office Manager	1 FTE	\$ 60,000
Support Staff	1 FTE	\$ 45,000
Employee Benefits		\$ 150,000
Total Staff Compensation		\$ 800,000

Associated operating Costs		<u>\$ 200,000</u>
TOTAL	7 FTEs	\$1,000,000

- The cost of the technology supports for the Commission, including a Human Rights Solution Explorer, is currently estimated at \$500,000 in capital costs in 2018/19. Operating costs for the knowledge engineering team (knowledge engineers and content specialists) are estimated at \$200,000 for 2018/19.
- A Human Rights Solution Explorer is already being developed thanks to a partnership between the Dispute Resolution Office, the Human Rights Tribunal and the Community Legal Assistance Society. Development work is now at the stage of early user testing the first prototype of the system, which focuses on complaints about human rights discrimination in the workplace. The prototype represents the first phase in the development of a broader expert system to help users – both complainants and respondents – with human rights issues.
- The Human Rights Solution Explorer can be developed over the 2018/19 fiscal year, and launched in phases given sufficient funding. Estimates of capital and operating costs are

based on experience with the child support, small claims, and strata Solution Explorers and the Dispute Resolution Suite, all of which are now under development or largely completed. However, it should be noted that the cost of developing a broad Human Rights Solution Explorer, particularly the aspects related to indigenous people, will be refined as the knowledge engineering progresses in phases. Relatively minor ongoing costs beyond 2018/19 are anticipated.

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**Ministry of Attorney General
Estimates 2017/18 Briefing Book**

**BC Prosecution Service Branch
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Estimate Notes

1. Special Prosecutions – Bountiful, Dhillon, Dziekanski Incident Officers, Surrey Six Investigators
2. *R. v. Jordan*; Judicial Stay for Unreasonable delay

2017/18 ESTIMATES NOTE**Special Prosecutions -
Bountiful, Dhillon,
Dziekanski Incident
Officers, Surrey Six
Investigators****Suggested Response:**

- Special Prosecutors are appointed by the Assistant Deputy Attorney General, when he considers it in the public interest to do so. Usually the stated purpose for doing this is to avoid any potential for real or perceived improper influence in the administration of justice. Special Prosecutors are senior outside lawyers who are able to make their decisions independently of both government and the BC Prosecution Service.
- In order to protect the integrity and independence of the Special Prosecutor system, it would not be appropriate for me as Attorney General to comment on, or discuss any ongoing matter that is being managed by a Special Prosecutor.

Background:

The following non-exhaustive list contains summaries of high profile Special Prosecutions that have entered the public domain, in most cases they are the subject of Media Statements released by the BCPS.

Bountiful

- On January 13, 2012, after a direction from the Attorney General, Assistant Deputy Attorney General (ADAG) Robert Gillen, QC, appointed Peter Wilson, QC, to provide advice to police in relation to an ongoing investigation into potential offences against minors by individuals associated with the community of Bountiful.
- Mr. Wilson's mandate was eventually extended to include consideration of offences of polygamy.
- Mr. Wilson approved and prosecuted two different sets of charges. After the first trial, on charges of removal of young women from Canada to facilitate sexual offences, two of the three accused were convicted and one was acquitted. The acquittal is under appeal and the two convicted offenders were sentenced on August 11, 2017. No date is set for the appeal.

- The second trial, on charges of polygamy, was concluded in the spring of 2017. A guilty verdict was rendered on July 24, 2017. No conviction has yet been formally entered because the accused has filed notice of an intention to challenge the validity of the proceedings on *Charter* and common law grounds. That application will be heard in November 2017.

Gurdev Singh Dhillon/ Mohammed Zaaïd Ukhttar /Sital Singh Bhatti

- On September 23, 2011, ADAG Robert Gillen, QC, appointed Peter Wilson, QC, to review a 2005 conviction for sexual assault against Gurdev Singh Dhillon. The review was initiated after the BC Prosecution Service learned of potentially exculpatory evidence that had not been made available to Crown Counsel or the defence at the time of Mr. Dhillon's trial, or on his subsequent appeal from conviction.
- On February 20, 2013, the BC Prosecution Service announced that Mr. Wilson had concluded that a miscarriage of justice had occurred in the case and that Mr. Dhillon should be provided the opportunity to have the conviction set aside. The BC Prosecution Service also announced that Mr. Wilson had approved a charge of sexual assault against two other individuals, Mohammed Zaaïd Ukhttar and Sital Singh Bhatti, in relation to the offence giving rise to Mr. Dhillon's conviction.
- In the spring of 2016, Mr. Bhatti pled guilty and charges were stayed against Mr. Ukhttar. Mr. Dhillon's appeal was allowed and the charges against him were stayed. He has now commenced civil proceedings against the BC Government seeking compensation for his conviction and imprisonment.

Dziekanski Incident Officers

- On June 18, 2010, following the release of the report of the Braidwood Inquiry into the death of Robert Dziekanski at Vancouver Airport, ADAG Robert Gillen, QC, appointed Richard Peck, QC, to determine whether the original BC Prosecution Service decision not to charge the RCMP officers involved should be revisited.
- On June 29, 2010, the BC Prosecution Service announced Mr. Peck's conclusion that the original decision not to charge should be reviewed, noting that there was additional material not available to the BC Prosecution Service at the time of the original charge assessment decision.
- On May 6, 2011, the BC Prosecution Service announced that Mr. Peck had concluded that the four RCMP officers in the case should be charged with perjury and that the matters should proceed by way of separate Direct Indictments against each officer.

- These matters have proceeded to trial with two convictions and two acquittals. The two convicted officers, whose appeals to the BC Court of Appeal were denied, will have their further appeals heard by the Supreme Court of Canada. The hearings are scheduled for October 30, 2017.

Surrey Six Investigators

- On March 6, 2011 ADAG Robert Gillen, QC, appointed Christopher Considine, QC, in relation to an investigation into the activities of Sgt. Derek Brassington and 3 other police officers involved in the investigation of the "Surrey Six" homicide case.
- On June 23, 2011, the BC Prosecution Service announced that Mr. Considine had approved charges against the four members of the RCMP for breach of trust, fraud and attempting to obstruct justice. The trial has been adjourned from time to time on account of various pre-trial proceedings and rulings and anticipated appeals of those rulings. The Special Prosecutor is currently seeking leave to appeal two decisions on the case to the Supreme Court of Canada. The trial is currently set for March 2018.

R. v. Bonney

- In August 2013, the RCMP began an investigation into matters arising out of the *Review of the Draft Multicultural Strategic Outreach Plan* (a report prepared by John Dyble in March 2013). On August 29, 2013, Special Prosecutor, David Butcher, QC, was appointed to assist police with the investigation.
- In September 2014, the Special Prosecutor approved charges under the provincial *Election Act* against two persons: Brian Bonney and Mark Robertson and against a corporation, 0750837 B.C. Ltd. dba Mainland Communications. In the Spring of 2016 the Special Prosecutor accepted a guilty plea from the numbered company and stayed charges against the two individuals accused.
- The investigation in relation to other offences continued.
- On May 6, 2016, the Special Prosecutor announced that he had approved a further charge against Brian Bonney for breach of trust under the *Criminal Code*. The trial of these charges was set for October 16, 2017 with additional dates in January to February 2018.

R. v. William

- On August 28, 2017, ADAG Peter Juk, QC appointed Brock Martland in relation to an allegation against Roger William, elected Chief of the Xeni Gwet'in First Nation.

- On August 30, 2017, the BC Prosecution Service announced that the Special Prosecutor had approved one charge of sexual interference of a person under the age of 16 against Mr. William.
- The proceeding remains in its initial stages. No trial date has been set, and Mr. William's next appearance is scheduled for September 20, 2017 in Williams Lake Provincial Court.

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2017/18 ESTIMATES NOTE***R. v. Jordan*; Judicial Stay
for Unreasonable delay****Suggested Response:**

- On July 8, 2016, the Supreme Court of Canada established binding timelines for the processing of criminal cases in Canada.
- Systemic delay (excluding delay attributable to the defence) that extends beyond the established timelines is presumptively “unreasonable” under s. 11(b) of the *Charter of Rights and Freedoms*. The established timeline for Provincial Court criminal cases is 18 months and the established timeline for BC Supreme Court criminal cases is 30 months.
- Unless Crown Counsel is able to justify systemic delay that exceeds these markers on the basis of “exceptional circumstances”, the constitutional right to be tried within a reasonable time is violated and the prosecution will likely be terminated by a judge.
- The BC Prosecution Service (BCPS) has been actively working on reducing systemic delay for a number of years and continues to do everything it can to meet the timelines established by the Supreme Court of Canada in the cases it prosecutes.

Background:

Starting in 2012, BCPS has implemented a number of process reforms that were specifically designed to address the problem of delay. These reforms were substantially completed in December 2015 and include:

- Enhanced Crown File Ownership to reduce file churn;
- Province-wide Quality Standards for proactive criminal case management, including front-end disclosure and online charge assessment;
- Policy direction on increased early resolution;
- Increased flexibility on the use of Direct Indictments;
- Technology improvements to information-flow between police, the Prosecution Service and the defence;
- Implementation of a province-wide electronic File Closing Survey to gather business intelligence on material process and file developments; and

- Major Case Management model to bring a project management approach to CJB's largest prosecutions.
- As part of an ongoing process of continuous improvement, the BCPS has been developing and rolling out new reforms and initiatives since 2016. These include:
 - A Comprehensive Disclosure Strategy (in partnership with the Policing and Security Branch of the Ministry of Public Safety and Solicitor General) aimed at increasing efficiencies and reducing delay in criminal case disclosure;
 - A Continuous Improvement Plan that is focused on streamlining the BCPS's administrative processes; and,
 - The development of an electronic Crown Counsel Scheduling System, which will facilitate integrated electronic case scheduling with the Provincial Court so that Crown Counsel's availability can be accessed by Judicial Case Managers for the purpose of fixing trial dates. This project also provides direct support for the long-term sustainability of Crown File Ownership, which is designed – at least in part – to facilitate increased early resolution and proactive file management.
- The BCPS's completed reforms, coupled with its ongoing initiatives, have put the Prosecution Service in a relatively good position to mitigate the concerns about delay that have been raised by the Supreme Court of Canada. However, the risk of judicial stays of proceedings in criminal cases, including those involving serious charges of violence, continues to vex all jurisdictions in Canada, including BC.

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2017/18 ESTIMATES NOTE**Adequate Funding for Courts****Suggested Response:**

- The Estimates Budget for our Branch is \$105.321 Million with a staff complement of 1285 FTEs.
- Our Government is committed to investing in the Justice System to ensure we provide an innovative and timely, 21st Century Justice System that serves the needs of British Columbians.
- The ministry is looking at ways to add additional classes of sheriffs to make sure there are sufficient sheriffs to ensure the courts run properly. The ministry has doubled the number of sheriff recruitment classes.

If asked about the shortage of Sheriffs and Court Clerks

- British Columbians deserve a court system that is properly staffed and able to hear and resolve disputes in a timely manner. That's why our government will be increasing the number of court sheriffs, expanding the use of duty counsel and increasing staffing of the Court Services Branch to address court delays.
- Addressing a shortfall of sheriffs is a top priority and we have doubled the number of recruitment classes. They will join a well-trained and highly professional Sheriff Service in locations across BC.
- Additional recruitment classes and ongoing funding for FTEs this year is estimated at \$1.4 Million.

If asked about scheduling responsibility:

- As part of Judicial independence, scheduling court matters is the responsibility of the Judiciary. Each level of judiciary schedule independently of the other Courts.
- When the judiciary schedule court matters, Court Services Branch (CSB) staff are expected to meet the judicial schedule. CSB staffing resource levels are not a consideration in judicial scheduling.

If asked about the CSB resourcing model:

- CSB has developed a model for determining annual in-court resource availability, taking into consideration coverage for vacation, illness, training, and special leave.
- Each year CSB adjusts the model to reflect the changing budgetary environment as well as incorporating system efficiencies to reflect the current in-court resourcing capacity.
- In the past the output from the resourcing model has been expressed as a "commitment" number. This year the focus has changed to identifying anticipated shortfalls in CSB's current capacity to support the judicial rota. It also identifies factors (e.g., high security trials, high risk Jordan location) that could pose additional challenges over and above current shortfalls.

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If asked about mitigations strategies:

- CSB has historically managed most of the court schedule challenges via mitigation strategies. These strategies consist of:
 - **Reallocating staff** performing out-of-court functions (e.g., document processing, counter service, building security, prisoner transportation) to perform in-court responsibilities.
 - **Bringing in additional staff resources** from other locations (often at substantial cost in travel and overtime) to supplement the in-court resource requirements.
 - **Utilising a pool of permanent part time centralized sheriff resources** that can be deployed as and when needed.
 - **Incurring overtime** to ensure critical out-of-court responsibilities such as document processing, order preparation, and prisoner transportation are completed once the in-court activities have concluded.
 - **Continuing to develop service improvement initiatives** that create efficiencies examples of which include the Court Clerk Desktop application, videoconferencing expansion, print-on-demand in the courtroom, and enhanced electronic services such as electronic record of proceeding; these all assist in providing additional staff capacity resulting from efficiencies in work process improvement, reduction in duplication of duties, and similar workflow enhancement.
- CSB is preparing a submission requesting that staffing levels be increased to address the shortfall in room resourcing capacity. Should the funding be approved, there will be significant resource recruitment and training challenge that need to be overcome before having fully functioning resources.

If asked about training and deployment:

- **Sheriff Services**
 - New deputy sheriffs are recruited and trained on a regular basis and replace retiring or outgoing sheriffs. Sheriff Services has a section dedicated to recruitment activities and facilitates new recruit graduation through the Sheriffs' Academy located at the Justice Institute of BC.
 - New deputy sheriff recruits take a 14-week intensive training program at the Sheriff Academy, which includes both in-class and field training. A class of 30 new recruits started in June 2017 and should be deployed across the province in October 2017. A second class is being planned for up to 32 students, tentatively scheduled to begin in January 2018.
- **Court Administration**
 - Hiring Court Administration staff typically follows the recruitment process established by the Public Service Agency and takes an average of two months to complete.

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- Training for a court clerk consists of a blended model including e-learning, in-person and on-the-job training that can take up to six months, depending on the job function.
- Additional CSB resources to support regular court hearing activities will significantly reduce the risk of courtroom delays and closures, and increase our ability to provide access to justice for court participants.
- With additional resources, future risk of delays and closures will be limited to last minute judicial scheduling changes, lack of coordination in scheduling between multiple levels of court at integrated court sites, and unforeseen instances requiring sheriff resources beyond standard levels.

If asked about the estimates budget:

- 2017/18 Estimates budget is \$105.321M. This is a \$5.469M increase from 2016/17.
- 2017/18 Notional Contingencies Access will be requested to cover costs over and above base budget funding for major trials, estimated at \$1.5M and to fund Sheriff recruitment, \$0.257M.

Contact: Jenny Manton, Executive Director, Corporate Support (CSB)	Phone: (250) 356-1525	Cell: ^{s.17}
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2017/18 ESTIMATES NOTE**2017-18 Budget Pressures****Suggested Response:**

- The Estimates Budget for our Branch is \$105.321 Million with a staff complement of 1285 FTEs.
- Our Government is committed to investing in the Justice System to ensure we provide an innovative and timely, 21st Century Justice System that serves the needs of British Columbians.

If asked about Sheriff Services - \$1.409M

- British Columbians deserve a court system that is properly staffed and able to hear and resolve disputes in a timely manner. That's why our government will be increasing the number of court sheriffs, expanding the use of duty counsel and increasing staffing of the Court Services Branch to address court delays.
- Addressing a shortfall of sheriffs is a top priority and we have doubled the number of classes and seats for sheriff recruitment classes, we expect 54 new sheriffs will be added this year (24 recruits graduated in May 2017 and a second class of 30 graduated in September 2017). They will join a well-trained and highly professional Sheriff Service in locations across BC.
- Additional recruitment classes and ongoing funding for FTEs this year is estimated at \$1.4 Million.

If asked about Major Trials - \$0.945M

- Ensuring the safety of all court users is a top priority for the Ministry.
- Courthouse security is critical not only to protecting the safety of those attending courthouses but also the integrity of the judicial process.
- Courthouse security is managed by Sheriffs who routinely evaluate the threat level associated with court appearances and strategically deploy resources to meet security needs.
- The Ministry of Attorney General currently has six high-security courtrooms — one at Surrey Provincial Court, one at the Kelowna Law Courts, two at Vancouver Law Courts and two at New Westminster.
- Major trials require additional resources due to multiple accused or higher risk offender(s) and incur significant overtime costs in order to address higher security and logistical requirements.

If asked about Surrey Courthouse expansion resources - \$0.920M

- Surrey Courthouse is one of the busiest Provincial Courthouses in the province.
- With the expansion of the Surrey Courthouse scheduled to be completed in 2018, additional staffing resources have been identified and will need to be hired.

August 31, 2017

If asked about Okanagan Correctional Centre resources - \$1.260M

- Following the construction and opening of the new Okanagan Correctional Centre additional sheriff staffing resources have been hired to staff the South Okanagan Sheriff Centre.

If asked about BCGEU Compensation increase - \$1.281M

- As a result of the bargaining process and to ensure we retain Sheriffs and Court Administration staff an increase in accordance with the terms of the collective agreement took effect April 2nd, 2017

Background:

- 2017/18 Estimates budget is \$105.321M. This is a \$5.469M increase from 2016/17 primarily due to:
 - Sheriff Services – additional recruitment class and ongoing funding for FTEs - \$1.409M
 - Okanagan Correctional Centre - \$1.260M
 - Surrey Courthouse expansion - \$0.920M
 - Major trials - \$0.945M
 - BCGEU compensation increases - \$1.281M
 - Offset by a drop in employee chargeback rate for benefits – (\$0.346)M
- 2017/18 Working Court Services Branch budget is \$103.192M and 1285 FTEs
 - The working budget is less than the Estimates Budget by \$2.129M due to a budget transfer to Information System Branch for amortization and operating expenditures made on behalf on the branch.
- 2017/18 Notional Contingencies Access
 - Contingencies access will be requested to cover costs over and above base budget funding for major trials, estimated at \$1.5M and to fund Sheriff recruitment, \$0.257M.
- Mitigation strategies currently employed to control staffing and salary costs:
 - All staffing actions must be approved by the ADM,
 - Overtime must be pre-approved by either the Executive Director, Superintendent or ADM depending on the nature of the overtime; and
 - Overtime is closely tracked and monitored.
- Mitigation strategies currently employed to control operating costs:
 - ADM spending restrictions implemented to ensure adherence to ministry-wide directives.

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August 31, 2017

2017/18 ESTIMATES NOTE**Infrastructure
Modernization -
Improving Services****Suggested Response:**

- Government is improving access for Abbotsford residents who require courts to resolve their legal issues.
- A new courthouse is planned for Abbotsford, to keep pace with growth in the Lower Fraser Valley.
- Once complete, the Abbotsford Courthouse will add seven new courtrooms – including a Supreme Court presence.
- The plan is to have shovels in the ground in mid-2018, with the courthouse open and operating in 2021.
- Once built, the courthouse is expected to double the capacity of the current courthouse, with opportunity to expand further.

Background Lower Fraser Valley Strategy

- The Lower Fraser Valley is one of B.C.'s fastest-growing regions.
- The Lower Fraser Valley Court Strategy identifies the Abbotsford Law Courts project and the Surrey Courthouse expansion project as the most effective ways to address courtroom pressures.
- The Lower Fraser Valley Court Strategy is based on demographic and court demand analysis over the next 20 years.

Supreme Court in Chilliwack

- There will continue to be a Supreme Court presence in Chilliwack after the new Abbotsford courthouse is open.

Background:

- Abbotsford Courthouse is a public private partnership with a budget of about \$150M.
- The project will create 1000 jobs over the course of construction.
- Options to address the growing demand for court space in the Lower Fraser Valley were considered in a business case submitted to Treasury Board (TB) in December 2016, and approved in January 2017. The \$157.2 million project will be procured as Design Build Finance Maintain, or a P3, with the procurement process managed by Partnerships BC (PBC). Construction is planned to occur from 2018 through to 2020, with operations to begin in the fall of 2021.
- On February 6, 2017, the development of a new Abbotsford Courthouse was announced. It will be constructed within the City Centre Civic Precinct on land leased to the Province by the City of Abbotsford.

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- A Request for Qualification (RFQ) for a new 14-room courthouse in Abbotsford closed on May 4, 2017 with six qualified respondents submitting responses. Evaluation of the responses were performed by teams from Real Property Division (RPD), Ministry of Attorney General and PBC supported by advisors, to ensure process transparency and fairness.
- Short-list results from the RFQ were announced on June 28, 2017 and the Request for Proposal (RFP) was issued on June 29, 2017 to the three short-listed proponents. Only one of the three shortlisted respondents will be selected at the end of the RFP evaluation process.
- Design and construction are expected to start in mid-2018. The new courthouse will be open and operating in 2021.
- The 14-room courthouse project will include three Supreme Court courtrooms, eight provincial court courtrooms and three judicial conference rooms. The facility incorporates justice sector programs such as Crown counsel, community corrections, and a Justice Access Centre for family court matters, as well as a parkade necessary to comply with City of Abbotsford municipal by-laws.

Background Lower Fraser Valley Strategy – Surrey Expansion

- Surrey is B.C.'s fastest-growing city and has outgrown its existing courthouse facility.
- The Lower Fraser Valley Court Strategy is based on demographic and court demand analysis over the next 20 years.
- The Lower Fraser Valley Court Strategy identifies the Surrey Courthouse expansion project and the Abbotsford Law Courts project as the most effective ways to address courtroom pressures.
- In May, 2014, TB approved the renovation and expansion of the existing courthouse in Surrey, to accommodate three new courtrooms, two hearing rooms, associated administrative and supporting spaces and additional changes to the existing facility. The renovation and expansion project was identified as a new priority investment in the Budget 2012. Total project cost: \$33,537,000.
- A \$33.5 million expansion of the Surrey courthouse is underway.
- Once completed, it will improve access to justice for Surrey residents by adding three courtrooms and two hearing rooms to the existing 14 courtrooms in the provincial courthouse.
- There is no plan to renovate the old Surrey City Hall to provide additional courtroom space.
- Construction of the courthouse expansion began in June 2016, with facility occupancy expected in late spring of 2018. The renovation work is conducted over seven phases to allow for the courthouse to continue operations and to ensure planned linkages between the renovated elements of the existing facility and the expansion project. Both components of the project are well underway.
- Anticipated completion dates are:
 - March 2018 - audio visual and IT systems

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May 2018 - commissioning the facility and testing

Late spring 2018 - facility occupancy

- The project is currently on schedule and on budget.

Background Fort St. John:

- The Ministry of Attorney General is currently assessing the feasibility for constructing an additional hearing room and chambers in the Fort St. John Courthouse to address the current and projected demand in that area.
- The time it takes to set a trial in Fort St. John far exceeds provincial standards for all criminal, civil and family trials. The only exception is small claims trials over five days in length.
- To support increased capacity, it is expected that additional resources will also be required including sheriffs, court clerks, registry clerks, crown counsel, legal aid and the Judiciary at a cost currently estimated at a minimum of \$1.6M.
- Fort St. John Law Courts has two courtrooms, one Supreme courtroom and one Provincial courtroom. The Supreme courtroom is shared between both levels of court.
- Fort St. John is a hub location supporting five other courthouses: Fort Nelson (satellite), Atlin, Good Hope Lake, Hudson's Hope and Lower Post (circuit courts).
- Based on current utilization rates, there is virtually no available courtroom capacity for the Provincial Court to schedule more matters in order to reduce time to trial and Askov risk. The Provincial Court has only limited access to the Supreme courtroom. This availability is further limited by last minute scheduling changes and cancellations, or availability provided on too short notice.
- It is estimated that capital funds of approximately \$400,000 will be required to build the new hearing room and judicial chamber. Once approved, it is expected to take 9-12 months for completion.

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2017/18 ESTIMATES NOTE**Addressing the Fentanyl Crisis****Suggested Response:**

- The security of our courthouses and the safety of our court users including the public, Judiciary and staff are a top priority.
- In order to address the increased risk of accidental exposure to fentanyl, a series of new policies and protocols have been implemented.
- These include procedures for handling exhibits containing fentanyl to stocking Naloxone (NARCAN) and training first aid staff in the use of NARCAN - the opioid antagonist used for the complete or partial reversal of opioid overdose.

Background

- Fentanyl, a High Potency Narcotic (HPN) is 50 to 100 times more potent than morphine.
- Typically, fentanyl is added to other illicit drugs without the user's knowledge. Severe health consequences, including death, can result from exposure to a very small quantity.
- To reduce the risk of accidental exposure to HPNs including fentanyl to courthouse staff and court users, policies and procedures for handling exhibits, searching prisoners and, staff interacting with court users were reviewed, in addition to reviewing health and safety guidelines.
- In November 2016, Court Services Branch (CSB) developed a series of recommendations to mitigate the risks of accidental HPN exposure. The recommendations include:
 - Raising awareness and educating CSB staff to the risks associated with HPNs
 - Developing policies and procedures to reduce risk of exposure to HPNs;
 - Providing HPN first aid training to designated staff and first aid attendants;
 - Procuring NARCAN to ensure it is available in all staffed courthouses;
 - Ensuring NARCAN is available on identified sheriff vehicles;
 - Working with stakeholders to reduce/eliminate the number of fentanyl exhibits being brought into courthouses.
- Since December 2016, there have been 27 incidents of CSB staff using NARCAN to assist court users suffering from HPN exposure. This includes assisting members of the public (in courthouses) as well as assisting individuals in the custody of Sheriff Services.
- In May 2017, as a result of discussions with CSB, the Provincial Court issued a practice directive aimed at reducing the number of HPN exhibits being brought into courthouses.
- CSB is continuously monitoring the situation to determine if additional steps are required to protect courthouse staff and users.

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2017/18 ESTIMATES NOTE

Technology and Program Innovation – Improving Services

Suggested Response:

- Our government is investing in the modernization of the justice system with a focus on citizen-centred and user designed technology innovation.
- Leveraging technology and innovation addresses citizens' need for different types of services, various accessibility options, anytime, from anywhere – while making it easier to deliver services that people can count on in a timely way.

If asked about progress on technology and program innovation

- The ministry has embarked on a Court Administration Transformation Suite (CATS 2.0) - a series of initiatives using innovative processes and technology to improve access to justice services for citizens and support tackling case backlogs, while sustaining courts. The series of interconnected CATS 2.0 include (but not limited to):

Court Clerk Desktop (CCD)

- A new web-based application is helping Court Clerks do their job faster and smarter.
- The CCD has eliminated many duplicate work processes in the registry and in the courtroom, making it easier to accurately record details about court appearances, and to produce and share documents on-demand with justice agencies.
- The CCD has allowed for more capabilities to be built on an innovative foundational infrastructure to increase efficiencies such as eliminating paper Record of Proceedings.

Court of Appeal (CoA) e-Filing

- A new online tool to better support the e-Filing experience, streamline the registry process, and encourage e-Filing versus counter filing.
- We are piloting CoA e-filing with some law firms before broader roll out to other law firms and self-represented litigants.

Online Divorce Assistant

- Making the divorce process in British Columbia simpler and easier for citizens, a pilot was launched in April 2017 with the select Courthouse Libraries and Justice Access Centres.
- This online experience allows citizens to produce the paper work necessary for joint divorces with no children.
- In summer 2017, scope will be expanded to include joint divorces with children with development through to spring 2018. The initiative is expanding to include information on joint divorces with children. Development will be undertaken through to spring 2018.

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Online Court Services Scheduling

- The online court services scheduling system will deliver a single, unified electronic portal and a repository of court services scheduling data, which will support tackling backlogs.
- This includes new systems for assigning, tracking and notifying Court resources such as Sheriffs, Court Clerks and Court Resources e.g., video systems and translators.
- Work is currently underway to have an online scheduling system for sheriffs and court clerks within the next two years.

Court Services Online (CSO)

- The CSO is being modernized by developing a technical infrastructure component that enables rapid implementation of e-Filing capabilities for specific forms by handling common e-Filing features to better serve the public and counsel.

Access to Audio and Transcripts Redesign

- Obtaining court audio can be complex and demanding of staff time. For citizens seeking a court transcript, the cost—and time involved—can be overwhelming.
- The Access to Audio project will modernize the way court audio is accessed, starting by improving the direct access for the Provincial Court Judiciary to audio, log notes and supporting materials.
- The related Transcripts Redesign project will find innovative business process, policy and technology ways to make transcripts more affordable and reduce costs to government.

Background – CATS 2.0

- With the increased reliance on computers, smart phones and other electronic devices, and the public's expectation that services are available on-line, 24 hours 7 days a week, CSB is advancing technology innovation through the court services online platform.
- The effective use of technology is providing new ways to enhance services while enabling a court infrastructure that meets users' needs.
- Funding of \$1.20 million in fiscal year 2017-18 has been provided for CATS 2.0 through the IM/IT Capital Transformation Planning process, which is managed by the Office of the Chief Information Officer. All the projects are on time and on budget.

Background – Transcripts Redesign

- The ministry – i.e. CSB – is responsible for recording Proceedings in Supreme Court and Provincial Court for both criminal and civil matters and for managing a program where, upon request, Transcripts of the Proceedings are produced.
- The ministry pays for all transcripts ordered on behalf of the Supreme and Provincial Court Judiciary at a cost of approximately \$2.2 million annually.
- Justice system users pay court transcribers for copies of court transcripts. This can be extremely expensive depending on the length of the proceeding.

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October 1, 2017

2017/18 ESTIMATES NOTE**Bylaw Enforcement
Program****Suggested Response:**

- Our Government is looking at ways to reduce delays and free up court time.
- For more than a decade, an increasingly popular program enables minor bylaw infraction disputes to be heard outside of the courts by independently appointed adjudicators through the Local Government Bylaw Enforcement program
- We are continuing support the addition of new Local governments into this program and as a result minor bylaw matter are being adjudicated in a much more timely way.

If asked about costs to operate the program

- There are no direct operational costs for the Ministry to operate the program; local governments are responsible for all costs.
- Adjudicators are compensated in accordance with per diem rates established in the applicable Treasury Board directive for the category of group 1 administrative tribunals.
- Roster organizations may charge a local government an administration fee for the administration of the program.
- A local government may charge a disputant a fee of not more than \$25 to hear the matter if they are unsuccessful with their challenge.

