

Delays in Payments

The consequence of government funding decisions concerning Legal Services Society means that the Society is forced to delay payment to referral counsel and other vendors of the Society for up to ninety days from the time the account is approved for payment.

To a large extent, a Legal Services Society deficit is financed through payables to the bar and court reporters for tariff work. Therefore, Legal Services Society must deal with the shortfall in government funding for this fiscal year by managing its short-term cash flow, and can only do this by managing the flow of payments to referral counsel on the tariff. Legal Services Society relies on referral counsel as a critical part of our service delivery network and we deeply regret the position we have been forced into by government.

Based on an estimate of the likely range of accounts that will clear the system each month, we expect to keep within 30 days of delay of payments until the end of the summer. Throughout the fall, we expect the delays of payment will gradually increase until our funding is exhausted, early in the new year. We do not expect that delays in the payment of accounts will exceed 90 days after the date of approval of the account. The Society has been working with government to try to address the issue of delays. Unfortunately, there is no help that government can currently offer, but we hope that some relief may be offered in the late summer. We will continue to keep counsel informed through future notices.

Unfortunately, given the serious financial constraints of the Society and given that this is a situation that will be ongoing throughout the year, the Society is unable to maintain any cache of funds for hardship circumstances. Except for accounts cleared in the normal course and paid in the regular cheque run, no other payments will be made. The Tariff Department records the dates on which accounts are approved for payment and will use these approval dates to establish the order in which accounts are paid.

We know that delaying payments to referral counsel will cause hardship, and we will make every possible effort to reduce that hardship. The Tariff Helpdesk is establishing a message that will be regularly updated concerning cheque runs and the extent of delay of accounts. This can be accessed through voice mail by calling the Tariff Helpdesk number 601-6155.

Expenditure Reductions

Legal Services Society has received notice from government that its funding for the fiscal years 1996/97 and 1997/98 will be \$81.5 million. Given that the Society had maintained its services and operations, at the request of and by agreement with the Ministry, at the level of \$88 million in government funding, the Society ended the fiscal year 1996/97 with approximately \$17 million in debt. The Board of Directors is now taking steps to reduce the Society's budgeted expenditures in order to come within the \$81.5 million funding level and meet the debt repayment obligations.

In addition to the tariff reductions and reductions to financial eligibility and coverage as noted in the April Notice to Counsel, cost saving measures have been implemented at Head Office and Field Offices. Head office management and administration is being reduced by a total of \$1.2 million (21.9%). In addition, 9.42% is being cut from costs associated with processing tariff accounts and servicing field offices, and 15.76% from costs associated with publishing and public legal education programs, the legal resource centre and judicial appeals. LSS hopes to generate revenue from marketing public legal education and library services. Field Office cuts total \$2.4 million and will include budget reductions to the BC Association of Community Law Offices and the Native Community

Law Offices Association of BC; the conversion of four staff poverty law positions to family and criminal law work ; and reducing the overall budgets of field offices through a resource allocation study .

Unfortunately, it takes some time for such expenditure reductions to impact the monthly payables of the Society and at the rate of funding of \$81.5 million, paid on a monthly basis, delays in payments are already occurring. The current delays are usually not more than two to three weeks, and payments are usually brought current when the funding cheque is received at the beginning of each month. In consultation with the Association of Legal Aid Lawyers, we will be paying all accounts approved up to the date of each cheque run and will pay all accounts as soon as possible. This means, however, that we are unlikely to have any cheque runs past the first week or two of every month.

Pinder Cheema
Chair, LSS Board of Directors