

Legal Aid BC

2019/20
Annual Service Plan Report



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Board Chair's Accountability Statement



The *Legal Aid BC 2019/20 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2019/20 – 2021/22 Service Plan* created in February 2019. I am accountable for those results as reported.



Jean P. Whittow, QC
Chair, LABC Board of Directors
June 12, 2020

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Letter from the Board Chair/CEO

We are pleased to present Legal Aid BC's (LABC) 2019/20 Annual Service Plan Report. The results described in this report align with our December 2018 Mandate Letter and support the provincial government's three key commitments to British Columbians: making life more affordable; delivering the services people count on; and building a strong, sustainable economy.

In 2019/20, LABC completed two strategic priorities. The first was collaboration with the Ministry of Attorney General (MAG) and the Association of Legal Aid lawyers (ALL) to develop a new funding protocol for the tariffs paid to lawyers. The increased tariff funding will ensure that there is a sustainable supply of lawyers available for legal aid work. The second was the opening of more Parents Legal Centres (PLCs) so that there are now 10 around the province. PLCs provide legal support to families facing removal of children and have a particular focus on Indigenous families.

LABC also welcomed two new board members. Our 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.

As the 2019/20 year came to a close British Columbians found themselves facing an unforeseen health pandemic. This required significant changes to legal aid operations and services to ensure continued support for our clients. These changes are described elsewhere in this report.

We would like to thank the Attorney General and his staff, along with the leaders of the Association of Legal Aid lawyers, for their collective effort in designing a new tariff funding formula. Without their commitment to legal aid, LABC could not deliver such a broad range of services or develop so many new and innovative services, on time and on budget.

Jean P. Whittow, QC



Chair, LABC Board of Directors
June 12, 2020

Mark Benton, QC



Chief Executive Office, LABC
June 12, 2020

Purpose of the Annual Service Plan Report

The Annual Service Plan Report 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 year's Service Plan.

Purpose of the Organization

In 2020, the Legal Services Society adopted the business name Legal Aid BC (LABC) to make it easier for people to find our services. This decision was taken as our research showed that the Legal Services Society name was no longer associated with legal aid by many of the people we want to reach. LABC provides legal aid in British Columbia. Created by the [Legal Services Society Act](#) in 1979, LABC 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. LABC is funded primarily by the provincial government and receives grants from the Law Foundation of British Columbia and Notary Foundation of British Columbia.

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. LABC also helps clients get early legal assistance and engage collaboratively to resolve their child protection issues through ten PLCs across BC.

LABC 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. LABC also provides family advice lawyers at various locations to support the work of the MAG's family justice counsellors, who are trained to help people with family law matters resolve issues about guardianship, parenting arrangements, contact and support.

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 LABC 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 BC. We take legal aid applications at more than

50 locations throughout BC, referring eligible clients to lawyers in compliance with coverage and eligibility policies and guidelines.

Strategic Direction

The strategic direction set by Government in 2019/20 and expanded upon in the Board Chair’s [Mandate Letter](#) from the Minister Responsible in 2019 shaped the [2019/20 Legal Aid BC Service Plan](#) and results reported in this annual report.

Legal Aid BC is aligned with the Government’s key priorities:

Government Priorities	LABC 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 LABC service delivery • Objective 4.2: Promote innovations that help people resolve their legal issues

Operating Environment

A key component of the LABC operating environment in 2019/20 was ongoing discussions with ALL and the MAG on how to ensure a long term supply of tariff lawyers. In August 2019, the three reached agreement on the actions required to create a sustainable legal aid model – addressing a long-standing risk faced by LABC. This presented LABC with the opportunity to build a stronger relationship with our primary service providers and the MAG, and to increase the quality and accessibility of services for our clients. For the remainder of the year, LABC continued to work with ALL and the MAG to implement the agreement reached among the parties, including the increased tariff rates and policy consultations with ALL.

This year the Provincial Court and the MAG released a discussion paper proposing changes to the Provincial Court Family Rules. A prototype of some but not all of those changes has been operating in Victoria since May 2019. LABC monitored the impact of the Victoria prototype on legal aid services and made a submission in response to an invitation to comment on the discussion paper. Changes of this magnitude often require a shift in how services are delivered and LABC will continue to provide the court and the MAG with information on the impact on legal services and how it will respond to the rule changes.

LABC experienced labour disruption this year, when the collective agreement with the association representing LABC's 28 staff lawyers expired on September 30, 2019. The Professional Employees Association (PEA) held a one day strike on November 1, 2019, which was honoured by the BC Government Employees Union representing LABC's 155 non-lawyer staff. LABC management maintained delivery of intake and other core services on that day, and legal services delivered by private bar lawyers were unaffected. Following the strike, the PEA began work-to-rule job action that impacted administration but did not affect delivery of core services to clients. LABC and the PEA reached agreement in February 2020.

In March 2020 the COVID-19 pandemic outbreak had a sudden and significant impact on the operation of the justice system and access to justice. LABC responded immediately with measures to maintain delivery of core services to legal aid clients while protecting the health of clients, staff, and service providers. Over two weeks, LABC transitioned almost all staff to work from home. LABC maintained access to legal aid applications through our robust call centre infrastructure and by telephone at local agent offices.

To help replace in-person advice services temporarily discontinued due to physical distancing, LABC modified criminal and family duty counsel services to be provided by telephone for key court locations, and assigned additional staff to the Family LawLINE to respond to an anticipated increased volume of calls. We also enhanced online services by expanding the hours of the live chat support on the Family Law in BC website and shifted in person outreach and training events online.

