

Legal Services Society

2018/19

ANNUAL SERVICE PLAN REPORT

July 2019



**Legal
Services
Society**

British Columbia
www.legalaid.bc.ca

For more information on the Legal Services Society contact:

400 – 510 Burrard Street

Vancouver, BC V6C 3A8

604-601-6000

Or visit our website at

legaid.bc.ca

Board Chair's Accountability Statement



The *Legal Services Society's 2018/19 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2018/19 – 2020/21 Service Plan* created in February 2018. I am accountable for those results as reported.

A handwritten signature in black ink, appearing to read 'Celeste Haldane', written in a cursive style.

Celeste Haldane
Chair, LSS Board of Directors

Table of Contents

Board Chair’s Accountability Statement.....	3
Chair/CEO Report Letter.....	5
Purpose of the Annual Service Plan Report	6
Purpose of the Organization	6
Strategic Direction.....	7
Operating Environment	8
Report on Performance.....	9
Goals, Objectives, Measures and Targets	10
Financial Report	21
Discussion of Results	21
Revenue.....	21
Resource Summary	23
Financial Statements.....	25
Appendix A – Additional Information	45
Corporate Governance	45
Organizational Overview	45
Contact Information	45
Appendix B – Legal Information and Education Services.....	46
Appendix C – Other Performance Highlights	47

Chair/CEO Report Letter

We are pleased to present the Legal Services Society's 2018/19 Annual Service Plan Report. The results described in this report align with our [February 2018 Mandate Letter](#) and support the provincial government's three key commitments to British Columbians: to help make life more affordable for people; delivering the services people count on; and to build a strong, sustainable economy.

In 2018/19, the Legal Service Society (LSS or the society) received a significant funding increase from the Ministry of Attorney General (MAG) and made substantive progress on the two specific priorities in the Mandate Letter: improving access to justice for Indigenous peoples, and working with government and stakeholders to better meet the legal needs of low-income families.

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

In 2018/19, LSS welcomed three new board members. The society's orientation program includes briefings from senior staff and support from other board members along with educational presentations on operations and an annual peer-review and performance assessment.

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



A handwritten signature in black ink, appearing to read 'Celeste Haldane'.

Celeste Haldane, QC
Chair, LSS Board of Directors



A handwritten signature in black ink, appearing to read 'Mark Benton'.

Mark Benton, QC
Chief Executive Officer

Purpose of the Annual Service Plan Report

The Annual Service Plan Report (ASPR) is designed to meet the requirements of the *Budget Transparency and Accountability Act* (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Crown Corporation's Board is required to report on the actual results of the Crown's performance related to the forecasted targets documented in the previous years' Service Plan.

Purpose of the Organization

LSS provides legal aid in British Columbia. Created by the [Legal Services Society Act](#) in 1979, LSS is a non-profit organization that is a separate legal entity from government (see [Our Mandate](#)). Our priority is to serve the interests of people with low incomes. LSS is funded primarily by the provincial government and receives grants from the Law Foundation and Notary Foundation.

Legal representation services are available for financially eligible people with serious family, child protection, or criminal law problems. Legal representation is also available for people who face a refugee or deportation hearing, a Mental Health Review Panel or BC Review Board hearing, or who have a prison issue for which the Charter of Rights and Freedoms establishes a right to counsel. LSS also helps clients get early legal assistance and engage collaboratively to resolve their child protection issues through nine Parents Legal Centres (PLCs) across BC.

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

Public legal education and information (PLEI) is integral to our services. PLEI includes legal information, triage, and community referrals. Legal information and outreach services are delivered by intake workers, legal information outreach workers (LIOWs), Aboriginal community legal workers (ACLWs), local agents, and community partners. We provide information through our LSS website, Family Law in BC website, Aboriginal Legal Aid in BC website, and MyLawBC website. We provide legal education through training workshops, conferences, and webinars, and produce a wide range of publications readers can order at no cost. We reach hundreds of intermediaries and advocates each year so that they are better able to help people with low incomes solve their legal issues. Our network of regional offices, local agents, and community partners works to ensure access to legal aid and other justice services throughout British Columbia.

Strategic Direction

The strategic direction set by Government in 2017 and expanded upon in the Board Chair’s [Mandate Letter](#) from the Minister Responsible in 2018 shaped the [2018/19 Service Plan](#) and the results reported in this ASPR.

The following table highlights the key goals, objectives, or strategies that support the key priorities of Government identified in the 2018/19 LSS’s Service Plan:

Government Priorities	Legal Services Society Aligns with These Priorities By:
Making life more affordable	<ul style="list-style-type: none"> • Objective 1.2: Increase the accessibility and quality of legal aid services for Indigenous people. • Objective 2.2: Support more people to achieve timely and lasting resolutions to their legal problems.
Delivering the services people count on	<ul style="list-style-type: none"> • Objective 2.1: Increase the accessibility of legal aid services to address people’s interrelated needs. • Objective 3.1: Increase staff’s and service providers’ ability and capacity to provide quality services. • Objective 3.2: Increase the availability of qualified staff and service providers in all regions. • Objective 3.3: Increase the timeliness of LSS service delivery. • Objective 4.2: Promote innovations that help people resolve their legal issues.

Operating Environment

In 2018/19 LSS received the largest budgetary increase since 2002. The additional funding enabled us to undertake a variety of initiatives to improve the quality and availability of the services we provide. This included providing PLC services in 7 new communities, implementing tariff enhancements, creating a lawyer incentive payment for family and Child, Family and Community Services Act (CFCSA) cases, investing in lawyer training, and increasing access to family and criminal duty counsel.

Demand for family law services increased in 2018/19, with service requests growing by 9 percent and contracts issued by 24 percent over the previous year. These increases were driven in part by the reintroduction of discretionary spending in April 2018, and the introduction of a family limited representation contract in October 2018, which enabled LSS to offer family law services to more clients. LSS was able to expand family law services to meet client needs because of the core funding increase from the provincial government. In the criminal tariff, LSS saw a relative stabilization with a 1 percent reduction in service requests and contracts issued 2018/19 over 2017/18.

LSS faced growing lawyer dissatisfaction in 2018/19, and a risk of province-wide service disruption. While LSS worked throughout the year to engage and support lawyers to provide legal aid services, staff also prepared the required procedures and resources to continue delivery of legal aid if the withdrawal of services by the private bar (planned for April 1, 2019) occurred. In late March 2019, the Association of Legal Aid Lawyers (ALL) accepted an incentive payment to continue to provide legal aid services while the province, ALL, and LSS negotiate an agreement in principle for long term, sustainable legal aid funding. The incentive is funded by a \$4.0 million contribution from the province and \$3.9 million from LSS, and will increase payments to lawyers until October 31, 2019, while negotiations take place.

LSS also experienced significant cost pressures in 2018/19 in the immigration tariff, due to a continuing increased demand for services. Since fall 2015, demand for immigration and refugee legal aid services has increased significantly. The volume of immigration service requests in 2018/19 increased by 17 percent over 2017/18, and the number of contracts issued in 2018/19 increased by 21 percent over 2017/18. Due to this increase in contracts, costs for immigration and refugee cases exceeded our budget. Thanks to discussions between the federal and provincial governments, LSS received a commitment for additional immigration and refugee funding that ensured the continuation of services to the end of the 2018/19 fiscal year.

