

Legal Services Society
**Annual Service
Plan Report**

2012 / 13



Legal
Services
Society

British Columbia
www.legalaid.bc.ca

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Writers: Robyn Cassidy and Brad Daisley
Editor: Jennifer Hepburn
Designer: Danette Byatt
Project owner: Harold V. J. Clark, CHRP

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For copies of this report, contact:

Legal Services Society
400 – 510 Burrard Street
Vancouver, BC V6C 3A8

604-601-6000
distribution@lss.bc.ca

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message from the chair

Honourable Suzanne Anton, QC
Attorney General and Minister of Justice

Dear Madam Attorney,

On behalf of the board of directors and staff, I am pleased to present the Legal Services Society's 2012/13 annual report. The past fiscal year demonstrated the society's ability to lead justice reform, to respond to a changing environment, and to deliver legal services to those in greatest need.

LSS's key strategic project in 2012/13 was *Making Justice Work*, a report on ways in which legal aid can be used to increase access to justice and reduce justice sector costs and inefficiencies. It was prepared at the request of Attorney General Shirley Bond as part of the BC Justice Reform Initiative. The report recommends a number of reforms that LSS believes are necessary to create both an effective justice system and a sustainable legal aid program.

The society's operational priority was responding to significant changes to family and immigration legislation. To assist with the transition to the new Family Law Act, LSS provided training to its staff and service providers as well as to hundreds of community workers around the province. The society also updated its family law self-help website, which receives 33,000 visits a month, produced 10 new publications and revised more than 22 others. In response to the Protecting Canada's Immigration System Act, LSS revamped its services for refugees, provided training for staff, and consulted with immigration lawyers on the best ways to serve clients.

LSS also provided legal representation to 27,000 people with serious family, criminal, and immigration problems. Duty counsel in courthouses around the province gave advice on more than 100,000 occasions. The society distributed just under 200,000 publications, and countless others were assisted by LSS's telephone advice services and self-help websites.

performance highlights

As noted in this report, the society met or exceeded several of its performance measures set out in the service plan for this year, notably 95 percent support for our work in a public opinion poll.

Total revenue from government in 2012/13 was \$78.4 million. This includes a \$2.1 million increase in family law funding. The increase defrayed a portion of the rising external costs LSS is facing in providing these services. As the financial report on page 27 shows, significantly more funding is required if LSS is to continue providing even the current range of limited services to the same number of people in future years. LSS finished the year with an operating deficit of less than one percent and has prepared a balanced budget for 2013/14.

In addition, LSS conducted formal evaluations of three programs — Gladue reports for Aboriginal offenders, the society's community partners, and tariff simplification — to ensure services meet client needs and that LSS is making the best use of its funding. LSS is also in the second year of a multi-year project to replace its outdated business technology with a more efficient and cost-effective system that will support service delivery over the long term.

looking forward

The Legal Services Society commends the Ministry of Justice for its decision to embark upon a major justice reform initiative, and to make LSS an integral part of the project. As BC's legal aid provider, LSS has direct experience with the problems created by systemic delays and rising costs and has many solutions to offer. The fact that a number of justice system stakeholders have endorsed *Making Justice Work* suggests that there is broad support for the society's proposals and for increased legal aid funding. Working with the government and other justice system stakeholders to achieve these goals will be a priority for the LSS board and staff in 2013/14.

The society's accomplishments would not be possible without the work of its tireless staff who are committed to improving the lives of those in need. The society would also like to thank the ministry's staff for their support and commitment through the past year. Together, we can bring about meaningful change and make justice work for all British Columbians.

accountability statement

The *Legal Services Society Annual Service Plan Report 2012/13* was prepared under the board's direction in accordance with the Legal Services Society Act, Budget Transparency and Accountability Act, and the BC Reporting Principles. The board is accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information presented reflects the actual performance of the Legal Services Society for the 12 months ended March 31, 2013, in relation to the service plan published in February 2012.