Report on Performance: Goals, Objectives, Measures and Targets

Goal 1: LABC 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. This work includes advancing the justice provisions of the Truth and Reconciliation Calls to Action, the United Nations Declaration on the Rights of Indigenous Peoples, and the Indigenous Resilience, Connectedness and Reunification – From Root Causes to Root Solutions report.

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

Key Highlights

- Developed an online cultural competency course for staff designed to increase cultural awareness of Indigenous peoples which was completed by 98.5% of LABC staff.
- Sponsored 294 hours of training for service providers that was designed to increase their cultural competency.

Performance Measure(s)	2017/18 Baseline	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
1.1a Percent of Indigenous clients who say they received culturally appropriate legal aid services	67%	—	—	N/A	TBD	—

Data source: Biennial LABC Client Survey

Discussion of Results

LABC identifies specialized training for staff and service providers as a key strategy to achieving this objective. LABC believes that Indigenous clients can provide the most meaningful assessment of whether our services are culturally appropriate. LABC intended to undertake the biennial LABC client survey in March 2020, however due to the COVID-19 pandemic the survey has been postponed; LABC will undertake the survey as soon as it is feasible to do so.

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

Key Highlights

- Continued to undertake activities related to the rollout of PLCs and accepted 311 Indigenous clients at PLCs in 2019/20.
- Commenced implementing LABC’s five-year Reconciliation Action Plan.
- Coordinated 289 Gladue reports while adding 11 new Gladue report writers to the LABC Gladue report writer roster and establishing a Gladue report writer mentorship program.
- Launched the revamp of the [Aboriginal Legal Aid in BC](#) website which improved the quality and usability of information provided to Indigenous clients.

Performance Measure(s)	2017/18 Baseline	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
1.2a Percent of Indigenous clients who say legal aid met their needs overall	76%	—	—	N/A	TBD	—

Data source: Biennial LABC Client Survey

Discussion of Results

LABC identifies Indigenous people’s access to high quality legal aid services as an essential component of access to justice. We believe Indigenous clients can provide the most meaningful assessment of whether our services are accessible to them and meet their legal needs. We will continue to refine our methods and approaches to ensure we collect the most accurate data possible from Indigenous clients.

LABC intended to undertake the biennial LABC client survey in March 2020, however due to the COVID-19 pandemic the survey has been postponed. LABC will undertake the survey as soon as it is feasible to do so.

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

Key Highlights

- Undertook 12 online and 7 in person community dialogues with clients and service providers. These dialogues helped LABC to better understand Indigenous clients’ needs, current barriers and service gaps, and learn how we can improve access to and the quality of our services delivered in their communities.
- Commenced developing an organization wide Indigenous Engagement Strategy and engagement tracking tools and metrics.

Performance Measure(s)	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
1.3a Number of people reached through engagement activities LABC held with Indigenous people and communities	1,786	1,900 ¹	5,070	TBD	TBD

Data source: LABC operational data (annual measure)

¹ The target in the 2019/20 Service Plan was TBD. LABC published this newly developed target in the 2020/21 Service Plan

Discussion of Results

Increased engagement is an important step towards advancing reconciliation. The performance measure exceeded the target due to increased engagement activities of PLCs as they became operational in 2019/20. Further improvements and refinement of the engagement process resulting from the development of the Indigenous Engagement Strategy are expected.

Goal 2: LABC 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. LABC 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

- Enhanced online access to legal services by adding the Family Resolution Centre to the MyLawBC website. This provides users with both legal information about parenting/making parenting plans and direct access to free mediation services where appropriate.
- Launched the redesigned websites for Family Law in BC and Aboriginal Legal Aid in BC, which have improved navigation and usability.
- Provided ongoing training for ACLWs who advocate for clients interrelated needs.

Performance Measure(s)	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
2.1a Number of clients provided legal aid services or referred to other services for interrelated needs	4,826	N/A	N/A	TBD	TBD

Data source: LABC client information system and other operational data (annual measure)

Discussion of Results

Clients’ legal problems often arise from or lead to interrelated needs such as health, housing or debt. By working with service providers to help clients get support for these issues, LABC can improve client outcomes as well as reduce clients’ use of justice, health, and social services over the long term. This performance measure is intended to report the number of referrals given to applicants and clients for LABC representation services, PLCs, expanded criminal and family duty counsel services, and the Family LawLINE.

Due to challenges associated with the current method of capturing data in our client information system, it was determined that the 2018/19 baseline value is significantly lower than the actual number of clients for whom we provided legal aid services or referred to other services for interrelated needs. As a result LABC will not be reporting on its performance in 2019/20 for this performance measure. A more reliable method for capturing data for this performance measure will be developed in 2020/21.

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

Key Highlights

- Introduced and issued 1,254 criminal early resolution contracts (CERCs) to enable lawyers to provide advice and limited representation to applicants who do not meet standard financial or eligibility criteria to resolve their cases before they are set for trial. LABC is conducting an evaluation of these contracts to assess the degree to which they are helping clients achieve the intended outcomes.
- Issued 479 family limited representation contracts to enable lawyers to provide unbundled services to family clients facing financial security issues. The contracts are intended to help clients not eligible for a full legal aid representation contract to effectively negotiate a settlement or represent themselves.

Performance Measure(s)	2017/18 Baseline	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
2.2a Percent of clients who say legal aid met their needs overall	55%	—	57%	N/A	—	59%

Data source: Biennial LABC Client Survey

Discussion of Results

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

LABC intended to undertake the biennial LABC client survey in March 2019, however due to the COVID-19 pandemic the survey has been postponed. LABC will undertake the survey as soon as it is feasible to do so.