LSS underwent significant organizational changes in 2018/19 due to the expansion of our budget, the hiring of new staff across the province, the internal movement of staff to new roles, and changes to systems and processes to support the delivery of new services. At the same time, LSS continued to face challenges in hiring and retaining skilled staff, in particular due the cost of living in the Lower Mainland. To mitigate the impact of these changes and to ensure that LSS is well positioned to deliver quality services, we have continued to focus on organizational health and employee engagement. A key strategy was providing enhanced training programs, including cultural competency training for all staff.

Report on Performance

LSS pursued two priority actions in 2018 to advance the Government's strategic direction and the society's strategic goals. The first was to work with Indigenous peoples, the ministry, and other stakeholders to continue to identify ways to improve Indigenous access to justice. This included advancing the justice provisions of the Calls to Action of the Truth and Reconciliation Commission (TRC), the United Nations Declaration on the Rights of Indigenous Peoples (the UN declaration), and Grand Chief Ed John's report on Indigenous child welfare in BC. The second priority action was to work with MAG, affected ministries, and relevant stakeholders to determine opportunities to better help families with low incomes to achieve timely and lasting resolutions to their legal problems

In 2018/19 we implemented our new strategic framework, which sets out four new goals and supporting objectives, strategies, and performance measures, which replaced those in the 2017/18 service plan. The new strategic framework was developed to reflect our current environment and priorities. The strategic framework is intended to guide LSS over next five to 10 years.

Further refinement of performance measures occurred during 2018/19 and is reflected in the 2019/20 service plan. All performance measures in this report reflect the 2019/20 service plan measures. The exact changes that occurred between the 2018/19 and 2019/20 service plans are detailed in the Discussion section of each objective/performance measure that changed.

Goals, Objectives, Measures and Targets

Goal 1: LSS advances reconciliation with Indigenous people by improving access to justice

This goal articulates our aim to improve Indigenous access to justice. We can achieve this outcome through our work with Indigenous people, the ministry, and other stakeholders. In 2018/19 LSS launched a new Indigenous Services Division to lead the organization in this work, which includes advancing the justice provisions of the TRC Calls to Action, the UN declaration, and Grand Chief Ed John’s report on child welfare.

Objective 1.1: Ensure the cultural competence of staff and service providers

Key Highlights:

LSS has identified specialized training of staff and services providers as a way to achieve success for this objective. Key highlights include:

- Developed cultural competency training to increase the knowledge and awareness of Indigenous people and culture, stereotyping, and the consequences and legacies of colonialism.
- Delivered cultural competency training to 115 staff and 41 service providers.

Performance Measure(s)	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
1.1a Percent of Indigenous clients who say they received culturally appropriate legal aid services	—	67%	—	—	69%	—

Data Source: Biennial LSS Client Survey

Discussion

We believe Indigenous clients can provide the most meaningful assessment of whether our services are culturally appropriate. In 2018/19 we conducted the Indigenous Client Survey; a new specialized survey of Indigenous clients designed to better assess their opinions. While LSS intended to report the results in relation to performance measure 1.1a, due to methodological issues we are not able to report on the quantitative results. LSS will use the qualitative feedback to improve the cultural appropriateness of its services. For 2019/20, LSS will report on results from Indigenous clients participating in our overall LSS Client Survey.

Changes from the 2018/19 Service Plan introduced in the 2019/20 Service Plan

- Removed performance measure ‘1.1a Percent of staff and number of service providers who received cultural competency training’. This data is now captured in performance measure 3.1.
- Performance measure 1.1b was renumbered to 1.1a.

Objective 1.2: Increase the accessibility and quality of legal aid services for Indigenous people

Key Highlights:

- LSS began providing PLC services in 7 new communities (Campbell River, Smithers/Hazelton, Williams Lake, Prince George, Duncan, Kamloops, and Victoria) by the end of 2018/19, with permanent office openings starting in January 2019 and continuing into 2019/20. These are in addition to the PLCs in Vancouver (opened in 2015) and Surrey (opened in 2018).
- Finalized the society’s 5-year Reconciliation Action Plan, which sets out 20 strategies and 52 related actions LSS will take to implement three goals: advance reconciliation through education, advance reconciliation by fostering equity for Indigenous peoples, and advance reconciliation by empowering Indigenous peoples.
- Expanded the Gladue report program by increasing the number of Gladue reports prepared for clients and increasing the number of Gladue writers on the LSS roster to 40. Other Gladue program highlights include developing a workshop for Gladue submissions, funding 29 people to attend the Indigenous Perspectives Society Gladue Report Training, hosting a Gladue writer’s conference, and participating in the development of a Continuing Legal Education BC Gladue submissions course for lawyers.
- Introduced new tariff services focused on Indigenous clients, including a Gladue fee and Indigenous cultural support (see more under Goal 2).
- Began revamping the [Aboriginal Legal Aid in BC website](#) to improve the quality and usability of the information for Indigenous clients.

Performance Measure(s)	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
1.2a Percent of Indigenous clients who say legal aid met their needs overall	—	76%	—	—	78%	—

Data Source: Biennial LSS Client Survey

Discussion

We believe Indigenous clients can provide the most meaningful assessment of whether our services are accessible to them and meet their legal needs. As mentioned for performance measure 1.1a, in 2018/19 we conducted the Indigenous Client Survey; a new specialized survey of Indigenous clients designed to better assess their opinions. While LSS intended to report the results in relation to this performance measure, due to methodological issues we are not able to report on the quantitative results, but will use the qualitative feedback to improve services to better meet the needs of Indigenous clients. For 2019/20, LSS will report on results from Indigenous clients participating in our overall LSS Client Survey.

Changes from the 2018/19 Service Plan introduced in the 2019/20 Service Plan

- Removed performance measure ‘1.2a Percent of Indigenous clients who are satisfied with the accessibility of legal aid services’. LSS believes that the ‘Percent of Indigenous clients who say legal aid met their needs overall’ measure provides a comprehensive indication of our progress against this goal which will reflect satisfaction with accessibility.
- Performance measure 1.2b was renumbered to 1.2a. and changed from ‘Percent of Indigenous clients who say legal aid met their needs’ to ‘Percent of Indigenous clients who say legal aid met their needs overall’. The performance measure was changed to ‘meet their needs overall’ to better align to the wording in Biennial LSS Client Survey which is used to gather the performance measure data.

Objective 1.3: Increase LSS’s engagement with Indigenous people and communities to improve their access to justice

Key Highlights:

- To increase engagement with Indigenous people and communities LSS held engagement activities on a range of topics including overview of, and where relevant consultation on the development of, LSS services and publications, working with LSS, and family and child protection law. LSS reached more than 1,700 people through these activities.

Performance Measure(s)	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
1.3a Number of people reached through engagement activities LSS held with Indigenous people and communities	—	—	—	1,786	TBD	TBD

Data Source: LSS operational data (annual measure)

Discussion

Increased engagement is an important step towards advancing reconciliation. This new measure, introduced in the 2019/20 Service Plan, tracks the number of people reached through engagement activities such as workshops and conferences with Indigenous people and communities. Targets for 2019/20 and 2020/21 will be published in the 2020/21 Service Plan as LSS is still finalizing its Indigenous engagement plan which will provide greater clarity around future engagement activities with Indigenous people and communities.