Background

- The Local Government Bylaw Notice Enforcement Act (the Act) came into force over 10 years ago and establishes a regime for the adjudication of minor municipal bylaw offences. These matters are diverted from the Provincial Court to be dealt with by way of an adjudication scheme established under the Act. More serious bylaw disputes, such as health and safety issues, continue to be handled in court.
- The adjudication is carried out by adjudicators appointed by the Deputy Attorney General.
- The "roster organization", which is an entity designated by the Attorney General, is responsible for assigning an adjudicator to hear each dispute.
- Seventy nine local governments are currently using or in the process of developing the bylaw dispute system. In the past three years there has been an average of 12 local governments added per year.
- The dispute adjudication model only applies when a local government joins the program.
- The Ministry is currently conducting policy and program reform to improve the program, and will be implementing the changes through the next 12 months

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2017/18 ESTIMATES NOTE**Forest Fire Impacts Delays
and Costs****Suggested Response:**

- The recent forest fires across B.C. have disrupted lives, destroyed homes and damaged businesses.
- Williams Lake Courthouse, 100 Mile House and Anahim circuit court services were impacted during the summer 2017.
- Due to exemplary collaboration and problem solving between the Judiciary, Crown, the Defence and Court Services Branch staff, as many cases as possible were heard remotely by video or telephone to ensure minimal impact to court users.

Background

- The Town of Williams Lake was placed under an evacuation notice on July 11, 2017.
- The Chiefs of the Courts notified the Assistant Deputy Minister, Court Services Branch of their intention to close Williams Lake Courthouse and circuit courts at 100 Mile House and Anahim Lake.
- Matters scheduled for these courts were adjourned and rescheduled.
- Courthouse staff in Quesnel and Prince George ensured the continuity of all administrative functions normally maintained at Williams Lake.
- Recently, Sheriff Services in Cranbrook provided perimeter security assistance to the RCMP for the Moyie Lake fire.

Costs – Court Administration

- After the evacuation order, three CSB employees worked out of Prince George and the remaining staff were provided with Fire – Admin Leave Pay.
- The cost with the Fire-Admin Leave Pay (including benefits) is approximately \$31,500. (note: this is not 'additional cost'. It is a coding to track those employees who would have otherwise been at work if there was not an evacuation notice. It is not 'net new')

Costs – Sheriff Services

- On July 7, 2017 a request was made by the RCMP to Sheriff Services to assist with coordinating the evacuation of Williams Lake as well as on September 8 to assist in Cranbrook. This is an additional cost to the branch of \$116,000 which is investigating if it can be recovered from the RCMP.
- All staff were working extended hours from that point up to and including July 28, 2017.
- The staff in Williams Lake were provided with 4 days off and additional staff were brought in from Prince George and Quesnel to assist, at an approximate cost of \$36,000. Not all of this is an additional costs to the branch as those employees would have

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otherwise been at work if there was not an evacuation. The branch is also investigating whether any of these costs can be recovered from EMBC.

Adjournments

- In all three locations and all levels of court, a total of 259 files were adjourned during the period from July 10 – 28, 2017.

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2017/18 ESTIMATES NOTE**Cost Recovery - LSB****Suggested Response:**

- Under a 2002 Treasury Board Directive, the Legal Services Branch (LSB) of the Ministry of Attorney General recovers the costs associated with providing most legal services to government.
- The charge back rates were last increased effective April 2016.
- A client satisfaction survey conducted in 2011 showed that LSB has high satisfaction levels with government's client representatives (90 per cent) and 81 per cent of client representatives agreed that LSB provided value for money.

If asked about actual recoveries and expenditures:

- For fiscal 2016/17 total recoveries for legal services were \$82M, including \$33M for Outside Counsel and Experts.
- Total Expenditures in FY 2016/17 were \$99M, which was \$9M over the LSB gross budget.
- Net expenditures were \$17M in 2016/17 which was \$2.5M under LSB's net budget due to additional recoveries received.

Background:**Current Model:**

- In accordance with a 2002 Treasury Board Directive, LSB is funded in large part through a cost recovery model under which individual ministries are billed back for legal services.
- Certain legal services have remained core funded regardless of the cost-recovery models approved to date.
- Prior to the 2016 increase, the charge back rate had not increased since 2011. LSB has incurred significant cost pressures since 2011, largely because of annual salary and benefits increases mandated under the Crown Counsel Agreement (CCA).
- The hourly chargeback rates for in-house legal services currently are:
 - Legal Counsel: \$189/hr
 - Legal Counsel 1 (Legal Counsel in their first 5 years of call): \$129/hr
 - Paralegals and Researchers: \$75/hr
 - Articled Students: \$84/hr

- The hourly rates for legal services are based on the average total annual cost of a position divided by the average legal hours a position provides in one year, for LSB the average legal hours in a year is 1,325 hours. The current hourly rate for a lawyer was calculated using the below calculation:

Lawyer Rate	
Category	Annual Cost
Salary & Benefits	\$ 206,700.00
Professional Fees/Development	\$ 3,900.00
Facilities	\$ 1,800.00
Office Support	\$ 33,800.00
Technology	\$ 4,600.00
Total	\$ 250,800.00
Divided by 1,325 hours	\$ 189.28
Hourly Rate	\$ 189.00

- This pressure will continue to grow for the 2018/19 fiscal year, as there are known increases associated with the Crown Counsel Agreement (CCA) through March 31, 2019. There may also be additional increases should government adopt the outcome of the Judicial Compensation Commission (JCC) recommendations, which are applied to the Legal Counsel classification under the terms of the CCA.

History of LSB Funding Models:

- LSB has had four funding models to date. Prior to FY 1992-93, all costs were core funded from the Ministry's budget. Since FY 1992-93, LSB has had approval from Treasury Board to recover certain costs related to the provision of civil legal services to government.
- Cost recovery from inter-ministry transfer has included three models: annually funded lawyers paid by specific ministries; a hybrid of both annual funding and hourly rates; and a predominantly hourly rate model.
- The shift to cost recovery has had both positive and challenging effects on LSB's provision of legal services to government. There have been a number of reviews of LSB's funding model over the years, including in a Treasury Board program review of LSB in 1992 and a Ministry of Finance (Internal Audit and Advisory Services) review of the hourly rate model in 2006.
- In addition, an internal review of the current model was started in FY 2010-11 following government budget pressures in FYs 2008-09 and 2009-10. As well, the cost recovery model is currently the subject of one of LSB's Legal Operations Optimization Projects (LOOP).

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2017/18 ESTIMATES NOTE**Litigation Costs –
Aboriginal and Other
Major Cases****Suggested Response:**

- We can only provide information about the cost of litigation that has concluded.
- Cases for which I can provide cost information include:
 - Roger William (Province funded both sides): \$24.6 million (\$14.45 million Defense, \$9.45 million Plaintiff, \$650,000 Reviewer)
 - Doyle, John v HMQ: \$150,000 (Settlement \$300,000)
 - Boss Power v HMQ: \$1.45 million (Settlement \$30.35 million)
 - Cline Mining v HMQ: \$365,000 (Settlement \$9.8 million)

If asked about how the Province plans to fund the new Aboriginal litigation

- The budget for Aboriginal Litigation is \$6.5 million.
 - The actual expenditures in fiscal year 2016/17 were \$6.6 million which included \$2.7 million worth of services that were recovered from clients of the Legal Services Branch.
 - [See LSB #8 Estimates Note: Aboriginal Litigation Cases and Budget – Overview for more information.]
- Additionally the Resource Sector, primarily the Ministry of Indigenous Relations and Reconciliation, received Treasury Board approval for a funding increase of \$686,000 for 2016/17 to help address increasing legal costs resulting from the^{s.14}

If asked about how the Province plans to fund other major litigation

- Legal costs are not unexpected and the ministries include legal costs in their budgets.
- Where litigation costs exceed budgeted amounts, contingency access may be required.
- Settlements are funded from the *Crown Proceeding Act* where the Attorney General certifies that they are of the view that:
 - the claim, if pursued, could result in an order for the payment of money by the Crown; and
 - it is in the public interest to settle the claim in an amount set out in the certificate required under s. 14.

- The *Crown Proceeding Act* vote is a statutory appropriation. Expenditures to the account can be of three (major) types:
 - payments as a result of decisions;
 - payments as a result of settlements;
 - the creation of liabilities where there is a reasonable prospect of loss, and where that loss can be quantified. (these are charged to the account on an accrual basis, when the prospect of loss and quantum of loss can be determined with reasonable certainty)
- Settlement amounts can be disclosed once the proceeding has concluded and the *CPA* report has been tabled in the Legislature.
- [See LSB #3 *Crown Proceeding Act* – Settlements for more information.]

Background:

- In addition to increased claims of aboriginal title, the Province faces significant litigation costs in relation to claims of Aboriginal Title and in relation to other major cases.
- Cases that are ongoing and for which we **cannot** yet provide cost information include:

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- Cases that have settled, but for which we cannot yet provide information include:

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2017/18 ESTIMATES NOTE**Litigation Outside
Counsel Retainers –
Aboriginal and Other
Major Cases****Suggested Response:**

- The *Attorney General Act* established the Attorney General's roles as the legal advisor to government and the representative of government in legal proceedings.
- The Legal Services Branch is empowered under the Act to provide legal advice to client ministries and retain, contract or employ persons to provide legal services.
- The Branch provides a wide range of civil legal services to ministries and agencies through ten practice groups and the Office of the Assistant Deputy Attorney General, Legal Services Branch.
- Typically legal services are provided to ministries and agencies by legal counsel employed within the Branch.
- In cases where there is a conflict, a requirement for a particular area of expertise, services in another geographic area, and/or workload pressures, outside counsel will be retained. These retainers are supervised by the Branch's legal counsel.
- Outside counsel fees are managed according to the Outside Counsel Fee Tariff. (See Appendix A in James' Harvey's binder: Revised Fee Tariff.) The global cost for outside counsel retainers in fiscal 2016/17 was \$33.6 million.
- Selection of outside counsel is carried out according to the following process that ensure compliance with core government procurement policies:
 - Outside counsel are chosen from the Branch's Outside Counsel Prequalified List;
 - Legal counsel outside of government may prequalify by submitting an application to the Branch including work history, years of call, expertise and references. If a firm is applying to get on the prequalified list, every lawyer in that firm that wishes to be qualified must submit the required information.
 - In addition, for lawyers wishing to do government work involving individuals at risk, such as children, a criminal record check is also required. All applications are submitted to the Branch's Manager of Procurement and Contracts who reviews the information and follows up as appropriate (e.g., reference checks) before adding lawyers to the list;

- If outside counsel who has not prequalified is to be retained, that lawyer must contact the Manager of Procurement and Contracts to follow the process necessary to qualify for appointment;
- Group Supervisors and client ministries must approve outside counsel appointments in accordance with the fee tariff;
- Final approval for outside counsel appointments rests with the Assistant Deputy Attorney General, Legal Services Branch.
- In fiscal 2016/17 there were 1,649 active retainers, appointments and contracts with outside counsel.
 - 337 General Outside Counsel Retainers;
 - 1,194 Family Law Appointments; and
 - 118 Family Law Contracts.

Background:

- s.13
- The current process is designed to ensure sufficient flexibility to meet the requirements of the different Branch practice requirements while ensuring compliance with core government procurement policies.
- The process is designed to be fair, accessible, efficient, transparent, cost-effective, well documents, accountable, enhance internal Branch capacity where appropriate, ensure that necessary legal expertise is retained for particular tasks and continues to comply with government general procurement policies and applicable agreements.
- s.13

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**Ministry of Attorney General
Estimates 2017/18 Briefing Book**

**Liquor
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2017/18 ESTIMATES NOTE

Liquor in Grocery

Suggested Response:

- The wine industry is an important contributor to B.C.'s economy, creating jobs and other economic benefits for British Columbians.
- On September 28, 2017 the U.S. filed a second request for consultations with Canada at the World Trade Organization regarding the sale of B.C. wine on grocery store shelves. In addition, the U.S. has identified this issue as a concern in the NAFTA renegotiations.
- We will continue to work with the federal government to advocate for B.C.'s interests in the NAFTA negotiations, especially when areas of provincial and territorial jurisdiction are being discussed.
- For the foreseeable future, we do not plan to hold any more special wine store auctions.

Background:

- The regulations were amended April 1, 2015 to allow Licensed Retail Stores (LRS)'s, LDB stores and some wine stores to move into grocery stores.
- The initiative provided for two different models for sales in grocery stores:
 - The "store within a store" model allows for same-cart shopping and the sales of beer, wine and spirits through separate cashiers. It was intended to safeguard health and safety and ensure restricted access to alcohol by minors.
 - The "wine on shelves" model allows existing VQA wine stores to relocate their licence to an eligible grocery store to sell 100% B.C. wine. It also allows for up to 18 special wine store licences to be issued to grocery stores to sell 100% B.C. wine on grocery store shelves.
- LRS licences in grocery stores must follow the "store within a store" model.
- The "wine on shelves" model has been adopted by 14 VQA stores who have relocated to Save on Foods stores.
- The special wine store licences must be located in grocery stores.
- In 2016, twelve auctions were held to win the right to apply for special wine store licences. Loblaw won all six in the first auction round and four in the second round. The remaining two auctions were won by Save on Foods.
- To date, Loblaw has opened six special wine stores and Save on Foods one. Three additional stores have been licensed but are not yet operational and two more applications are in progress. The auctions have raised approximately \$17 million.

- To ensure shelf space is made available to the widest selection of wineries, special wine store licensees are required to carry a broad selection of wines from wineries of all sizes. Discussions have been held with the grocery industry and they are supportive of this policy.

- s.13;s.16

- Since April 2015, LRS licence relocations are no longer constrained by the “5km rule” – this provides more flexibility for stores to move within the province.
- LRS licence relocations are subject to the “1km rule” which includes government liquor stores.
- Only grocery stores meeting the grocery store definition are eligible to sell liquor, i.e. minimum 10,000 sq. ft. and the majority of store revenue must come from food and non-liquor sales.

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2017/18 ESTIMATES NOTE

Minors as Agents Program

Suggested Response:

- No one wants to see liquor sold to underage youth – and initiatives such as the Minors as Agents Program (MAP) are lowering the chances of that happening.
- The Liquor Control and Licensing Branch's (LCLB) successful program employs youth under 19 to monitor the illegal sales of liquor to minors.
- Using this approach, the compliance rate has risen from 29% before the program was introduced to 82% in 2016.
- MAP began in liquor stores, and has since been expanded to include all other venues such as food and liquor primary establishments.
- The compliance rate and program inspection data indicates that the program is having a positive impact but also that there is more work to do on the part of both industry and government to prevent the sale of liquor to minors at establishments and liquor stores.
- The law is clear – it is illegal to sell liquor to a minor – and we expect all those who sell or serve liquor to follow it. As long as customers are asked for and present proper ID, penalties will not be imposed.
- All of our agents go through rigorous training – their safety is top priority. At all times, the agents will have at least one adult liquor inspector accompany them during inspections. The inspector always ensures the agent feels safe and comfortable.
- Last winter the LCLB implemented a licensee training program across the province with a strong focus on prevention of access to minors.

Background:

- From 2003 – 2009, LCLB hired youthful-looking adults to buy alcohol at liquor stores to test whether staff would request identification to verify the purchaser was not a minor.
- The rate at which retail staff requested identification was low and did not improve over time (e.g., 29% in 2009). The low rates demonstrated there was an on-going risk that minors could access alcohol at liquor stores which led to the creation of MAP.
- In July 2010, the *Liquor Control and Licensing Act* was amended to allow the use of minors

as agents to test compliance with the legislated requirements respecting minors (e.g. no sales to minors, no minors at bars, etc.). MAP became operational in February 2011.

- During the initial years of the program, LCLB conducted focused inspections on establishments that were the subject of complaints and information obtained in the community about high risk activities where there was a greater likelihood of a sale to a minor.
- Currently, the focus of the program is on randomized inspections, which helps to explain the significant jump in compliance rates in 2016.
- The overall number of inspections in 2015 fell substantially due to vacant regional inspector and inspector positions in the compliance and enforcement division. Inspection rates more than tripled in 2016 with the additional resources.
- LCLB has a memorandum of understanding with the Liquor Distribution Branch to conduct compliance inspections of BC Liquor Stores (BCLS). Generally, BCLS has a higher compliance rate than private liquor stores and licensed establishments.
- The penalty for a first contravention of selling liquor to a minor is between \$7,500 to \$10,000 or a 10 – 15 day suspension.
- Due diligence is available as a defence to enforcement action taken as a result of selling to a minor, and several licensees have successfully used it. The licensee may argue a full defence to the contravention if it can be demonstrated that all reasonable steps were taken to prevent the contravention from happening.

Appendix A – MAP Annual Statistics

Appendix B – MAP Annual Enforcement Activity

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APPENDIX A - MAP Annual Statistics¹

Figure 1 – Total Inspection vs. Sales to Minors

	2015		2016		2017 ⁺	
	Total Inspections	Sales to Minors	Total Inspections	Sales to Minors	Total Inspections	Sales to Minors
BCLS	17	5	69	1	29	2
LRS	42	17	253	33	89	12
RAS	0	0	4	0	9	4
FP	50	17	109	40	63	18
LP	26	17	65	13	47	13
MAN	0	0	12	5	1	0
WS	1	0	5	0	6	0
Total	136	56	517	92	244	49

Figure 2 – Compliance Rates

	2015		2016		2017 ⁺	
	Compliance	Non - Compliance	Compliance	Non - Compliance	Compliance	Non - Compliance
BCLS	71%	29%	98.5%	1.5%	93%	7%
LRS	60%	40%	87%	13%	86.5%	13.5%
RAS	0%	0%	100 %	0%	55.5%	44.5%
FP	66%	34%	63%	37%	71.5%	28.5%
LP	35%	65%	80%	20%	72%	28%
MAN	0%	0%	58%	42%	100%	0%
WS	100%	0%	100%	0%	100%	0%
Total	60%	40%	82%	18%	80%	20%

⁺ YTD to August 31, 2017

NOTE 1: Compliance rates are not indicative of an establishment or store type's overall compliance, but rather the compliance of those establishments or stores that were tested

(e.g., in 2016, only 4 out of 226 RAS were tested even though the compliance rate for RASs was 100%)

NOTE 2: May be slight variance in compliance rates due to rounding

BCLS BC Liquor Stores
LRS Licensee Retail Stores
RAS Rural Agency Stores
FP Food Primary Establishment (e.g., restaurant)
LP Liquor Primary Establishment (e.g., pub or nightclub)
MAN Manufacturing establishment
WS Wine Stores

¹ Statistics based on calendar year

APPENDIX B – MAP Annual Enforcement Activity²**Enforcement Activity Totals**

	2015	2016	2017*
Total inspections	136	517	244
Notices of Enforcement Action - issued	54	88	42*
Notices of Enforcement Action - withdrawn	2	5	1
Waiver(s) signed	40	67	20
Proceeding by way of enforcement hearing	10	18	4
Licensee has not yet decided how to proceed (i.e., by signing a waiver or attending a hearing)	0	1	21
Hearing decision pending	0	0	0
Hearing decision issued (proven)	7	14	3
Hearing decision issued (not proven – licensee successful in arguing due diligence)	3	4	1
No Enforcement Action Recommended (e.g., lack of evidence)	2	4	3

+YTD to August 31, 2017 – not all totals are available as some licensees are still going through the enforcement process (e.g., may have received a Notice of Enforcement Action but have not responded to it yet)

*LCLB does not have the authority to impose fines on RASs. In the event of a MAP fail LDB follows up with the RAS to ensure operators have Serving it Right. Initial work has been done to explore option to bring RASs into the LCLB licensing system.

² Statistics based on calendar year

2017/18 ESTIMATES NOTE**Trade Agreement Issues****Suggested Response:**

- International trade agreements recognize that products should be treated equally and fairly.
- We will work with the federal government in the US challenge and during the NAFTA renegotiations.
- Trade agreements like NAFTA and CETA allow for a number of private wine outlets that sell only B.C. wine.
- I will continue to work closely with the Minister of Jobs, Trade and Technology to advocate for BC's interests in the negotiations.

Background:

- Trading partners have raised concerns over whether B.C.'s liquor laws abide by international trade agreements.
- On January 18, 2017 the United States Trade Representative (USTR) filed a request for consultations with Canada at the World Trade Organization (WTO), complaining that the policy permitting the sale of BC wine on grocery store shelves is discriminatory because it is not available to foreign wines.
- The European Union, New Zealand, Australia and Argentina formally joined the US challenge as third-parties.
- Consultations are the first step in the WTO dispute settlement process, and a consultation meeting occurred in April of this year. On September 28, 2017 the US filed a second consultation request that simply updated the statutory references in the Liquor Control and Licensing Act and regulation (see attached Appendix).
- If the US and Canada cannot reach a mutually-agreed upon solution through consultations, the US may request that the WTO establish a dispute settlement panel to examine the matter.
- The US has indicated they plan to raise this issue during the upcoming NAFTA negotiations. If the US does not proceed with the WTO challenge it may be taken up by the European Union or others and potentially broadened to include other B.C. liquor manufacturer laws and policies.
- A number of other trading partners including the EU, Australia, New Zealand and Chile have also written to the government expressing concern about this policy and other government policies that support the B.C. wine industry.

- The EU, in particular, continues to raise the following concerns:
 - LDB liquor mark-up advantages for B.C. wine and B.C. craft distillers;
 - Direct delivery to licensee privileges granted to B.C. liquor manufacturers;
 - B.C. wines sold at LDB liquor stores receiving a rebate on mark-ups; and
 - The new wholesale pricing structure, and the transparency of the LDB liquor store retail mark-up.

Trade Agreement Obligations:

- The NAFTA, the Canada-EU Wine and Spirits Agreement (CEWSA) and the recently negotiated Canada-EU Comprehensive Economic and Trade Agreement (CETA) include exceptions that “grandfather” existing measures to allow some stores to sell B.C.- only wine.
- CETA provides for up to 60 B.C.-only wine stores and there are presently only 49 (with 5 additional applications in progress). Of this number, 21 are presently located in grocery stores. NAFTA allows B.C. to require private wine store outlets in existence on October 4, 1987 to discriminate in favour of B.C. wine.

Appendix: Copy of Request from US Trade Representative Michael Froman for Consultation on WTO Complaint

My authorities have instructed me to request consultations with the Government of Canada pursuant to Articles 1 and 4 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes* and Article XXII:1 of the *General Agreement on Tariffs and Trade 1994* (“GATT 1994”), with regard to measures maintained by the Canadian province of British Columbia (“BC”) governing the sale of wine in grocery stores.

The BC wine measures provide advantages to BC wine through the granting of exclusive access to a retail channel of selling wine on grocery store shelves. The BC measures appear to discriminate on their face against imported wine by allowing only BC wine to be sold on regular grocery store shelves while imported wine may be sold in grocery stores only through a so-called “store within a store.” These measures are reflected in legal instruments that include, but are not limited to, the following, operating separately or collectively:

1. Policy Directive No. 15-01, issued by the BC Liquor Control and Licensing Branch, re: Liquor Policy Review Recommendations #19 and 20: Phased-in Implementation of Liquor in Grocery Stores, dated February 26, 2015;
2. BC Liquor Control and Licensing Act ([SBC 2015] Chapter 19), succeeding the BC Liquor Control and Licensing Act ([RSBC 1996] Chapter 267);

3. B.C. Reg. 42/2015, deposited March 17, 2015, amending BC Liquor Control and Licensing Regulation, B.C. Reg. 244/2002; Order in Council 121/2015, approved and ordered March 16, 2015; British Columbia Gazette, Part II, Volume 58, No. 6 (March 24, 2015);
4. BC Liquor Control and Licensing Regulation, B.C. Reg. 241/2016, deposited October 20, 2016, effective January 23, 2017, succeeding BC Liquor Control and Licensing Regulation, B.C. Reg. 244/2002; and
5. "Wine Store Terms and Conditions," BC Liquor Control and Licensing Branch publication, updated August 2017;

as well as any amendments or successor, replacement, or implementing measures.

These measures appear to be inconsistent with Canada's obligations pursuant to Article III:4 of the GATT 1994 because they are laws, regulations, or requirements affecting the internal sale, offering for sale, purchase, or distribution of wine and fail to accord products imported into Canada treatment no less favorable than that accorded to like products of Canadian origin.

We look forward to receiving your reply to the present request and to fixing a mutually convenient date for consultations.

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2017/18 ESTIMATES NOTE

Remaining Liquor Policy Review (LPR) Recommendations

Suggested Response:

- The Liquor Policy Review, which contained 73 recommendations, was largely completed with the implementation of the new Liquor Control and Licensing Act and regulations on January 23, 2017.
- The remaining seven recommendations are under review and will require further consideration by government.
- The Province is committed to engaging with British Columbians and industry to make sure our liquor policies are sound and will make changes where necessary to ensure public safety while helping the sector grow and create jobs.
- That is why my government is in the process of scoping options for the creation of a Craft Beer, Wine and Spirits Advisory Panel that will advise on how government can increase domestic sales of BC products in stores and restaurants; and provide general advice on how to strengthen and grow the industry.

Background:

Details on why recommendations have not yet been implemented:

- **#6 Warning labels** – B.C. should work with other provinces/territories to encourage warning labels on liquor products.
 - Labelling liquor bottles is the responsibility of the federal government.
 - Warning labels have been shown to be an ineffective tool for educating the public around the misuse of alcohol and changing behavior.
- **#11 Penalty schedule** – Government should review enforcement penalties of LCLB and other jurisdictions to ensure that B.C.'s penalty levels are appropriate.
 - A comprehensive stakeholder consultation was carried out in fall 2014.
 - Feedback focused on lowering first time penalties and policy development for decision is currently underway.
- **#21 Standardization of non-liquor products** – In consultation with industry, develop a policy that standardizes the types of non-liquor products that can be sold in liquor retail outlets.

- Retail models differ significantly in what liquor and non-liquor products they may sell.
- ^{s.13}
- **#33 Manufacturers off-site stores** – allow manufacturers to have off-site locations where they can sample and sell their products to the public.
 - Legal review is being undertaken to ensure that this model is trade compliant prior to implementation.
 - Would significantly increase the number of liquor outlets, which would not be supported by the private liquor stores or by health advocates.
- **#44 Annual permit** – create an annual permit for organizations that hold occasional meetings or activities throughout the year
 - ^{s.13}
 - ^{s.13}
- **#55 Stadiums** –new licence class and application process for event-driven facilities.
 - Issues leading to this recommendation have largely been remedied with changes to the licensing process and to minors' permissions.
- **#68 Growlers**- permit growler refill stations in retail stores
 - The craft beer industry is not supportive of this recommendation.
 - Private liquor store retailers expressed this is not a priority issue and concern about health inspections that may come with installation of growler filling stations, as well as the inability for many private stores to participate due to limited floor space.
 - Note: In December 2015, licensees were told this recommendation would be deferred pending further consultation with industry; ^{s.13}

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2017/18 ESTIMATES NOTE**For-Profit Special Event
Permits****Suggested Response:**

- Stemming from requests from the music industry, the Liquor Control and Licensing Regulation was amended on April 6, 2017 authorizing the general manager to exempt permittees from the cost recovery price list and charity donation requirements.
- Government recently conducted a public consultation on a draft policy that could guide the general manager's decisions respecting exemptions from the requirement to donate profits to charity if the SEP holder were to charge over the cost recovery list. Until a decision is made, the general manager has considered exemption applications based on the individual circumstances of each event, using the Ontario criteria as a guide.
- The proposed exemption policy is similar to the policy in place in Ontario for events that are of a municipal, provincial, national, and international significance. It is intended, in part, to support the music industry, however all events that are eligible will be considered.
- It was important to ensure that all potentially affected stakeholders were able to be heard. The Liquor Control and Licensing Branch is currently putting together a consultation summary and recommendations document for government's decision.

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Background:

- Special event permits allow liquor to be served or sold in locations that are not permanently licensed. Approximately 25,000 special event permits are issued each year in British Columbia.
- Unless exempted, permittees can only charge more than the prices specified in the general manager's cost recovery list if the purpose of the event is to raise funds for charity and all profits made at the event are donated to a non-profit organization.

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2017/18 ESTIMATES NOTE**Commercial distillers' requests****Suggested Response:**

- A series of consultations with the liquor industry were undertaken in 2015 and at that time commercial distilleries asked government to consider a number of requests to further support their sector.
- Ministry staff have analyzed these requests and looked at the potential financial and industry impacts and opportunities, and government will be reviewing and considering what, if any, changes should be made.
- The distilling sector in B.C. continues to grow and produce world-class spirits – between 2010 and 2017, there was an increase of 13 distilleries, from 10 to 23 – and we will be looking at ways that we can continue to support their success.

Background:

- The B.C. Craft Distilling Association has a membership of six commercial distilleries. These distilleries are not designated “craft” by the LDB since they do not comply with the craft distillery policy, but are considered to be small commercial distillers (compared to multinational distilleries).
- B.C. commercial distilleries are treated similar to multinational distilleries. As such, they cannot sell direct to the private sector (including private liquor stores, restaurants, pubs, bars) and they must remit full mark-up (124% on spirits) on products sold through their manufacturer on-site store or their tasting rooms. They receive a 7% commission on these sales, as they are selling as agents on behalf of the LDB.
- The B.C. Craft Distilling Association has requested:
 - 1) That they no longer be required to remit mark-up on sales in their tasting rooms.
 - 2) That B.C. adopt a mark-up structure on spirits similar to the structure in Nova Scotia – all small distillers in that province are granted mark-up concessions and those that use Nova Scotia grown inputs are provided an additional concession.
- Any changes to address the Association’s requests will have implications for other distillers and liquor manufacturers. In addition, there could be trade implications, given that these changes would primarily benefit B.C. distilleries.

Mark-Up on products used in tasting rooms

- Commercial distilleries have raised concerns about the mark-up they pay on products used in their tasting rooms.
- They argue that even though the liquor is made on-site and never leaves the premises, they are still required to collect and remit mark-up to the LDB.