Goal 3: LABC 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

- Offered 117 unique training programs and a total of 2,404 hours of training to staff to increase their ability to provide quality services. 192 staff attended at least one training program.
- Offered 24 courses and a total of 2,019 hours of training to service providers to increase their ability to provide quality services. 199 services providers attended at least one course.

Performance Measure(s)	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
3.1a Number of staff and service providers who participated in an LABC-sponsored training program to increase their ability to provide quality services	356	454 ¹	391	TBD	TBD

Data source: Operational data (annual measure)

¹The target in the 2019/20 Service Plan was TBD. LABC published this newly developed target in the 2020/21 Service Plan

Discussion of Results

To assess progress against this objective, LABC tracks the number of staff and service providers who undertake training to increase their ability to provide quality services to clients. The result for 2019/20 was below the target due to a lower number of service providers undertaking training than forecast. Changes in courses offered by Continuing Legal Education Society of BC (CLEBC), meant that fewer courses were relevant for our service providers than expected.

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

Key Highlights

- Implemented an Indigenous Recruitment Strategy focused on increasing Indigenous representation and retention at all levels within LABC, including the board, the executive, management, staff, tariff bar lawyers and contractors.
- Reached an agreement with ALL and the MAG to develop a new funding protocol for the tariffs paid to lawyers. The increased tariff funding will help ensure that there is a sustainable supply of lawyers available for legal aid work.

Performance Measure(s)	2005/06 Baseline	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
3.2a Percent of lawyers satisfied with the overall support provided by LABC	68%	N/A	65% ¹	75%	TBD	TBD

Data source: Biennial Tariff Lawyer Survey

¹The target in the 2019/20 Service Plan was TBD. LABC published this newly developed target in the 2020/21 Service Plan.

Performance Measure(s)	2008/09 Baseline	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
3.2b Overall employee engagement	70	—	74	66	—	TBD

Data source: Triennial LABC Workplace Environment Survey

Discussion of Results

LABC 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.

A target for 2019/20 of 65% was established for performance measure 3.2a in the 2020/21 LABC Service Plan based on the anticipated increase from the 2015/16 result of 57%. The 2019/20 result of 75% greatly exceeded the 2019/20 target due to a variety of factors including, but not limited to, an increase in the hourly rate paid to lawyers as a result of the ALL agreement, the addition of new tariff services and greater hours for other services, expansion of bursaries for lawyer training, and improved invoicing processes.

Measure 3.2b is a composite rating out of 100 that is based on employee commitment, job satisfaction, and organization satisfaction. It measures LABC’s performance in providing employees with the resources necessary to perform their duties, to develop their skills, and to contribute to LABC’s goals. LABC uses data gathered from an online Work Environment Survey, which is conducted every three years by BC Stats. LABC’s overall engagement score decreased from 71 in 2017 to 66 this year. LABC experienced significant growth and change in the intervening period – including expansion across the province -- expected to impact employee engagement. LABC will be exploring the survey results with staff and preparing an action plan to respond. BC Stats notes that a change of 9 to 10 points is required for the change to be considered statistically significant.

Objective 3.3: Increase the timeliness of LABC service delivery

This objective focuses on the need to improve the efficiency of LABC business processes related to service delivery to advance both cost-effectiveness and service quality.

Key Highlights

- Continued to upgrade our human resources information systems.
- Made changes to our Client Information System and Lawyer Billing portal to enable implementation of the ALL agreement and ensure timely and accurate payments to lawyers.
- Reviewed LABC records and information management policy and practices to ensure LABC has the right systems to manage client and business records to support efficient and effective delivery of legal aid services.

Performance Measure(s)	2016/17 Baseline	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
3.3a Percent of approved applicants receiving a representation contract within the same day of applying	56%	53%	59%	53%	60%	61%

Data source: LABC client information system (annual measure)

Discussion of Results

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. In 2019/20, LABC maintained performance from the previous year. LABC’s ability to issue contracts the day of application depends in part on clients providing all necessary documents to support a decision on their application that day, as well as on the availability of lawyers to take the contract. LABC continues to take steps to recruit and retain lawyers in all regions and monitor and assess our intake processes for efficiency and reasonableness.

Goal 4: LABC 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. LABC needs to influence and innovate to achieve these fundamental changes.

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

This objective recognizes that the greater our influence, the more LABC can do to advance justice system changes.

Key Highlights

- Reached an agreement with ALL and the MAG on the actions required to deliver a long term sustainable legal aid model. The agreement presents the opportunity to build a stronger relationship with our primary service providers and the MAG, and to increase the quality and accessibility of services for our clients.

Performance Measure(s)	2005/06 Baseline	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
4.1a Percent of the public that supports the provision of legal aid services	89%	—	>90%	N/A	—	>90%

Data source: Biennial LABC Public Opinion Poll

Discussion of Results

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.

Given the consistent, positive results shown through our biennial public opinion poll, LABC decided to delay the 2019/20 poll to 2020/21 so limited resources could be reallocated to other survey and evaluation work this year.

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

This objective recognizes that LABC will drive systemic change by supporting, developing, and implementing innovative justice services that improve the outcomes of people who use them.

Key Highlights

- Continued to develop and implement innovative services, service models, and processes to help people resolve their legal issues. This included the continued roll out and tailoring of PLC services, launching the online Family Resolution Centre, relaunching the Family Law in BC and Aboriginal Legal Aid in BC websites and implementing criminal early resolution contracts.