Changes from the 2018/19 Service Plan introduced in the 2019/20 Service Plan

- Changed objective 1.3 from ‘Increase Indigenous people’s and communities’ engagement in improving access to justice’ to clarify the role of LSS in the engagement process.
- Replaced performance measures ‘1.3a Percent of Indigenous clients who say they received culturally appropriate services’ and ‘1.3b Percent of Indigenous clients who say the legal aid services they received met their needs’ with the new 1.3a performance measure. The new performance measure provides a direct output measure of our engagement activities.

Goal 2: LSS delivers services tailored to people’s needs

This service-focused goal is based on evidence that legal aid services that are tailored to people’s needs will be more likely to help clients achieve early and lasting resolutions to their legal problems. LSS plans to adapt current services to better ensure that clients’ unique needs — such as mental health, domestic violence, or poverty issues — are understood and addressed.

Objective 2.1: Increase the accessibility of legal aid services to address people’s interrelated needs

Key Highlights:

- Established a training program that included training led by legal information outreach workers (LIOWs) for new intake staff. The training provides intake staff with the necessary knowledge and skills to determine how and when to refer clients to other services for interrelated needs.
- The expansion of PLCs increased LSS’s ability to help clients address their interrelated needs through direct services provided by PLC advocates. Support for interrelated needs is embedded in the PLC model.
- Digital delivery of legal aid services continued to be part of LSS’s strategy to increase the accessibility of services. In 2018/19 we developed a digital delivery strategy and roadmap for 2018 – 2021 to guide our work, and began implementing a range of projects including expanding MyLawBC and redesigning the Family Law in BC and Aboriginal Legal Aid in BC websites.

Performance Measure(s)	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
2.1a Number of clients provided legal aid services or referred to other services for interrelated needs	—	—	—	4,826	TBD	TBD

Data Source: LSS client information system and other operational data (annual measure)

Discussion

The number reported includes referrals given to applicants and clients for LSS representation services, PLCs, expanded criminal and family duty counsel services, and Family LawLINE. However, due to issues with the way the data for this performance measure was being captured in our client information system, this number is significantly below the actual number of clients provided legal aid services or referred to other services for interrelated needs. In 2019/20 a new method will be used to capture this data and improve accuracy and the results will be reported on in the 2019/20 Annual Service Plan Report.

Changes from the 2018/19 Service Plan introduced in the 2019/20 Service Plan

- Removed performance measures ‘2.1a Percent of staff and number of service providers who participated in a training program who say the program helped them better address people’s interrelated needs’ and ‘2.1b Percent of clients satisfied overall with LSS services’. These measures were removed as the data is currently not available to report on the measures.
- Performance measure 2.1c was renumbered to 2.1a and was changed from ‘Percent of clients who are referred to services to address interrelated issues’. The revised measure enables LSS to better track the impact of LSS services to help clients address interrelated needs.

Objective 2.2: Support more people to achieve timely and lasting resolutions to their legal problems

Key Highlights:

To achieve this objective, in 2018/19 LSS focused on enhancing a range of family and criminal law services, including:

- Reintroducing all family discretionary services and adding 10 hours of general preparation to all full family representation contracts. Reintroducing family discretionary services enabled LSS to approve cases under exception review (for cases that do not meet standard coverage criteria), cases under discretionary coverage (for cases marginally over the financial eligibility guidelines), and family extended services (for cases where LSS provides lawyers with additional hours to work on a case).

- Adding a new tariff item to encourage lawyers to provide cultural support for Indigenous family and CFCSA clients, and expanding coverage for clients facing child protection matters who are not a party to the proceeding.
- Introducing a new family limited representation contract to assist clients who do not face a risk of harm or violence to effectively negotiate a settlement or represent themselves.
- Introducing a Gladue fee to support lawyers to make Gladue submissions, increasing duty counsel hours at Indigenous Court, and increasing the number of funded Gladue reports.
- Increasing criminal and family duty counsel hours at key locations across the province.

Performance Measure(s)	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
2.2a Percent of clients who say legal aid met their needs overall	—	55%	—	—	57%	—

Data Source: Biennial LSS Client Survey

Discussion

A key objective of delivering services tailored to people’s needs is to help them find early and stable resolutions to their legal problems. LSS uses survey responses to determine whether clients believe their issues have been resolved through the use of legal aid services.

Changes from the 2018/19 Service Plan introduced in the 2019/20 Service Plan

- Changed objective 2.2 from ‘Support more people with family law issues to achieve timely and lasting resolutions to their legal problems’ to remove reference to family law and thus broaden the objective.
- Replaced performance measure ‘2.2a Percent of family law clients who resolved their legal issues’ with the new 2.2a performance measure. The new measure demonstrates LSS’s overall performance on meeting client needs and therefore provides a more direct measure of our progress against this goal.

Goal 3: LSS operates a cost-effective, quality-assured legal aid plan

Operating a cost-effective, quality-assured legal aid plan will help us achieve optimum benefit for the people we serve within our funding envelope.

Objective 3.1: Increase staff’s and service providers’ ability and capacity to provide quality services

Key Highlights:

- 179 staff attended at least one training program that increased their ability to provide quality services. This consisted of 98 unique training programs and a total of 4,228 hours of training.
- Established the new role of Manager, Learning and Development to manage overall organizational learning to ensure that LSS has suitably qualified and trained staff to meet current and future organizational and human resources needs.
- 177 service providers attended at least one training program which increased their ability to provide quality services.
- As part of the development of a new Quality Assurance program LSS established the framework for an expanded bursary program which will increase the number and type of training courses available to lawyers.

Performance Measure(s)	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
3.1a Number of staff and service providers who participated in an LSS-sponsored training program to increase their ability to provide quality services	—	—	—	356	TBD	TBD

Data Source: Operational data (annual measure)

Discussion

To assess progress against this objective, LSS tracks the number of staff and service providers who undertake training to increase their ability to provide quality services to clients.

Changes from the 2018/19 Service Plan introduced in the 2019/20 Service Plan

- Changed performance measure 3.1a from ‘Percent of staff and number of service providers who participated in a training program who say the program helped them better address people’s interrelated needs’. This performance measure was changed as LSS did not have the necessary data to report on the performance measure and the new measure provides more meaningful results.

Objective 3.2: Increase the availability of qualified staff and service providers in all regions

Key Highlights:

- Established a Lawyer Engagement Coordinator position which focuses on lawyer recruitment and retention, and defining standards concerning the delivery of quality services by lawyers to our clients.
- Held six lawyer engagement sessions to increase awareness around new service and tariff changes, provide general updates on LSS, and listen to questions and concerns lawyers have.
- To support the expansion of services, LSS recruited and trained staff to deliver new services in communities across BC, including Campbell River, Smithers, Williams Lake, Prince George, Duncan, Kamloops, Victoria, Terrace, Surrey and Vancouver. LSS is committed to creating a diverse workforce and continues to focus recruitment efforts on Indigenous candidates for positions across BC.

Performance Measure(s)	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
3.2a Percent of lawyers satisfied with the overall support provided by LSS ¹	57%	—	60%	N/A	—	—
3.2b Overall employee engagement ²	71	—	—	—	74	—

¹ Data Source: Biennial Tariff Lawyer Survey

² Data Source: Triennial LSS Workplace Environment Survey

Discussion

LSS is currently using two long-standing performance measures to track our progress against this objective. While these are proxy measures, lawyer satisfaction and employee engagement are strong indicators of our ability to attract and retain staff and service providers. As we implement quality assurance and attraction/retention initiatives in the coming years, we will establish measures that more directly assess our supply of qualified staff and service providers.