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Adopt a new mark-up structure for commercial distilleries

- Commercial distilleries have requested that the mark-up on B.C. commercial distilleries be reduced by following Nova Scotia's model.
- In Nova Scotia, the mark-up concession is applied on annual production – those producing less than 75,000 litres annually pay a reduced mark-up and an additional 10% concession is provided for distilleries that use local inputs.

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2017/18 ESTIMATES NOTE**Craft distillers' requests****Suggested Response:**

- A series of consultations with the liquor industry were undertaken in 2015 and at that time B.C. craft distilleries asked government to consider a number of requests to further support their sector.
- Ministry staff have analyzed these requests and looked at the potential financial and industry impacts, and government will be reviewing and considering what, if any, changes should be made.
- The craft distilling sector in B.C. continues to grow and produce world-class spirits – between 2013 and 2015, the volume of craft spirits produced in B.C. grew almost 400% – and we will be looking at ways that we can continue to support their success.
- Currently, craft distilleries receive a number of benefits. For example, they are allowed to sell their products directly to wholesale and retail customers and do not have to remit the mark-up they collect on these sales.

Background:

- In 2013 the Liquor Distribution Branch's (LDB) craft distillery policy was significantly enhanced to further encourage growth in the craft distillery sector and to encourage the use of B.C. agricultural inputs.
- To be designated as a craft distillery in B.C., applicants must meet a number of criteria, one of which is that all products produced by the distillery must be fermented and distilled at the licensed distillery site using 100% B.C. agricultural inputs.
- Craft distilleries that produce up to 50,000 litres annually remit zero mark-up on their direct sales to consumers or to the private sector (including private liquor stores, restaurants, pubs, bars).
- For annual production between 50,001 liters and 100,000 litres, craft distilleries are subject to a graduated mark-up schedule.
- The Craft Distillers' Guild of B.C., which represents B.C. craft distilleries, has requested:

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2017/18 ESTIMATES NOTE

Hospitality Pricing

Suggested Response:

- Government is analyzing the requests for changes to the hospitality pricing structure. A decision on these requests has not yet been made.
- In terms of price certainty around hospitality products, as a competitive retailer, BC Liquor Stores (BCLS) no longer releases its price lists in advance, as this would provide business-sensitive information on how it calculates its retail margin each month.
- That said, I understand that both hospitality customers and manufacturers are seeking hospitality pricing certainty – in particular, those manufacturers who direct deliver a significant amount of product to hospitality customers.
- We know there are a variety of different perspectives on this issue across the liquor industry and we are committed to providing a solution that considers all these perspectives.

Background:

- In 2015, government changed the liquor pricing model for liquor retailers from a “discount-off-of-display” model to a “wholesale pricing” model.

Prior to April 1, 2015

- Hospitality customers (bars, restaurants, pubs) purchased their products at the BCLS display price. This price was calculated by applying mark-up to the duty paid cost and adding applicable taxes. Since manufacturers knew this formula was used, they could alter their duty paid cost and thereby determine and control the final price charged for their products.

After April 1, 2015

- Today, hospitality customers purchase their products at the LDB established retail price, plus GST. However, the LDB established retail price is now calculated using a two-step process:
 1. A wholesale mark-up is applied to the duty paid cost to calculate the LDB wholesale price.
 2. A confidential retail margin is applied to the LDB wholesale price to calculate the LDB established retail price. The retail margin is set by BCLS Category Managers and is subject to change each month.

- Hospitality customers must make all their purchases through either the LDB's Wholesale Customer Centre, a BCLS or via direct delivery by an authorized manufacturer.
- With the exception of land based wineries, which are permitted to 'free price' their products¹ once per month to hospitality customers, all other manufacturers must sell product at the LDB established retail price.

Price Certainty for Hospitality Customers and Manufacturers

- Because the LDB established retail price now includes a confidential retail margin, there is some uncertainty around the price for hospitality customers, which may now fluctuate as the retail margin fluctuates.
- As a result, a number of requests have been made.
 - The hospitality industry has requested that they be allowed to purchase products at the LDB wholesale price – or at least at a discount off the LDB established retail price, with a transparent pricing formula. ^{s.13;s.17}
 - Commercial wineries, distilleries and breweries have also advocated for a model whereby they can accurately predict the final price that hospitality clients are charged for their products.

Sales Channels for Hospitality Customers

- The Alliance of Beverage Licensees (ABLE) BC and others have requested that private stores also be permitted to sell to the hospitality industry.
- Analysis on this request is underway, but preliminary LDB estimates show that granting this could lead to LDB net revenue losses of millions of dollars per annum, depending on how the model is implemented. There are also other implications, including legislative implications, implications for PST and tax leakage and licensing fee issues.

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¹ This applies to non-listed products that are available via direct delivery only. The price set by land based wineries must still comply with the LDB's minimum wholesale price for wine.

2017/18 ESTIMATES NOTE**Wholesale Pricing****Suggested Response:**

- The introduction of a new wholesale pricing model was a big step towards ensuring all liquor retailers are placed on an equal footing and able to provide competitive service for consumers.
- The model was designed to create a fair and equal starting line for all retailers.
- At the same time, it was designed to ensure that the Liquor Distribution Branch collects around the same amount of wholesale revenue for government as it did before the change.
- Since wholesale pricing was introduced, there have been two changes to the mark-up structure:
 - A decrease in the mark-up rates for craft breweries, which came into effect in July 2016; and
 - A decrease in the mark-up rates on the first 50,000 hectolitres of beer produced and sold in B.C. by large breweries, which also came into effect in July 2016.
- As for other requests related to the mark-up structure, we are taking the time to ensure we thoughtfully review all stakeholder proposals and complete any of the financial analyses required.
- We appreciate that industry will continue to have ideas for additional changes to liquor policy, and we're open to hearing about them.

If asked about increased revenue for the LDB

- The LDB's 2015-16 Annual Service Plan Report captured the organization's first full fiscal year of reporting since the introduction of wholesale pricing.
- As with any significant industry transformation, the full impact of this change took time to understand – and the LDB's performance targets were set well before the changes were rolled out or their full impacts were known.
- In addition, all liquor retailers in B.C. experienced healthy sales growth, which contributes to increased wholesale sales.
- This was also the case over the last fiscal year, with provincial liquor sales again increasing as the result of a number of factors including weather, holiday weekends, supplier promotions and changes in sales mix.

Background:Pre-April 1, 2015

- Liquor pricing was based on a “discount-off-of-display” model – i.e. private liquor retailers purchased their product from the LDB based on a specified percentage discount off of the BC Liquor Store (BCLS) display price.¹ This discount varied, depending on the type of retailer – for example, private liquor stores used to receive a 16% discount.
- BCLSs received their product at the supplier price (i.e. before mark-up was applied).

Post-April 1, 2015

- With the introduction of wholesale pricing, all wholesale customers, including BCLSs, purchase liquor at the LDB Wholesale Price.
- The wholesale pricing model was constructed to generate approximately the same amount of revenue in each of the product categories (spirits, wine, beer, refreshment beverages).
- A new mark-up schedule accompanied the introduction of wholesale pricing and an issue arose with the new mark-up applied to wine; specifically, higher-priced wines. This issue was resolved in January 2015 (i.e. before implementation) by lowering the mark-up applied to higher priced wine.
- In addition, in July 2016:
 - The LDB further improved the mark-up rate for small and regional breweries² by reducing it by approximately 25% per litre. This reduction is equal to an additional \$10 million a year in economic support.
 - The LDB also reduced the mark-up rate for large breweries³ by \$0.60/litre on the first 50,000 hectolitres of beer produced and sold in B.C. This reduction is equal to an additional \$9 million a year in economic support.

Changes in wholesale prices

- Aside from the two changes mentioned above, there have been no changes to the mark-up structure.
- A number of factors may result in changes to a product’s wholesale price, including Wholesale Price Promotions and outside market forces that may lead suppliers to request

¹ This is the price that liquor was sold at in BCLSs.

² Small and regional breweries are those producing less than 350,000 hectolitres annually.

³ Large breweries are those producing more than 350,000 hectolitres annually.

an increase in the supplier price.

- Wholesale Price Promotions are temporary decreases in a product's wholesale price. These decreases are requested and fully funded by the supplier/agent.
- Outside market forces include currency fluctuations, inflation and changes to excise, all of which may result in a supplier requesting an increase to their supplier price.
- Because a product's wholesale price is calculated using a set formula, as the supplier price increases, the wholesale price increases. This also results in a higher amount of mark-up going to the LDB, as the mark-up is generally calculated as a percentage of the supplier price.

Post-wholesale pricing implementation

- Data for fiscal 2016/17 shows that, with the exception of independent wine stores, the amount of wholesale customer purchases⁴ has generally returned to the same levels as pre-wholesale pricing or, in some cases, is higher.
 - For example, licensee retail stores purchased approximately 46 million litres from the LDB in fiscal 2014/15, and purchased approximately 51 million litres in fiscal 2016/17.⁵
 - The data shows a decrease in litre sales for independent wine stores, between fiscal 2014/15 (approximately 2.4 million litres purchased) and fiscal 2015/16 (approximately 2 million litres purchased). In fiscal 2016/17, independent wine stores purchased just under 2 million litres of liquor.
 - It is important to note that this data is based on amounts purchased from the LDB, and is used as a proxy for sales.⁶ In addition, prior to April 1, 2015, many independent wine stores purchased large amounts in order to stockpile inventory ahead of the launch of wholesale pricing.

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⁴ The data specifically pertained to provincial sales, in litres, to licensee retail stores, independent wine stores, duty free stores and rural agency stores.

⁵ Litres have been used instead of dollars because a direct comparison of dollar sales would be inaccurate, due to the fact that in fiscal 2014/15, sales were made at the retail price, and today, sales are made at the wholesale price.

⁶ Because the LDB does not have access to third party sales information, data on purchases from the LDB is used as a proxy for sales.

2017/18 ESTIMATES NOTE**Retail Pricing****Suggested Response:**

- With the introduction of wholesale pricing on April 1, 2015, the BC Liquor Stores chain made the decision to adjust their retail pricing strategy to ensure they are effectively competing with other liquor retailers.
- It is up to BC Liquor Stores to determine the retail prices for their products.
- The revenue generated by BC Liquor Stores goes back into important government programs.

If asked about reports of BCLS prices increasing

- BC Liquor Stores are expected to compete in the marketplace and ensure they are meeting their revenue targets for government, on behalf of taxpayers.
- BC Liquor Store prices do not stay static – and generally speaking, I am advised that increases over the past two years have occurred for a number of reasons, such as supplier promotions and supplier price increases, excise changes, inflation and changes in outside market forces, such as currency fluctuations.
- Data on retail and wholesale prices since 2015 show that the vast majority of retail price increases also have corresponding increases from the supplier.

If asked about price increases contributing to increased revenue for the LDB

- As part of being competitive, BC Liquor Stores are now able to extend operating hours and refrigerate products – increasing their overall sales.
- It is also important to note that the LDB's revenue comes from two sources: BC Liquor Stores sales and the LDB's wholesale sales.
- The majority of the LDB's revenue is generated through mark-up on wholesale products.
- Since 2015, the wholesale pricing model has not seen any changes – with the exception of decreases to the beer mark-up rates in 2016. Therefore, the increase in LDB revenue may have been due to supplier-requested changes in the wholesale price.
- In addition, all liquor retailers in B.C. have been experiencing healthy sales growth, which contributes to increased wholesale sales.
 - Sales increases – and the resulting positive impact on net income – are the result of a

number of factors including weather, holiday weekends, supplier promotions and changes in sales mix.

Background:Pre-April 1, 2015

- Pre-April 1, 2015, BC Liquor Stores (BCLS) retail prices were calculated by applying the applicable mark-up rate to the duty paid cost (which is determined by the manufacturer) and adding applicable taxes. There was no retail margin included in the price.

Post-April 1, 2015

- With the introduction of wholesale pricing and the separation of the LDB's wholesale and retail divisions, BCLSs now purchase liquor at the LDB Wholesale Price, similar to all other wholesale customers.
- BCLS retail prices are calculated by taking the product's wholesale price and adding a confidential BCLS retail margin, set by the LDB's Category Managers.

Changes in BCLS retail prices

- Data on retail and wholesale prices since 2015 show that the vast majority of retail price increases also have corresponding increases from the supplier.
- The calculation for a product's wholesale price is a set formula – if a supplier increases the price of their product to the LDB, the LDB's wholesale price of that product will increase. This could, in turn, affect the retail price that liquor retailers choose to sell at.

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2017/18 ESTIMATES NOTE**LDB Warehouse
Relocation****Suggested Response:**

- The decision to relocate the Vancouver Distribution Centre to Delta was made following thorough research on the best business solution and an open and transparent, competitive process.
- The project team explored several options to ensure it found the best solution, including working with real estate and business advisors, market sounding, and notifying industry when a suitable site was identified in the event there was an alternative location that hadn't been considered.
- As part of the Warehouse Relocation project, the LDB will also be implementing a new Warehouse Management System (WMS).
- Following a transparent, competitive process, the LDB entered into a contract with TECSYS, an experienced Canadian supply chain technology company, to replace its current, outdated system with a modern WMS.
- Construction and fitting out of the Delta warehouse is underway to ensure the facility meets the LDB's business needs, and the project team is working diligently to get the facility and the new WMS system ready.
- While there is a lot of work to be done, the project currently remains on schedule and on budget, with the intent to become operational in the new building in spring 2018.
- The LDB is focused on ensuring the transition to the new location is seamless so it can continue providing high quality service to the liquor industry and British Columbians.
- The project is centred on improving service levels, increasing operational efficiency and decreasing costs – all while providing a safe and modern working environment.

If asked about staffing impacts:

- The new location in Delta will require a move of many LDB employees, and the LDB's main warehouse operations.
- Staffing practices will continue to be driven by the operational needs of the warehouse operations business, and will respect the union collective agreement.

- I'm assured that the LDB is committed to regular dialogue with its employees and the BCGEU throughout this process.

Background:

- The LDB moved into its current 220,000 square foot Vancouver Distribution Centre (VDC) in the 1960s. Built to the standards of the time, the building has 24' clear warehouse space, and less-than-ideal column spacing, resulting in inefficient storage and congestion.
- The Province sold the lands housing the VDC in 2014; the lease-back provisions and options to renew expire on August 31, 2019. Even if the site housing the VDC had not been sold, a new distribution centre was needed as the current building is insufficient.
 - The VDC has not been upgraded or expanded since the 1970s, although case volume has grown at an average rate of 5.6 per cent annually since 2008.
 - Since the VDC opened, the Province's population has grown from under 2 million to 4.7 million. The variety of products and the number of outlets serviced by the LDB has increased greatly. The LDB has been challenged in its ability to meet both cost targets and fulfillment rates from the current warehouse.
 - The LDB currently uses a WMS from Radio Beacon that is at the end of its useful life. The product is no longer supported, runs on unsupported hardware and does not allow for modernization or best practices in warehouse operations.
- Following an open and transparent, competitive process and thorough research, a new warehouse was identified in Delta, located at 7003-72nd Street, for the LDB's new Lower Mainland distribution centre. In February 2017, the Province secured a ten-year lease with two five-year options to renew the 412,000 square foot facility.
- It should be noted there is also a secondary liquor warehouse in Kamloops; there are currently no plans to relocate that warehouse.
- The new distribution centre in Delta will allow the LDB to introduce modern warehouse management techniques, acquire updated material handling equipment and implement a new WMS (which will also eventually be implemented in Kamloops) to increase operational efficiency, improve wholesale customer satisfaction and decrease operating costs.
- In the new warehouse, efficiency gains are expected to come from additional space, modern and higher racking, improved aisle access, and improved receiving and shipping bays. The new warehouse will also leverage new technology and best practices in modern warehouse management.

Budget and Costs:

- The capital budget for the warehouse relocation and WMS system is \$57.1 million. This excludes annual lease costs.
- Under agreement with the new landlord (Great West Life Assurance Co.), the annual lease costs for the new Delta facility are not to be publicly disclosed.
- A FOI request for a copy of the lease, including the annual lease costs, was received in May 2017. The Information and Access Office (IAO) consulted with the Great West Life Assurance Co. and it was determined that lease payments should be withheld, as it was deemed financially harmful to the landlord as well as the LDB if released.
- The total annual payments made to the Great West Life Assurance Co. will be released in LDB's Statements of Financial Information, which are published online. However, this will include not only lease payments, but any other payments the LDB made to them (i.e., Property Tax, tenant payments, etc.).
- The LDB is developing its strategy for the timing and transition to the new facility;
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Key Procurement Dates:

- December 2015: a Chief Project Officer was hired through a Request for Proposals (RFP).
- April 2016: RFPs were issued for a number of technical advisors/experts including business, legal and fairness advisors to support the development of a business plan.
- May 2016: a Request for Expressions of Interest (RFEOI) was posted to B.C. Bid to identify potential sites for a new warehouse in the Lower Mainland in the case that the Province decided on a purpose-built facility rather than leasing an existing facility.
- January 2017: the Province posted a Notice of Intent (NOI) to B.C. Bid to provide vendors with the opportunity to challenge the intended direct award for leasing the warehouse space in Delta. One challenge was submitted during the NOI process but the warehouse did not meet the requirements and the objection was unsubstantiated.
- January 2017: RFPs were posted to find contractors to plan and execute the transition to the new location.

- April 2017: a Notice to Vendors was posted to give a heads up to the marketplace that the LDB would be issuing an RFP in the coming months for an updated WMS.
- May 2017: the RFP for a new WMS was issued.
- Summer 2017: Tenders for construction equipment, material handling equipment and related services continue to be issued as the project progresses.

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2017/18 ESTIMATES NOTE**BC Liquor Stores
Operational Changes****Suggested Response:**

- Government put public and private liquor retailers on an equal footing by introducing a new wholesale price structure in April 2015.
- Given all liquor retailers now pay the same wholesale price for product, BC Liquor Stores are expected to compete in the market, with the goal of generating a return for the Province – revenue that goes back into important health and social programs for British Columbians.
- Initiatives such as extended operating hours, Sunday openings and refrigeration are being evaluated on a store-by-store basis to determine where they make business sense for BC Liquor Stores – meeting consumer demand and contributing to profitability.
- BC Liquor Stores must now abide by the 1 km rule – the rule that prohibits a liquor retailer from locating within 1 km of an existing liquor retailer – which applies equally to private liquor stores.
- BC Liquor Stores will also continue to evaluate stores and determine which locations make business sense in order to remain competitive.

Background:

- The introduction of the wholesale pricing structure placed all liquor retailers on an equal footing in terms of the price paid for each product by each retailer – all retailers now pay the same wholesale price.
- The intent of this was to create a more competitive liquor retail sector, particularly between the publicly-owned and privately-owned retail stores.
- BC Liquor Stores (BCLS) also became subject to the 1 km rule – the rule that prohibits a liquor retailer from locating within 1 km of an existing liquor retailer. This rule now applies equally to new and relocating private and government liquor stores.
- In keeping with this, the restrictions that were historically placed on BCLS operations were removed.
- Some private liquor retailers have raised concerns about this increased competition in the marketplace, stating that their businesses are suffering due to the loss of advantages they previously had over many BCLS.

- Two of the most significant restrictions that were eliminated concerned store hours and refrigeration.
- The hours of operation of a particular BCLS location and whether that location will offer refrigerated products are now business decisions made by BCLS on a case-by-case basis.
- Consequently, many BCLS locations have expanded daily operating hours, additional locations are open on Sunday and some locations remain open on statutory holidays. In addition, there are currently 110 BCLS that offer refrigerated products.
- Questions are sometimes raised about the profitability of BCLS. Like all retailers, BCLS assess the performance of each location and will make adjustments where it makes business sense to do so.
- BCLS can now advertise which they could not do in the past.
- Another change that has occurred is the ability of BCLS to negotiate exclusivity with suppliers. Exclusivity is when the supplier agrees to sell a particular product to only one retailer or a select number of retailers.
- This practice has been common among suppliers and private retailers for many years, but BCLS did not participate. Since April 1, 2015, BCLS have been able to negotiate with suppliers to have some products wholesaled only to BCLS in the same way the private sector does.

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2017/18 ESTIMATES NOTE

LDB Capital Projects

Suggested Response:

- It is important that the LDB invests in capital projects to support the modernization of our business and to support the government's mandate for economic growth and improved services to citizens in B.C.
- Investments in technology benefit not only the LDB, but also manufacturers, wholesale customers and hospitality customers – and therefore, ultimately, the consumer.
- In addition, investing in technology and creating efficiencies may lead to increased LDB net income, which contributes directly towards vital services for the citizens of B.C.
- Current LDB projects include business process and technology-related improvements, and replacement of outdated IT systems.
- The LDB remains focused on cost-consciousness and accountability to taxpayers when selecting projects and is committed to ensuring projects are completed successfully, on time, and within budget.

Background:

Retail Improvements – Enhance Project

- This project's goal is to move BC Liquor Stores (BCLS) to a centralized product replenishment process, with the BCLS Merchandising team managing most of the product selection.
- This will support LDB's customer-centric mission by ensuring BCLS have the right products at the right time in the stores and allowing the LDB to react more quickly to B.C.'s changing liquor market.
- Point of sale upgrades began rolling out in 2016 and the LDB expects that all stores will have the new technology by fall 2017.

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Private Distributor Remittance (PDR) Project

- The first phase of PDR was implemented in October 2016, for small and medium BC breweries.¹
- The PDR model streamlines processes and improves manufacturers' cash flow by changing the way that manufacturers remit mark-up to the LDB for their direct sales.
- Under the new remittance model, manufacturers report their sales and the LDB notifies them of the amount owed for LDB mark-up, container fees and GST. This amount is withdrawn from their designated bank account.
- Previously, small and medium breweries reported and deposited all of the cash from their direct sales into an LDB bank account. The LDB paid the brewery their supplier's cost approximately two weeks later.
- The new remittance model therefore eliminates the two-week delay between a brewery depositing their gross sales and receiving their supplier's cost.
- This new model supports LDB's strategy for improving business effectiveness and has been widely accepted by these breweries and related industry associations, which helps improve levels of compliance in revenue remittance.
- The LDB will be implementing this new remittance model for those remaining B.C. manufacturers that pay mark-up on their direct sales^{s.13}

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Corporate Technology Upgrade – Cascade Project

- This project's goal is the upgrade and enhancement of one of the LDB's core IT systems. This will help streamline business systems and processes, and lay the foundation to support future initiatives, such as inventory visibility and improvements to the online store for wholesale customers.
- Improved technology and functionality support the LDB's efforts in continuing to separate the retail and wholesale lines of business.
- The project is expected to be completed by fall/winter 2017.

¹ Small and medium breweries are defined as B.C. breweries that produce less than 350,000 hectolitres annually.

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2017/18 ESTIMATES NOTE**Duty Free Stores****Suggested Response:**

- Duty free stores currently pay reduced mark-up rates on all the products they purchase, and have among the lowest mark-up rates compared to other jurisdictions in Canada.
- These lower mark-up rates recognize that products sold at duty free stores are destined for export, and take into account the competitive position of B.C.'s duty free stores relative to their competitors in the U.S.
- In addition, unlike other liquor retailers, duty free stores do not pay any duties or excise. This further reduces the price they pay to the LDB, particularly for spirits, which make up approximately 60% of their sales.
- For these reasons, changes to the mark-up structure are currently not being contemplated. The LDB must, at a minimum, generate enough revenue from mark-up to cover the cost of sales and related operating expenses.

Background:

- There are 11 duty free stores in B.C, seven of which are located at Canada/U.S. land border crossings and four of which are located at airports.
- Today, duty free stores in B.C. pay a reduced mark-up rate of 20% for wine, spirits and refreshment beverages, and 12% for beer.
- Mark-up rates for duty free stores were reduced in 2008 and 2010, in response to requests from the land border duty free store operators.
- Since 2011, Mr. Peter Raju has made repeated requests to both the provincial government and the LDB regarding the mark-up his business pays on purchases of alcohol from the LDB. He also routinely requests that the LDB allow him to purchase liquor directly from manufacturers.
 - Mr. Raju operates the Peace Arch Duty Free Shop, a land border duty free shop.
 - Between 2010 and 2015, Peace Arch Duty Free had annual sales of approximately ^{s.21} using average purchases from the LDB as a proxy.
- Mr. Raju's main request is that the mark-up for beer and wine be changed to a flat 5% mark-up, while the rate for spirits be changed to 5% for spirits that cost over \$25, and 20% (current mark-up) on spirits that cost less than \$25.

- The LDB has repeatedly stated that changes to the mark-up structure are not being contemplated as duty free stores enjoy the lowest overall mark-up in the country and the LDB must, at a minimum, generate enough revenue from mark-up to cover cost of sales and related operating expenses.

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2017/18 ESTIMATES NOTE**Rural Agency Stores****Suggested Response:**

- The Rural Agency Store (RAS) program allows independently-owned, full-service general grocery stores to apply to the LDB to operate a RAS in communities where liquor service is not readily available.
- There are a number of criteria that an applicant must meet in order to operate a RAS. These criteria align with the underlying intent of the program: to provide reasonable access to liquor in rural communities across B.C., while recognizing that the economic viability of a RAS is secondary to its primary purpose as a full-service general grocery store.
- In other words, once a RAS is authorized to sell liquor, liquor will be available, but it is not intended to be the core focus of the business.
- A consultation on the RAS criteria was conducted in early 2016, to ensure the criteria continued to reflect the overall intent of the RAS program. Through consultation with stakeholder groups, including the Rural Agency Store Advisory Society (RASAS), the RAS program criteria were updated to ensure that rural communities across B.C. continue to have reasonable access to liquor.

Background:

- Under the RAS program, independently-owned, full-service general grocery stores may apply to the LDB to operate a RAS in communities where liquor service is not readily available. This means that the community is not currently served by a BC Liquor Store (a private liquor store or another RAS).
- Under the current criteria, only one RAS can operate in a community. Note that there are some RAS locations that were grandfathered in and therefore some communities have more than one RAS.
- As of August 2017, there are approximately 226 RASs in B.C.
- Like all other wholesale customers, today RASs purchase their liquor from the LDB at the LDB Wholesale Price. Prior to the introduction of wholesale pricing, RASs purchased liquor at a 12% discount off of the BC Liquor Store shelf price.
- In addition to selling to retail customers, RASs may obtain written approval from the LDB to sell to specified hospitality customers (including bars, restaurants and pubs).

- RASAS is the association representing many RASs. Note that not all RAS operators are members of the RASAS.

RAS Program Criteria

- The current RAS criteria include community and business criteria, and a community support stage.
 - Community criteria: proposed location is a minimum of 10 kilometres driving distance from the nearest existing BC Liquor Store, private liquor store or RAS; population being served by the area within 5 kilometres driving distance from the community is a minimum of 200 persons; and the business applying is an independently-owned full-service general grocery store that has been in business for at least one year.
 - Business criteria: business must provide basic shopping services and not only “convenience” type products (for example, a store that only stocks chips and pop would not be considered a suitable location for a RAS).
 - Community support: the community must support the establishment of a RAS. This is determined by, for example, posting a notice in the proposed business in the area, and sending invitations for input to local interest groups such as nearby First Nations Bands, local government and police. If significant opposition is expressed, the LDB does not proceed any further with the review.

2016 Updates to Criteria

- In February 2016, a number of updates were made to the RAS program criteria:
 - Municipal boundaries: the requirement that a RAS be located outside of municipal boundaries was removed.
 - 10 kilometre distance criterion: in cases where rejection of an application based on distance may not meet the intent of the RAS program, the LDB’s general manager may exercise discretion, provided a number of conditions are met.
 - Population requirements: the minimum population requirement of 200 permanent residents remains in place but the LDB will now consider, in conjunction with information from BC Statistics, other verifiable information.

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2017/18 ESTIMATES NOTE

Sake and Cider Requests

Suggested Response:

- Our government is always open to hearing from industry and gaining their perspectives on whether any changes need to be made and we will review liquor policies to ensure they reflect the modern landscape.
- We look forward to working with B.C.'s stakeholders to ensure that our provincial liquor rules are fair and provide opportunities.
- The current land-based winery criteria – which applies to all types of wine licences, including cider, mead and sake – is intended to support a made-in-B.C. industry that promotes traditionally-manufactured products and agricultural and tourism opportunities.
- Wineries that grow their fruit and manufacture their wine on the same acreage are more attractive tourist destinations than wineries that produce their products in industrial areas.
- In order to be designated land-based and receive land-based winery benefits, which includes mark-up exemption, an applicant must meet all of the land-based winery criteria. This benefit recognizes the significant effort and investments that these wineries undertake in order to comply.
- For example, many wineries have made significant financial investments to own or lease the land on which their manufacturing facility and store are located, which is required under the criteria.
- The requirement that a winery locate its retail store/tasting room at the licensed winery site is a long-standing one and serves two policy objectives: it ensures there is not an increase in locations that sell liquor in the commercial areas of communities and it drives tourism activity to the wineries.
- There are approximately 300 land-based wineries in B.C. today that have successfully qualified under the existing criteria and, in many cases, incurred considerable expenses to do so.

Background:

Land-based winery designation and criteria

- Wineries, cideries, meaderies and sake producers may all apply to the LDB for land-based winery designation.
- To be designated land-based, an applicant must meet a number of criteria, including:
 - Owning a minimum of 2 acres of vineyard/orchard, or 2.5 acres of rice paddy if they produce sake, and this acreage must be at the same location as their licensed site; and
 - Using 100% B.C. grapes, fruit, honey or rice in all their products.

- Designated land-based wineries are not required to remit mark-up to the LDB on any direct sales.
- With respect to cider, there have been recent media stories about the cider industry requesting the same benefits as land-based wineries/cideries/meaderies. Several of these cideries are “urban” but want the mark-up benefits of a land-based cidery.

Requests from Artisan Sake Maker (Artisan)

- The owner of Artisan, Masa Shiroki, has been manufacturing and selling sake at his Granville Island location since 2007.
- He is requesting that Artisan no longer be required to remit mark-up on its direct sales, to acknowledge that he is using 100% B.C. agricultural product to produce sake.
- While Mr. Shiroki’s sake is produced using rice grown in the Fraser Valley, the production and sale of Artisan’s sake takes place on Granville Island - an expensive real estate decision, but one that drives considerable traffic.
- Artisan continues to be classified as a commercial winery because it does not meet all the land-based winery criteria – in particular, his 2.5 acres of rice paddy is not located at his licensed winery site.
- Artisan could be designated a land-based winery if it moved its sake production and manufacturer on-site store to the Fraser Valley location where the rice is grown.
- s.21
- s.13
- It should be noted that changes to the land-based winery criteria could have significant trade implications, as well as impacts for the rest of the industry, including wineries and cideries.