Performance Measure(s)	2017/18 Baseline	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
4.2a Number of clients accessing innovative ¹ legal aid services who resolve their legal issues	248 ²	315 ³	>265	1,137 ⁴	>265	>265

Data source: LABC client information system

¹ For the purposes of this measure “Innovative” services are defined as specialized legal aid services intended to help clients reach early resolution to their legal matters without trial, including PLCs and Expanded Criminal Duty Counsel. In 2019/20 it includes Criminal Early Resolution Contracts, a new innovative service introduced in this year.

² Baseline data includes results from Vancouver PLC and Expanded Criminal Duty Counsel.

³ Data includes results from Vancouver and Surrey PLCs, and Expanded Criminal Duty Counsel.

⁴ Data includes PLC clients (Campbell River, Duncan, Kamloops, Prince George, Smithers, Surrey, Terrace, Vancouver, Victoria and Williams Lake), clients from Port Coquitlam Expanded Criminal Duty Counsel, and clients who received a Criminal Early Resolution Contract.

Discussion of Results

This measure demonstrates the growing impact of our innovative legal aid services. The significant growth in 2019/20 reflects the introduction of criminal early resolution contracts, which increase access to justice for people who would otherwise be ineligible for representation services either for financial reasons or because their matter is not serious enough to meet standard legal aid coverage criteria. CERC clients are now able to resolve their legal matter quickly, without trial.

Financial Report

Discussion of Results

The following discussion of LABC's financial position for the year ending March 31, 2020, should be read in conjunction with LABC'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

LABC receives the majority of its revenue from the following sources: the provincial government, the Law Foundation of British Columbia, and the Notary Foundation of British Columbia. Total revenue for 2019/20 was \$105.7 million, an increase of 10 percent, compared to the 2018/19 total revenue of \$95.8 million. The provincial government provides the largest portion of revenue. In 2019/20, the provincial government provided \$99.4 million to LABC (2018/19 \$88.6 million).

Provincial funding

The funding received from the provincial government is subject to a three-year Memorandum of Understanding (MOU) between LABC and the MAG. The MOU outlines the roles and responsibilities for LABC and the ministry, the types of services LABC 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 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 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, LABC must first apply any Category A surplus to the shortfall. LABC must then transfer funds from the Deferred Contribution Fund, if any, to offset any remaining shortfall. If a shortfall still remains, LABC must enter into a discussion with the MAG.
- **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 LABC's enhanced fee rate. These cases are funded through a special funding agreement with the MAG.

Foundation grants

Both the Law Foundation and the Notary Foundation provide annual grants to LABC. The Law Foundation and the 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 LABC. The Notary Foundation provided \$2.4 million to LABC in 2019/20, compared to \$2.6 million in 2018/19. The Law Foundation provided \$3.4 million in 2019/20 compared to \$4.0 million in 2018/19.

Expenses

LABC's expenses totalled \$108.7 million this year, an increase of \$12.9 million from the prior year. The increase in expenses compared to last year is in relation to the Ministry approved \$3.9 million other contribution to the Law Foundation under an interim agreement with the Association of Legal Aid Lawyers (ALL) and the increase to the tariff fees as part of the MOU signed with ALL. Of the total expenses, \$70.0 million was for tariff costs, \$18.8 million for salaries and benefits, \$5.4 million for building and amortization, and \$14.5 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 direct support costs.

To determine the costs for tariff, LABC 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 2019/20 is \$10.4 million (2018/19 \$9.2 million). An independent actuary review is performed every three years. The next review will be February 2022, with the results reported for the 2021/22 fiscal year. See Audited Financial Statements — Note 5 (b), Tariff.

The society does not record a liability, and related accounts receivable, for certain legal services performed but not yet billed to the society as the amount cannot be estimated reliably. For these legal cases, the related costs are fully reimbursed to the society based on the terms of agreements with either the Province of British Columbia or the Government of Canada.

Financial Summary

\$ millions	2018/19 Actual	2019/20 Budget	2019/20 Actual	2019/20 Variance
Revenue				
Contribution from Province	88.6	86.8	99.4	12.6
Other Income & Recoveries	7.2	5.1	6.3	1.2
Total Revenue	95.8	91.9	105.7	13.8
Expenses				
Criminal tariff	43.9	40.0	49.8	9.8
Family tariff	17.6	17.6	20.7	3.1
Child Protection tariff	7.1	8.4	6.3	(2.1)
Immigration and refugee tariff	3.3	2.1	4.1	2.0
Justice Innovation and Transformation Initiatives	5.3	8.6	7.2	(1.4)
Publishing	3.6	2.3	2.3	-
Community engagement	0.8	1.0	0.9	(0.1)
Indigenous services	1.4	1.3	1.3	-
Other contribution	-	-	3.9	3.9
Administration	10.5	9.0	10.1	1.1
Amortization	2.3	1.6	2.1	0.5
Total Expenses	95.8	91.9	108.7	16.8
Net Income	0	0	3.0	3.0
Total Liabilities	17.0	0	17.9	17.9
Capital Expenditures	2.4	1.7	1.4	(0.3)
Accumulated Surplus	3.9	3.9	0.9	(3.0)

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.

Note 3: For a detailed breakdown of Administration, see Audited Financial Statements — Note 11, Administration expense.

Note 4: 2019/20 Budget figures are based on Legal Aid BC's 2019/20-2021/22 Service Plan.