The Tariff Lawyer Survey was not conducted in 2018/19 as intended due to the uncertainty caused by the potential lawyer service withdrawal. A decision on when the survey will be conducted will be made after the negotiations with the Association of Legal Aid Lawyers is concluded.

In 2018/19 LSS issued 27,283 legal representation contracts with 921 lawyers. This represents the third year of decline in the number of lawyers taking representation contracts (from a 15-year peak of 996 in 2015/16). This decline occurred despite steps LSS has taken to support lawyer attraction and retention, including a \$500 incentive payment for lawyers taking family and CFCSA contracts introduced in 2018/19. See Appendix C for further information relating to the number of applications for representation services and number of representation contracts issued.

Measure 3.2b is a composite rating out of 100 that is based on employee commitment, job satisfaction, and organization satisfaction. It measures the society’s performance in providing employees with the resources necessary to perform their duties, to develop their skills, and to contribute to the society’s goals. LSS uses data gathered from an online Work Environment Survey, which is conducted every three years by BC Stats.

Objective 3.3: Increase the timeliness of LSS service delivery

Key Highlights:

To optimize our business systems to improve service delivery, LSS:

- Commenced upgrading our human resources information system.
- Brought PLC program data into our client information system to improve the efficiency of client intake and increase our ability to track and report on operations and client outcomes.
- Continued the refinement of our client information system to improve the efficiency of client intake and increase our ability to track and report on operations and client outcomes.

Performance Measure(s)	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
3.3a Percent of approved applicants receiving a representation contract within the same day of applying	56%	55%	58%	53%	59% ¹	60%

Data Source: LSS client information system (annual measure)

¹ This target reflects the revised target stated in 2019/20 Service Plan. The target in the 2018/19 Service Plan was 60%.

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 by minimizing the risk that clients will abandon their applications and proceed without legal representation. LSS is exploring the reasons for the decline in contracts being issued within the same day of applying in 2018/19 from 2017/18. One potential area LSS is exploring is the impact of increased family contracts in 2018/19 which typically take longer to issue contracts compared to other contact types due to due to a shortage of family lawyers in some communities,

Goal 4: LSS influences systemic changes that improve the outcomes of people who use our services

This goal articulates our intention to bring about the justice system changes required to improve outcomes for our clients. LSS needs to influence and innovate to achieve these fundamental changes.

Objective 4.1: Increase LSS’s influence on changes that improve access to justice

Key Highlights:

- LSS provided support to both the government and ALL to help avert a service withdrawal. LSS continues to provide advice, data, and recommendations to support negotiations to create a framework for sustainable legal aid funding to ensure our vulnerable clients receive the legal aid services they need.

Performance Measure(s)	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
4.1a Percent of the public that supports the provision of legal aid services	92%	93%	—	—	>90%	—

Data Source: Biennial LSS Public Opinion Poll

Discussion

This measure shows the proportion of BC residents who say they support providing legal information, advice, and representation services to people with low incomes. The level of public support for legal aid is a primary indicator of the value BC residents place on legal aid services and the contribution of these services to a fair and efficient justice system. This measure is linked to public awareness of legal aid services and helps demonstrate the importance of legal aid in ensuring access to justice for the people of BC.

Changes from the 2018/19 Service Plan introduced in the 2019/20 Service Plan

- Moved target of >90% from 2018/19 to 2019/20 and did not report on measure in 2018/19. These changes occurred as the decision was made to conduct the LSS Public Opinion Poll biennially rather than yearly as we did previously. Therefore the survey was not conducted in 2018/19.
- Removed performance measure ‘4.1b Volume of references to LSS and justice reform’ as the measure was no longer providing valuable information.

Objective 4.2: Promote innovations that help people resolve their legal issues

Key Highlights:

- In 2018/19, LSS continued to develop and implement innovative services, service models, and processes to help people resolve their legal issues. This included the roll out of PLC services in seven new locations, as well beginning implementation of new digital delivery services, including online dispute resolution in family cases.

Performance Measure(s)	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
4.2a Number of clients accessing innovative legal aid services who resolve their legal issues	—	248	265	TBD	>265	>265

Data Source: LSS client information system

Discussion

This measure reflects the reach and impact of two of our Justice Innovation Transformation initiatives launched in 2015: the PLCs and the expanded criminal duty counsel at the Port Coquitlam Courthouse. Due to a delay in data entry, results for this measure were not available in time for the annual report but will be published in the 2020/21 Service Plan. Note that the number of PLC clients continues to rise, and the number of clients accessing the expanded criminal duty counsel service remains stable. LSS expects results for this measure to continue to improve.

Financial Report

Discussion of Results

The following discussion of the society's financial position for the year ending March 31, 2019, should be read in conjunction with the society's audited financial statements. The financial statements have been prepared in accordance with the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia based on the Canadian Public Sector Accounting Standards (PSAS).

Revenue

LSS receives the majority of its revenue from the following sources: the provincial government, the federal government, the Law Foundation, and the Notary Foundation. Total revenue for 2018/19 was \$95.8 million. The provincial government provides the largest portion of revenue. In 2018/19, the provincial government provided \$88.6 million to LSS. This represents the largest budgetary increase since 2002. This funding enabled LSS to undertake a variety of initiatives to improve the quality and availability of service.

Provincial funding

The funding received from the provincial government is subject to a three-year Memorandum of Understanding (MOU) between LSS and the Ministry of the Attorney General. The MOU outlines the roles and responsibilities for LSS and the ministry, the types of services LSS can provide with provincial government funding, and the priorities for allocating that funding. The MOU defines how criminal cases are to be categorized and funded.

There are three criminal case categories:

- **Category A:** Within the approved budget within which cases will be accounted for where the total of the fees and disbursements are less than or equal to \$75,000.
- **Category B:** Within the approved budget within which a case will be accounted for where the total of the fees and disbursements exceed \$75,000 and are less than or equal to \$175,000, or where it is a Court Appointed Counsel Case or a Charter Required Counsel Case. These cases are funded by a restricted contribution, and any surplus in these cases is transferred to deferred contributions. In the case of an annual shortfall in Criminal Category B cases, the society must first apply any Category A surplus to the shortfall. LSS must then transfer funds from the Deferred Contribution Fund, if any, to offset any remaining shortfall. If a shortfall still remains, LSS must enter into a discussion with the Ministry of the Attorney General.
- **Category C:** Within the approved budget within which a case will be accounted for where the total of the fees and disbursements exceed \$175,000, or where the case is one in which the rate

payable to counsel exceeds the society's enhanced fee rate. These cases are funded through a special funding agreement with the Ministry of the Attorney General.

Foundation grants

Both the Law Foundation and the Notary Foundation provide annual grants to LSS from revenue earned on trust funds held by their members. The Law Foundation and Notary Foundation funds are not included in the MOU. The Notaries Act requires the Notary Foundation to contribute 55 percent of their interest revenue to the society. The Notary Foundation provided \$2.6 million to LSS in 2018/19, compared to \$0.9 million in 2017/18. The Law Foundation provided \$4.0 million in 2018/19 compared to \$2.3 million in 2017/18.