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2017/18 ESTIMATES NOTE

Alberta Beer Mark-up

Suggested Response:

- This matter falls within the responsibility of my colleague, the Honourable Bruce Ralston, Minister of Jobs, Trade and Technology.
- I will say, however, that the Government is closely monitoring developments on this file and is considering potential next steps.
- I recently met with a coalition of BC craft brewers to hear their concerns on this matter.

Background:

- In August 2015, Alberta implemented a discriminatory mark-up system for beer. Under this system, small brewers in Alberta, Saskatchewan and BC were eligible for a reduced mark-up rate, whereas brewers elsewhere in Canada were not.
- Following complaints from other provinces, in August 2016, Alberta changed their policy so that all brewers are charged the same mark-up, regardless of where they are located. This mark-up level is significantly higher than what was in place for BC, AB, and SK brewers under the previous scheme.
- At the same time, Alberta introduced a program which allows small Alberta-based brewers to apply for a funding rebate of the mark-up they have paid, up to \$12 million per brewer.
- The program was challenged under the Agreement on Internal Trade (AIT) by an Alberta company that imports beer into that province from Quebec. On July 28, 2017, an AIT Panel ruled the program violated the AIT and recommended Alberta repeal or amend its measures within six months.
- Alberta is appealing that decision. A final ruling on the appeal can be expected by March 2018.
- A group of BC brewers, known as the "Coalition of BC Craft Brewers" wants BC to initiate a dispute against Alberta under the New West Partnership Trade Agreement (NWPTA) to challenge this support program.
- The Coalition met with the Attorney General in October to discuss the issue.
- Under the NWPTA an enterprise wishing to challenge a government's measures must first formally request in writing that the government initiate the dispute on its behalf. If the government does not, the enterprise may then take the matter forward itself as a Person-to-Government dispute.

- BC has not made a commitment to initiate a dispute on the Alberta mark-up rebate program.
- s.13

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2017/18 ESTIMATES NOTE**Separation of Retail and Wholesale****Suggested Response:**

- With the introduction of wholesale pricing in 2015, all liquor retailers in BC, including BC Liquor Stores, were placed on an equal footing.
- To support this, the LDB separated its retail and wholesale lines of business. This was done by making various changes at the LDB.
- For example, the new position of Executive Director of Wholesale Operations was created, and a number of LDB departments were restructured to identify and separate employees who worked in each of the wholesale and retail areas.
- Internal systems were reviewed, to ensure that retail employees no longer had access to wholesale business information that other liquor retailers would not have access to.
- Lastly, the recent upgrade of one of the LDB's core IT systems provided improved technology and functionality to further support the LDB's efforts in continuing to separate the wholesale and retail lines of business.

If asked about segmenting financials for individual BC Liquor Stores

- Because BC Liquor Stores are expected to compete as an equal retailer, competitive business information – such as detailed store-level reporting – is not publicly shared with other retailers.
- This decision reflects the current competitive landscape, where no liquor retailer would endeavour to share their business information with competitors.
- The LDB's Annual Report provides information on BC Liquor Stores' operating results as a customer of LDB Wholesale Operations. Information such as BC Liquor Stores' net sales, gross margin and expenses can be found there.

Background:

- The LDB implemented wholesale pricing on April 1, 2015. Under wholesale pricing, all liquor retailers in BC, including BC Liquor Stores, now purchase their product at the same wholesale price.
- With this change, the LDB also began to separate its retail and wholesale lines of business.

- This was done by creating a new Executive Director of Wholesale, restructuring LDB departments to differentiate between wholesale employees and retail employees, and moving staff into separate buildings.
- In addition, pre-April 1, 2015, BC Liquor Stores used to have access to an inventory visibility feature that allowed them to view product inventory levels at the LDB's Distribution Centres.
 - As a result of the new wholesale pricing model and to ensure a level playing field, this functionality was intentionally turned off.
 - Note that inventory visibility for all wholesale customers was launched in late September, as part of the LDB's Cascade project.
- The Cascade project also provided improved financial reporting for each area, further supporting the LDB's efforts in continuing to separate the wholesale and retail lines of business.

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**Ministry of Attorney General
Estimates 2017/18 Briefing Book**

**Gaming Policy and Enforcement Branch
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2017/18 ESTIMATES NOTE

Host Local Government Payments

Suggested Response:

- Local governments that host gaming facilities receive a share of net revenue generated from those facilities.
- In 2016/17 the Province distributed \$96.8 million to host local governments, compared to \$95.1 million in 2015/16.
- Since 1999, the province has paid out over \$1 billion to host local governments.

Background:

- Generally, host local governments receive 10 per cent of net gaming income to support community support and development costs.

s.13; s.16

Host Local Government payment administration

- On a quarterly basis, BCLC transfers net gaming revenue to the Province. The Province GPEB distributes a percentage of net gaming revenue generated at gaming facilities to local governments that host gaming facilities. (10 per cent in all but one case).
- The calculations for payments are made in accordance with Host Financial Assistance Agreements (HFAA) between the Province of British Columbia and each Host Local Government (HLG).

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Host Local Government Payments (2011/12 to 2016/17)

City	Casino or CGC	Fiscal 11/12	Fiscal 12/13	Fiscal 13/14	Fiscal 14/15	Fiscal 15/16	Fiscal 16/17
Abbotsford	Chances Abbotsford	\$904,774.46	\$970,854.55	\$892,242.24	\$925,379.40	\$953,798.40	\$1,099,730.55
Burnaby	Grand Villa Casino	\$9,365,898.70	\$8,826,054.92	\$9,644,369.78	\$10,992,219.95	\$10,573,123.70	\$10,876,456.88
Campbell River	Campbell River Chances	\$687,490.52	\$684,344.98	\$675,837.76	\$572,090.66	\$690,875.88	\$749,517.43
Castlegar	Chances Castlegar	\$283,428.21	\$452,049.43	\$426,226.09	\$439,625.84	\$454,883.57	\$482,062.19
Chilliwack	Chances Chilliwack	\$0	\$496,261.98	\$1,228,440.07	\$1,370,919.98	\$1,501,953.69	\$1,774,780.36
Coquitlam	Hard Rock Casino	\$7,501,627.05	\$7,386,268.49	\$6,385,778.36	\$6,711,058.94	\$7,315,681.19	\$8,180,546.36
Courtenay	Chances Courtenay	\$802,261.21	\$835,116.98	\$837,464.90	\$941,796.44	\$933,863.48	\$981,074.33
Cowichan	Chances Cowichan	\$784,409.54	\$734,271.49	\$676,814.54	\$708,563.63	\$736,089.36	\$773,717.07
Cranbrook (Ktunaxa Nation Council Society)	Casino of the Rockies	\$1,365,120.22	\$1,178,631.00	\$1,162,569.33	\$1,185,286.75	\$1,135,503.45	\$1,059,701.34
Dawson Creek	Chances Dawson Creek	\$839,806.18	\$831,191.85	\$778,484.97	\$807,404.81	\$640,991.76	\$577,984.76
Fort St. John	Chances Fort	\$969,606.21	\$947,306.89	\$916,163.70	\$1,003,436.09	\$893,447.25	\$774,495.86

City	Casino or CGC	Fiscal 11/12	Fiscal 12/13	Fiscal 13/14	Fiscal 14/15	Fiscal 15/16	Fiscal 16/17
	St. John						
Kamloops	Chances Kamloops	\$541,918.71	\$659,250.98	\$700,308.70	\$751,434.94	\$806,621.23	\$852,866.93
Kamloops	Lake City Casino	\$1,922,004.19	\$1,818,789.40	\$1,666,707.30	\$1,689,723.26	\$1,816,710.85	\$1,820,780.56
Kelowna	Chances Kelowna	\$1,584,608.05	\$1,732,798.72	\$1,744,861.73	\$1,886,168.82	\$1,934,557.22	\$2,131,726.41
Kelowna	Lake City Casino	\$2,036,332.36	\$1,976,902.03	\$1,911,846.16	\$1,962,408.11	\$1,937,999.68	\$1,915,038.87
Langley	Cascades Casino	\$5,875,236.04	\$5,793,005.43	\$5,623,149.72	\$5,942,911.08	\$6,621,559.12	\$6,942,678.10
Langley	Playtime Gaming	\$132,254.42	\$129,598.17	\$113,112.98	\$131,501.35	\$103,442.90	\$0
Maple Ridge	Chances Maple Ridge	\$786,696.43	\$820,220.24	\$912,181.19	\$1,137,531.40	\$1,168,573.90	\$1,404,400.60
Mission	Chances Boardwalk	\$645,946.03	\$625,471.02	\$546,828.53	\$542,386.38	\$586,073.45	\$664,067.40
Nanaimo	Nanaimo Casino	\$2,350,384.15	\$2,431,137.39	\$2,452,470.57	\$2,489,859.96	\$2,494,296.24	\$2,673,065.38
New Westminster	Starlight Casino	\$5,780,230.26	\$5,701,451.96	\$5,734,916.10	\$5,958,542.37	\$6,581,344.16	\$6,381,047.93
Penticton	Lake City Casinos Ltd.	\$1,682,935.49	\$1,594,349.90	\$1,543,883.83	\$1,606,546.92	\$1,653,571.15	\$1,687,088.64
Port Alberni	Chances Rim Rock	\$449,781.00	\$426,859.32	\$444,472.54	\$466,858.38	\$460,021.20	\$454,055.01
Prince George	Treasure Cove Casino	\$2,627,265.33	\$2,622,414.80	\$2,563,667.14	\$2,651,084.23	\$2,597,592.82	\$2,640,054.17
Prince Rupert	Chances	\$403,647.26	\$424,801.14	\$484,446.65	\$509,711.07	\$509,554.63	\$482,803.22

City	Casino or CGC	Fiscal 11/12	Fiscal 12/13	Fiscal 13/14	Fiscal 14/15	Fiscal 15/16	Fiscal 16/17
	Prince Rupert						
Quesnel	Billy Barker Casino	\$519,955.58	\$500,408.71	\$469,319.48	\$500,644.79	\$467,576.47	\$479,011.75
Richmond	River Rock Casino	\$14,803,715.52	\$15,701,188.46	\$17,367,148.56	\$21,820,994.28	\$18,895,544.42	\$16,971,579.08
Squamish	Chances Boardwalk Squamish	\$230,631.03	\$237,150.13	\$222,936.15	\$219,034.81	\$223,680.07	\$236,782.69
Adams Lake Indian Band (Salmon Arm)		\$0	\$0	\$0	\$0	\$0	\$504,691.22
Surrey	Elements (Fraser Downs)	\$2,877,900.08	\$2,997,760.46	\$2,773,042.95	\$3,029,683.21	\$3,331,363.02	\$4,103,134.06
Surrey	Newton	\$0	\$187,726.50	\$678,884.58	\$99,774.19	\$0.00	\$0
Terrace	Chances Terrace	\$560,756.86	\$625,577.44	\$674,780.99	\$705,079.51	\$648,464.01	\$632,344.58
Vancouver	Edgewater	\$5,821,565.25	\$6,084,757.33	\$7,186,127.79	\$8,003,676.38	\$8,306,765.64	\$8,547,733.35
Vancouver	Hastings	\$1,270,554.09	\$1,214,566.60	\$1,067,280.60	\$1,102,629.48	\$1,097,346.30	\$1,109,378.50
Vernon	Lake City Casino	\$1,947,770.07	\$2,000,788.15	\$1,879,774.37	\$2,092,678.21	\$2,015,741.11	\$1,961,911.13
View Royal	View Royal Casino	\$4,196,788.12	\$4,142,775.53	\$3,974,068.33	\$4,027,239.40	\$4,111,962.22	\$4,306,853.31
Williams Lake	Signal Point	\$579,704.96	\$579,211.79	\$530,921.27	\$577,704.05	\$568,498.56	\$587,858.83
Total		\$83,133,003.58	\$84,371,314.16	\$86,891,529.95	\$95,563,589.07	\$94,769,072.10	\$96,821,936.10

2017/18 ESTIMATES NOTE**First Nations & Gambling****Suggested Response:**

- Government has committed to negotiating with First Nations leadership and communities around expanding opportunities for their share of B.C.'s gambling industry. My colleague, Minister Scott Fraser, the Minister of Indigenous Relations and Reconciliation, will be engaging with all First Nations during the development and implementation of a framework.
- BCLC is responsible for conducting and managing gambling on behalf of the Province of British Columbia, including selecting locations for gambling facilities.
- Currently, there are four First Nations governments in B.C. that host gambling facilities. Last year, revenue sharing with these First Nations totaled more than \$2.4 million.

Background:

- The mandate letter for the Minister of Indigenous Relations & Reconciliation commits government to expanding opportunities for First Nations in B.C.'s gambling industry. The letter states: *With the Minister of Finance, negotiate with First Nations leadership and communities around expanding opportunities for their share of B.C.'s gaming industry.*
- Presently in B.C., Indigenous governments are treated the same as local governments when it comes to hosting a gambling facility, revenue-sharing and consultation. Local governments that host a gambling facility typically receive 10% of net gambling revenue generated by that facility.
- Currently there are three First Nations that host gambling facilities on their land but do not operate the facilities: (1) Cowichan Tribes - Chances Cowichan community gaming centre (Duncan), (2) Squamish Nation - Chances Squamish community gaming centre (Squamish), and (3) Adams Lake Indian Band - Chances Salmon Arm community gaming centre (Salmon Arm). There is one First Nation, Ktunaxa (Cranbrook) that hosts and operates a gambling facility on their land.
- A revenue-sharing agreement also exists between the City of Penticton and the Penticton Indian Band. BCLC and the Province were not parties in the discussions that led to that agreement.

s.16

- BCLC is responsible for selecting locations for gambling facilities. It takes into consideration factors such as market assessments, business strength, and trends of nearby existing gambling facilities.

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2017/18 ESTIMATES NOTE**Joint Illegal Gaming
Investigation Team****Suggested Response:**

- The Joint Illegal Gaming Investigation Team (JIGIT) is an integrated and dedicated law enforcement team with a focus on disrupting organized crime and gang involvement in illegal gaming and preventing money laundering and loan sharking in BC gaming facilities.
- The total budget for JIGIT is \$4.3 million per year for 2017/18 and 2018/19 (funding for the first year, 2016/17, was \$2.6 million). Funding is provided by the B.C. government (70%) through the BCLC, and the federal government (30%) through the RCMP in accordance with the formula for federal government policing contracts
- While JIGIT's mandate covers all illegal gaming activity, it focuses on organized crime and gang activities as they present the greatest risk to public safety and lawful gaming activities in the province. The team has worked hard to disrupt organized crime from expanding their organized network and using any assets in B.C.'s gaming facilities.
- JIGIT is drawing on the anti-gang and organized crime expertise of its police members from the Combined Forces Special Enforcement Unit (CFSEU-BC). Five GPEB investigators are fully integrated into JIGIT and provide subject matter expertise on authorities prescribed in the Gaming Control Act.
- In addition to providing funding, BCLC supports JIGIT by providing subject matter expertise on gambling operations and cooperates with the development of intelligence on money laundering threats by JIGIT.

Background:

- On June 13, 2017, JIGIT announced that an investigation determined that a criminal organization allegedly operating illegal gaming houses, was also facilitating money laundering for drug traffickers, loan sharking, kidnappings, and extortions within the hierarchy of this organized crime group, with links nationally and internationally, including mainland China. JIGIT stated it was also clear large amounts of money were being laundered through Metro Vancouver casinos - CFSEU-BC asserted that the amount of money laundered was in the "millions of dollars".
- The results of this ongoing investigation reflect the anticipated outcomes we hoped to see when we established the partnership between CFSEU-BC and the Gaming Policy and Enforcement Branch.
- JIGIT is actively working on this investigation as it is within its mandate. It is not appropriate

for the Minister to comment further on ongoing police investigation.

- JIGIT also successfully investigated an incidence of cheat at play at the Kelowna Lake City Casino in October 2016, which resulted in criminal charges against a dealer and patron acting in collusion. The matter is currently before the courts.
- On June 13th, 2017 CFSEU-BC announced that JIGIT conducted a year-long investigation which led to the arrest of a network connected to illegal gaming houses and money laundering. The investigation is ongoing; however it was determined that a criminal organization operated illegal gaming houses, facilitated money laundering for drug traffickers, loan sharking, kidnappings, and extortions.
- Relevant to this Ministry is the allegation that, "it was apparent that there were multiple roles filled by different people which enabled or facilitated the organization in laundering large amounts of money through casinos. CFSEU-BC asserted that the amount of money laundered was in the "millions of dollars."
- JIGIT has been in constant dialogue with the BC Prosecution Service and it is believed that charges will be approved within the next few months.
- In spring 2016, GPEB worked with the Policing and Security Branch (PSB) of the Ministry of Public Safety and Solicitor General and the RCMP to establish JIGIT.
- JIGIT is the latest in a number of initiatives to enhance the province's money laundering and illegal gambling enforcement programs.
- JIGIT is funded by both the provincial government (70%) through BCLC, and the federal government (30%) through the RCMP. There are 22 full-time officers and five GPEB employees assigned to this team.
- Total funding will be \$2.6 million in fiscal 2016/17, and \$4.3 million in each of the following two fiscal years.
- Funding in years four and five is to be determined.
- The team's five GPEB investigators are funded from the Branch's existing budget.

Questions and Answers:

1. What has JIGIT accomplished in its first year of operation?

- On June 13, 2017, JIGIT announced that an investigation determined that a criminal organization allegedly operating illegal gaming houses, was also facilitating money laundering for drug traffickers, loan sharking, kidnappings, and extortions within the hierarchy of this organized crime group, with links nationally and internationally, including mainland China. This involved Lower Mainland casinos.
 - JIGIT stated that this organized crime group was involved in operating illegal gaming houses, money laundering through casinos, loan sharking, and violent acts. CFSEU-BC has stated that the amount of money laundered was in the "millions of dollars".
 - This reflects exactly the type of results we hoped to see when we established the partnership between CFSEU-BC and the Provincial Gaming regulator.
 - In its first year JIGIT was able to establish its team resourcing, undertake a major investigation focusing on organized crime, and establish relationships in the gaming sector across Canada.
 - JIGIT is actively working on this investigation as it is within its mandate. I cannot comment further on ongoing police investigations.
 - Additionally, in October 2016, JIGIT successfully investigated a cheat at play occurrence at the Kelowna Lake City Casino which resulted in criminal charges against a dealer and patron acting in collusion. This matter is currently before the courts.
2. JIGIT is only funded for three years until the end 2018/19. Will you continue funding JIGIT through its five year term?
- Currently, the provincial government through BCLC and the federal government, through the Provincial Police Service Agreement, jointly fund the team on a 70/30 per cent basis respectively.
 - The government takes the issues of illegal gambling and money laundering, very seriously, particularly when it involves organized crime. The partners are committed to funding the joint team for five years.
3. How much money is being laundered through B.C.'s gambling facilities?
- As part of its recent operational briefing on recent arrests resulting from one of its investigations, JIGIT stated that the amount of money laundered was in the "millions of dollars".
 - The details of any investigation won't be disclosed until the matter is brought to conclusion.
4. How are criminal organizations able to launder money through B.C.'s gambling facilities?
- JIGIT was created because we had information from law enforcement and other sources including formal complaints from BCLC, that illegal gambling was occurring and that legal casinos were being targeted by organized crime for the purpose of money laundering. The announcements that JIGIT has made so far reflect the type of results we hoped to see when we created the partnership between government and CFSEU-BC.

- JIGIT is actively working on this investigation. We will know more when the investigation concludes. I cannot comment further on ongoing police investigations.

5. Has gambling revenue decreased as a result of JIGIT's activities?

- Gambling is a form of entertainment in B.C. The majority of people who enjoy gaming facilities obey the law and that will not change.
- Illegal activities, such as money-laundering and unlicensed gaming houses are unacceptable in this province.
- We want gangs and organized crime to know that this team will disrupt organized crime and gang involvement in illegal gaming, and criminals from expanding their organized networks into B.C.'s gaming facilities.
- Operating with integrity is critical to the long term sustainability of the gaming industry in BC and the benefits it provides to British Columbians.

Any change in gambling revenue as a result of JIGIT's activities has not been quantified.

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2017/18 ESTIMATES NOTE**Anti-Money Laundering
Strategy and Q&A****Suggested Response:**

- Our Government remains ever mindful of the threats and vulnerabilities illegal gambling and money laundering may pose to the gambling industry if not properly addressed.
- I have initiated an independent review of British Columbia's anti-money laundering policies and practises in relation to BC casinos. I have appointed Peter German to conduct the review which will be complete by the end of March 2018. I have requested he make recommendations as they are identified.
- In its effort to combat money laundering in B.C. gambling facilities the Government collaborated with the RCMP's Combined Forces Special Enforcement Unit BC (CFSEU-BC) to establish the Joint Illegal Gaming Investigation team (JIGIT). This co-ordinated investigation unit is designed to target illegal gambling and money-laundering inside and outside of B.C.'s gambling facilities.
- JIGIT is located within CFSEU-BC, the Province's anti-gang police agency and the largest integrated joint forces police unit in Canada. The primary focus of JIGIT is to disrupt organized crime and gang involvement in illegal gambling and prevent criminals from introducing proceeds of crime in B.C. gambling facilities.
- JIGIT and GPEB are engaging with BCLC to explore the implementation of a coordinated team approach to identifying and disrupting patrons from sourcing cash or other monetary instruments, which may be linked to criminal organizations.

Background:

- Under federal law, BCLC is the designated reporting entity responsible for implementing measures to protect BC casinos from money laundering and terrorist financing threats, which includes reporting obligations to FINTRAC. BCLC is required to report all large cash transactions of \$10,000 or more, suspicious transactions of any amount, disbursements to customers of \$10,000 or more, and international electronic funds transfers of \$10,000 or more.
- The police are responsible for the investigation of money laundering and terrorist financing offences.
- GPEB is the provincial government department responsible for gaming regulation in the province. GPEB has five Special Provincial Constables who are a part of the Joint Illegal

Gaming Investigations Team (JIGIT) at the Combined Forces Special Enforcement Unit (CFSEU) at RCMP Headquarters in Surrey, B.C.

- In addition to reporting obligations to FINTRAC on money laundering and terrorist financing, BCLC will report any suspected criminal activity to the police and GPEB.
- Government launched a multi-phased Anti-Money Laundering Strategy in 2011 focused on reducing the use of cash by casino customers to help lessen money laundering threats to casinos. The first two phases of the strategy focused on BCLC developing and promoting alternatives to cash buy-ins. This strategy includes:
 - Patron Gaming Fund (PGF) accounts where casino patrons may transfer money from regulated banks and credit unions, or add funds to their account via certified cheques, bank drafts, internet transfers, or verified win cheques
 - Electronic transfers of funds to PGF accounts through Canadian, U.S. and International banks.
 - Customer convenience cheques clearly marked as a verified win or as a "return of funds that are not gaming winnings".
 - A "cheque hold" system for players playing at high buy-in values.
 - Debit withdrawals at the cash cage and ATM withdrawals inside gaming facilities.
 - Proactively banning individuals whose presence in a gaming facility would be contrary to the safe and secure enjoyment of the facility by the public.
- Phase 3 of the strategy centers on enforcement, regulatory guidance and additional measures enhancing AML due diligence.

CURRENT STATUS:

- On September 22, 2017 the Government of BC released a 2016 report commissioned to look at practises and the regulatory regime related to suspicious cash transactions at BC gaming facilities and announced that an independent review would be carried out to identify whether there is an unaddressed, or inadequately addressed, issue of money laundering in Lower Mainland casinos. Peter German was subsequently appointed to carry out the review and has initiated the review.

JIGIT

- On June 13, 2017, JIGIT announced their investigation revealed a criminal organization was involved with operating illegal gaming houses, facilitating money laundering through

casinos, loan sharking, and violent acts. The investigation has led to arrests of individuals in this organization. CFSEU-BC asserted that the amount of money laundered was in the “millions of dollars”.

BCLC

- BCLC was recently audited by FINTRAC for compliance with federal anti-money laundering laws and was found compliant with reporting and record keeping requirements, however it was noted that its training program was inadequate given the size and nature of its operations.
- BCLC has recently implemented various business intelligence software solutions to continue to improve the ability and sophistication of its anti-money laundering program. One of the solutions is from a leading provider to financial institutions, including three of Canada’s five big banks. BCLC is the first gambling jurisdiction in North America to adopt this technology. This software solution further strengthens BCLC’s AML capacity and provides a more automated in-depth view of the customer
- In response to the information from the June 13, 2017 JIGIT press conference, BCLC:
 - commenced a review of its AML program in an effort to identify any gaps;
 - asked JIGIT for information on how BCLC’s AML Program had been undermined by the organized crime groups;
 - and, notified the federal agency responsible for Canada’s AML regime (FINTRAC) of the alleged money laundering.

ISSUE: Anti-Money Laundering Q&A:

1. JIGIT recently made arrests that involved laundering of money through B.C. casinos. What are government and BCLC doing to about this?
 - JIGIT is part of government’s money laundering strategy – it was created because we had information from law enforcement sources that legal and illegal gambling was being used by organized crime for the purpose of money laundering.
 - JIGIT is showing results, and the recent arrests reflect the results we hoped to see when we established the partnership between CFSEU-BC and the Provincial Gaming regulator.
 - Going forward, BCLC, GPEB, and police need to continue to evolve and adapt anti-money laundering strategies and initiatives to respond to money laundering and criminal activity in B.C gambling facilities. JIGIT and GPEB are engaging with BCLC to explore the implementation of a coordinated team approach to identifying and disrupting patrons from sourcing cash or other monetary instruments, such as bank drafts, which may be linked to criminal organizations.

2. What measures has the British Columbia Lottery Corporation undertaken to prevent money laundering at BC gaming facilities?

- There are comprehensive policies and processes in place to detect and report any activities that may be related to money laundering or attempted money laundering.
- Players are not allowed to exchange small denomination bills for large denomination bills. In addition, casino chips may only be used at a single property. They cannot be redeemed at any facility other than where they were initially purchased.
- When a player makes a transaction of \$10,000 or more (or multiple transactions that reach \$10,000) within a 24-hour period, they must provide current government photo identification. Casinos withhold payouts of \$10,000 or more until government identification is produced. These Large Cash Transactions (LCTs) are then reported to FINTRAC.
- BCLC has purchased business intelligence software from a leading provider to financial institutions, including three of Canada's five big banks. Implemented in May 2017, the software allows for better automated monitoring of transactions, many of which are currently being monitored manually, and supports BCLC in continuing to comply with FINTRAC anti-money laundering requirements into the future.
- All casino gaming staff receives anti-money laundering training when hired, and must take refresher training at least once every two years.
- BCLC works with service providers to implement gaming facility anti-money laundering measures focused on: comprehensive policies and procedures; formal risk analysis with mitigation strategies; staff training; technology; and security & surveillance.
- Some examples of these measures include:

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3. What measures has GPEB undertaken to prevent money laundering at BC gaming facilities?

- The Gaming Policy and Enforcement Branch (GPEB) continues to work with the British Columbia Lottery Corporation (BCLC), gambling facility operators, and law enforcement agencies in a sustained effort to combat money laundering.
- GPEB has provided progressively specific direction to BCLC in correspondence spanning August 2015 to May 2017 on governments expectations regarding anti-money laundering strategies including confirming source of funds prior to cash acceptance and implementing robust customer due diligence policies.
- In April 2016, the Ministers of Finance and Public Safety and Solicitor General, and the

Combined Forces Special Enforcement Unit – B.C. (CFSEU) created the Joint Illegal Gaming Investigations Team (JIGIT). JIGIT is situated within the CFSEU, the RCMP's Surrey-based integrated anti-gang agency with officers from federal, provincial and municipal agencies. JIGIT's mandate is to address organized crime involvement in illegal gambling and protect B.C. gambling facilities from money laundering. JIGIT is a 27 member team, comprised of police personnel and Special Provincial Constables from GPEB.

- In May 2016, GPEB also formed an Intelligence Unit within its Compliance Division. The unit's mandate is to provide stakeholders, management, executive and government with situational awareness of threats to the integrity of gambling. The unit gathers and analyzes open source and operational intelligence by working with local, regional, national and international law enforcement, security, and intelligence agencies.

4. In summer 2010, BCLC was fined by the FINTRAC for violations. What is BCLC doing about this?

- On August 11, 2017, a Federal Court judge finalized a settlement and signed an order wherein BCLC's appeal of the Administrative Monetary Penalty (AMP) imposed on BCLC in 2010 by FINTRAC was allowed.
- Pursuant to the consent order, the Federal Court also set aside the entire AMP levied against BCLC.

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2017/18 ESTIMATES NOTE**BCLC Budget, FTEs and
Projected Net Income to
Government****Suggested Response:**

- BCLC exceeded its annual net income budget in fiscal year 2016/17 by \$96 million (7.7%). Net income to government for fiscal 2016/17 was \$1.34 billion. This was driven primarily by strong revenue performance across all business units.
- BCLC is budgeting for net income to decrease in 2017/18 to \$1.31 billion before increasing again to \$1.32 billion in 2018/19 and \$1.34 billion in 2019/20.
- 2017/18 budget figures represent responsible targets and recognize BCLC will be challenged to repeat the last two years of record-breaking net income.

