

Delays in Payments

The Legal Services Society wishes to give a further update to counsel concerning the Society's financial situation and its impact on our cash flow and the effect it will have on the current delays to payments on referrals to counsel

As stated in our June 11, 1997, notice to vendors, the reduction of funding from government has resulted in real financial strain for the Society as we wait for the expenditure reductions the Society has made to take effect. The current deficit of the Society is projected to be over \$22 million at the end of this fiscal year, 1997/98. To a large extent, this deficit is financed through the payables to the bar and court reporters for tariff work.

Because the Society is in such difficult financial circumstances, cash flow needs to be strictly managed and this means managing the flow of the payments to vendors on the tariff. Up to now, we have kept the payment delay to within 30 days of an account being approved for payment. From now on, the delays will begin to increase until the start of the new fiscal year. No payment will be received from government in March 1998, as this payment was already advanced to Legal Services Society in April 1997, and we do not expect to have funds to make tariff payments in February. Legal Services Society will work to have no payment delay that exceeds 90 days after the date of the approval of the account, and will be ensuring that this standard is maintained through February and March. We do expect that government will again advance funding from March 1999 at the start of the fiscal year, so that an increased number of payments can be cleared in early April.

The LSS appreciates that referral counsel and court reporters are a critical part of our service delivery network and that every effort should be made to pay accounts as promptly as possible. When accounts are received by the tariff department, the accounts are processed for payment as quickly as possible, but processing time has been affected by the staff reductions in the tariff department. The date on which the account is approved for payment is recorded and it is by this date that the order for payment of the account is established. We know that the delaying of payments causes hardship, and we will make efforts to try to reduce that hardship.

The Tariff Helpdesk voice mail, at 601-6155, has a message that is regularly updated concerning cheque runs and the extent of delay of accounts. This information is also available on the Legal Services Society Internet Website at "<http://www.vcn.bc.ca/lssbc/>".

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Chair, Board of Directors