Expenses

LSS's expenses totalled \$95.8 million this year, an increase of \$9.8 million from the prior year. Of this amount, \$61.4 million was for tariff costs, \$15.5 million for salaries and benefits, \$5.1 million for building and amortization, and \$13.8 million for other costs. See Audited Financial Statements — Note 10, Expenses by object.

Tariff and Program expenses

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

To determine the costs for tariff and duty counsel, LSS estimates the liability for services provided by the private bar using an actuarial model. This model includes actual costs based on invoices received, and estimated costs for work performed on all unbilled contracts made during the fiscal year. The estimated tariff liability at the end of 2018/19 is \$9.2 million. An independent actuary reviewed the actuarial model in February 2019, and no changes were recommended. The next review will be February 2022, with the results reported for the 2021/22 fiscal year.

Variance and Trend Analysis

The society's revenue increased by \$11.2 million during the fiscal year. The increase was due to several factors. First, LSS received funding due to additional transfers from the federal government to the provincial government. That funding included \$1.0 million (2018 – \$1.1 million) for the immigration tariff. LSS experienced unbudgeted growth in immigration tariff costs for the third year in a row. The number of immigration contracts issued in 2018/19 was up 21 percent from 2017/18 and 51 percent from 2016/17. LSS plans to keep working closely with the provincial and federal governments to mitigate and manage this tariff.

LSS also received additional funding for Legal Aid Expansion, Criminal Expansion, and Justice Innovation and Transformation Initiatives. The PLC locations were constructed throughout the year and as a result did not spend the entire Justice Innovation and Transformation Initiatives/PLC budget.

Risks and Uncertainties

LSS’s largest risk is fluctuating demand and costs for services. LSS cannot predict the demand for tariff services, nor the pace at which cases are billed. The ability to control costs and manage demand continues to be critical to meeting budget targets.

The biggest tariff risk is in criminal as it is the largest proportion of tariff expense. Over 70 percent of LSS’s contracts are related to criminal legal issues. The MOU outlines three categories of criminal cases and sets limits based on the amount spent on a case before having to obtain a special funding agreement, which helps to limit the exposure to the increasing costs of large criminal cases.

Capital Expenditures

Capital expenditures are required to assure the continued operations of the society. These expenditures include information systems, leasehold improvements, and office equipment. The major capital expenditures for the fiscal year were computer hardware and software as well as leasehold improvements in the PLC and Vancouver office. In fiscal 2018/19, LSS invested \$2.4 million in capital programs. See Audited Financial Statements – Schedule 1 – Tangible Capital Assets.

Resource Summary

\$ millions	2017/18 Actual	2018/19 Budget	2018/19 Actual	2018/19 Variance
Contribution from province	80.7	90.9	88.6	(2.3)
Other income & recoveries	3.9	4.3	7.2	2.9
Total Revenue	84.6	95.2	95.8	0.6
Criminal Tariff	43.8	43.6	43.9	0.3
Family Tariff	14.8	17.4	17.6	0.2
Child Protection Tariff	7.8	8.9	7.1	(1.8)
Immigration Tariff	3.0	2.3	3.3	1.0
Justice Innovation and Transformation Initiatives	3.9	8.9	5.3	(3.6)
Publishing	1.8	2.1	3.6	1.5
Community engagement	1.0	0.8	0.8	0.0
Indigenous Services	0.6	1.3	1.4	0.1
Administration	8.5	9.1	10.5	1.4
Amortization	0.8	0.8	2.3	1.5

\$ millions	2017/18 Actual	2018/19 Budget	2018/19 Actual	2018/19 Variance
Total Expenses	86.0	95.2	95.8	0.6
Net Income from Operations	(1.4)	0.0	0.0	0.0
Capital Expenditures	1.3	0.9	2.4	1.5
Total Liabilities	18.1	0.0	17.0	0.0
Accumulated Surplus/ Retained Earnings	3.9	3.9	3.9	0.0

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles.

Note 2: Consistent with Public Sector Accounting Standards (PSAS) and section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, when expenses support a range of service delivery activities they are allocated to those service activities.

Legal Services Society

Financial statements 2018/19

Legal Services Society management's responsibility for the financial statements

Management is responsible for the preparation of the society's financial statements. This responsibility includes maintaining the integrity and objectivity of the society's financial records, and presenting the society's financial statements in accordance with section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Management maintains a system of internal controls that ensures all material agreements and transactions of the society are properly recorded. The society's financial statements for the year ended March 31, 2019, have been examined by PricewaterhouseCoopers LLP. Their examination was made in accordance with Canadian generally accepted auditing standards, and included obtaining a sufficient understanding of the society's internal controls to plan the audit.

The directors of the society's board are not employees of the society. The board of directors is responsible for determining that management fulfills its responsibilities in the preparation of the financial statements and the control of the society's financial operations. The board of directors meets with staff of PricewaterhouseCoopers LLP to discuss their audit work, the society's internal controls, and the financial statements. The board of directors is responsible for approving the financial statements.



Mark Benton, QC
Chief Executive Officer



Chris Earle, CPA, CMA, C. Dir.
Vice President, Finance & Corporate Services



Independent auditor's report

To the Board of Directors of the Legal Services Society and to the Ministry of Attorney General of British Columbia

Our opinion

In our opinion, the accompanying financial statements of Legal Services Society (the Society) as at March 31, 2019 and for the year then ended are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

What we have audited

The Society's financial statements comprise:

- the statement of financial position as at March 31, 2019;
- the statement of operations and accumulated operating surplus for the year then ended;
- the statement of changes in net financial assets/liabilities for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Emphasis of matter - basis of accounting

We draw attention to note 2 to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 3 to the financial statements discloses the impact of these differences. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 15, 2019

Statement of financial position

as at March 31, 2019

	2019	2018
Financial assets		
Cash (note 16)	\$ 201,446	\$ 1,713,163
Investments (notes 4 and 16)	6,949,744	9,974,187
Accounts receivable (note 16)		
Government of British Columbia (note 13)	964,132	3,115,312
Government of Canada	918,072	529,430
Other	1,779,394	633,082
Total financial assets	10,812,788	15,965,174
Liabilities		
Accounts payable and accrued liabilities		
General (note 5a)	3,861,371	2,973,658
Tariff (note 5b)	12,332,313	14,200,641
Employee future benefits (note 3dii)	227,800	252,000
Long-term liabilities (note 7)	609,037	625,184
Total liabilities	17,030,521	18,051,483
Net financial (liabilities)	(6,217,733)	(2,086,309)
Non-financial assets		
Tangible capital assets (Schedule 1)	5,548,861	5,532,504
Prepaid expenses	4,608,567	493,500
Total non-financial assets	10,157,428	6,026,004
Accumulated surplus (note 8)	\$ 3,939,695	\$ 3,939,695
Contractual obligations (note 12)		
Economic dependence (note 14)		
Contingent liabilities (note 15)		