Background:

- For 2016/17, BCLC delivered \$1.34 billion in net income to government on \$3.14 billion in revenue. BCLC exceeded its net income target for the year ended March 31, 2017 due to strong performance in the slot and eGaming businesses, partially offset by the volatility of the national lotto and high-limit table business.
- Net income is forecasted to be \$1.31 billion in 2017/18, reflecting the uncertainty in the market environment for casino gambling and the significant lottery stabilization efforts BCLC is undertaking, which may affect our lottery business.
- Revenue is projected to increase \$108.9 million or 1.1 per cent compounded annually over the three-year period (fiscal 2016/17 to 2019/20). Net win, which is revenue after prizes paid, is projected to increase by \$124.4 million or 1.7 per cent on compounded annually over the three-year period.
- Direct costs, which include service provider and retailer commissions, lottery ticket and bingo paper printing, supplies and leases, are forecast to increase \$77.1 million or 3.3 per cent compounded annually over the three-year period. The increase in direct costs is primarily related to BCLC transitioning to a new commission structure in its Casino and Community Gaming division.
- Gaming support costs are projected to increase by \$5.5 million or 4.5 per cent compounded annually over the three-year period. Costs in this area are forecast to increase in line with industry trends as BCLC continues to make investments in technology to sustain and enhance core systems that support our player experiences.
- BCLC's operating costs are projected to increase by \$16.8 million or 3.7 per cent

compounded annually over the three-year period to support and sustain continued year-over-year growth in net win.

- BCLC's operating costs for fiscal 2017/18 are estimated at \$152.4 million with total expenditures projected at \$1.8 billion.
- As of March 31, 2017, BCLC had 855.65 permanently filled FTEs. In fiscal 2015/16, BCLC had 854 permanently filled FTEs.

	Actual 2016/17	Budget 2017/18	Projection 2017/18	Projections			
				2018/19	2019/20	2020/21	2021/22
	\$ thousands						
Lottery							
Revenue	1,127,900	1,049,300	1,080,500	1,064,500	1,076,500	1,076,000	1,076,000
Prizes	642,900	601,000	627,700	612,400	618,200	617,900	617,900
Net win	485,000	448,300	452,800	452,100	458,300	458,100	458,100
Less: direct expenses	83,100	80,200	81,900	80,600	81,700	82,200	82,200
	401,900	368,100	380,900	371,500	376,600	375,900	375,900
Operating expenses:							
General Operating	44,600	44,200	46,600	53,200	52,600	52,200	52,200
Gaming Support	13,600	14,000	14,300	14,700	15,000	15,200	15,200
Amortization	7,800	10,700	7,600	12,700	15,000	16,900	16,900
Other	300	1,400	1,400	1,400	1,400	1,400	1,400
	66,300	70,300	69,900	82,000	84,200	85,700	85,700
Net Income Before Taxes	335,600	287,800	311,000	289,500	292,400	290,200	290,200
Taxes	10,800	11,300	11,400	12,400	12,700	12,900	12,900
Net Income	324,800	286,500	299,600	277,100	279,700	277,300	277,300
e-Gaming							
Revenue	157,600	172,400	174,500	192,700	204,200	212,500	212,500
Prizes	52,000	58,400	58,100	62,500	65,200	67,200	67,200
Net win	105,600	114,000	116,400	130,200	139,000	145,300	145,300
Less: direct expenses	18,400	22,600	22,300	27,900	29,700	31,100	31,100
	87,200	91,400	94,100	102,300	109,300	114,200	114,200
Operating expenses:							
General Operating	16,000	13,000	13,600	14,100	14,200	14,200	14,200
Gaming Support	7,700	9,900	8,600	9,700	9,900	9,900	9,900
Amortization	6,400	5,300	6,600	4,400	3,400	3,600	3,600
Other	(300)	800	800	800	800	800	800
	29,800	29,000	29,600	29,000	28,300	28,500	28,500
Net Income Before Taxes	57,400	62,400	64,500	73,300	81,000	85,700	85,700
Taxes	4,400	3,800	4,900	5,500	5,600	5,800	5,800
Net Income	53,000	58,600	59,600	67,800	75,400	79,900	79,900
Casino & Community Gaming							
Revenue	1,858,400	1,884,500	1,898,700	1,954,200	1,972,100	1,985,800	1,985,600
Prizes	46,400	43,900	44,200	43,300	42,400	41,600	41,600
Net win	1,812,000	1,820,600	1,854,500	1,910,900	1,929,700	1,944,000	1,944,000
Less: direct expenses	648,300	653,700	683,800	709,900	715,500	719,800	719,800
	1,163,700	1,166,900	1,170,700	1,201,000	1,214,200	1,224,200	1,224,200
Operating expenses:							
General Operating	84,600	85,200	92,200	93,400	95,000	95,600	95,600
Gaming Support	17,300	17,600	18,800	18,700	19,200	19,700	19,700
Amortization	50,700	59,000	57,800	60,500	63,000	67,900	67,600
Other	11,000	7,300	7,300	7,400	7,500	7,600	7,600
	163,600	179,300	176,600	180,000	184,700	190,800	190,600
Net Income Before Taxes	1,000,100	967,600	995,100	1,021,000	1,029,500	1,033,400	1,033,400
Taxes	38,900	38,400	43,000	45,000	45,600	46,300	46,300
Net Income	961,200	949,200	952,100	976,000	983,900	987,100	987,100
Total							
Revenue	3,143,900	3,086,200	3,163,700	3,211,400	3,252,800	3,274,100	3,274,100
Prizes	741,300	703,300	730,000	718,200	725,800	726,700	726,700
Net win	2,402,600	2,382,900	2,433,700	2,493,200	2,527,000	2,547,400	2,547,400
Less: direct expenses	749,800	756,500	788,000	818,400	826,900	833,100	833,100
	1,652,800	1,626,400	1,645,700	1,674,800	1,700,100	1,714,300	1,714,300
Operating expenses:							
General Operating	145,200	152,400	152,400	160,700	162,000	162,000	162,000
Gaming Support	39,600	41,700	41,700	43,100	44,100	44,800	44,800
Amortization	64,900	75,000	71,500	77,600	81,400	88,400	88,400
Other	11,000	9,500	9,500	9,600	9,700	9,800	9,800
	259,700	279,000	275,100	291,000	297,200	305,000	305,000
Net Income Before Taxes	1,393,100	1,347,800	1,370,600	1,383,800	1,402,800	1,409,300	1,409,300
Taxes	54,100	53,500	59,300	62,900	63,600	65,000	65,000
Net Income	1,339,000	1,294,300	1,311,300	1,320,900	1,339,200	1,344,300	1,344,300

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2017/18 ESTIMATES NOTE

Kamloops Head Office Redevelopment

Suggested Response:

- BCLC is in the process of determining a long-term solution for its Kamloops head office, which is 53 years old and requires significant upgrades and maintenance.
- As such, BCLC has issued a non-binding Request for Pre-Qualification (RFPQ) and pre-qualified four proponents that will receive a Request for Proposal (RFP). For the RFP, BCLC is asking each proponent to submit two proposals for a design build: one where BCLC would own the facility and one where BCLC would sell and lease back.
- The information gathered will enable BCLC to develop a detailed assessment of options and concept plan that will lead to a recommendation to the Province for a long-term building solution in Kamloops.
- BCLC has enjoyed 32 years of success in Kamloops and looks forward to many more in this community.

Key Facts:

- Through the Request for Pre-Qualification process initiated in April 2017, BCLC has pre-qualified four proponents that will receive a Request for Proposal (RFP) for design build options.
- The pre-qualified proponents are: Concert Infrastructure, Fengate Development, Gracorp Capital Advisors (on behalf of the Riverside Development Partners) and Morguard Investments (partnering with PCL and MCM).
- On October 20, 2017, BCLC posted a notification on BC Bid and an information bulletin on bclc.com stating the pre-qualified proponents are invited to respond to a Request for Proposal (RFP) for design build proposals for a potential new Kamloops Head Office building. The RFP was only distributed to the four pre-qualified proponents and not made public to protect the integrity of the procurement process.
- As part of the RFP, we are asking each proponent to submit two proposals for a design build: one where BCLC would own the facility and one where BCLC would sell and lease back.
- BCLC will use the information gathered from this RFP to assess all options, including building a new facility, incorporating part of our existing building in a new facility or reconditioning our existing building.

- Following the evaluation of the RFP, BCLC plans to develop a detailed concept plan that will lead to a recommendation to the Province for a long-term building solution in Kamloops.

Background:

- BCLC's current head office in Kamloops is 53 years old and many of its mechanical, electrical and structural components are original to the building, aging and will ultimately need to be replaced.
- BCLC's customer service call center, data centre, human resources, information technology and finance functions are currently based out of the Kamloops head office.
- To determine the best solution for the long-term benefit of our employees and evolving business needs, BCLC has hired Avison Young, a commercial real estate advisor for professional advice and to explore options for the most appropriate building solution that would meet the long-term needs for BCLC.
- BCLC currently represents a significant presence in downtown Kamloops, occupying most of one city block. BCLC also owns the three neighbouring vacant properties and laneways west of the building and is in the process of amalgamating these into one property.
- BCLC has conducted environmental testing on the properties it acquired adjacent to its existing building, which were once occupied by a dry cleaning operation and a gas station. Off-site testing included the neighbouring property occupied by the City of Kamloops as well as the property north of the CN tracks near the Thompson River. BCLC has provided the pre-requisite/required notification of contamination to adjoining property owners and is committed to remediating the lands.

Current status:

- Through the Request for Pre-Qualification process, BCLC has pre-qualified four proponents that have received a Request for Proposal (RFP) for design build options.
- The deadline for the submission of all RFP proposals is February 19, 2018.
- The information gathered from the RFP will enable BCLC to develop a detailed assessment of options and concept plan that will lead to a recommendation for a long-term building solution in Kamloops.
- Following approval of the concept plan from BCLC's Board, the information and detailed plan will be provided to Treasury Board for review.

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2017/18 ESTIMATES NOTE

BCLC Municipal Government Expression of Interest (EOI)

Suggested Response:

- BCLC has formalized its process for locating and relocating gambling facilities to be more clear, transparent and efficient.
- The Expression of Interest (EOI) process is intended to identify local governments interested in hosting a gambling facility.
- BCLC respects the authority of local governments to choose whether they want a gambling facility in their community.

Background:

- In 2015 and 2016, BCLC launched Expression of Interest processes in Greater Victoria, and Metro Vancouver's North Shore and South of the Fraser regions to gauge interest from municipal and First Nations governments in potentially hosting a gambling facility.
- The 2014 Crown Review of BCLC concluded that the process for locating or relocating a gambling facility needed more clarity. BCLC has formalized the local government notification process as an initial stage of its gambling facility relocation/location process.
- Once a market assessment of a region is complete, BCLC determines ideal locations for a gambling facility within the region and sends a letter to local governments, asking them to express their interest in being considered as host, as well as initial information about the community. BCLC then reviews responses and selects the local government as a potential Host Local Government (HLG).

Victoria

- In 2015, BCLC launched an Expression of Interest process with six local governments in the Greater Victoria area to determine interest in hosting a potential new casino and entertainment facility. In August 2016, the City of Victoria was selected due to the opportunities to provide a new and unique gambling entertainment facility to residents and tourists alike.
- Through the Request for Pre-Qualification process initiated in December 2016, BCLC has pre-qualified four companies to develop and operate a potential new casino and entertainment location in Victoria. The companies will receive an ensuing Request for Proposals (RFP), to be issued by BCLC, and will be required to submit a casino proposal.

- BCLC's evaluation team will select one successful proponent and its casino proposal must be reviewed and approved by BCLC before it is brought forward to Victoria City Council for its consideration.

Delta

- BCLC has concluded its EOI process in the South of the Fraser region. The Corporation of Delta, Tsawwassen First Nation and City of Surrey were all invited to express an interest. BCLC has selected the Corporation of Delta as the preferred host local government for a potential new gambling and entertainment facility. The Tsawwassen First Nation was also considered, however, the City of Surrey declined the opportunity.
- In 2014 BCLC decided to remove the slot machines from the Newton Community Gaming Centre and make plans to relocate it to a more suitable location for social responsibility reasons. The facility has been operating as a Bingo Hall in the interim.
- BCLC has provided Gateway Casinos & Entertainment with preliminary approval to relocate the Newton Community Gaming Centre in Surrey to the current site of the Delta Town and Country Inn.
- BCLC made this decision after listening to the Delta community and the clear feedback from the Corporation of Delta that the only suitable site on which it would consider a gambling and entertainment facility at this time is the Town and Country Inn location.
- The potential gambling facility in Delta would be a relocation of Surrey's Newton Community Gaming Centre.
- Gateway Casinos & Entertainment Ltd., the private-sector service provider of the Newton Community Gaming Centre, would own or lease the potential gambling facility in Delta on BCLC's behalf, and operate it on a day-to-day basis.

North Shore of Greater Vancouver

- Chances Squamish, located on Squamish Nation land near the District of Squamish, has
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- Through an Expression of Interest process in the North Shore, BCLC has received interest from the City of North Vancouver and Tsleil-Waututh Nation to potentially host the relocated gambling facility in their community. The Squamish First Nation has chosen to defer their decision to participate at this time.
- The Expression of Interest process in the North Shore region is still in its evaluation phase.
- An announcement will be made once the evaluation phase concludes and a preferred host local government is selected.

Current Status:**Victoria**

- A Request for Proposal (RFP) will be provided to shortlisted potential casino service provider proponents in fall 2017. The proponent selected as part of the RFP process will be the single service provider to operate the potential new location for a casino and entertainment venue.

Delta

- BCLC has provided Gateway Casinos & Entertainment with preliminary approval to relocate the Newton Community Gaming Centre in Surrey to the current site of the Town and Country Inn in Delta.
- Gateway Casinos will now develop a proposal detailing the size, scope and amenities of a casino and entertainment facility at the Delta Town and Country Inn.
- BCLC will determine the gaming components of the facility. Once the facility proposal is approved by BCLC, it will be submitted to the Corporation of Delta for its consideration.

North Shore of Greater Vancouver

- BCLC received Expressions of Interest from the City of North Vancouver and Tsleil-Waututh Nation to potentially host a gaming facility in their community. The Squamish First Nation has deferred a decision to participate at this time.
- The Expression of Interest process in the North Shore region is still in its evaluation phase.

ISSUE: BCLC MUNICIPAL GOVERNMENT EXPRESSION OF INTEREST (EOI)**1. What are the next steps in these initiatives?**

- In Victoria, BCLC is moving forward in the process to select a private-sector service provider to develop and operate a potential new casino and entertainment venue.
- Through the Request for Pre-Qualification process initiated in December 2016, BCLC has pre-qualified four companies that will receive an ensuing Request for Proposals (RFP), to be issued by BCLC. The proponent selected as part of the RFP process will be the single service provider to operate the potential new gambling and entertainment venue. The RFP will be issued once the new Operating Services Agreement for service providers of BCLC is completed.
- In Delta, BCLC has provided Gateway Casinos & Entertainment with preliminary approval to relocate the Newton Community Gaming Centre in Surrey to the current site of the Delta Town and Country Inn.
- Gateway Casinos will now develop a proposal detailing the size, scope and amenities of a gambling and entertainment facility at the Delta Town and Country Inn. Once the facility

proposal is approved by BCLC, it will be submitted to the Corporation of Delta for its consideration.

- In the North Shore, BCLC received Expressions of Interest from the City of North Vancouver and Tsleil-Waututh Nation to potentially host a gambling facility in their community. The Squamish First Nation has deferred their decision to participate.
- The Expression of Interest process in the North Shore region is still in its evaluation phase.
- An announcement will be made once the evaluation phase concludes and a preferred host local government is selected.

2. What is the timeline to building a new facility in these cities?

- It is currently too early to determine when a facility will be established in these cities.

3. Has a location been determined for Victoria and Delta?

- As part of a RFP to select a service provider in Victoria, pre-qualified proponents will be required to submit a casino proposal that demonstrates their commitment to responsible gambling and social responsibility; identifies an appropriate location within the City of Victoria; and outlines the design, amenities and other details of the potential facility. BCLC has determined the scope and size of the gaming selection already.
- The Corporation of Delta has indicated the Delta Town and Country Inn site is the only suitable location on which it would consider a gambling facility at this time. BCLC has given Gateway preliminary approval to proceed with developing a proposal for this site.

4. What type of facility is BCLC looking for?

- BCLC will work with the selected service provider to submit a proposal to the Corporate of Delta and the City of Victoria, which will outline the proposed location, size and scope of the facility. We would like to develop a facility that suits the unique local market in each city and reflects the input from local community stakeholders.

5. How will BCLC address community concerns?

- As required by the Gaming Control Act, the host local government must seek and consider community input prior to approving a potential gaming facility proposal from BCLC.
- BCLC is committed to hearing from the public throughout the process and there will be opportunities for the community to learn more information, ask questions and provide feedback.
- Additionally, to help ensure that local governments understand both the opportunities and challenges of hosting gambling facilities, BCLC is commissioning a Health Impact Assessment (HIA) to identify and examine health effects related to proposed new casino and entertainment facilities in the Greater Victoria, South of the Fraser and North Shore regions.
- The HIA findings will inform the development of customized programs and/or policies to prevent, mitigate and/or avoid any negative health impacts identified within specific communities.

6. What if the city backs out of the decision to host a facility?

- BCLC respects the authority of local governments to choose whether they want a gambling facility in their community.
- Ultimately, when a proposal for a gaming facility is made, the host community has the final say as to whether it will accept it.

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2017/18 ESTIMATES NOTE**Parq Development****Suggested Response:**

- Throughout the construction development of the project, 20% of construction jobs were fulfilled from the Downtown East Side and provided employment opportunities, new trade skills and work experience.
- Paragon Gaming has met all requirements as set out by the City of Vancouver.

If asked about facility commissions

- Paragon Gaming earned facility development commissions earlier than is typical for an underground parkade that was required by the City of Vancouver. As of March 31, 2017, it received \$32.5 million for parkade expenditures.
- Although Paragon Gaming earned commissions faster than it would under the typical program, it did not receive more commissions than it would have under the typical program.

Key Facts:

- The Parq Casino Development in Vancouver opened on September 29, 2017. The facility includes two hotels, meeting and event space, restaurants, a spa, gambling floor, underground parking and a rooftop park. The facility's estimated cost is approximately \$787 million (\$640 million plus prefunded interest.)
- In addition to providing a number of new, one-of-a-kind amenities to Vancouver, the developer was required to meet several covenants and conditions related to everything from responsible gambling to hiring and procurement from within the Downtown East Side.
- A restrictive covenant on the lands re-affirmed that no gambling expansion would be permitted on that land. However, a new section was added to the restrictive covenant that allows for applications to amend the zoning bylaw, including an increase in gaming over and above what is authorized under the current zoning bylaw. The restrictive covenant does not fetter the discretion of City Council to consider any zoning bylaw application and limit or fetter the authority of the Province to regulate gaming on the restrictive covenant lands.

Background:

- In 2011, Vancouver City council approved the relocation of Edgewater casino including the transfer of 600 slot machines and 75 tables to the new site. It did not support any expansion of the gambling offering.

- The City had specific parking requirements related to underground parking. As such, the parking construction costs are more significant than at any other gaming facility. Due to the unique parking requirements at this site, BCLC committed to providing:
 - Accelerated Facility Development Commission (AFDC) of two per cent of net win for the cost of developing parking facilities and began accruing this commission on April 1, 2012.
 - Additional Accelerated Facility Development Commission (referred to as AAFDC) of two per cent of existing net win for the cost of developing parking facilities, which accrued for a period of five years (beginning April 1, 2012 and ending March 31, 2017). This is the first and only facility to receive AAFDC.
- The arrangement allowed Paragon Gaming to earn a total of 7% of the net win from gambling at the existing Edgewater Casino between April 1, 2012 and March 31, 2017, and 5% thereafter to help pay for costs associated with the relocated casino.
- BCLC did not pay Paragon Gaming any commissions for the underground parkade until it was satisfied certain conditions were met. Therefore AFDC/AAFDC payments only began in December 2015.
- This AAFDC commitment expired on March 31, 2017 and Paragon is no longer accruing commissions at this additional, faster rate. BCLC is still determining the final amount of the parkade cost that is eligible for Facility Development Commissions.
- The opening of Parq Vancouver garnered positive and balanced media coverage that focused on the design of the facility and new amenities. A minority of the stories discussed the economic benefits and social impacts of the relocated casino in Vancouver.

City of Vancouver Host Local Government (HLG) Payments

- Staff at the City of Vancouver have been informed the City's host local government payments will be impacted in the short term (i.e. when the new facility opens).
- The balance of the accrued impact to Vancouver's HLG payments has reached approximately \$3.07 million now that the new facility has opened.

Contact: Jim Lightbody, BCLC CEO

Phone: 604-225-6412

Mobile: s.17

2017/18 ESTIMATES NOTE**Service Provider
Commissions Review****Suggested Response:**

- BCLC's vision for gambling in B.C. is building facilities with comprehensive entertainment amenities such as restaurants, lounges, hotels and multi-purpose venues.
- Service provider commissions are a share of gaming revenue earned by the operator of a gambling facility. There are two types of service provider commissions: operating and facility development, which have been in place since BCLC was mandated to oversee and manage casinos in British Columbia in 1997.
- In accordance with the 2014 Crown Review recommendations and as part of the preparation for the pending expiration of several operating agreements within the next few years, BCLC reviewed the service provider commission structure and related Operational Services Agreements (OSA) and, through third party and industry consultation, developed a new OSA and commission structure.
- The updated OSA and commission structure are based on generating long-term returns, enhanced stability and greater accountability for the casino and community gaming centre business in B.C.
- The changes position B.C. to continue leading the country in creating an attractive investment opportunity for the private sector and holding them accountable along with BCLC to create outstanding gambling entertainment experiences for players and revenue growth for the Province.

Background:

- Under the Gaming Control Act (B.C.), BCLC's mandate is to conduct, manage and operate commercial gambling on behalf of the Government of British Columbia. BCLC enters into Operational Services Agreements (OSAs) with private sector service providers (SPs) who, under BCLC's management, finance, build and operate gambling facilities including casinos, community gaming centres and bingo halls.
- Commissions are a contractual obligation between BCLC and service providers, and commissions are earned over time, based on the net win generated by each facility. Net win represents gaming revenue net of prizes paid.
- The industry has matured since 1997 and new factors are influencing SP investment decisions. For some SPs, the existing commission structure reinforces the primary focus on maximizing short-term cash flow and their business valuation rather than driving long-term market growth.

- Given present market conditions, competition for capital in the growing Ontario market, and the approaching end of many OSA terms, SP are increasingly hesitant to invest more without market and/or term certainty.
- Ontario Lottery and Gaming (OLG) has focused on expanding private sector delivery of gambling through the awarding of gaming territory bundles. Three out of five bundles awarded in Ontario have been awarded to B.C.'s largest SP, OLG predicts \$3 billion in new private sector capital investment in the province and an additional \$4.6 billion in revenue to the Ontario government over a six-year period.
- Investments in new facilities and substantial renovations to existing ones have proven to generate incremental revenue. Expansion of non-gambling amenities, such as quality dining options, lounges, hotels, and live entertainment, reaches a broader, more diverse customer base that will enable BCLC's long-term strategy of sustainable revenue growth.
- Under the new OSA, BCLC will transition the existing three percent Facility Development Commissions (FDC) and two percent Accelerated Facility Development Commissions (AFDC) programs to a new five percent Facility Investment Commission (FIC) program whereby commissions are earned by the SP based on the execution of an investment plan agreed upon at the time of signing the new OSA.
- To receive the FIC, the service provider must meet the minimum investment requirement (MIR), which is calculated at the start of the OSA term as five percent of the previous year's net win, multiplied by 20 years, the length of the OSA term and adjusted for current investments. If a service provider fails to meet the MIR agreed to, payment of the FIC can be suspended or, in extreme cases, the OSA could be terminated at BCLC's discretion.
- The new OSA reduces risks for BCLC in the areas of tax, accounting and exposure on un-deposited win.
- Under the new OSA, commissions on slots will remain the same at 25%, and will be slightly higher for table and bingo games as follows:
 - For table games, commissions will be 42.5% and 77.5% for poker revenue. This is an increase from past commissions of 40% and 75%.
 - B.C. currently offers the lowest table games commission across Canada. For example, in both BC and Alberta, different table games have different compensation structures. In BC over 90 per cent of table win is under the 40% commission rate compared to 50% in Alberta¹. More competitive table game commissions will help retain large service providers' focus on the BC market.

¹ HLT Advisory Service Provider Compensation Review, September 2015 (pg.33)

- o For bingo games, commissions will be 90% on the first \$10,000 and 45% above \$10,000 on weekly bingo revenue after prizes paid. This is an increase from a former tiered commission structure of 60% / 40% / 25%. The increase will provide greater incentive to smaller SP to offer more frequent bingo sessions.

Contact: Jim Lightbody, BCLC CEO	Phone: 604-225-6412	Mobile: ^{s.17}
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**Ministry of Attorney General
Estimates 2017/18 Briefing Book**

**Crown Agencies, Boards, Commissions and Tribunals
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2017/18 ESTIMATES NOTE**BC Human Rights Tribunal****Mandate:**

The BC Human Rights Tribunal is responsible for screening, mediating and adjudicating complaints under the *Human Rights Code*. It provides parties the opportunity to resolve complaints through mediation; complaints that are not resolved through mediation proceed to a hearing before the Tribunal. The Tribunal is accountable to the legislature through the Attorney General and functions independently of government on all matters related to adjudication of complaints. Orders of the Tribunal are enforceable in the British Columbia Supreme Court.

Financial Information:

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. \$3.004 million has been allocated to the BC Human Rights Tribunal.

Organization and Staff:

Number of FTE's: 26

Number of OIC appointed members: 7

Chair: Diana Juricevic

Chair's salary (per annum): \$180,000

Chair's biography: Diana Juricevic is the Chair of the Human Rights Tribunal. Before joining the Tribunal, Ms. Juricevic practiced international criminal law in the Netherlands and Cambodia. She was also an adjunct professor and Acting Director of the International Human Rights Program at the University of Toronto's Faculty of Law where she taught several courses. At the outset of her career, she practiced litigation at a large national law firm in Toronto. Ms. Juricevic has served on several boards, including most recently, the Board of Trustees at the University of Toronto's Trinity College. In 2007, Ms. Juricevic was named by the Women's Executive Network as one of the "Top 100 Most Powerful Women in Canada". She holds a Juris Doctor and Master of Economics degree from the University of Toronto as well as an Honours Bachelor of Arts degree from the same institution.

Minister accountable for policy and operational oversight: Attorney General

2017/18 ESTIMATES NOTE**BC Review Board****Mandate:**

The British Columbia Review Board is an independent administrative tribunal. It conducts hearings to review and assess the mental condition and level of threat to the public posed by mentally disordered accused persons for the purpose of determining whether they should be absolutely or conditionally discharged, or detained in a designated place of custody.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. \$1.387 million has been allocated to the BC Review Board.

Organization and Staff

Number FTE's: 7

Number of OIC appointed members: 17

Chair: Bernd Walter

Chair's salary (per annum): \$135,000

Chair's biography: Bernd Walter holds a law degree from the University of Western Ontario. After practicing Law in Kitchener, Ontario, and in Cape Breton, Nova Scotia, he began a civil service career, serving with the governments of Ontario, Alberta and British Columbia in the areas of legislative policy and social/child services, including terms as the Alberta Children's Advocate (1989-93) and the Superintendent/Assistant Deputy Minister of Family and Children's Services (1993-95). In November, 1995, Mr. Walter was appointed to chair the Child & Family Review Board of BC, and since 1997 has served as Chair of the BC Review Board.

Minister responsible for policy and operational oversight: Attorney General

2017/18 ESTIMATES NOTE**BC Utilities Commission****Mandate:**

The British Columbia Utilities Commission operates under the *Utilities Commission Act*, regulating utilities to ensure customers receive safe, reliable and non-discriminatory energy services at fair rates, and that shareholders of those utilities are afforded a reasonable opportunity to earn a fair return on their invested capital.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. The British Columbia Utilities Commission is funded through a "\$1,000 Vote" and it fully recovers its costs from the utilities it regulates.

Organization and Staff

Number of FTE's: 35

Number of OIC appointed members: 10

Chair: David Morton

Chair's salary (per annum): \$210,000

Chair's biography:

David Morton was appointed Chair and CEO of BC Utilities Commission effective December 31, 2015. Prior to his appointment as Chair, he served as a Commissioner from November 2010 to December 30, 2015. Mr. Morton also has over 25 years of experience in the Information Technology sector. He has a Bachelor of Applied Science, University of Toronto; Professional Engineer (British Columbia) qualification; Licentiate in Accounting, Society of Management Accountants Canada; and is certified with the ICD.D designation in 2013 by the Institute of Corporate Directors.

Minister responsible for policy: Attorney General

2017/18 ESTIMATES NOTE**Building Code Appeal
Board****Mandate:**

Under the *Building Act (Part 4, sections 19-21)*, the Building Code Appeal Board resolves disputes on whether a matter conforms to a building regulation under the *British Columbia Building Code*. The *British Columbia Building Code* establishes minimum standards for residential and commercial building construction.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. \$25,000 has been allocated to the Building Code Appeal Board.

Organization and Staff

Number of FTEs: 0

Number of OIC appointed members: 4

Chair: Lyle Kuhnert

Chair's salary (per diem): \$625

Chair's biography:

Lyle Kuhnert has been a Senior Codes Administrator for the Province of British Columbia's Building and Safety Standards Branch for 25 years. He has over 40 years of experience in the building regulatory system, including 11 years as a Building Inspector and Chief Building Official. Mr. Kuhnert served as Secretariat to the Building Code Appeal Board. His formal training and education is in Structural Engineering Technology at the Southern Alberta Institute of Technology.

Minister responsible for policy: Municipal Affairs and Housing

Minister responsible for operational oversight: Attorney General

2017/18 ESTIMATES NOTE**Civil Resolution Tribunal****Mandate:**

The Civil Resolution Tribunal (CRT) is an independent tribunal responsible for providing online, facilitation and adjudication services under the *Civil Resolution Tribunal Act*. It provides parties with the opportunity to resolve complaints through online self-help information and tools, through facilitation services delivered mainly by tribunal staff, and through adjudications delivered by tribunal members. Orders of the CRT are enforceable in British Columbia's Provincial Court and Supreme Court.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. The Civil Resolution Tribunal is currently funded through access to contingency funding approved by Treasury Board in 2016.

Organization and Staff

Number FTEs: 24

Number of OIC appointed members: 19

Chair: Shannon Salter

Chair's salary (per annum): \$160,000

Chair's biography:

Shannon Salter clerked with the British Columbia Supreme Court, practiced litigation at a large Vancouver law firm for several years, and has served as a vice chair of the Workers' Compensation Appeal Tribunal. Ms. Salter is also a commissioner of the Financial Institutions Commission, vice president of the British Columbia Council of Administrative Tribunals, and a past board member of the College of Registered Nurses of British Columbia. She teaches administrative law at the UBC Allard School of Law as an adjunct professor and has been actively involved in providing pro bono legal advice and representation throughout her career. She holds her Bachelor of Arts and Bachelor of Laws from the University of British Columbia and her Master of Laws from the University of Toronto.