Variance and Trend Analysis

LABC's revenue increased by \$9.9 million during the fiscal year compared to last year. The increase was due to several factors. First, LABC received funding due to additional transfers from the federal government to the provincial government. That funding included \$1.9 million (2019 – \$1.0 million) for the immigration tariff. LABC experienced unbudgeted growth in immigration tariff costs for the fourth year in a row. The number of immigration contracts issued in 2019/20 was up 20 percent from 2018/19 and 21 percent from 2017/18. LABC will continue working closely with the provincial and federal governments to mitigate and manage this unprecedented tariff demand.

LABC also received additional funding for Legal Aid Expansion, Criminal Expansion, and Justice Innovation and Transformation Initiatives. The Parent Legal Centres (PLCs) openings were completed throughout the year.

Risks and Uncertainties

LABC's largest risk is fluctuating demand and costs for services. LABC 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 LABC'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 LABC. These expenditures include information systems, lawyer billing systems, leasehold improvements, and office equipment. The major capital expenditures for the fiscal year were the completion of the leasehold improvements in the PLCs. In fiscal 2019/20, LABC invested \$1.4 million in capital programs. See Audited Financial Statements – Schedule 1 – Tangible Capital Assets.

Financial Statements

Management's Report

Management's Responsibility for the Legal Services Society Financial Statements

The Legal Services Society (the "society") financial statements as at and for the year ended March 31, 2020 (the "financial statements") have been prepared by management in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Finance Committee. The Board of Directors reviews internal financial statements on a quarterly basis and external audited financial statements yearly. The Board of Directors also discusses any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, Deloitte LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the annual financial statements. The external auditors have full and free access to the financial records of the society and meet with management and the Board of Directors when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of the society



Mark Benton, QC
Chief Executive Officer



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



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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Legal Services Society (the "Society"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements of the Society for the year ended March 31, 2020 are prepared, in all material respects, in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Society in complying with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Society for the year ended March 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 15, 2019.

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 financial reporting provisions 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 GAAS 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 GAAS, 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.

Deloitte LLP

Chartered Professional Accountants
May 13, 2020
Vancouver, British Columbia

Statement of financial position

as at March 31, 2020

	2020	2019
Financial assets		
Cash (note 17)	\$ 8,330,509	\$ 201,446
Investments (notes 4 and 17)	1,904,925	6,949,744
Accounts receivable (note 17)		
Government of British Columbia (note 14)	620,114	964,132
Government of Canada	926,690	918,072
Other	1,917,564	1,779,394
Total financial assets	13,699,802	10,812,788
Liabilities		
Accounts payable and accrued liabilities		
General (note 5a)	2,724,105	3,861,371
Tariff (note 5b)	13,894,778	12,332,313
Employee future benefits (note 6(b))	224,800	227,800
Long-term liabilities (note 7)	1,058,451	609,037
Total liabilities	17,902,134	17,030,521
Net debt	(4,202,332)	(6,217,733)
Non-financial assets		
Tangible capital assets (Schedule 1)	4,560,560	5,548,861
Prepaid expenses	581,239	4,608,567
Total non-financial assets	5,141,799	10,157,428
Accumulated surplus (note 8)	\$ 939,467	\$ 3,939,695
Contractual obligations (note 13)		
Economic dependence (note 15)		
Contingent liabilities (note 16)		

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



Jean Whittow, QC
Chair of the Board of Directors



Karen Christiansen, FCPA, FCA
Chair of the Finance Committee

Statement of operations and accumulated surplus
for the year ended March 31, 2020

	Budget (note 12)	2020	2019
Revenue			
Government of British Columbia (notes 9 and 14)	\$ 92,999,000	\$ 99,361,547	\$ 88,572,462
Law Foundation	3,251,000	3,430,340	3,983,750
Department of Justice — Canada	—	35,678	16,452
Notary Foundation	1,500,000	2,398,470	2,603,590
Investment income	150,000	175,816	372,789
Miscellaneous	115,000	327,358	249,267
Total revenue	98,015,000	105,729,209	95,798,310
Expenses (note 10)			
Criminal tariff	45,978,000	49,842,907	43,876,243
Family tariff	17,575,000	20,677,504	17,567,961
Child protection tariff	8,355,000	6,268,370	7,091,896
Immigration and refugee tariff	2,290,000	4,106,360	3,321,796
Justice Innovation and Transformation Initiatives	8,600,000	7,152,251	5,292,999
Publishing	2,266,000	2,326,848	3,593,406
Community engagement	1,003,000	925,350	806,312
Indigenous services	1,327,000	1,305,063	1,426,290
Other contribution (note 8)	—	3,940,000	—
Administration (note 11)	10,621,000	12,184,784	12,821,407
Total expenses	98,015,000	108,729,437	95,798,310
Deficit for the year	—	(3,000,228)	—
Accumulated surplus at beginning of year	3,939,695	3,939,695	3,939,695
Accumulated surplus at end of year (note 8)	\$ 3,939,695	\$ 939,467	\$ 3,939,695

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

Statement of changes in net debt
for the year ended March 31, 2020

	Budget (note 12)	2020	2019
Deficit for the year	\$ —	\$ (3,000,228)	\$ —
Acquisition of tangible capital assets	(2,160,000)	(1,374,809)	(2,355,316)
Amortization	1,491,245	2,363,110	2,338,959
	(668,755)	988,301	(16,357)
Acquisition of prepaid expenses	—	(581,239)	(4,608,567)
Use of prepaid expenses	—	4,608,567	493,500
	—	4,027,328	(4,115,067)
Decrease (increase) in net debt	(668,755)	2,015,401	(4,131,424)
Net debt at beginning of year	(6,217,733)	(6,217,733)	(2,086,309)
Net debt at end of year	\$ (6,886,488)	\$ (4,202,332)	\$ (6,217,733)