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



Celeste Haldane, QC
Chair of the Board of Directors



Dinyar Marzban, QC
Acting Chair of the Finance Committee

Statement of operations and accumulated surplus

for the year ended March 31, 2019

	Budget <i>(note 11)</i>	2019	2018
Revenue			
Government of British Columbia <i>(notes 9 and 13)</i>	\$ 90,889,000	\$ 88,572,462	\$ 80,670,804
Law Foundation	3,095,000	3,983,750	2,346,250
Department of Justice — Canada	—	16,452	203,635
Notary Foundation	825,000	2,603,590	872,755
Investment income	268,000	372,789	254,779
Miscellaneous	115,000	249,267	231,741
Total revenue	95,192,000	95,798,310	84,579,964
Expenses <i>(note 10)</i>			
Criminal tariff	43,561,000	43,876,243	43,765,083
Family tariff	17,399,000	17,567,961	14,766,382
Child protection tariff	8,903,000	7,091,896	7,780,990
Immigration and refugee tariff	2,254,000	3,321,796	2,981,391
Justice Innovation and Transformation Initiatives	8,900,000	5,292,999	3,857,159
Publishing	2,134,000	3,593,406	1,787,067
Community engagement	862,000	806,312	1,063,296
Indigenous services	1,276,000	1,426,290	638,275
Administration	9,903,000	12,821,407	9,340,321
Total expenses	95,192,000	95,798,310	85,979,964
Net loss	—	—	(1,400,000)
Accumulated surplus at beginning of year	3,940,000	3,939,695	5,339,695
Accumulated surplus at end of year <i>(note 8)</i>	\$ 3,940,000	\$ 3,939,695	\$ 3,939,695

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

Statement of changes in net financial assets / liabilities

for the year ended March 31, 2019

	Budget (note 11)	2019	2018
Net loss	\$ —	\$ —	(1,400,000)
Acquisition of tangible capital assets	(934,000)	(2,355,316)	(1,345,004)
Amortization	786,000	2,338,959	790,671
Loss from disposal of tangible capital assets			48,729
	(148,000)	(16,357)	(505,604)
Acquisition of prepaid expenses	—	(4,608,567)	(493,500)
Use of prepaid expenses	—	493,500	532,062
	—	(4,115,067)	38,562
Increase/(decrease) in net financial liabilities	(148,000)	(4,131,424)	(1,867,042)
Net financial (liabilities) at beginning of year	(219,267)	(2,086,309)	(219,267)
Net financial (liabilities) at end of year	\$ (367,267)	\$ (6,217,733)	\$ (2,086,309)

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

Statement of cash flows
for the year ended March 31, 2019

	2019	2018
Operating transactions		
Cash received		
Transfers from Government of British Columbia	\$ 90,723,641	\$ 79,357,982
Grants received	5,646,879	3,219,005
Interest	372,789	254,779
GST recovered (net)	—	837,178
Leasehold inducement received	—	193,410
Other	1,124,113	833,093
	97,867,422	84,695,447
Cash paid		
Legal aid tariff	63,074,534	56,816,112
Salaries and benefits	15,184,515	12,899,788
Rent	3,249,905	1,931,212
Services	10,924,292	2,434,537
GST paid (net)	425,946	—
Other Contributions	3,940,000	—
All other	3,249,074	7,708,680
	100,048,266	81,790,329
Cash (used in) provided by operations	(2,180,844)	2,905,118
Capital transactions		
Cash used to acquire tangible capital assets	(2,355,316)	(1,345,004)
Investing transactions		
Investments purchased	(7,321,708)	(3,000,000)
Investments redeemed	10,346,151	2,758,544
Cash provided by (used in) investing transactions	3,024,443	(241,456)
(Decrease)/increase in cash	(1,511,717)	1,318,658
Cash at beginning of year	1,713,163	394,505
Cash at end of year	\$ 201,446	\$ 1,713,163

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

Notes to the Financial Statements

for the year ended March 31, 2019

1. Overview

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

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

The society is not subject to income taxes.

2. Basis of presentation

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

3. Significant accounting policies

(a) Revenue recognition

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

Restricted contributions received or receivable are deferred and amortized into revenue as the related expenses are incurred. This accounting policy complies with the accounting requirements of section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. However, this accounting treatment is different from the requirements of Canadian PSAS, which require that government contributions be recognized as revenue when approved by the transferor and eligibility criteria have been met, unless the transfer contains a stipulation that creates a liability. In this case, the transfer is recognized as revenue over the period that the liability is extinguished. The impact of this policy on the financial statements was not material.

(b) Expenses

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

(c) Tariff expenses

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

(d) Employee future benefits

- i. The society’s employees belong to the Municipal Pension Plan, which is a multi-employer contributory pension plan. The society records its pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This method is used because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets, and costs to individual employers participating in the plan.
- ii. The cost of non-vested sick leave benefits is actuarially determined using management’s best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates, and discount rates.

(e) Tangible capital assets

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

The estimated useful lives of assets are re-assessed on an annual basis. Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the asset as follows:

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

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

In 2019, the society changed its useful life estimates for Client Information System (CIS) from ten years to five years. The impact of this change in estimate is being applied on a prospective basis and resulted in an increase in amortization expense of \$1.3 million for the year ended March 31, 2019.

(f) Asset retirement obligation

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

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

(g) Prepaid expenses

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

(h) Financial instruments

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

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

The fair values of the society's cash, accounts receivable, and accounts payable and accrued liabilities generally approximate their carrying amounts due to their short term to maturity. The fair values of the society's investments are disclosed in note 4.

(i) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Areas where estimates are significant to the financial statements include the tariff liabilities and expenses (note 17). Other areas where estimates are made include the valuation of investments, accounts receivable, estimated useful life of tangible capital assets and the resulting amortization, asset retirement obligation, non-vested sick leave benefits, and contingent liabilities.

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

(j) Newly adopted accounting standards:

Effective April 1, 2018, the society adopted PS 3430 – Restructuring Transactions. The adoption of this standard does not have a material impact on the financial statements.

4. Investments

The carrying value of the society’s investments is \$6,949,744 (2018 — \$9,974,187). Included in investments is \$196,744 for accrued interest (2018 — \$147,253). Investments have maturities ranging from July 2019 to April 2020 and rates of return ranging from 2.00% to 3.05%.

The investments have a market value at March 31, 2019, of \$6,910,859 (2018 — \$9,959,683). Investments are recorded at amortized cost less any writedowns associated with a loss in value that is other than a temporary decline.

5. Accounts payable and accrued liabilities

(a) General

	2019	2018
Trade payables	\$ 2,637,846	\$ 2,110,276
Payroll payables	1,223,525	863,382
Total	\$ 3,861,371	\$ 2,973,658

(b) Tariff

	2019	2018
Submittals approved, not paid	\$ 1,484,927	3,770,390
Submittals not approved	1,600,892	1,301,251
Accrual (<i>note 17</i>)	9,246,494	9,129,000
Total	\$ 12,332,313	\$ 14,200,641

The society uses an actuarial model to estimate legal services performed but not yet billed to the society. Management estimated the liability to be approximately \$9,246,494 (2018 — \$9,129,000). This estimate, included in the above table, incorporates average case costs and service billings for similar cases, based on historical experience over a two-year period. Actual costs could differ from this estimate (notes 3(i) and 17).

6. Employee future benefits

(a) Pension plan

The society and its employees contribute to the Municipal Pension Plan (jointly trusted pension plan). The board of trustees for this plan, representing plan members and employers, is responsible for administering the pension plan, including investing assets and administering benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2016, the Municipal Pension Plan had approximately 193,000 active members and 90,000 retired members.