Minister responsible for policy and operational oversight: Attorney General

2017/18 ESTIMATES NOTE**Community Care and
Assisted Living Appeal
Board****Mandate:**

The Community Care and Assisted Living Appeal Board was created under the *Community Care and Assisted Living Act* to hear and decide appeals from licensing, registration and certification decisions about community care facilities, assisted living residences, and early childhood educators.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. \$26,000 has been allocated to the Community Care and Assisted Living Appeal Board.

Organization and Staff

Number of FTEs: 0

Number of OIC appointed members: 9

Chair: Helen del Val

Chair's salary (per diem): \$625

Chair's biography:

Helen R. del Val is the Chair of the Community Care and Assisted Living Appeal Board. Formerly she was the commissioner representing the BC and Yukon regions on the Canadian Radio-television and Telecommunications Commission (CRTC). She also taught telecommunications regulation internationally. She had practiced business law in major Vancouver law firms and also as senior counsel in a telecommunications company. Committed to community service, she currently serves as ex-officio director (immediate past President) of the British Columbia Council of Administrative Tribunals and as an adjudicator of the Canadian Broadcast Standards Council. Formerly she also served as a director of the Justice Education Society of BC and was a director of Vancouver's Chinese Cultural Centre and of S.U.C.C.E.S.S. Born and raised in Hong Kong, she moved to Canada at age 15. She attended UBC and graduated as the medalist with the highest standing in the Arts Faculty. She then graduated from UBC Law School.

Minister responsible for policy: Health

Minister responsible for operational oversight: Attorney General

2017/18 ESTIMATES NOTE**Employment Standards
Tribunal****Mandate:**

The Employment Standards Tribunal was established under the *Employment Standards Act* with a mandate to conduct appeals of Determinations issued by the Director of Employment Standards. It may also reconsider any order or decision it makes.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. \$475,000 has been allocated to the Employment Standards Tribunal.

Organization and Staff

Number of FTEs: 3

Number of OIC appointed members: 9

Acting Chair: Jacquie de Aguayo

Acting Chair's salary (per annum): \$190,000

Acting Chair's biography:

Jacquie de Aguayo is the acting Chair of the Labour Relations Board and Employment Standards Tribunal. Previously, Ms. de Aguayo was Coordinator of Representation for Public Service Alliance of Canada. She was also an Associate Lawyer for Raven, Cameron, Ballantyne and Yazbeck LLP. Ms. de Aguayo has 15 years of practitioner experience in administrative law and labour relations issues. She is also skilled in management and collective bargaining negotiations. Ms. de Aguayo is a member of Law Societies of British Columbia and Upper Canada. She holds her Bachelor of Arts and her Bachelor of Laws from the University of Toronto.

Minister responsible for policy: Labour

Minister responsible for operational oversight: Attorney General

2017/18 ESTIMATES NOTE**Environmental Appeal
Board****Mandate:**

The Environmental Appeal Board resolves disputes related to decisions made by government officials on environmental issues. These decisions include water licences, contaminated site remediation orders, pesticide permits and the cancellation of hunting licences, among other things.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. \$1.783 million has been allocated to the Environmental Appeal Board.

Organization and Staff

Number of FTEs: 9

Number of OIC appointed members: 24

Chair: Alan Andison

Chair's salary (per annum): \$135,000

Chair's biography:

Alan Andison obtained a B.A. in History in 1974 from Simon Fraser University and a LL.B. in 1985 from University of Victoria. Mr. Andison was called to the Bar in 1986. Mr. Andison has experience in the areas of administrative, environmental, forestry and natural resources law. He has held a variety positions with the BC public service including terms with the Office of the Ombudsman, the Human Rights Council, and the Ministry of Environment, Lands and Parks. Mr. Andison was appointed Executive Director and General Counsel to the Environmental Appeal Board and the Forest Appeals Commission in 1995. He was appointed Chair of the Board and the Commission in 2000, and Chair of the Oil and Gas Appeal Tribunal in 2010. Mr. Andison is past Chair of the British Columbia Circle of Chairs, is on the Executive for the British Columbia Council of Administrative Tribunals, and is a past member of the Executive of the Council of Canadian Administrative Tribunals.

Ministers responsible for policy: Environment and Climate Change Strategy; Forests, Lands, Natural Resource Operations and Rural Development.

Minister responsible for operational oversight: Attorney General

2017/18 ESTIMATES NOTE**Financial Services
Tribunal****Mandate:**

The Financial Services Tribunal hears appeals from individuals and institutions who want to contest enforcement decisions made by the Insurance Council of British Columbia, the Real Estate Council of British Columbia, the Superintendent of Real Estate, the Superintendent of Pensions, the Registrar of Mortgage Brokers, and the Superintendent of Financial Institutions. It provides an avenue of appeal for those who believe that they have been wrongly limited or denied the ability to work in one of the regulated occupations to which an appeal lies to the tribunal. The Financial Services Tribunal has jurisdiction to hear appeals under the following statutes: *Financial Institutions Act*, *Credit Union Incorporation Act*, *Mortgage Brokers Act*, *Real Estate Services Act*, *Pension Benefits Standards Act* and *Real Estate Development Marketing Act*.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. The Financial Services Tribunal does not have a stand-alone budget as it is funded through the Financial Institutions Commission.

Organization and Staff

Number of FTEs: 0

Number of OIC appointed members: 3

Chair: Ted Strocel

Chair's salary (per diem): \$725

Chair's biography:

Ted Strocel has been practicing law in Abbotsford since 1981. He practices in the areas of business and corporate law, wills and estate planning, and real estate. He has been active in the legal community as a past President of the Fraser Valley Bar Association, a member of the Audit Committee of the Law Society of British Columbia, and a committee member for the Canadian Bar Association. Ted has also been active in community affairs, serving on various boards such as the Abbotsford Cultural Centre which operates the Reach gallery and museum and the Abbotsford Police Board.

Minister responsible for policy: Finance

Minister responsible for operational oversight: Attorney General

2017/18 ESTIMATES NOTE**Forest Appeals
Commission****Mandate:**

The Forest Appeals Commission resolves disputes related to decisions made by government officials on forests and the environment under the *Forest Practices Code of British Columbia Act* and continued under the *Forest and Range Practices Act*.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. \$310,000 has been allocated to the Forest Appeals Commission.

Organization and Staff

Number of FTEs: 0

Number of OIC appointed members: 24

Chair: Alan Anderson

Chair's salary (per annum): \$135,000

Chair's biography:

Alan Anderson obtained a B.A. in History in 1974 from Simon Fraser University and an LL.B. in 1985 from University of Victoria. Mr. Anderson was called to the Bar in 1986. Mr. Anderson has experience in the areas of administrative, environmental, forestry and natural resources law. He has held a variety positions with the BC public service including terms with the Office of the Ombudsman, the Human Rights Council and the Ministry of Environment, Lands and Parks. Mr. Anderson was appointed Executive Director and General Counsel to the Environmental Appeal Board and the Forest Appeals Commission in 1995. He was appointed Chair of the Board and the Commission in 2000, and Chair of the Oil and Gas Appeal Tribunal in 2010. Mr. Anderson is past Chair of the British Columbia, Circle of Chairs, is on the Executive for the British Columbia Council of Administrative Tribunals, and is a past member of the Executive of the Council of Canadian Administrative Tribunals.

Minister responsible: Forests, Lands, Natural Resource Operations and Rural Development

2017/18 ESTIMATES NOTE**Health Professions
Review Board****Mandate:**

The Health Professions Review Board was created under the *Health Professions Act* to provide an independent review of certain decisions made by the self-governing colleges of designated health professions regarding the registration of their members and the timeliness and disposition of complaints made against their registrants.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. \$1.273 million has been allocated to the Health Professions Review Board.

Organization and Staff

Number of FTEs: 6

Number of OIC appointed members: 26

Chair: Tom English

Chair's salary (per diem): \$625

Chair's biography:

Tom English, Q.C. is Counsel with Fraser Milner Casgrain, a national law firm. He has served as an Assistant and Adjunct Professor with the Faculty of Law at the University of British Columbia. In the community he is Chair of the Vancouver Economic Commission, President of the Vancouver Aquarium Conservation Foundation, a former President of the BC Sports Hall of Fame and the Vancouver Aquarium, and a former director of the Vancouver International Airport Authority. Mr. English holds a Bachelor of Commerce and a Bachelor of Laws from the University of British Columbia and a Master of Laws from Harvard University.

Minister responsible for policy: Health

Minister responsible for operational oversight: Attorney General

2017/18 ESTIMATES NOTE**Hospital Appeal Board****Mandate:**

The Hospital Appeal Board was created under the *Hospital Act* to provide medical practitioners with an avenue of appeal from hospital board of management decisions affecting hospital privileges.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. \$22,000 has been allocated to the Hospital Appeal Board.

Organization and Staff

Number of FTEs: 0

Number of OIC appointed members: 10

Chair: David Perry

Chair's salary (per diem): \$625

Chair's biography:

David Perry focuses his practice on insurance defense and environmental law, and he is an experienced litigator in commercial and motor vehicle defense cases. Mr. Perry has had diverse experience in resolving land use and resource disputes as counsel, chair of administrative tribunals, and as a commissioner of inquiry. Mr. Perry has acted as counsel for the provincial government, major resource companies, and community groups in the course of resolving litigated and mediated resource disputes. He has acted in leading environmental law and insurance cases involving advocacy before regulators, the Environmental Appeal Board, B.C. Supreme Court, BC Court of Appeal and the Supreme Court of Canada.

Minister responsible for policy: Health

Minister responsible for operational oversight: Attorney General

2017/18 ESTIMATES NOTE**Industry Training Appeal Board****Mandate:**

The Industry Training Appeal Board hears appeals under section 10 of the *Industry Training Authority Act*. The Board's purpose is to provide a specialized independent, accessible and cost-effective forum for the hearing of appeals from decisions of the Industry Training Authority regarding trainees and industry training credentials.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. \$15,000 has been allocated to the Industry Training Appeal Board.

Organization and Staff

Number of FTEs: 0

Number of OIC appointed members: 3

Chair: Gordon Armour

Chair's salary (per diem): \$625

Chair's biography:

Gordon Armour is the past Coordinator of Transition, Training and Trades for School District #27, Cariboo Chilcotin (Williams Lake). During his tenure, he was responsible for the development of career preparation programs and coordination of work experience programs and apprenticeship training in partnership with post-secondary institutions and industry. He served with the School District for 43 years following a brief employment with School District 47 (Powell River) for three years where he started his career. Gordon represented the K - 12 education sector on the BC Mining HR Task Force and acted as the Chair of their Education Sub Committee during the tenure of the Task Force. Mr. Armour represented the Mining Task Force on the steering committee of the newly appointed Centre for Training Excellence in Mining. Gordon is currently the President of the Career Education Society of BC and a mentor for the Ministry of Education to work with school districts in the review, development and strategic planning of career development for school districts. Past adjudication and governance experience has seen Mr. Armour as the Chair of the Hospital Appeal Board from 1996 until 2003.

Minister responsible for policy: Advanced Education, Skills and Training

Minister responsible for operational oversight: Attorney General

2017/18 ESTIMATES NOTE**Labour Relations Board****Mandate:**

The Labour Relations Board has a mandate to mediate and adjudicate employment and labour relations matters related to unionized workplaces. The *Labour Relations Code* establishes the Board and governs all aspects of collective bargaining amongst the provincially-regulated employers and employees. This includes the acquisition of collective bargaining rights, the process of collective bargaining, the settlement and regulation of disputes in both the public and private sectors, and the regulation of the representation of persons by their bargaining agents.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. \$4.138 million has been allocated to the Labour Relations Board.

Organization and Staff

Number of FTEs: 40

Number of OIC appointed members: 6

Acting Chair: Jacquie de Aguayo

Acting Chair's salary (per annum): \$190,000

Acting Chair's biography:

Jacquie de Aguayo is the acting Chair of the Labour Relations Board and Employment Standards Tribunal. Previously, Ms. de Aguayo was Coordinator of Representation for Public Service Alliance of Canada. She was also an Associate Lawyer for Raven, Cameron, Ballantyne and Yazbeck LLP. Ms. de Aguayo has 15 years of practitioner experience in administrative law and labour relations issues. She is also skilled in management and collective bargaining negotiations. Ms. de Aguayo is a member of Law Societies of British Columbia and Upper Canada. She holds her Bachelor of Arts and her Bachelor of Laws from the University of Toronto.

Minister responsible for policy: Labour

Minister responsible for operational oversight: Attorney General

2017/18 ESTIMATES NOTE**Mental Health Review
Board****Mandate:**

The Mental Health Review Board was created under the *Mental Health Act* to conduct hearings to review and decide whether persons certified /detained at any mental health facility in B.C. should continue to be certified /detained based on criteria in the Act. The Board's function is to ensure that patients who are certified by physicians and detained involuntarily in provincial mental health facilities have access to an objective and timely review process.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. \$1.748 million has been allocated to the Mental Health Review Board.

Organization and Staff

Number of FTEs: 7

Number of OIC appointed members: 73

Acting Chair: Diana Juricevic

Acting Chair's salary (per annum): \$180,000

Acting Chair's biography:

Diana Juricevic is the acting Chair of the Mental Health Review Board. Before joining the Tribunal, Ms. Juricevic practiced international criminal law in the Netherlands and Cambodia. She was also an adjunct professor and Acting Director of the International Human Rights Program at the University of Toronto's Faculty of Law where she taught several courses. At the outset of her career, she practiced litigation at a large national law firm in Toronto. Ms. Juricevic has served on several boards, including the Board of Trustees at the University of Toronto's Trinity College. In 2007, Ms. Juricevic was named by the Women's Executive Network as one of the "Top 100 Most Powerful Women in Canada". She holds a Juris Doctor and Master of Economics degree from the University of Toronto as well as an Honours Bachelor of Arts degree from the same institution.

Minister responsible for policy: Mental Health and Addictions

Minister responsible for operational oversight: Attorney General

2017/18 ESTIMATES NOTE**Oil and Gas Appeal
Tribunal****Mandate:**

The Oil and Gas Appeal Tribunal is an independent tribunal that hears appeals from decisions of the Oil and Gas Commission, including orders, declarations, findings of contravention, administrative penalties and permitting decisions in relation to an 'oil and gas activity' such as geophysical exploration, the construction or operation of a pipeline, road construction, and the production, gathering, processing, storage or disposal of petroleum, natural gas or both.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. The Oil and Gas Appeal Tribunal does not have a budget as they fully recover their costs from the Ministry of Energy, Mines and Petroleum Resources.

Organization and Staff

Number of FTEs: 0

Number of OIC appointed members: 24

Chair: Alan Andison

Chair's salary (per annum): \$135,000

Chair's biography:

Alan Andison obtained a B.A. in History in 1974 from Simon Fraser University and a LL.B. in 1985 from University of Victoria. Mr. Andison was called to the Bar in 1986. Mr. Andison has experience in the areas of administrative, environmental, forestry and natural resources law. He has held a variety positions with the BC public service including terms with the Office of the Ombudsman, the Human Rights Council and the Ministry of Environment, Lands and Parks. Mr. Andison was appointed Executive Director and General Counsel to the Environmental Appeal Board and the Forest Appeals Commission in 1995. He was appointed Chair of the Board and the Commission in 2000, and Chair of the Oil and Gas Appeal Tribunal in 2010. Mr. Andison is past Chair of the British Columbia, Circle of Chairs, is on the Executive for the British Columbia Council of Administrative Tribunals, and is a past member of the Executive of the Council of Canadian Administrative Tribunals.

Minister responsible for policy: Energy, Mines and Petroleum Resources

Minister responsible for operational oversight: Attorney General

2017/18 ESTIMATES NOTE**Property Assessment
Appeal Board****Mandate:**

The Property Assessment Appeal Board was established under the *Assessment Act* and reviews decisions of the Property Assessment Review Panels. The most common issues in assessment appeals deal with the property's market value, fairness compared to the assessments of other similar properties, property classification and exemptions from taxation.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. The Property Assessment Appeal Board budget is allocated through a "\$1,000 vote" and is fully recovered from BC Assessment.

Organization and Staff

Number of FTEs: 9

Number of OIC appointed members: 26

Chair: Simmi Sandhu

Chair's salary (per annum): \$135,000

Chair's biography:

Simmi Sandhu is a lawyer, called to the BC Bar in 1990. Her areas of practice included administrative law, civil litigation, corporate/commercial law and real estate transactions. In addition, she has extensive experience in quasi-judicial proceedings, having acted as a chair of the Board of Referees for over six years. She also has training and experience in conflict resolution and mediation. Ms. Sandhu serves on the Board of Directors of the British Columbia Council of Administrative Tribunals and was President of BCCAT from 2010 to 2012 and Chair of BCCAT's annual conference 2009-2011. In addition, she is an instructor for BCCAT's courses in Foundations of Administrative Justice and Advanced Decision-writing. She was appointed as a Vice Chair of the Property Assessment Appeal Board in 2001. She is also Vice-Chair of the Surface Rights Board and was appointed to that Board in 2007.

Minister responsible for policy: Municipal Affairs and Housing

Minister responsible for operational oversight: Attorney General

2017/18 ESTIMATES NOTE**Safety Standards Appeal Board****Mandate:**

The Safety Standards Appeal Board was created under section 43 of the *Safety Standards Act* and hears appeals of decisions made under the *Act* by provincial safety officers and safety managers. The Board also hears appeals of decisions made by the Registrar of the Homeowner Protection Office under the *Homeowner Protection Act*.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. \$163,000 has been allocated to the Safety Standards Appeal Board.

Organization and Staff

Number of FTEs: 1

Number of OIC appointed members: 5

Chair: Emily Drown

Chair's salary (per diem): \$625

Chair's biography:

Emily Drown is a lawyer practicing in Victoria, B.C. She has a busy civil litigation practice, which includes a focus in construction law, corporate commercial law and general civil litigation. She has appeared before a number of administrative tribunals in British Columbia as counsel. Ms. Drown serves as Chair of the Board of the BC Council of Administrative Tribunals.

Minister responsible for policy: Municipal Affairs and Housing

Minister responsible for operational oversight: Attorney General

2017/18 ESTIMATES NOTE**Surface Rights Board****Mandate:**

The Surface Rights Board was established under the *Petroleum and Natural Gas Act (PNGA)*. Under the *PNGA*, the *Mining Right of Way Act*, the *Mineral Tenure Act*, the *Geothermal Resources Act*, and the *Coal Act*, the Board has jurisdiction to resolve disputes between landowners and companies that require access to private land to explore for, develop, or produce Crown-owned subsurface resources such as oil, gas, coal, minerals and geothermal.

Financial Information

The AG tribunal sector operating budget for 2017/18 is \$14.476 million. \$108,000 has been allocated to the Surface Rights Board.

Organization and Staff

Number of FTEs: 0

Number of OIC appointed members: 4

Chair: Cheryl Vickers

Chair's salary (per diem): \$625

Chair's biography:

Cheryl Vickers is a lawyer and has practised in a variety of fields, including administrative law. Cheryl was appointed as Chair of the Surface Rights Board in July 2007. She served as Chair of the Property Assessment Appeal Board from 2003 to 2015 and as Acting Chair of the Civil Resolution Tribunal from 2013- 2014. She currently sits as member of the Hospital Appeal Board. Cheryl was active in the development of the British Columbia Council of Administrative Tribunals (BCCAT), and served as a member of that organization's Board of Directors including as Secretary from 1996 to 1998 and as President from 2004 to 2006. Cheryl has assisted in curriculum development for BCCAT courses offering training to appointees of quasi-judicial boards and tribunals. She has delivered these courses and workshops on case management and alternate dispute resolution for tribunals.

Minister responsible for policy: Energy, Mines and Petroleum Resources

Minister responsible for operational oversight: Attorney General



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2017 Rate Application

DATE: SEPTEMBER 22, 2017

ICBC Recommended Responses:

- **Our government wants to ensure that ICBC insurance rates are affordable for British Columbians, and we are working to take every possible step to make sure this happens.**
- **There are three primary external pressures on auto insurance rates in B.C.; they are very real and they are escalating – a rapid increase in the number of crashes, more vehicle damage and injury claims being reported, compounded by higher vehicle repair and injury claims costs.**
- **While steps have been taken by ICBC to address these external pressures, more work is needed. Our priority is to make sure that affordability for good drivers always comes first.**

Background:

- On September 15, 2017, ICBC submitted an application to the British Columbia Utilities Commission (BCUC) asking for a 6.4 per cent increase to basic insurance rates. On September 22, 2017, the BCUC approved ICBC's application for a 6.4 per cent increase on an interim basis. This will mean an average increase of \$4.75 per month for basic insurance coverage policies effective November 1 and later.
- Even after this increase, the amount of basic insurance premiums ICBC is collecting from its customers will not cover the increasing amount paid out in basic claims costs. To cover the actual costs would require a basic rate increase of 20 per cent, or close to \$15 per month for every customer.
- Increasing costs are also putting pressure on ICBC's optional insurance rates.
- From November 1, 2017, drivers who purchase their optional insurance from ICBC will see the first quarterly increase on average, of 3.1 per cent with subsequent quarterly increases reviewed on a quarterly basis as market conditions require, up to a maximum of 9.6 per cent.
- The basic increase of 6.4 per cent and the optional increase of 3.1 per cent mean an average increase of 4.9 per cent or \$80 per year for the average driver in British Columbia. If optional rates do increase up to the maximum of 9.6 per cent, the annual blended increase will be eight per cent or \$130 for the average driver in British Columbia.

ICBC ISSUES NOTE – ADVICE TO MINISTER

- Three external factors have continued to put pressure on insurance rates in B.C. – a sustained increase in the number of crashes which has led to more vehicle damage and injury claims being reported, compounded by higher vehicle repair and injury claims costs. These pressures have increased in 2017 at an even higher rate than anticipated and continues to worsen.
- After years of a stable crash rate, more crashes are occurring in B.C. every year, with 320,000 in 2016 alone.
- ICBC is also seeing the number of injury claims being reported increase. In 2016, there were 72,700 new injury claims reported, which is 10,000 more than two years ago, for an increase of 16 per cent.
- More vehicle damage claims are also being reported to ICBC. There were 240,100 in 2016 alone, 30,900 more than just two years ago, an increase of 15 per cent.
- The rising number of crashes has led to an increase in vehicle damage repair costs, which have increased by 30 per cent in just two years, to a total of \$1.5 billion in 2016.
- ICBC's injury claims costs totaled \$2.7 billion in 2016 for an increase of \$1.2 billion, or 80 per cent, over the last seven years.
- ICBC is committed to working alongside the new provincial government to make further changes and improvements to help mitigate the pressures on rates.
- In the short term, government and ICBC will be moving forward on the following actions:
 - an operational audit of ICBC;
 - a pilot project to evaluate distracted driving reduction technology;
 - activating red-light cameras 24 hours a day, seven days a week;
 - increasing public awareness of the risks of distracted driving through a new advertising campaign; and
 - introducing a dangerous roads initiative to improve identified dangerous roads and intersections.

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CONFIDENTIAL ISSUES NOTE

Ministry of the Attorney General

Date: Updated – September 8, 2017

Minister Responsible: Hon. David Eby

ICBC – 2017/18-2019/20 Service Plan

RECOMMENDED RESPONSE:

- ICBC's budgeted net loss figures are reflective of the considerable cost pressures they are facing from the rapid increase in the number of crashes and claims costs.
- In addition to the increase in the number of crashes, the number of injury and vehicle damage claims ICBC receives has accelerated over the last two years.
- ICBC has been working hard to develop short and long-term strategies to mitigate these cost pressures, and our government is reviewing which of these strategies will be most suitable to implement and make the most sense for British Columbians.

BACKGROUND:

As part of the 2017 Budget Update, ICBC has revised the 2017/18 – 2019/20 Service Plan to reflect recent trends.

Summary of ICBC's Service Plan (February 2017) as compared to Service Plan (September 2017):

(\$ millions)	2017/18 Budget	2018/19 Budget	2019/20 Budget
Service Plan - February 2017 Net Income (Loss)	\$ (144)	\$ (25)	\$ (143)
Service Plan - September 2017 Net Income (Loss)	(225)	(302)	(411)
Variance - (higher)/lower	\$ (81)	\$ (277)	\$ (268)

Explanation of Changes in Forecast:

s.13,s.17

ADVICE TO MINISTER

require further analysis and discussion with Government.

Claims cost trends have continued to worsen due to higher crash frequency that is now expected to continue to increase in the forecast years.

Further unfavourable developments in large and complex bodily injury claims have put pressure on costs. However, this is moderated by additional claims handling staff that ICBC has hired to manage the higher claims volumes and growth in pending claims. This has resulted in significant positive impacts on moderating bodily injury severity (cost of a claim) and in achieving claims closure targets.

The 2017/18-2019/20 Service Plan (September 2017) has also been updated for the latest Basic and Optional rate assumptions and investment forecasts.

Cost Savings Initiatives:

ICBC is working to develop and implement a number of additional strategies to alleviate the escalating cost pressures on its insurance rates.

New mitigation measures include:

- Operational audit of ICBC's operations and practices
- Activating red-light cameras 24 hours a day
- Introducing a dangerous roads initiatives focused on road improvements
- Moving forward with a pilot project using distracted driving technology

In addition to the new mitigation measures, ICBC has implemented several cost savings initiatives since the 2016/17 fiscal year. Anticipated cost savings of these initiatives has been estimated at \$178 million.

Earlier initiatives included:

- Stepping up efforts to combat claims fraud, with an estimated cost savings of \$28 million;
- Continuing the fight against distracted driving;
- Modernizing supply management practices to ensure the best value for customers; and
- Introduced a new windshield repair program, which improves services to customers while also reducing costs.

ICBC has hired 500 new front-line claims staff to help manage the increasing number of claims. Staffing increases will continue in the 2017/18 fiscal year to address the further forecasted increase in Bodily Injury claims volume in fiscal 2018/19.

ICBC will also continue to refine its claims workforce plan to ensure it has the right number of front-office staff to meet customer service needs. ICBC's integrated workforce plan uses analytics to determine necessary staffing levels. It looks at the actuarial forecasts to predict volumes and the mix of claims as well as the appropriate staffing models, which incorporate forecasted attrition and staff promotions.

In addition to these initiatives, ICBC was directed by the former Government to transfer income and capital from the Optional insurance side of the business to the Basic insurance side to help alleviate the increasing pressure on rates and bolster ICBC's Basic capital levels.

ICBC FINANCIALS

DATE: AUGUST 22, 2017

ICBC Recommended Responses:

- ICBC's net loss is reflective of the considerable cost pressures they are facing from the rapid increase in the number of crashes and claims costs.
- ICBC has been working hard to develop short and long-term strategies to mitigate these cost pressures, and our government is reviewing which of these strategies will be most suitable to implement and make the most sense for British Columbians.

Background:

- This note covers ICBC's financials up to the filing of its Annual Report in August 2017. A separate note will be prepared for the filing of ICBC's Revised Service Plan that will be filed with Government's budget in September 2017.
- ICBC reported a net loss of \$612 million for the Government fiscal year, running from April 1, 2016, to March 31, 2017. ICBC reported a net loss of \$913 million for its 2016/17 fiscal year, running from January 1, 2016, to March 31, 2017.
- To align with the Government fiscal year, ICBC changed to a March 31 fiscal year-end effective January 1, 2016. Unless otherwise stated, financials for 2016/17 reflect the one-time transitional 15-month fiscal period starting January 1, 2016 and ending March 31, 2017. Starting April 1, 2017, and every year thereafter, ICBC and Government will have the same 12-month fiscal year – April 1 to March 31.
- Summary of ICBC's net loss for the 15 months period ended March 31, 2017, compared to the Service Plan 2016/17 ("Plan"):

(\$ millions)	2016/17 YTD Actual ¹	2016/17 YTD Plan ¹	2015 YTD Actual ¹	Variance to Plan Lower/(Higher)	Variance to 2015 Lower/(Higher)
Net (loss) income	\$ (913)	\$ (11)	\$ 131	\$ (902)	\$ (1,044)

- ICBC's corporate net loss for the 15 months ended March 31, 2017 is \$902 million higher than Plan due to higher than expected claims costs, partially offset by higher than planned investment income and earned premiums. The net loss is \$1,044 million higher than the 12 months ended December 31, 2015, due to higher than expected claims costs and lower investment income, partially offset by higher premiums earned. The period over period net loss variance is also due to the longer 2016/17 fiscal period of 15 months compared to the

ICBC ISSUES NOTE – ADVICE TO MINISTER

12 month period in the prior year.

- The Corporation continues to experience ongoing pressure from increasing claims costs. The higher claims costs are driven by:
 - Higher and upward trending crash frequencies;
 - Accelerated trends in higher numbers of bodily injury claims per crash;
 - Greater emergence of large and complex claims which typically result in larger settlements; and
 - Material damage repair costs are higher than expected, a trend seen across Canada and the U.S.
- ICBC was directed by the former Government to transfer income and capital from the Optional insurance side of the business to the Basic insurance side to help alleviate the increasing pressure on rates and bolster ICBC's Basic capital levels.
- Prior to 2010, Government was not taking any dividends from ICBC. In March 2010, the B.C. Government announced changes in the management of ICBC's optional capital that allowed surplus capital from ICBC's optional business to be transferred to government.
- Under the current legislation, the Government dividend comes from ICBC's Optional insurance and does not come from the Basic compulsory insurance that all motorists purchase through ICBC.
- ICBC's Optional insurance is offered in a competitive market. Customers are free to purchase Optional insurance from the company of their choice based on price, service, convenience and other considerations important to consumers. If a consumer chooses ICBC for their Optional insurance, they do so voluntarily.