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

Statement of cash flows
for the year ended March 31, 2020

	2020	2019
Cash provided by (applied to) operating activities		
Deficit for the year	\$ (3,000,228)	\$ —
Amortization	2,363,110	2,338,959
Long term liabilities	449,411	(74,301)
<i>Changes in non-cash working capital:</i>		
Accounts receivable	197,231	616,226
Accounts payable and accrued liabilities	425,200	(921,261)
Prepaid expenses	4,027,328	(4,115,067)
Employee Future Benefits	(3,000)	(25,400)
Total change from Operating activities	7,459,280	(2,180,844)
Cash applied to capital activities		
Purchase of tangible capital assets	(1,374,808)	(2,355,316)
Total change from Capital activities	(1,374,808)	(2,355,316)
Cash provided by (applied to) investing activities		
Investments purchased	—	(7,321,708)
Investments redeemed	5,044,819	10,346,151
Total change from Investing activities	5,044,819	3,024,443
Increase (decrease) in cash	8,129,063	(1,511,717)
Cash at beginning of year	201,446	1,713,163
Cash at end of year	\$ 8,330,509	\$ 201,446

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, 2020

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 society operates within the framework of a Memorandum of Understanding (MOU) with the province. The MOU is renewed every 3 years and outlines the roles, budget and planning processes as well as prioritization for allocating funding. 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.

The global pandemic, COVID-19, has significantly disrupted economic activities in BC. This is a difficult time for the legal system. The society is responding by taking steps to ensure that, wherever possible, access to justice continues despite any interruptions to the courts as a result of COVID-19, and to support providers during this challenging time.

Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption to the society’s operations and related financial impacts cannot be reasonably estimated at this time.

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. This section requires the accounting policies and practices of government organizations to conform to generally accepted accounting principles for senior governments in Canada, as modified by any alternative standard or guideline that is made by the Treasury Board.

In November 2011, a Treasury Board regulation was issued that requires tax-payer supported organizations to adopt the accounting policies for restricted contributions described in note 3(a). These accounting policies are significantly different from Canadian Public Sector Accounting Standards (“PSAS”) which require that government transfers with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Such liability is reduced, and an equivalent amount of revenue is recognized, as the liability is settled.

2. Basis of presentation (continued)

The accounting policy described in note 3(a) is different from PSAS with respect to the timing of revenue recognition for government transfers. The impact on the financial statements of the society as at and for the year ended March 31, 2020 is not significant.

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 occur. 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.

Government transfers received for the purpose of developing or acquiring a depreciable tangible capital asset are deferred and recognized as revenue at the same rate as the amortization, and any impairment, of the tangible capital asset. Other government transfers are recognized as revenue in the period they authorized, any eligibility criteria are met and when any stipulation or restriction the transfer is subject to is met.

Restricted contributions received or receivable are deferred and amortized into revenue as the related expenses are incurred.

(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 the projected benefit method and management's best estimate of salary escalation, future utilization of the benefits, long-term inflation rates, and discount rates.

3. Significant accounting policies (continued)

(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 write-downs (if any) are accounted for as expenses in the statement of operations.

(f) Lease inducements

Lease inducements are recognized on a straight-line basis over the term of the lease as a reduction in premises expense.

(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 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 value and subsequently measured at amortized cost. Any premium or discount related to a financial instrument measured at amortized cost is amortized over the expected life of the instrument using the effective interest method.

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.

3. Significant accounting policies (continued)

(h) Financial instruments (continued)

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 lives of tangible capital assets and the resulting amortization, 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.

4. Investments

As of March 31, 2020, the society held two guaranteed investment certificates with an interest rate of 3.05% per annum with maturity dates in 2020. Included in investments is \$54,925 for accrued interest (2019 — \$196,744).

5. Accounts payable and accrued liabilities

(a) General

	2020	2019
Trade payables	\$ 1,088,403	\$ 2,637,846
Payroll payables	1,635,702	1,223,525
Total	\$ 2,724,105	\$ 3,861,371

(b) Tariff

	2020	2019
Submittals approved, not paid	\$ 1,125,478	1,484,927
Submittals not approved	2,379,630	1,600,892
Accrual (note 18)	10,389,670	9,246,494
Total	\$ 13,894,778	\$ 12,332,313

5. Accounts payable and accrued liabilities (continued)

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 \$10,389,670 (2019 — \$9,246,494). 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 18).

The society does not record a liability, and related accounts receivable, for certain legal services performed but not yet billed to the society as the amount cannot be estimated reliably. For these legal cases, the related costs are fully reimbursed to the society based on the terms of agreements with either the Province of British Columbia or the Government of Canada.

6. Employee future benefits

(a) Pension plan

The society and its employees contribute to the Municipal Pension Plan (jointly trustee 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 195,921 active members and 100,956 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 valuation, conducted as at December 31, 2018, showed the plan's basic account, which pays lifetime pensions, was 105.1 per cent funded with actuarial assets of \$58.53 billion and actuarial liabilities of \$55.66 billion. There is a surplus of \$2.87 billion. In addition, the rate stabilization account, which was set up to help offset potential future contribution rate increases, has a balance of about \$2.5 billion.