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

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2.224 billion funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1.927 billion was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged. The next valuation for the Municipal Pension Plan will be as at December 31, 2018, with results available in 2019.

The society paid \$949,391 (2018 — \$903,647) for employer contributions to the plan.

(b) Non-vested sick leave

Employees are credited days per year, ranging from six to 10 days, for use as paid absences in the year due to illness or injury. Employees are allowed to accumulate unused sick day credits

each year, up to the allowable maximum provided in their respective employment agreement.

Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick-leave compensation ceases on termination of employment. The benefit cost and liabilities related to the plan are included in the financial statements. Employee unused sick bank is not paid out at retirement.

7. Long-term liabilities

	2019	2018
Leasehold inducements	\$ 609,037	\$ 625,184
Balance, end of year	\$ 609,037	\$ 625,184

(a) Asset retirement obligation

In previous years, long-term liabilities included the society's accrual for its asset retirement obligation for the estimated costs of restoring certain leased facilities to their original condition at the end of the lease terms. During fiscal 2017/18, the society negotiated an extension to the lease. Included in the extension was the removal of the asset retirement obligation. The asset retirement obligation has been redesignated as a leasehold inducement and is being amortized over the period of the new lease. The following is a reconciliation of the changes in the asset retirement obligation during the year:

	2019	2018
Balance, beginning of year	\$ —	\$ 516,400
Accretion expense	—	17,148
Transfer to leasehold inducements	—	(533,548)
Balance, end of year	\$ —	\$ —

The accretion expense is included in the premises expense.

(b) Leasehold inducements

	2019	2018
Total leasehold inducements	\$ 746,357	\$ 683,341
Less: current portion	(137,320)	(58,157)
Long-term portion	\$ 609,037	\$ 625,184

8. Accumulated surplus

	2019	2018
Total accumulated surplus at end of year	\$ 3,939,695	\$ 3,939,695

9. Restricted contribution

	Opening deferred contribution	Approved budget	Additional contributions	Recognized in operations	Closing deferred contribution
Government of British Columbia — Category B	\$ —	\$1,813,000	\$1,069,725	\$2,882,725	\$ —

The society's Memorandum of Understanding (MOU) with the Ministry of the Attorney General provides for restricted funding for exceptional matters commencing with the 2003 fiscal year. Effective April 1, 2017, the MOU was revised to provide clarification on criminal case classification and funding of these cases.

There are now three categories:

- **Category A:** Within the approved budget within which a case will be accounted for, where the total of the fees and disbursements is less than or equal to \$75,000.
- **Category B:** Within the approved budget within which a case will be accounted for, where the total of the fees and disbursements exceeds \$75,000 and is less than or equal to \$175,000, or where it is a court-appointed counsel case, or a charter-required counsel case. These cases are funded by a restricted contribution, and any surplus in these cases is transferred to deferred contributions. In the case of an annual shortfall in Criminal Category B cases, the society must first apply any eligible base criminal tariff surplus to the shortfall and then to deferred contributions.
- **Category C:** Within the approved budget within which a case will be accounted for, where the total of the fees and disbursements exceeds \$175,000, or where the case is one in which the rate payable to counsel exceeds the society's enhanced fee rate. These cases are funded through a special funding agreement with the Ministry of the Attorney General.

10. Expenses by object

The following is a summary of expenses by object:

	2019 Budget	2019 Actual	2018 Actual
Lawyer fees	\$ 45,035,398	\$ 43,617,362	\$ 42,963,356
Duty counsel fees	10,024,945	10,953,513	10,109,050
Disbursements	5,797,602	6,811,586	6,131,512
Total tariff costs	60,857,945	61,382,461	59,203,918
Salaries and benefits	18,008,482	15,544,658	12,938,505
Grants and contracted services	7,699,630	7,251,583	5,561,961
Premises	2,462,199	2,794,973	1,931,212
Local agents	1,820,500	1,782,907	1,768,587
Computers	1,207,848	2,486,414	1,924,010
Office	1,407,253	1,364,459	976,642
Amortization	786,000	2,338,959	790,671
Loss from disposal	-	-	48,729
Miscellaneous	285,539	534,789	570,799
Board expenses	183,004	132,039	159,313
Travel	473,600	185,068	105,617
Total	\$ 95,192,000	\$ 95,798,310	\$ 85,979,964

11. Budgeted figures

The operating budgeted figures, presented on a basis consistent with that used for actual results, were approved by the board of directors on February 21, 2018, and submitted to the Ministry of the Attorney General on February 21, 2018 and were approved on March 13, 2018.

12. Contractual obligations

The society has the following contractual obligations:

	Premises leases	Operating costs	Total
2020	\$ 1,690,893	\$ 2,827,760	\$ 4,518,653
2021	1,771,042	1,489,901	3,260,943
2022	1,762,646	39,300	1,801,946
2023	1,747,576	—	1,747,576
2024	1,776,654	—	1,776,654
Thereafter	6,836,652	—	6,836,652
Total	\$ 15,585,463	\$ 4,356,961	\$ 19,942,424

At year-end, the liability for future costs of legal services to be performed beyond the fiscal year, for which the society is currently committed, is estimated by management to be approximately \$24.8 million. This estimate uses the same methodology as described in note 5 for tariff payables.

13. Related parties

The society is related to the Province of British Columbia and its ministries, agencies, and Crown corporations. In this relationship, the province provided funding in the amount of \$88,572,462 (2018 — \$80,670,804), and the society is responsible for providing legal aid to individuals throughout British Columbia. At year-end, the province owed the society \$964,132 (2018 — \$3,115,312).

Certain members of the board of directors provide tariff services to the society. These services are provided in the regular course of business under the same terms and conditions as other lawyers. The total amount paid for their services during the year was \$48,630 (2018 — \$40,106). All payments to board members are reviewed by the finance committee on a quarterly basis.

14. Economic dependence

In 2018, the society received 92% (2018 — 95%) of its operating revenue from the Province of British Columbia.

15. Contingent liabilities

The nature of the society's activities is such that there is usually pending or prospective litigation at any time against the society. With respect to claims at March 31, 2019, management believes the society has valid defences and appropriate insurance coverage in place. Accordingly, no provision has been made in these financial statements for any liability that may result. In the event that any of these claims are successful, management believes they will not have a material effect on the society's financial position.

16. Risk management

Credit risk

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

At year-end, there were no significant accounts receivable that were past due or impaired.

Liquidity risk

Liquidity risk is the risk that the society will not be able to meet its financial obligations as they fall due. The society's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flow to fund operations and settle liabilities when due. Additionally, the society has a line of credit up to \$1.0 million with a Canadian chartered bank. The interest rate per annum is the bank's prime rate. At March 31, 2019, the society has \$nil drawn against this line (2018 — \$nil).