Year	2010	2011	2012	2013	2014	2015	2016	Total 2010- 2016
Dividend to Govt from ICBC Optional Insurance	\$576M	\$101M	\$0	\$237M	\$139M	\$138M	\$0	\$1.2B
Transfer from ICBC Optional Insurance to ICBC Basic Insurance, based on Policy Year	\$0	\$0	\$373M	\$113M	\$0	\$450M	\$472M	\$1.4B



Ernst and Young (EY) Report on ICBC

DATE: NOVEMBER 02, 2017

ICBC Recommended Responses:

- **We're focused on finding answers that make rates affordable for British Columbians and also make sure ICBC is on stable financial footing.**
- **We're looking at the recommendations in the report and considering actions that will accomplish those goals.**

Background:

- On July 24, 2017, media started reporting on the Ernst and Young (EY) report on auto insurance in B.C. The EY report is [here](#).
- The significant external pressures on auto insurance rates outlined in the report are consistent with what ICBC has reported to the British Columbia Utilities Commission and communicated to the public over the last few years.
- The report also describes a range of potential options to keep rates affordable in the long term. The solutions it proposes are complex and require further analysis and discussion.
- Like other jurisdictions, B.C. is seeing an increased frequency of motor vehicle crashes. This has led to more people claiming bodily injuries with a shift toward more complex claims that cost more to settle. The growing sophistication of cars is also driving up repair costs. These factors combined put upward pressure on rates for customers.
- These pressures are having a major impact on the cost of basic auto insurance and the report provides a range of potential options to keep rates affordable in the long-term.
- Managing these costs, along with exaggerated and fraudulent claims and increasing legal representation rates, are critical to ICBC's goal of offering customers the best insurance coverage for the lowest possible cost.
- In December, 2016, the previous Government ordered a review of the fairness and affordability of Basic insurance rates in the province, with the idea being to limit future increases to the rate of inflation.
- This was an independent review overseen by the Board of Directors of ICBC at the time. A link to the terms of reference for the review is [here](#).



ICBC – CALLS FOR PRIVATIZATION

DATE: AUGUST 22, 2017 (**THIS NOTE WAS WRITTEN BY ATTORNEY GENERAL GCPE AND REVIEWED BY ICBC)

SUGGESTED RESPONSE:

- **ICBC is one of British Columbia's most important public assets.**
- **While there are profound financial concerns that need to be addressed, government has no plans to privatize ICBC.**
- **In saying that, private insurers do have a role for people who are looking for additional coverage.**
- **People who would like to purchase more than the basic level of insurance can do so through ICBC or private insurers.**

SECONDARY MESSAGING:

- **You can travel across Canada and find a range of public and private auto insurance and diverse arguments both for and against each system.**
- **We believe our system in B.C. works for a number of reasons, but mainly to ensure that all British Columbia drivers have the same minimum amount of insurance and insurance benefits that protect them and the other drivers and pedestrians on the road.**
- **B.C. has an estimated uninsured rate of less than one per cent – much lower than other jurisdictions in North America with rates ranging from four to 20 per cent.**
- **The linking of the vehicle licence plate to a customer's basic insurance policy is unique to only a few jurisdictions in North America and is also one of the main reasons we have such a low uninsured rate compared to other jurisdictions.**
- **ICBC is more than just an insurance company – it makes investments no other insurer would, for example: for its 2016/17 fiscal year (January 2016 to March 2017), ICBC invested \$50 million on road safety-related projects and campaigns.**

ICBC ISSUES NOTE – ADVICE TO MINISTER

- **Public or private, a well-managed system is what is most important and I am taking responsibility to make this happen in British Columbia.**

Background:

- Following the August 2017 Ernst and Young Report *ICBC: Affordable and effective auto insurance A new road forward for British Columbia*, the public and media questioned whether a move to privatized insurance would benefit British Columbians. Minister Eby stated publicly that he does not think privatizing ICBC will solve the Corporation's issues.
- On Aug. 23, 2017, the Canadian Taxpayers Foundation released a report calling on government to consider making ICBC more like a co-op, meaning a system with a public-private mix of insurance providers. However, Richard McCandless (policy critic) suggested this would split up the optional and basic coverage and turn the basic coverage into a co-op which is complicated and inefficient.
- Critics of the CTF have stated that their plan is a ploy to privatize.
<http://www.taxpayer.com/news-releases/icbc-needs-fast-and-furious-changes>. In follow-up media, the CTF director called for more competition, saying "We need to look at real reforms to our auto insurance system in B.C., otherwise drivers will continue to get gouged by a politically-manipulated monopoly."



ISSUES NOTE

CONFIDENTIAL – ADVICE TO MINISTER

ICBC – FULL TORT SYSTEM

DATE: JULY 14, 2017 (**THIS NOTE WAS WRITTEN BY ATTORNEY GENERAL GCPE FROM MATERIAL PROVIDED BY ICBC AND REVIEWED BY ICBC)

SUGGESTED RESPONSE:

- The full tort system in B.C. allows injured parties to sue for pain, suffering and economic loss with no cap, which is unique to B.C.
- Medical and rehab benefits in B.C. are among the highest in Canada – which is what you'd want if you were ever injured in a crash.
- However, these benefits from our full tort system come at a cost in terms of insurance premiums, as many injured parties seek legal representation with their claim.
- Other jurisdictions in Canada have decided to cap coverage or place limits on payouts to keep the cost of insurance premiums down.
- The ministry will continue to work with ICBC to make sure that British Columbians are provided with the coverage that strikes a balance between affordability and treating victims fairly.

KEY #'S:

- In 2016, injury claims cost \$2.7 billion – an 80% increase in seven years

Background:

- Auto insurance in B.C. is based on a full tort system, which means that an at-fault driver or vehicle owner may be taken to court for the full amount of damages. In addition, an injured party has access to accident benefits coverage regardless of fault. This coverage includes medical and rehabilitation expenses and up to \$300 per week for wage loss.
- In other provinces in Canada, auto insurance may be based on tort with caps, no-fault, or a mixed no-fault and tort system. In these auto insurance systems, compensation may be based on predetermined benefit schedules regardless of fault, thresholds and/or caps or deductibles on pain and suffering awards, and little or no ability to sue for further damages.
- With increasing auto insurance rates, there are calls for B.C. to move away from the current full tort system and to a system that caps the payouts on bodily injury claims. B.C. is the only jurisdiction in Canada that has a full tort automobile insurance system. All other provinces have put various forms of caps and limits on what can be claimed.

ICBC ISSUES NOTE – ADVICE TO MINISTER

- B.C. drivers benefit from some of the best insurance coverage in the country. Medical and rehabilitation benefits are three times more than those offered in other provinces. British Columbia drivers have access to \$150,000 in medical and rehabilitation coverage, compared to just \$50,000 in Alberta. As well, drivers in Alberta have limits and deductibles on payments for pain and suffering awards.
- Other jurisdictions have decided to cap coverage, to place limits on payouts, or to implement significant deductibles in order to maintain premium affordability and premium stability for the insurance products.
- Both Manitoba and Quebec operate in a “pure” no-fault environment which eliminates the right to sue the at-fault driver for pain and suffering or additional medical and economic expenses. Saskatchewan (Choice model) and Ontario (Threshold model in which pain and suffering claims must pass a threshold test) operate in a “hybrid” environment, which blends no-fault and tort insurance systems.
- ICBC previously considered the potential implementation of a Choice, Threshold or Pure No-Fault system in 1994, but ultimately decided to retain the full tort model (still in place today).
- In August 2017, ICBC’s Board of Directors released the report of an independent review that looked at a range of options and made recommendations that will keep insurance rates affordable with the goal of aligning future rate increases with inflation. The review is based on the principles of maintaining public ownership of ICBC and operating under the current model. The review revealed that ICBC has significant financial problems due in part to the rapidly rising number of claims. See Insolvency and Ernst and Young issues note for additional details.



ICBC – STRATEGIC SOURCING INITIATIVES

DATE: SEPTEMBER 15, 2017

ICBC Recommended Responses:

- **As one of the largest buyer of goods and services in B.C., ICBC has to make sure it is getting the best value for customers.**
- **Based on recommendations from Deloitte (2015) and Ernst & Young (2014), ICBC has been modernizing its supply management practices, and will continue to do so – implementing initiatives that will help reduce costs while improving value and services for customers across the province.**
- **In 2016, ICBC implemented three sourcing initiatives that will help reduce costs by approximately \$50 million per year. This is a positive step in the right direction but much more work needs to be done to address ICBC's serious financial situation and the escalating pressures on rates.**
- **I know there are other good initiatives put forward over the years that have yet to be implemented, and we have to do everything we can to keep insurance rates affordable for British Columbians.**
- **I recognize that there may be various stakeholder groups that may be affected by decisions that we need to make to get ICBC's costs under control. We will make those decisions very carefully and appropriately, but we will deal with the sense of urgency of ensuring that our public insurer is financially stable.**

Background:

- **Some stakeholder groups may raise concerns as ICBC modernizes its supply management practices.**
- **ICBC spends approximately \$1.5 billion per year on goods and services.**
- **In 2015, Deloitte recommended ICBC enhance its supply management practices in the following six categories to reduce its annual spend: material damage, heavy equipment, legal, medical treatment, IT and other professional services. Similar recommendations were made by Ernst & Young (E&Y) in 2014, and further confirmed by an E&Y analysis in 2016.**
- **To date, ICBC has implemented a new windshield repair program; established new contracts with external defence legal firms and increased in-house legal resources; and**

ICBC ISSUES NOTE – ADVICE TO MINISTER

recently launched a new medical assessment services program, for a total annual savings of approximately \$50 million.

- ICBC is awaiting government direction on other strategic sourcing initiatives related to material damage and medical to help further reduce costs.

Windshield repair program

- ICBC did not have a windshield repair program between 2001 and March 2017.
- ICBC's windshield replacement claims increased by 17 per cent from 2010 to 2016; and the average total cost of an ICBC windshield replacement increased 28 per cent from 2010 to 2016.
- In 2016, the average total cost of a windshield replacement was \$820, whereas the average cost of windshield repair is less than \$70.
- ICBC's previous windshield repair program was started in 1987 and offered customers the option of having damaged windshields repaired when possible for free – instead of replacing them. ICBC discontinued the program in 2001 because repaired windshields often still needed to be replaced a short time later. As a result, the program was not convenient for customers and not fiscally responsible for ICBC.
- Based on feedback from customers and industry stakeholders, ICBC introduced a new windshield repair program in March 2017.
- Customers who purchase ICBC's optional comprehensive coverage for their private passenger vehicles can take their vehicle **directly** to one of ICBC's Glass Express suppliers to have a windshield chip repaired for free, as long as the supplier determines it is safe and appropriate to repair (e.g. not requiring a full replacement).
- Customers do not pay a deductible, and a windshield chip claim does not have an impact on future insurance premiums or deductibles.
- The new program benefits more than 2.5 million ICBC customers across the province; and it will help reduce claims costs by approximately \$7-10 million per year as windshield repairs cost significantly less than windshield replacements.
- The program will also help the environment – ICBC estimates there will be about 8,000 fewer windshields in B.C. landfills each year. (There are very limited windshield recycling services in B.C., and the rest of the Canada.)

Medical

- ICBC purchases medical reports and services prepared by independent medical practitioners to help determine the severity and impact of a customer's injury so that ICBC can provide support with injury recovery and/or evaluate the claim for resolution. In 2015, ICBC spent approximately \$42M for reports ordered by ICBC staff or defence counsel (e.g. does not include medical reports ordered by plaintiff counsel).
- In June 2017, ICBC introduced a new independent medical services program to reduce the costs associated with the independent medical reports purchased by ICBC. Following a competitive bid process, ICBC established contracts with 13 medical service providers to provide independent medical assessment services.

ICBC ISSUES NOTE – ADVICE TO MINISTER

- ICBC estimates this program will help reduce annual costs by approximately \$21 million.
- The program only applies to medical reports and related services purchased by ICBC only; not those purchased by the plaintiff's counsel pursuing a tort injury claim. Regulatory and legislative change would be required to implement fee structures for medical reports obtained by the plaintiff counsel, which would help achieve even greater savings.
- Prior to this program, ICBC did not directly contract with medical practitioners. The Doctors of BC establishes a fee guideline for a Medical Legal Opinion which is currently \$1,761. These are simply guidelines and doctors have no legal obligation to follow it. As a result, the price ICBC paid for medical reports it purchased varied significantly – generally ranging from \$4,000 to \$8,000 each.

External Defence Counsel

- In late 2016/January 2017, ICBC renegotiated contracts with its external claims defence counsel firms following a competitive bid process in an effort to reduce its claims legal costs.
- The new contracts are based on six revised complexity levels and alternative fee arrangements on commodity legal work (i.e. low complexity repetitive work) as a way to better align the cost of legal services with the complexity of the file. Under the new model, legal defence firms will still continue to decide who in their firm handles the file, but ICBC pays based on the complexity level of the file.
- ICBC's previous model for sourcing legal services were in place for 17 years with few changes. Under the previous contracts, the price of legal service providers' work was broken out into two parcels, high and low complexity, and the external legal firms negotiated their parcel hours and hourly rates for the various level of counsel in the firms. When ICBC assigned the claims files to outside legal firms, the firm decided upon the seniority level required to handle the file, which could negatively impact the cycle time and costs associated with a file (i.e. a senior lawyer handling low complexity file, or a junior lawyer handling a very complex file).
- At the same time, ICBC has hired more in-house legal resources to help manage the anticipated growth in new Notices of Civil Claims driven by an increase in represented files.
- ICBC estimates this initiative will help reduce annual costs by approximately \$26 million.



ICBC – ICBC SERVICE STRATEGY

DATE: SEPTEMBER 13, 2017

ICBC Recommended Responses:

- **ICBC is working to enhance customer service and make it easier and more convenient for British Columbians to access services including online services.**
- **Over the past year, ICBC has introduced a number of new online services. British Columbians can now get their driving record online, see live wait times for driver licensing offices, check the status of their claim, as well as file their claim online.**
- **We know that people value the service and advice of their local Autoplan brokers, and as ICBC moves more services online, brokers will continue to play an important role in providing insurance services and advice to British Columbians.**

Background:

- ICBC has had a Digital Service Strategy in place since 2015. It defines and prioritizes how the company designs and delivers products and services to meet customer and business needs.
- The service strategy was developed to leverage the completion of the Transformation Program (TP), which significantly modernized key systems and processes. The foundational technology is now in place to improve customer service and develop more streamlined processes, such as more online capabilities.

Recent online services include:

- Claims reporting and check your claims status (December 2016)
 - Improved online claims reporting experience for customers, and new service which allows customers to check online for essential information about their claim such as the adjuster's name and phone number, status of liability, deductible, location of the vehicle and more.
- Follow-up enhancements to online claims reporting (September 2017)
 - Improvements were made to the authentication process making it easier for customers to successfully login. To login customers now use driver licence number and driver licence serial number (on the back of the card). Information which is readily available to customers.
- Driver abstract and claims history (February 2016)
 - New online system for customers to request and instantly receive their driving records. This includes the driver's abstract, National Safety Code (NSC) driver's

ICBC ISSUES NOTE – ADVICE TO MINISTER

abstract, and insurance and claims history letters. Previously, customers had to visit a driver licensing office or call to request a copy of their driving record. In April 2017, ICBC reached 62% online channel adoption, the third consecutive month of adoption exceeding the pre-launch goal of 60%. The current online services have created savings of almost 3 FTEs, and further savings are anticipated throughout 2017/18.

- Location finder (March 2016)
 - Improved, mobile-friendly, office, broker and location-finding tool on ICBC.com. In the past year, the locator has been used more than 750,000 times.
- Check wait times at driver licensing offices (December 2016 & August 2017)
 - New tool on icbc.com which provides current wait times at its 17 high volume driver licensing offices, meaning customers can now choose the most convenient time and location to carry out their licensing transaction.
- Specialty plates (November 2016 & January 2017)
 - Introduced the Memorial Cross licence plate and three new licence plates supporting BC Parks, which have sold more than 50,000 plates as of August 2017. ICBC also expanded the collector car program to include vehicles from 1974 or earlier, from the current 1958 cut-off year, as well as the program now accepts replica vehicles that resemble production vehicles manufactured in or prior to 1942.
- Digitization of brochures and manuals (February 2017)
 - Approximately 80% of ICBC's printed brochures at broker offices have been digitized or decommissioned. New digital brochure alternatives are will be mobile-friendly and easy to print if a hard copy is necessary. Based on 2015 brochure volumes, ICBC estimates saving \$96,000 annually in material costs. Over time, digitization efforts will expand to additional printed materials like business forms and customer manuals.
- Redesign of icbc.com (July 2017)
 - Homepage and navigation of icbc.com was updated to ensure it meets the needs of customers and supports further online self-serve initiatives.

Upcoming initiatives:

- Expand online road test booking to include remaining driver licensing offices (FY Q3)
 - Currently customers can book their road test online in Metro Vancouver, Kelowna, Prince George, Kamloops, Nanaimo and Victoria. ICBC is expanding the service so that online road test bookings can be made at all driver licensing road test locations - 23 Service BC offices and 45 appointed agents.
- New online tool to confirm availability of slogans for personalized licence plates (FY Q2)
 - New tool will let customers see in real-time if their desired slogan is available and eligible (character length, no profanity). Currently, customers have to submit multiple slogans using a written application form.

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- Search improvements and content refresh to icbc.com (FY Q3)
 - Review site content to ensure information is accurate and understandable for customers, as well as improve search functionality to help customers find information more easily.

s.13; s.17



OIPC Audit of ICBC

DATE: SEPTEMBER 15, 2017

ICBC Recommended Responses:

- **I am encouraged that the Privacy Commissioner was pleased overall with their findings from this audit.**
- **Protection of personal information is an issue of great importance to me as I know it is to ICBC and all British Columbians.**
- **ICBC has accepted the results of the audit and are working to implement the recommendations to make its privacy processes and procedures even stronger.**

Background:

- On September 13, 2017, the Office of the Information and Privacy Commissioner (OIPC) released the results of their Audit and Compliance Report on ICBC's Information Sharing Agreements (ISAs): <https://www.oipc.bc.ca/media/16956/ac-f17-01-icbc-final.pdf>
- While the report does make recommendations for areas of improvement, the Commissioner concluded that he is "pleased overall with their findings" and that "for the most part, disclosures of personal information by ICBC to approved third parties are reasonable and proportionate its intended use."
- This was the fifth audit of this type released by the OIPC, and the first for a Crown Corporation, as part of a new program to assess how effectively public bodies and private sector organizations protect personal information and comply with privacy legislation.
- The Commission selected ICBC for this audit because numerous public bodies and private organizations can access the personal information ICBC collects related to drivers, vehicle owners and insurance policyholders, and other B.C. residents, through ISAs. OIPC auditors examined 94 of these ISAs to confirm ICBC fulfills its duty under FIPPA.
- While the Commissioner did report to being "pleased overall with their findings", the report did make 12 recommendations, including where ICBC can amend its current ISAs to better incorporate collection authority and rationale for disclosure; improve its tracking and reviewing of third party access to personal information; and suggested ICBC should conduct additional compliance and monitoring of third parties as well as internal audits and reviews of information sharing governance.
- ICBC has committed to implementing all of the Commissioner's recommendations to make its processes and procedures for protecting the personal information of British Columbians even stronger. Many of the recommended revisions to ICBC's ISAs are already incorporated into its newer agreements and ICBC is in the process of amending its templates to include the remaining ones.



ICBC Claims Costs

DATE: AUGUST 29, 2017

ICBC Recommended Responses:

- **There are three primary external pressures on auto insurance rates in B.C.; they are very real and they are escalating – a rapid increase in the number of crashes, more vehicle damage and injury claims being reported, compounded by higher vehicle repair and injury claims costs.**
- **While steps have been taken by ICBC to address these external pressures, more work is needed to ensure insurance rates remain affordable for British Columbians.**

Background:

- Claims costs are the vast majority of ICBC's costs and can be divided into injury costs and material damage costs. Frequency (how many claims are made each year per a given number of policies) and severity (the average payout for a claim) are the two main elements that impact claims costs.
- Like other jurisdictions, the frequency of crashes in B.C. is increasing and there have been various factors contributing to the increasing costs of injury claims in recent years:
 - From these crashes, more people are making bodily injury claims increasing overall BI costs;
 - There has also been a shift toward greater legal representation of claimants which also increases cost and time to settle a claim;
 - The growing technological sophistication of cars is also driving up repair costs; and,
 - ICBC has seen a potential rise in exaggerated and fraudulent claims.
- On an average day in B.C., there are approximately 875 crashes, resulting in ICBC paying out almost \$13 million in claims.
- After years of a stable crash rate, more crashes are occurring in B.C. every year – with 320,000 in 2016 alone.
- ICBC's vehicle damage costs have increased by 30 per cent in just two years (2014 to 2016), to a total of \$1.5 billion in 2016 alone.
- ICBC's injury claims costs totaled \$2.7 billion in 2016 alone – an increase of \$1.2 billion, or 80 per cent, over the last seven years.
- ICBC customers benefit from some of the highest medical and rehab benefits in Canada and B.C. is the only province with no restriction on tort rights for motor vehicle accident claims. However, the fact is, these full tort benefits come at a cost, including higher legal

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costs.

- As of 2016, approximately half (51 per cent) of ICBC's injury claims have legal representation – an increase of more than 10 per cent from 2010 when 40% of injury claims had legal representation. Claims with legal representation are more expensive in that they incur additional legal costs, have more expert reports ordered and there is an increased utilization of medical resources and services.
- In 2016, ICBC received 72,700 new injury claims and settled more than 66,000 injury claims; during the same year, less than 200 (185) ICBC's injury claims proceeded to trial – less than half a per cent (0.3%).
- One of the steps ICBC has taken to address the pressure from the rising number of claims being reported is through the ongoing hiring of employees in claims services and related areas. They have hired over 500 new front-office staff over the last two years.
- ICBC has also made changes to increase the fairness of basic rates by increasing the accountability of drivers who cause crashes; doubled the premiums of luxury vehicles; increased its focus on fraud prevention; and continued its fight against distracted driving.
- ICBC is committed to working alongside the new provincial government to make further changes and improvements to help mitigate the pressures on rates.



ICBC Claims Staffing

DATE: AUGUST 29, 2017

ICBC Recommended Responses:

- **ICBC recognizes it did not respond fast enough in terms of having sufficient front-office staff to respond to the growing volume of claims being reported and to meet customer needs.**
- **They started to address this issue by hiring over 500 new front-office staff over the last two years but more still needs to be done.**
- **ICBC has committed to me they will hire ahead of need, with their next recruitment campaign planned for the fall and into 2018.**

Background:

- In 2012, the government conducted a review of ICBC focused on staffing levels and operating costs.
- During and following the review, there was a company-wide hiring freeze. However, at no time since 2013 have bargaining unit, front-office claims staff been terminated without cause.
- The total number of ICBC employees in December 2012 and June 2017 are the same with approximately 5,200 full-time equivalents (FTEs). The difference is company-wide we have moved 400 positions from the back-office to the front-office. We now have more employees serving our customers.
- The vast majority of those new front-office positions are within claims. We have 300 more front-office claims staff (an increase of 14 percent) than in 2012, and we reduced our back-office claims staff by 41 (a decrease of 47 percent)
- Prior to the hiring freeze (between 2008 and 2012), there was a decreasing trend in the crash rate on B.C. roads and ICBC's hiring practice for claims staff focused on replacing staff as required based on the business need.
- In late 2014, the number of crashes on B.C. roads began to increase. The rising number of crashes also led to sharp increases in the number of vehicle damage and injury claims being reported. ICBC did not forecast that the increase in crashes and claims would continue, and did not include a provision for staffing increase in the 2015 budget.
- ICBC was cautious to immediately hire claims staff in response to the spike in claims until it was confirmed as ongoing trend. ICBC was also in the middle of implementing its Transformation Program, which included a new claims system as well as updated processes. It was anticipated some efficiencies would be gained.
- However, towards the end of 2015, front-office claims staffing levels were insufficient to

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address the increased volume of claims now coming in (intake).

- ICBC took action in 2016 with an aggressive claims recruitment strategy including large-scale hiring fairs, and a more efficient recruitment and training process.
- Hiring more staff ensures caseloads are appropriately set for adjusters to settle more claims than could have been accomplished with prior staffing levels.
- ICBC increased its staffing by 418 FTEs in claims services and related areas, such as injury adjusting, claims legal services and the fraud special investigation unit, in the 2016/2017 fiscal year.
- As new claims staff were trained and started handling claims in 2016 more bodily injury claims were closed than in any prior year.
- Staffing increases are continuing in the current fiscal year, an additional 99 FTEs have been added in these areas in the current fiscal year.
- In the fall, ICBC will continue recruitment of 50-100 claims staff and recruit further in 2018 to address forecasted further increase in BI claims volume in FY2019.
- ICBC will also continue to refine its claims workforce plan to ensure it has the right number of front-office staff to meet customer service needs.
- ICBC's integrated workforce plan uses analytics to determine necessary staffing levels. It looks at the actuarial forecasts to predict volumes and the mix of claims as well as the appropriate staffing models which incorporate forecasted attrition and staff promotions.



ISSUES NOTE

CONFIDENTIAL – ADVICE TO MINISTER

ICBC – COURT ACTIONS

DATE: AUGUST 22, 2017 (THIS NOTE WAS WRITTEN BY ATTORNEY GENERAL GCPE FROM MATERIAL PROVIDED BY ICBC AND REVIEWED BY ICBC)**

SUGGESTED RESPONSE:

OVERVIEW MESSAGING:

- **ICBC's responsibility is to represent their auto insurance policy holders and the corporation as a whole.**
- **It is important to strike a balance between fairness and compassion while keeping rates as low as possible.**
- **In 2016, ICBC received approximately 73,000 new injury claims; during the same year, ICBC had less than 200 (185) injury claims that proceeded to trial – less than half a per cent (0.3%).**
- **This shows that ICBC settles more than 99.5 per cent of injury claims through negotiation and agreement.**
- **British Columbians expect ICBC to properly investigate claims to protect all policy holders while making a fair payment when a payment is warranted.**

Secondary:

- **The pressures on insurance rates in B.C. are escalating due to a rapid increase in the number of crashes, more vehicle damage and injury claims, compounded by higher repair and injury claims costs.**
- **The increasing number of injury claims being reported to ICBC has also been exacerbated by the cost of settling those claims.**
- **ICBC claims adjusters handle thousands of claims each year and very few need a judge to decide the settlement, which speaks to their professionalism, experience and good judgment.**

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KEY #'S:

- The cost of bodily injury claims totaled more than \$2.7 billion in 2016, and increase of 80% over the last 7 years.
- 75,000 new injury claims were reported in 2016 – an increase of 10% in one year and 23% over three years.

Background:

STATISTICS:

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Closed Claims	43,311	43,342	44,866	43,379	40,629	46,930	47,616	49,409	66,442
Settled	43,020 (99.3%)	42,994 (99.2%)	44,619 (99.4%)	43,152 (99.5%)	40,281 (99.1%)	46,677 (99.5%)	47,369 (99.5%)	49,218 (99.6%)	66,261
Went to Trial	291 (0.7%)	348 (0.8%)	247 (0.6%)	227 (0.5%)	348 (0.9%)	253 (0.5%)	247 (0.5%)	191 (0.4%)	185

Note: The trial counts are based on the date the trial began. The closed and settled counts are based on the closure date.

SPECIFIC CASES:

Watson vs. Waldron: A jury awarded Daiyna Watson \$216,000 plus costs after she claimed a vehicle hit her foot in a stirrup, causing her horse to rear and roll on top of her. She identified a vehicle driven by Shelley Waldron as causing the incident. Waldron's vehicle showed no evidence of contact; a vet found no evidence of injury to the horse and a doctor found no evidence of physical trauma to Watson. The jury agreed Waldron was not involved, but found that there must have been some contact between an unidentified vehicle and the horse, and made the award.

- In this claim, there were no witnesses and two very different stories which presented ICBC with a challenging situation.
- ICBC has a duty to defend its customers – in this case, the driver who was being accused not only of being responsible, but also of a hit-and-run. This part of the defence was successful.

Felix v. ICBC: The driver of a vehicle that crashed when a passenger grabbed the wheel sued the estate of the passenger, seeking damages under third-party liability, which covers pain and suffering. (Her medical and rehabilitation expenses, partial wage loss costs and vehicle repairs were already covered.) At trial in BC Supreme Court ICBC was successful in establishing that Ms. Felix was not entitled to recover under her own liability insurance policy. The BC Court of Appeal overturned that decision. Seeking further clarity, ICBC requested leave to appeal the BC Court of Appeal decision to the Supreme Court of Canada. This was a very rare

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circumstance, but given the potential ramifications, it was important for ICBC to act on behalf of all policy holders. Although unusual, the interpretation had the potential to expand third-party liability coverage, which could have significant cost implications for policy holders. ICBC's appeal was rejected by the Supreme Court of Canada. ICBC now applies the Court of Appeal decision and provides coverage in similar circumstances.

- **Government had concerns that this case might cause sober drivers to not take the risk of driving with an impaired passenger; therefore the ruling of Canada's highest court was sought.**
- **This Supreme Court of Canada confirms that the Court of Appeal's ruling stands, and addresses any concerns about designated drivers not being eligible for damages. ICBC accepts and is following the Court of Appeal's decision.**

Arsenovski v. ICBC: The case arose from a January 2000 incident in which Mr. and Mrs. Arsenovski alleged they were struck by a vehicle while they were pedestrians. Mr. Arsenovski's claim for bodily injury was paid but ICBC staff had reason to believe Mrs. Arsenovski was not truthful about also being struck. Although an investigation found there was sufficient evidence for charges, they were stayed by the Crown. Mrs. Arsenovski was awarded \$387,000, including an award for malice.

Norris v. Burgess: As a subset of the trial, a cost ruling in August 2016 penalized ICBC for disclosing evidence late in the civil trial from 2015. The judge concluded that the late disclosure was "reprehensible" and undermined the court's settlement process. As a result, the judge awarded the plaintiff, Ms. Norris the maximum contingency fee to her counsel (30% of the jury award) for personal injury arising from the use of a motor vehicle.