The society paid 1,226,551 (2019 — \$949,391) for employer contributions to the plan during the year ended March 31, 2020.

(b) Non-vested sick leave

Employees are credited days per year, ranging from six to ten 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 and employee unused sick bank is not paid out at retirement. The benefit cost and liabilities related to the plan are included in the financial statements.

7. Long-term liabilities

Lease inducements

Lease inducements were provided under an operating lease by the property owner to finance tenant improvements.

	2020	2019
Leasehold inducements	\$ 1,058,451	\$ 609,037
Less: current portion	(143,452)	(137,320)
Long-term portion	\$ 914,999	\$ 471,717

8. Accumulated surplus

The board of directors has authorized the following restrictions on the accumulated surplus:

- In March 2019, the board of directors, the Association of Legal Aid Lawyers and the province entered into a Memorandum of Understanding (“MOU”) to prevent a withdrawal of service by the Legal Aid lawyers. The society paid \$3,940,000 to the Law Foundation on March 29, 2019.
- The payment to the Law Foundation on March 29, 2019 was recognized as an expense during the year ended March 31, 2020 over the term of the MOU negotiations.

9. Restricted contributions

2020

	Opening deferred contribution	Approved budget	Additional contributions	Recognized in operations	Closing deferred contribution
Government of British Columbia — Category B	\$ —	\$1,813,000	\$1,139,209	\$2,952,209	\$ —

2019

	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	\$ —

9. Restricted contributions (continued)

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:

	2020 Budget	2020 Actual	2019 Actual
Lawyer fees	\$ 41,732,700	\$ 50,209,857	\$ 43,617,362
Duty counsel fees	11,018,158	11,860,497	10,953,513
Disbursements	9,373,238	7,888,099	6,811,586
Total tariff costs	62,124,096	69,958,453	61,382,461
Salaries and benefits	20,320,172	18,803,352	15,544,658
Grants and contracted services	5,278,440	4,512,973	7,251,583
Premises	3,092,139	3,073,635	2,794,973
Local agents	1,820,500	1,712,831	1,782,907
Computers	1,131,388	2,515,852	2,486,414
Office	1,084,643	1,088,103	1,364,459
Amortization	1,491,245	2,363,110	2,338,959
Other contribution	-	3,940,000	-
Miscellaneous	975,669	369,157	534,789
Board expenses	205,508	114,375	132,039
Travel	491,200	277,596	185,068
Total	\$ 98,015,000	\$ 108,729,437	\$ 95,798,310

11. Administration expense

The administration expense includes the following expenditures in support of legal aid:

	2020 Actual	2019 Actual
Executive Office	\$ 1,242,264	\$ 1,237,329
Finance and Office Services	1,923,331	2,544,020
Strategic Policy, Planning and Human Resources	2,791,369	3,036,890
IT	4,100,039	3,716,933
Amortization	2,127,774	2,286,235
Total	\$ 12,184,777	\$ 12,821,407

12. 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 15, 2019, and submitted to the Ministry of the Attorney General on April 11, 2019 and were approved on May 1, 2019.

13. Contractual obligations

The society has the following contractual obligations.

	Premises leases	Operating costs	Total
2021	1,771,042	2,614,117	4,385,159
2022	1,762,646	85,350	1,847,996
2023	1,780,975	22,050	1,803,025
2024	1,810,052	—	1,810,052
2025	1,657,923	—	1,657,923
Thereafter	5,197,230	—	5,197,230
Total	\$ 13,979,868	\$ 2,721,517	\$ 16,701,385

Operating costs are service delivery contracts that are renewed over several years.

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 \$30.3 million. This estimate uses the same methodology as described in note 5 for tariff payables.

14. 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 \$99,361,547 (2019 — \$88,572,462), and the society is responsible for providing legal aid to individuals throughout British Columbia. At year-end, the province owed the society \$620,114 (2019 — \$964,132).

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 \$159,079 (2019 — \$48,630). All payments to board members are reviewed by the finance committee on a quarterly basis.

15. Economic dependence

In 2020, the society received 94% (2019 — 92%) of its operating revenue from the Province of British Columbia.

16. 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, 2020, 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.

17. 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.

The society regularly assesses the collectability of its receivables. At year-end, there were no significant accounts receivable that were past due or impaired.

The society's maximum exposure to credit risk is \$13,699,802 (2019 - \$10,812,788).

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, 2020, the society has \$nil drawn against this line (2019 — \$nil).

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

2020

	On demand	Up to 1 year	1 to 3 years	Total
Financial assets				
Cash	\$ 8,330,509	\$ —	\$ —	\$ 8,330,509
Investments	—	1,904,925	—	1,904,925
Accounts receivable	—	3,464,368	—	3,464,368
Total financial assets	\$ 8,330,509	\$ 5,369,293	\$ —	\$ 13,699,802
Liabilities				
Accounts payable and accrued liabilities	—	6,229,213	—	6,229,213
Tariff accrual	—	10,389,670	—	10,389,670
Other liabilities	—	368,252	914,999	1,283,251
Total liabilities	\$ —	\$ 16,987,135	\$ 914,999	\$ 17,902,134

17. Risk management (continued)

Liquidity risk (continued)

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

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. Currently all of the investments are held in guaranteed investment certificates and are not subject to significant market fluctuations. All other financial instruments are non-interest bearing.

(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.