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

2019

	On demand	Up to 1 year	1 to 3 years	Total
Financial assets				
Cash	\$ 201,446	\$ —	\$ —	\$ 201,446
Investments	—	4,997,569	1,952,175	6,949,744
Accounts receivable	—	3,661,598	—	3,661,598
Total financial assets	\$ 201,446	\$ 8,659,167	\$ 1,952,175	\$ 10,812,788
Liabilities				
Accounts payable and accrued liabilities	—	6,947,191	—	6,947,191
Tariff accrual	—	9,246,494	—	9,246,494
Other liabilities	—	836,837	—	836,837
Total liabilities	\$ —	\$ 17,030,522	\$ —	\$ 17,030,522

2018

	On demand	Up to 1 year	1 to 3 years	Total
Financial assets				
Cash	\$ 1,713,163	\$ —	\$ —	\$ 1,713,163
Investments	—	5,390,193	4,583,994	9,974,187
Accounts receivable	—	4,277,824	—	4,277,824
Total financial assets	\$ 1,713,163	\$ 9,668,017	\$ 4,583,994	\$ 15,965,174
Liabilities				
Accounts payable and accrued liabilities	—	8,045,299	—	8,045,299
Tariff accrual	—	9,129,000	—	9,129,000
Other liabilities	—	877,184	—	877,184
Total liabilities	\$ —	\$ 18,051,483	\$ —	\$ 18,051,483

Market risk

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

(a) Currency risk

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

(b) Interest rate risk

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

(c) Other price risk

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

17. Measurement uncertainty

Program area		Amount reported	Measurement uncertainty	Range
Tariff accrual (<i>note 5b</i>)	Min	\$ 9,246,494	\$ (924,649)	\$ 8,321,845
	Max	\$ 9,246,494	\$ 924,649	\$ 10,171,143
Tariff and transcript expenses (<i>note 10</i>)	Min	\$ 61,382,461	\$ (924,649)	\$ 60,457,812
	Max	\$ 61,382,461	\$ 924,649	\$ 62,307,110

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

During the year ended March 31, 2019, the society engaged an independent actuarial firm to review the tariff accrual model. The review concluded that, in the aggregate, the tariff model remains appropriate for determining the amount to be accrued. The next review will be in January 2022, with the results reported in the March 31, 2022 financial statements.

Schedule 1 – Tangible Capital Assets

Cost

	Balance, beginning of year	2019 Additions	2019 Disposals	Balance, end of year
Furniture	\$ 1,107,829	\$ —	\$ —	\$ 1,107,829
Equipment	646,498	41,483	—	687,981
Computer equipment	1,278,758	—	—	1,278,758
Computer software	2,345,547	447,537	—	2,793,084
Client Information System	5,811,214	—	—	5,811,214
Leasehold improvements	2,477,664	1,866,296	—	4,343,960
Total	\$ 13,667,510	\$ 2,355,316	\$ —	\$ 16,022,826

Accumulated amortization

	Balance, beginning of year	2019 Additions	2019 Disposals	Balance, end of year
Furniture	\$ (1,024,178)	\$ (23,730)	\$ —	\$ (1,047,908)
Equipment	(543,314)	(26,414)	—	(569,728)
Computer equipment	(1,003,279)	(58,744)	—	(1,062,023)
Computer software	(2,210,955)	(85,829)	—	(2,296,784)
Client Information System	(1,355,347)	(2,072,875)	—	(3,428,222)
Leasehold improvements	(1,997,933)	(71,367)	—	(2,069,300)
Total	\$ (8,135,006)	\$ (2,338,959)	\$ —	\$ (10,473,965)

Net Book Value

	2019	2018
Furniture	\$ 59,921	\$ 83,651
Equipment	118,253	103,184
Computer equipment	216,735	275,479
Computer software	496,300	134,592
Client Information System	2,382,992	4,455,867
Leasehold improvements	2,274,660	479,731
Total	\$ 5,548,861	\$ 5,532,504

Appendix A – Additional Information

Corporate Governance

Board Governance: <https://lss.bc.ca/about/ourGovernance>

Senior Management: <https://lss.bc.ca/about/ourExecutive>

Organizational Overview

Mandate: <https://lss.bc.ca/about/ourMandate>

Who We Are, and Our Vision, Mission, and Values: <https://lss.bc.ca/about>

Legal Aid Services: https://lss.bc.ca/legal_aid

Legal Aid Locations: https://lss.bc.ca/legal_aid/legalAidLocations

Contact Information

Legal Services Society
400 – 510 Burrard Street
Vancouver, BC V6C 3A8
604-601-6000
legalaid.bc.ca

Appendix B – Legal Information and Education Services

	2018/19	2017/18	2016/17
Aboriginal community legal worker client assists	496	1,338	1,269
LIOW worker client assists	5,019	4,607	6,000
PLEI publications distributed	101,522	155,431	77,428
LSS website users	207,923	188,967	206,972
LSS website sessions	396,120	378,346	418,770
Family Law in BC website users	814,396	790,077	741,781
Family Law in BC website sessions	1,135,983	1,219,761	1,461,186
Aboriginal Legal Aid in BC website users	14,275	11,233	12,352
Aboriginal Legal Aid in BC website sessions	18,642	15,131	16,091
MyLawBC website users	42,759	41,271	20,173
MyLawBC website sessions	59,897	54,877	29,085
Total intermediaries reached through LSS workshops and conferences	2,133	1,233	1,168
Direct one-to-one client assists by community partners	9,990	12,100	12,302

Appendix C – Other Performance Highlights

The following tables show the number of individuals who applied for representation services (service requests) and the number of individuals who received a representation contract (contracts). The contract issued rate is the percent of applicants who received a contract. The consistency in demand for services shows that the public is aware of our services and can access them.

Clients Served

Area of Law	2018/19		2017/18		2016/17	
	Service Requests	Contracts	Service Requests	Contracts	Service Requests	Contracts
Criminal	23,962	19,221	24,229	19,179	25,762	20,971
Family	7,951	4,158	7,261	3,276	7,657	3,807
CFCSA ¹	3,018	2,286	3,095	2,255	3,205	2,424
Immigration	2,029	1,603	1,737	1,327	1,473	1,064
Administrative Appeals	94	15	112	24	85	20
Total	37,054	27,283	36,434	26,061	38,182	28,286

* All volumes in this table reflect both standard and appeal service requests and contracts.
¹ LSS provides services to eligible clients facing child protection issues under the CFCSA.

Contract Issued Rate

Area of Law	2018/19	2017/18	2016/17
Criminal	80%	79%	81%
Family	52%	45%	50%
CFCSA	78%	73%	76%
Immigration	79%	76%	72%
Administrative Appeals	16%	21%	24%

LSS offers a wide variety of advice services. These services help us support clients when they do not meet the eligibility requirements for legal representation. We make it easier for clients to access legal aid by providing advice phone lines and by situating duty counsel lawyers in courthouses. The following table shows the number of times we assisted clients through our various advice services.

Legal Advice Services

	2018/19	2017/18	2016/17
Criminal Advice Services			
Criminal duty counsel client assists	71,666	69,088	71,110
Indigenous Court duty counsel client assists	693	403	321
Brydges Line calls handled	16,794	17,381	17,913
Family Advice Services			
Family duty counsel client assists	35,102	34,894	36,523
Family LawLINE clients assisted	3,774	2,606	2,343
Immigration Advice Services			
Immigration duty counsel client assists	1,036	1,113	1,309

Note: the following changes have been made to the above table to simplify the way the information is presented:

- Combined ‘Family duty counsel client assists’ and ‘Family lead duty counsel clients assisted’ which have historically been reported as two separate rows.
- Removed the ‘Family LawLINE clients assisted’ number that was previously included in ‘Family duty counsel client assists’ number to avoid double counting as ‘Family LawLINE clients assisted’ is shown on a separate row.