- **As B.C.'s public auto insurer, I expect ICBC to follow the court's ruling and conduct business in accordance with the standard of practice in BC courts.**
- **Less than one per cent of injury claims ICBC receives end up at trial, which I hope, shows that they are making fair offers to British Columbians.**

Symons v. ICBC: Almost five years after a crash, Symons requested to reinstate her Part 7 Temporary Total Disability (TTD) wage loss benefits. ICBC denied her request because her injuries did not continue within the legislative limit of two years (104 weeks). This case does not affect her entitlement to medical and rehabilitation benefits. ICBC has paid and continues to pay for those benefits. Ms. Symons applied to the BC Supreme Court for a declaration that she was entitled to TTD benefits and the court ruled in favour of her. ICBC applied to appeal this decision because the organization maintained that the judge's ruling contradicted the legislation, however the appeal was dismissed. While the decision could have implications for other cases, the circumstances of this case are very uncommon. It is unusual to have a claimant go back to work and then claim disability benefits after working for more than two years.

- **It's important to understand that ICBC is obligated to follow the Insurance (Vehicle) Act and this case is about clarifying eligibility to receive benefits beyond the**

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interpretation of the legislative limits.

- **As always, I expect ICBC to act in the best interest of all British Columbians by fairly assessing all claims.**

Powell v. ICBC: Similar to the Symons case, ICBC denied Powell's request to reinstate her Part 7 TTD benefits because it was past the legislated deadline. Powell took ICBC to court and was successful at the trial. The judge's decision relied on the Symons case that ruled in favour of the plaintiff. Media has suggested that ICBC refused to pay Powell despite the Court of Appeal's decision in the Symons case, however, in reality the Court of Appeal didn't release its decision on Symons until after all of the court proceedings in Powell were complete. ICBC accepts the decisions and now applies the court rulings in Symons and Powell to claims involving similar circumstances.

- **I understand ICBC was following the Insurance (Vehicle) Act and now this judgement has clarified the interpretation of the legislative limit.**
- **I expect ICBC to follow the court's ruling and respect their decision.**

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Brokers Toll Debt Override

DATE: AUGUST 28, 2017

ICBC Recommended Responses:

- **Inappropriately bypassing debt owed to government is a serious matter.**
- **ICBC took immediate action to investigate the issue and took appropriate disciplinary action, as did the Insurance Council of B.C.**
- **It is important to emphasize the debt has not been extinguished – those with outstanding toll bridge debt still owe the money and will be stopped at their next transaction if they do not pay the debt beforehand.**

Background:

- In May 2017, the Insurance Council of British Columbia (an independent oversight body of insurance agents) released a decision that they will be taking disciplinary action against several Autoplan offices and employees, ranging from financial penalties, licence suspensions and/or licence cancellations. The Insurance Council notice is [here](#).
- The release of the decision led to media coverage from Thompson's World Insurance News.
- In July and August 2017, the Insurance Council began to release individual sanctions against impacted brokers. This led to additional media coverage from CBC. More sanctions are expected in the coming weeks.
- Initially, while investigating an insurance claim in 2016, ICBC discovered that several Autoplan broker offices had employees who were inappropriately bypassing Golden Ears and/or Port Mann Bridge toll debts allowing the insurance transactions to proceed without the required payments being made first.
- ICBC took immediate action to investigate the issue as soon as it was identified and its policy of having unique broker IDs helped identify the individuals involved.
- These actions were in clear violation of ICBC procedures, ICBC's Code of Ethics and the ICBC Autoplan Agency Agreement (AAA) between ICBC and the broker.
- The employee's actions did not extinguish the customer's toll debt or the refuse-to-issue (RTI - the system flag that indicates no insurance is to be sold until the debt is paid) hold from their record but it did temporarily bypass it to allow the transaction to happen.
- ICBC subsequently sanctioned 27 broker offices through financial penalties and temporary suspensions of their ICBC Autoplan Agency Agreement. The level of sanction was determined on several factors including the number of improper overrides; whether the override was for a colleague, friend or family member; management's awareness of the improper transactions; and the performance history of the broker.

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- ICBC kept the Insurance Council of British Columbia informed throughout its investigation and disciplinary process, and they were supportive of ICBC's approach.
- ICBC believes these sanctions will act as a strong deterrent against these kinds of actions reoccurring and today regularly monitors and reviews debt overrides to ensure bridge debt RTI transactions are handled appropriately.
- When a motorist owes Quickpass or TReO more than \$25 in tolls and the debt has been outstanding for more than 90 days, ICBC is notified to RTI insurance and driver licence transactions for the motorist until the debt is paid.
- Motorists must pay Quickpass and TReO directly to have the RTI removed. When a motorist pays Quickpass, it will issue a receipt code to the motorist. The receipt code is used by the broker to move past the ICBC debt screen and authorize the ICBC transaction.
- ICBC's system is updated in real-time when Port Mann debt is paid via TReO, however, brokers do need to enter receipt codes manually once debt has been paid via mail or at a financial institution.
- The offending agents were able to determine the pattern of letters and numbers for Quickpass and TReO receipt codes and used these false codes to move past the debt screen. ICBC's insurance system is unable to verify if the receipt codes have been legitimately issued.
- Brokers are given the capability to bypass a refuse-to-issue hold for legitimate reasons – primarily for when proof of payment is presented – but also so they can carry out transactions which do not have an insurance component, such as a vehicle registration or transfer of ownership. Brokers also have the option of providing the customer with a Temporary Operating Permit, ranging from one to 15 days, to allow them more time to pay their outstanding debt.



High Value Luxury Vehicles

DATE: OCTOBER 25, 2017

ICBC Recommended Responses:

- **We are committed to ensuring insurance rates are fair and affordable for British Columbians.**
- **Even minor repairs to a high-end luxury vehicle can be extremely costly.**
- **In response to this, ICBC has doubled the Basic insurance premium for high value (luxury) vehicles to be effective January 8, 2017.**

Background:

- Based on government direction, the BCUC approved the doubling of the Basic insurance premium for high value (luxury) vehicles to be effective January 8, 2017. A high value vehicle is defined as a vehicle with a Manufacturer's Suggested Retail Price (MSRP) of greater than or equal to \$150,000.
- The new rates apply to private passenger cars only, and not commercial trucks, pick-up trucks, collector cars, limousines or RV's.
- The cost to repair a high value vehicle is typically six times that of a traditional passenger vehicle, raising a question of social fairness as to whether coverage under Basic insurance should include the cost to repair for such a wide variation in vehicle values.
- A vehicle owner's Basic insurance policy covers the cost of the damage they cause to another vehicle and optional insurance covers the cost of the damage to their own vehicle.
- An at-fault luxury vehicle owner is therefore covering the cost of the damage to the other, likely non-luxury, vehicle through their basic insurance. If a *non-luxury* vehicle owner damages a luxury vehicle, their policy covers the cost of the damage. Their premium is impacted for being at-fault for the crash but the value of the luxury vehicle has no bearing on their potential premium increase.
- On average, luxury vehicle owners already pay risk-based premiums for optional insurance that are 9 times the level paid by non-luxury vehicle owners based on the higher cost to repair or replace a more expensive vehicle.
- There are options that could be implemented that would shift more of the cost of Basic Insurance from the average vehicle owner onto the owners of high value luxury vehicles for reasons of social fairness. Many of the options involving Basic premiums would require legislative or regulatory change and further government direction to the BCUC.



ICBC – TECHNOLOGY FOR LOWER RATES

DATE: AUGUST 22, 2017 (**THIS NOTE WAS WRITTEN BY ATTORNEY GENERAL GCPE AND REVIEWED BY ICBC)

SUGGESTED RESPONSE:

- This government is looking at every possible avenue to ensure that Basic insurance rates remain fair and affordable for British Columbians.
- I have asked ICBC to look at technologies that could help reduce the number of crashes in B.C.
- For example: there are apps in development that could reduce distracted driving, such as those a driver could enable voluntarily to lock a phone when they are driving.
- Other telematics technology monitors things like distance driven, sharp acceleration and braking and could influence what drivers pay for their insurance.
- Reducing the number of crashes and injuries on B.C. roads keeps drivers and passengers safer and will have a positive effect on the cost of auto insurance in the province.

KEY #'S:

- Over 800 crashes per day occur on B.C. roads.
- The number of crashes has increased by 20,000 in just one year – jumping from 300,000 crashes 2015 to 320,000 in 2016.
- Claim costs for minor injuries have increased from 30% to almost 60% of total bodily injury claims costs since 2000.
- 1 in 4 deaths on the road list distracted driving as a contributing factor.
- Distraction/inattention - one of top 3 contributing factors to mv fatalities.

Background:

- August 15th, Minister Eby told the press that improving safety is critical in getting a handle on distracted driving. He has asked ICBC to prepare proposals around technologies that are used in other districts – mainly the United States – to curb distracted driving. For example, plug-ins for cars that people can voluntarily take on in exchange for a reduced premium, or apps that detect that the user is driving and therefore lock the phone. The

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requested proposals will evaluate the maturity of these technologies, their pragmatism, and how they would be implemented in British Columbia.

- These statements were made in response to the Ernst and Young report revealing that ICBC has a gap of \$560 million between the Basic premiums collected and the cost of claims paid out. To remain solvent, ICBC would need to increase the rate of Basic premiums between 155 and 30%.
- The Minister has gone on record to say that while all types of road safety initiatives will be considered from infrastructure, penalties, and awareness and education, the re-implementation of photo radar will not be tabled as an option.

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ICBC – JURISDICTIONAL INSURANCE COMPARISON

DATE: AUGUST 2, 2017

SUGGESTED RESPONSE:

- **You can travel across Canada and find a range of public and private auto insurance and diverse arguments both for and against each system.**
- **While comparisons between provinces are common, there is no way to really compare auto insurance rates from one province to another as the systems, demographics, roads and coverages vary widely. We know some provinces offer lower-priced auto insurance, but others offer higher-priced auto insurance – including some provinces with private auto insurance.**
- **However, the conversation should not just be what you pay for your auto insurance, but what coverage you get in return. For example, customers' medical and rehabilitation benefits are much higher than those offered in many other provinces, including those with private insurance. B.C. also operates with a full tort system, meaning you can claim for settlements, including pain and suffering and wage loss, against the at-fault driver—something no other province offers to the same extent.**
- **We believe our system in B.C. works for a number of reasons, but mainly to ensure that all British Columbia drivers have the same minimum amount of insurance and insurance benefits that protect them and the other drivers and pedestrians on the road.**
- **B.C. has an estimated uninsured rate of less than one per cent – much lower than other jurisdictions in North America with rates ranging from four to 20 per cent.**

Background:

- **Comparisons often occur about the cost of insurance in other jurisdictions.**
- **Comparing ICBC's rates to those offered in other provinces is difficult because insurance systems vary between provinces and jurisdictions, with each providing different coverage. Factors like population and driving conditions can also impact the cost and number of claims.**
- **We're in a unique situation here in BC - we have a full tort system where those injured have the right to sue for all damages in court. Overall, this system works well for our customers.**

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- The fact is motorists in B.C. benefit from some of the best insurance coverage in the country. For example, medical and rehab benefits (\$150,000) are three to six times more than offered by some other provinces (Alberta and New Brunswick offer \$50,000; Nova Scotia provides \$25,000).
- The products and systems are so different between provinces that a comparison isn't possible. For example:
 - **BC** is a full tort jurisdiction meaning an injured motorist is allowed to sue for their bodily injury (pain & suffering) without a legislated cap on the award and has \$150,000 available for Accident Benefits (medical/rehabilitation costs), plus partial wage loss
 - **Alberta** has a cap of just under \$5,000 on tort awards for pain and suffering in minor injury cases and a smaller amount available for Accident Benefits (\$50,000)
 - **Ontario** is a blend of no-fault, meaning an injured motorist can only sue in tort for pain and suffering in cases of permanent and serious injury, and Accident Benefits are available on a sliding scale, ranging from \$3,500 for minor injuries to \$1M for catastrophic injuries
- In addition to providing Basic compulsory auto insurance to all motorists in the province, ICBC is also responsible for the licensing of vehicles, so it can ensure each vehicle has at least the minimum insurance before being licensed to be driven on the road. This has resulted in an extremely low rate of uninsured vehicles on BC roads compared to other jurisdictions.
- A full table comparing the differences in products between Canadian provinces and territories is attached below.



Jurisdictional Table,
May 2017.xls

	BC	Alta	Sask	Man	Ont*	Que	Nfld & Lab	NB	NS	PEI	Yukon Terr	NW Terr	Nunavut
Sources: www.abc.ca	www.icbc.com	www.autoinsurance.gov.ab.ca	sqi.sk.ca	www.mpi.mb.ca	www.fscg.gov.on.ca	http://www.abc.ca/qc/auto/auto-insurance/mandatory-coverage/	http://assembly.nl.ca/Legislation/sr/statutes/a22.htm#21	http://1002.nccdn.net/15/0e7/0b0/0ac/January-2016-Annual-Indexation-Notice.pdf	http://www.abc.ca/ns/auto/auto-insurance/mandatory-coverage	http://www.gov.pe.ca/	http://www.gov.yk.ca/	http://www.justice.gov.nt.ca/	http://www.justice.gov.nu.ca
Last Updated	19-Apr-16	1-Jan-17	19-Apr-16	19-Apr-16	1-Jan-17	19-Apr-16	19-Apr-16	19-Apr-16	19-Apr-16	19-Apr-16	19-Apr-16	19-Apr-16	19-Apr-16
Administration	Public	Private	Public	Public	Private	Public	Private	Private	Private	Private	Private	Private	Private
Type of Plan	Tort (Accident Benefits included)	Tort subject to Cap (Accident Benefits included)	Choice (over 98% have No-Fault). New, effective April 1, 2016: Reduced No-Fault for motorcycles. Provides no-fault plan with lower limits (same limits as tort plan) where customer is at fault, and full no-fault where customer is not at fault.	Pure No-Fault	Threshold	Pure No-Fault	Tort with Deductible (Accident Benefits optional)	Tort with Cap (Accident Benefits included)	Tort with Cap (Accident Benefits included)	Tort with Cap (Accident Benefits included)	Tort (Accident Benefits included)	Tort (Accident Benefits included)	Tort (Accident Benefits included)
Minimum 3rd Party Liab (Auto Only)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$50,000	\$200,000	\$200,000	\$500,000	\$200,000	\$200,000	\$200,000	\$200,000
UMP	1 Million included in Basic	Not Included-Available through Family Endorsement SEF No 44	Not Included-Available through Family Protection Endorsement	Not Included-Available through Extension Coverage (matches liability purchased)	Not Included-Available through Family Extension Coverage OPCF 44R	N/A	Not Included-Available through Family Protection Endorsement SEF 44	Not Included-Available through Family Protection Endorsement NBEF 44	Not Included-Available through Family Protection Endorsement SEF 44	Not Included-Available through Family Protection Endorsement SEF 44	Not Included-Available through Family Protection Endorsement END 44	Not Included-Available through Family Protection Endorsement END 44	Not Included-Available through Family Protection Endorsement END 44
Medical Payments & Rehabilitation Services	\$150,000	\$50,000 (sub-limits: Chiro: \$750, Msg: \$250, Accup. \$250)	No-fault - \$6,813,680/person. Includes rehabilitation. Tort - up to \$26,273 for non-catastrophic. Up to \$197,056 for catastrophic injury.	No time or amount limit; includes rehab.	\$3,500 for minor, \$65,000 for non-minor, \$1,000,000 for catastrophic (including attendant care)	No time or amount limit; includes rehabilitation	(Optional) \$25,000/person, including rehabilitation, excluding health insurance and other medical plans; time limit is four years	\$50,000/person, including rehabilitation, excluding health insurance and other medical plans; time limit is four years	\$50,000/person, including rehabilitation, excluding health insurance and other medical plans; time limit is four years	\$50,000/person, including rehabilitation, excluding health insurance and other medical plans; time limit is four years	\$10,000/person, including rehabilitation, excluding health insurance and other medical plans; time limit is two years	\$25,000/person, including rehabilitation, excluding health insurance and other medical plans; time limit is four years	\$25,000/person, including rehabilitation, excluding health insurance and other medical plans; time limit is four years
Cap on Soft Tissue Injuries	No	\$5,020 cap on "minor" injuries (WAD I or II), indexed annually	N/A	N/A	No (but limited by deductible, see Right to sue for pain and suffering)	N/A	N/A	\$7,818.87	\$8,486, indexed annually	\$7,545, indexed annually	No	No	No
Funeral Expenses	\$2,500	\$5,000	No-fault - \$10,219 Tort - \$6,569	\$8,301	\$8,000	\$5,178	(Optional) \$1,000	\$2,500	\$2,500	\$2,500	\$2,000	\$1,000	\$1,000

	BC	Alta	Sask	Man	Ont*	Que	Nfld & Lab	NB	NS	PEI	Yukon Terr	NW Terr	Nunavut
Right to sue for pain and suffering	Yes	Yes, subject to cap	No-fault - No, except in very limited situations. Tort - Yes, subject to deductible of \$5,000	No	Yes, if meets verbal threshold of \$124,616.21 and subject to a \$37,385.17 deductible, or, for Family Law Act claims, if meets verbal threshold of \$62,307.59 and subject to a \$18,692.59 deductible. No deductible for fatalities.	No	Yes, but non-pec awards are subject to \$2,500 deductible	Yes, but if injury a "minor injury," maximum award is \$7,818.87	Yes, but if injury a "minor injury," maximum award is \$8,486	Yes, subject to cap on minor injuries.	Yes	Yes	Yes
Right to sue for economic loss	Yes	Yes	No-fault - Yes, may sue for amount that exceed no-fault benefits. Tort - Yes, amount received are deducted from the court award or settlement.	No	Yes, if meets verbal threshold	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Disability Benefits	\$300/wk for first 104 weeks. After 104 weeks benefits are subject to CPP deductions and only payable up to age 65.	80% of Average Gross Weekly Earnings or a max \$400 per week for 104 weeks.	No-fault - 90% of net annual income to a max of \$94,587/year. Tort - Up to \$396/week if totally disabled; \$198/week for partial disability for up to two years or life if unable to return to work.	Maximum/year \$93,000; nothing is payable for the first 7 days of disability	70% of earnings up to \$400/wk, after age 65 up to 208 weeks with gradually reduced benefits*	90% of the net income computed on the basis of a gross annual income up to \$72,500. Nothing payable for the first 7 days of disability, then payable every 14 days for the duration of the disability, reduced 25% per year on reaching age 65.	80% of gross weekly earnings to max \$140/week. Maximum 104 weeks if partial disability; lifetime if totally disabled; (optional)	104 weeks partial disability; lifetime if totally disabled; maximum \$250/week; must be disabled for at least 7 days to qualify	104 weeks partial disability; lifetime if totally disabled; 80% of gross weekly income to maximum \$250/week; must be disabled for at least 7 days to qualify	104 weeks partial disability; lifetime if totally disabled; maximum 80% of gross weekly income to maximum \$250/week; must be disabled for at least 7 days to qualify	80% gross wages; maximum \$300/week; 104 weeks temporary or total disability; nothing is payable for the first 7 days of disability	80% gross weekly wages to a maximum \$140/week; 104 weeks temporary disability; lifetime if totally disabled; nothing is payable for the first 7 days of disability	80% gross weekly wages to a maximum \$140/week; 104 weeks temporary disability; lifetime if totally disabled; nothing is payable for the first 7 days of disability
Disability Benefits for homemaker	\$145/wk for first 104 weeks. After 104 weeks benefits are subject to CPP deductions and only payable up to age 65.	\$135/week for 26 weeks.	No-fault - caregiver benefits from \$425 to \$847 per week Tort - totally disabled \$396/week up to 2 years, partial disabled \$198/week up to 2 years	Caregiver Weekly Indemnity, amount depends on number of dependents - \$441-\$579.	disability benefits for non earner: \$0/wk for first 4 wks, \$185/wk up to maximum of 2 years; for caregiver: \$250/wk for for 1st dependant, \$50/wk per additional dependant. \$100/week for housekeeping.	Weekly amount; \$432 for 1 person, \$485 for 2 people, \$535 for 3 people, \$589 for 4 or more people	\$70/week, maximum 12 weeks; (optional)	unpaid housekeeper \$100/week, maximum 52 weeks	unpaid housekeeper \$100/week, maximum 12 weeks	unpaid housekeeper \$100/week, maximum 52 weeks	unpaid housekeeper \$100/week, maximum 26 weeks	unpaid housekeeper \$100/week, maximum 12 weeks	unpaid housekeeper \$100/week, maximum 12 weeks

	BC	Alta	Sask	Man	Ont*	Que	Nfld & Lab	NB	NS	PEI	Yukon Terr	NW Terr	Nunavut
Death Benefits - Head of Household	\$5,000	\$10,000 minimum. Additional 20% of principal sum for each survivor other than the first. Plus, for survivors in the same household, \$15,000 to first survivor and \$4000 to additional survivors	No-fault -45% of deceased's net income; min. \$69,322 to spouse Tort - 45% of deceased's net income to a minimum \$59,116	Death anytime, benefits depend on wage and age of deceased; partner gets minimum \$60,914, maximum \$465,000.	\$25,000 lump sum to an eligible spouse; \$10,000 lump sum to each dependant	To surviving spouse: \$69,102 or higher than \$362,500; to victim without dependents: \$55,386; to dependents: \$32,822 to \$60,466	(Optional) Death within 180 days (or two years if continuously disabled prior to death); death of head of household \$10,000, plus \$1,000 to each dependent survivor after first; death of spouse \$10,000; death of dependant \$2,000	Death within 180 days (or two years if continuously disabled prior to death); death of head of household \$50,000; death of spouse: \$25,000; death of dependent: \$5000; to each survivor after the first: \$1000	Death within 180 days (or two years if continuously disabled prior to death); death of head of household \$25,000; spouse: \$25,000, death of dependent: \$5,000; each survivor after the first: \$1000	Death within 180 days (or two years if continuously disabled prior to death); death of head of household \$50,000, spouse: \$25,000, dependent \$5,000, each survivor after the first: \$1,000.	Death anytime; death of head of household \$10,000; spouse in hh: \$10,000; dependant: varies; plus additional weekly amounts.	Death within 180 days (or two years if continuously disabled prior to death); death of head of household \$10,000; spouse \$10,000; dependent: \$2,000; additional \$2,500 for each survivor after the first.	Death within 180 days (or two years if continuously disabled prior to death); death of head of household \$10,000; spouse \$10,000; dependent: \$2,000; additional \$2,500 for each survivor after the first.
Grief Counselling	No	\$400 per family in respect of the death of any one person.	No fault: \$1,343. Tort: n/a	\$3,472 per person maximum.	no	no	no	no	no	no	no	no	no
Impairment Benefits	No	No	No fault - up to \$195,257 for non-catastrophic and \$238,479 for catastrophic. Tort: up to \$13,137 for non-catastrophic and \$170,783 for catastrophic.	\$760 to \$152,281 for non-catastrophic, and \$240,454 maximum for catastrophic.	no	Lump sum for loss of enjoyment, pain, etc: max: \$242,311	no	no	no	no	no	n/a	n/a

AB: Minor Injury Cap increased by 1.3% effective Jan 1, 2017

Sask: <https://www.sgi.sk.ca/individuals/registration/personalautoinjury/choosinginjuryinsurance/nofaultandtortbenefits.html>

MB: Review March 1, 2016 for any indexation changes. <http://www.mpi.mb.ca/en/PDFs/PIPPBenefits.pdf>

ON: Statutory Accident Benefits Schedule limits increased in line with inflation by 1.3% effective Jan 1, 2017.

Quebec: Updated per SAAQ Compensation Table for 2017, effective Jan 1, 2017 to Dec. 31, 2017.

NFLD: no changes since tort deductible was implemented in 2004: http://www.serviceni.gov.nl.ca/insurance/pdf/pub_auto_ins_rev.pdf

NB: <http://fcnb.ca/industry-insurance.html>

NS: <http://www.novascotia.ca/finance/en/home/insurance/bulletins.aspx>

PEI: <http://www.gov.pe.ca/photos/original/MinInjCap2017.pdf>

Yukon, NWT, Nunavut: no indication of any changes.



ICBC – Off-Road Vehicle Registry – ORV Trail Fund

DATE: NOVEMBER 2, 2017

ICBC Recommended Responses:

- **ICBC administers the registration of off-road vehicles on a cost recovery basis.**
- **ICBC retains a portion of fees necessary to off-set its costs with the balance of fees directed to the ORV Trail Fund, administered by the Ministry of Forests, Lands and Natural Resources Operations.**
- **ICBC directs a portion of ORV fee revenue, net of ICBC's allowable costs outlined in regulation, through government to the ORV Trail Fund.**
- **ICBC does not administer the ORV Trail Fund. Questions relating to the establishment and administration of the ORV Trail Fund are best directed to the Minister of Forests, Lands and Natural Resources Operations.**

Background:

- The ORV registry was established in November 2014 with ICBC registering ORVs similarly to how ICBC registers on-highway motor vehicles. The ORV registry was designed to be operated on a user-pay, cost recovery basis. Any fee revenue over and above the fees retained for ICBC to recover its costs are directed to government and in turn to the ORV Trail Fund.
- Fees for ORV registration related transactions are prescribed under the Off-Road Vehicle Act Regulation. A portion of these fees collected by ICBC are remitted on a monthly basis to the ORV Trail fund. Through a Treasury Board Regulation (Permitted Costs of Services (Off-Road Vehicle) Regulation), a portion of these fees are retained by ICBC to recover its costs.
- The ORV Trail Fund was established by and is managed by the Ministry of Forests, Lands and Natural Resource Operations (FLNRO). ICBC does not manage the ORV Trail Fund nor does it influence or direct how these funds are to be allocated.
- The ORV trail fund was only recently established in March of 2017. From November 2014 through to March 2017, the majority of fees were retained to recover ICBC costs. A portion of ORV fees were, however, directed to government. Prior to March 30, 2017, approximately \$328K went directly to government's Consolidated Revenue Fund. From March 31, 2017 onward, after the ORV trail fund was established, \$181K has since been directed to the ORV Trail Fund.

ICBC ISSUES NOTE – ADVICE TO MINISTER

- There was a delay in the establishing government's ORV Trail Fund as well as a delays to the TB regulation relating to ICBC's cost recovery amounts. Consequently, there are less funds available in the ORV Trail Fund than ORV stakeholders have anticipated.
- The Treasury Board fee retention regulation was developed to take into consideration all of ICBC's costs for a 5 year period from inception (November 2014 through November 2019). ICBC currently has an estimated surplus of \$320K, with approximately \$100K of that amount required to off-set future transactions costs into November 2019. The plan is to revisit the fee retention regulation in November 2019 to ensure fee recovery amounts are sufficient into the future. In the interim, ICBC is working with FLNRO to provide a one-time payment so excess retained fees (approximately \$220k) can be directed to the ORV Trail Fund.
- ICBC moved to a new point of sale system for registration and insurance transactions from September 2016 onward. With the transition, some reporting functionality has yet to be fully developed and will be as priorities allow. For example, ICBC is not yet able to comprehensively report out on the total number of registered ORVs or provide a breakdown of the body styles. As a subset of vehicle types, ORVs make up less than 1% of all broker transactions which impacts the prioritization for ORV reporting functionality.
- ICBC's new systems are completing ORV transactions for customers. ICBC is reporting fees collected that are directed to government and ICBC is able to calculate the fees that ICBC is directed by government to retain under the Permitted Costs of Services (Off-Road Vehicle) Regulation. Therefore, the current reporting functionality has no impact on the current retained fees or those fees that are directed to the ORV Trail Fund.



ICBC – AUTOMATED ENFORCEMENT TECHNOLOGIES

DATE: SEPTEMBER 13, 2017

ICBC Recommended Responses:

- **We will not be returning to the days of photo radar vans operated by police officers parked roadside.**
- **Crashes across B.C. are increasing at an unprecedented rate and it is important to consider every avenue to change driver behaviour and mitigate the impact of crashes, including the role of technology.**
- **Many cutting edge enforcement technologies exist and several more are under development. We will be examining those to see what, if any, make sense for B.C.**

Background:

History:

- Speed cameras and red light cameras have been used to enforce traffic laws for decades worldwide. In most jurisdictions, cameras are used to augment traditional roadside enforcement at multiple, high risk locations. Technologies can also be deployed where traditional enforcement is difficult or unsafe for police officers and the public. The focus is on deterring speeding and reducing crashes, injuries and fatalities.
- Automated enforcement results in improved driver behaviours and fewer crashes because the risk of detection is high. Newer digital technology also facilitates more immediate consequences with violation tickets delivered to offenders within days.

External research:

- A 2017 National Transportation Safety Board report found that automated speed enforcement is an effective countermeasure to reduce speeding-related crashes, fatalities, and injuries. A recent meta-analysis of 28 studies regarding the crash reduction impact of speed enforcement cameras found crash reduction impacts were primarily in the 14 – 25% range.
- High levels of public support for automated speed and red light enforcement has been reported in international research. Support for B.C.'s red light camera program is 84%.
- Newer automated enforcement technologies/deployments focus on reducing crashes at high risk locations and have higher public acceptance than the photo radar programs of the past.

Speed:

- Automated camera systems are used globally to enforce speed limit laws and reduce the frequency and severity of crashes involving speed.

ICBC ISSUES NOTE – ADVICE TO MINISTER

- Types of speed enforcement currently available include:
 - “Speed-on-Green” enforcement at signalized intersections, often in conjunction with red light enforcement. B.C.’s intersection safety cameras record approximately **450,000 vehicles travelling at speeds in excess of 40 km/h over the speed limit each year.**
 - “Point-to-Point” (P2P) speed enforcement is used in Australia, Europe, and the U.K. It is not currently in use in North America. (P2P is sometimes referred to as “Section Speed Control” or “Average Speed Enforcement”).
 - Fixed roadside enforcement where camera housings are permanently installed in a non-intersection location.
- Reduced speeds have a major influence on the survivability in a crash. For example, a pedestrian struck at 80km/h has a 40% chance of surviving but if struck at 60km/h, the survivability increases to 80%.

Red Light Cameras:

- Red light running is a very high risk behaviour that can result in the most serious collisions - side impact and head on. Automated red light enforcement programs are widely used in North America and worldwide to photograph vehicles that enter intersections after signals have turned red.
- Red light camera housings can also be used for “Speed on Green” enforcement (see above) and potentially distracted driving detection.

Other types of automated enforcement applications already in use in other countries include:

- illegal railway crossing,
- failing to stop for school buses,
- tailgating,
- illegal use of bus and high occupancy traffic lanes.