18. Measurement uncertainty

Program area		Amount reported	Measurement uncertainty	Range
Tariff accrual (<i>note 5b</i>)	Min	\$ 10,389,670	\$ (1,038,967)	\$ 9,350,703
	Max	\$ 10,389,670	\$ 1,038,967	\$ 11,428,637
Tariff and transcript expenses (<i>note 10</i>)	Min	\$ 69,958,453	\$ (6,995,845)	\$ 62,962,608
	Max	\$ 69,958,453	\$ 6,995,845	\$ 76,954,298

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.

19. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year’s presentation.

Schedule 1 – Tangible Capital Assets

2020

Cost

	Balance, beginning of year	2020 Additions	2020 Disposals	Balance, end of year
Furniture	\$ 1,107,829	\$ —	\$ —	\$ 1,107,829
Equipment	687,981	—	—	687,981
Computer equipment	1,278,758	—	—	1,278,758
Computer software	2,793,084	30,712	912	2,822,884
Client Information System	5,811,214	—	—	5,811,214
Leasehold improvements	2,547,728	1,345,008	—	3,892,736
Total	\$ 14,226,594	\$ 1,375,720	\$ 912	\$ 15,601,402

Accumulated amortization

	Balance, beginning of year	2020 Additions	2020 Disposals	Balance, end of year
Furniture	\$ (1,047,908)	\$ (20,672)	\$ —	\$ (1,068,580)
Equipment	(569,728)	(32,508)	—	(602,236)
Computer equipment	(1,062,023)	(54,183)	—	(1,116,206)
Computer software	(2,296,784)	(83,245)	—	(2,380,029)
Client Information System	(3,428,222)	(1,852,830)	—	(5,281,052)
Leasehold improvements	(273,068)	(319,672)	—	(592,740)
Total	\$ (8,677,733)	\$ (2,363,110)	\$ —	\$ (11,040,843)

Net Book Value

	2020	2019
Furniture	\$ 39,249	\$ 59,921
Equipment	85,746	118,253
Computer equipment	162,552	216,735
Computer software	442,855	496,300
Client Information System	530,162	2,382,992
Leasehold improvements	3,299,996	2,274,660
Total	\$ 4,560,560	\$ 5,548,861

Schedule 1 – Tangible Capital Assets (continued)

2019

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	681,432	1,866,296	—	2,547,728
Total	\$ 11,871,278	\$ 2,355,316	\$ —	\$ 14,226,594

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	(201,701)	(71,367)	—	(273,068)
Total	\$ (6,338,774)	\$ (2,338,959)	\$ —	\$ (8,677,733)

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

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

Corporate Governance

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

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

Contact Information

Legal Aid BC

400 – 510 Burrard Street

Vancouver, BC V6C 3A8

604-601-6000

legalaid.bc.ca

Appendix B – Legal Information and Education Services

	2019/20	2018/19	2017/18
Aboriginal community legal worker client assists	197	496	1,338
LIOW worker client assists	4,495	5,019	4,607
PLEI publications distributed	113,861	101,522	155,431
LABC website users	203,911	207,923	188,967
LABC website sessions	376,001	396,120	378,346
Family Law in BC website users	731,364	814,396	790,077
Family Law in BC website sessions	1,015,402	1,135,983	1,219,761
Aboriginal Legal Aid in BC website users	18,985	14,275	11,233
Aboriginal Legal Aid in BC website sessions	24,379	18,642	15,131
MyLawBC website users	38,263	42,759	41,271
MyLawBC website sessions	54,000	59,897	54,877
Total intermediaries reached through LABC workshops and conferences	1,570	2,133	1,233
Direct one-to-one client assists by community partners	11,136	9,990	12,100

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	2019/20		2018/19		2017/18	
	Service Requests	Contracts	Service Requests	Contracts	Service Requests	Contracts
Criminal	24,256	20,221	23,926	19,221	24,229	19,179
Family	8,131	4,400	7,951	4,158	7,261	3,276
CFCSA ¹	2,925	2,085 ²	3,018	2,286	3,095	2,255
Immigration	2,480	1,941	2,029	1,603	1,737	1,327
Administrative Appeals	93	17	94	15	112	24
Total	37,885	28,664	37,018	27,283	36,434	26,061

* All volumes in this table reflect both standard and appeal service requests and contracts.
¹ LABC provides services to eligible clients facing child protection issues under the CFCSA.
² Includes PLC cases and contracts referred to the private bar.

Contract Issued Rate

Area of Law	2019/20	2018/19	2017/18
Criminal	83%	80%	79%
Family	54%	52%	45%
CFCSA ¹	71%	76%	73%
Immigration	78%	79%	76%
Administrative Appeals	18%	16%	21%

¹ Includes PLC cases and contracts referred to the private bar.

LABC 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

	2019/20	2018/19	2017/18
Criminal Advice Services			
Criminal duty counsel client assists ¹	75,347	71,666	69,088
Indigenous Court duty counsel client assists ²	613	693	415
Brydges Line calls handled	16,494	16,794	17,381
Family Advice Services			
Family duty counsel client assists	32,699	35,102	34,894
Expanded family duty council Victoria unique clients ³	1,373		
Family LawLINE unique clients	3,859 ⁴	3,774	2,606
Immigration Advice Services			
Immigration duty counsel client assists	1,068	1,036	1,113

¹ Client assists represents the number of times clients have been assisted rather than the unique number of clients. An individual client can receive services multiple times.

² Data is also included in the criminal duty counsel client assists data

³ Data for 2018/19 and 2017/18 is included in 'Family duty counsel client assists'

⁴ In October 2019 LABC switched to a new system for tracking LawLINE clients. Therefore data for 2019/20 includes data from two systems and may double count some clients.