

Delays in Payments

As set out in a previous notice, government funding of the Legal Services Society (LSS) requires that LSS delay payments to referral counsel and other vendors of the Society for up to ninety (90) days from the time the account is approved for payment.

To a large extent, an LSS deficit is financed through payables to the bar for tariff work. Therefore, LSS 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. LSS 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.

LSS submitted a budget to the Attorney General to receive funding for the 1996-97 fiscal year of \$88.1 million, plus a grant of \$2.7 million to partly repay the deficit being carried by the Society. Pursuant to the Memorandum of Understanding that LSS and the Ministry of Attorney General entered into in March 1996, LSS is required to maintain services at the current level and at an expenditure rate of approximately \$88 million in government funding, but the government has only funded LSS at the rate of \$81.5 million. Funding for the fiscal years 1996-97 and 1997-98 is still not finally determined.

Based on an estimate of the likely range of accounts that will clear the system in this month, LSS should be able to make all its cheque runs in January and maybe the first run in February (that is, pay all accounts approved up to the date of each cheque run). Thereafter, all accounts approved for payment will have payment delayed for up to ninety days. Depending on the funding received from government in the new fiscal year, delays may be eliminated or reduced after the beginning of the new fiscal year

continues

in April. 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. Unfortunately, the circumstances of the Society's finances dictate that this must happen.

Please feel free to contact us if you have any questions concerning this process. We will keep you advised of further developments.

Nancy Henderson
Director of Tariff