The LSS board is responsible for ensuring internal controls are in place to ensure information is measured and reported accurately and in a timely fashion.

All significant assumptions, policy decisions, events, and identified risks, as of March 31, 2013, have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management. Any changes in mandate direction, goals, strategies, measures, or targets made since the 2012/13 – 2014/15 service plan was released and any significant limitations in reliability of data are identified in the report.



E. David Crossin, QC
Chair, LSS Board Of Directors

April 30, 2013

organization **overview**

The **Legal Services Society (LSS)** provides legal aid in British Columbia. Created in 1979, LSS is an independent organization whose priority is to serve the interests of people with low incomes.

Our **vision** is a British Columbia where all people are able to find timely and lasting solutions to their legal issues that improve their quality of life.

Our **mission** is to provide innovative and integrated services that enable clients to effectively address their legal issues in a broad social context.

our values

- making a positive difference in our clients' lives through legal aid services;
- engaging clients in finding solutions that meet their legal needs;
- recognizing diverse cultures and perspectives;
- compassion, integrity, and respect in our relationships with clients, staff, and stakeholders;
- collaboration with service partners and stakeholders;
- innovative approaches to solving problems;
- excellence and continuous improvement; and
- accountability and openness.

our goals

goal 1

People with low incomes who have legal issues use LSS services.

goal 2

People with low incomes participate in solving and preventing legal issues.

goal 3

People with low incomes get help with related legal issues so they can solve and prevent legal problems.

goal 4

LSS manages resources soundly.

These goals, and the strategies to achieve them, form the basis of LSS's service plan. To view service plans, visit the LSS website at www.legalaid.bc.ca.

core services

LSS's core services include legal representation, legal advice, and legal information.

- **Legal representation services** are available for people with serious family, child protection, criminal law, or immigration problems, who qualify financially. Legal representation is also available for people who face 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.
- **Legal advice services** are provided through criminal and family duty counsel in and out of courthouses across BC; through immigration duty counsel for people in detention at the Canada Border Services Agency's enforcement centre; through the Family LawLINE; and through the Brydges Line telephone service for people who have been or may be arrested. LSS also provides family advice lawyers at eight locations throughout the province.
- **Legal information services** are delivered by front-line staff, including Aboriginal community legal workers, legal information outreach workers, local agents, community partners, and through publications and websites. LSS collaborates with a range of community and government agencies to ensure people with low incomes have access to the services they need to solve their legal issues. The society also contracts with community agencies to provide information about LSS services and public legal information in their communities.

Table 1 summarizes the number of direct services provided to legal aid clients this year. The society's websites had over 720,000 visits in 2012/13, while the society distributed close to 200,000 public legal education and information materials. For more detailed data on legal aid services in 2012/13, see Appendix 1.

clients

Legal aid clients are among the province's most vulnerable and marginalized citizens. LSS clients do not have the financial resources — or frequently the educational, social, or health resources — to effectively access the justice system when their families, freedom, or safety are at risk.

Last year, LSS provided more than 170,000 legal representation, advice, and information services. Of the 27,000 clients who were referred to a lawyer in 2012/13, 54% had less than a high school education, 29% were Aboriginal, and 32% were women. Referral clients received services for criminal (72%), family law (16%), child protection (9%), and immigration (3%) issues.

LSS strives to engage clients in finding solutions to their legal problems. By taking an integrated approach, legal aid services can help clients prevent future legal issues and increase their ability to positively contribute to society.

table 1 number of legal aid services provided 2012/13

| service | number of services provided* |
|--------------------------------------------------------------------------------|------------------------------|
| Legal representation (referrals) | 27,124 |
| Legal advice (duty counsel, circuit counsel, Brydges Line, and Family LawLINE) | 142,238 |
| Aboriginal community legal workers | 1,051 |
| Legal information outreach workers | 8,935 |
| Total | 179,348 |

* Totals reflect the number of times a service was provided (e.g., advice given) not the number of clients served, as clients for some services can access services more than once.

service delivery model

The society works closely with our partners in the justice system — lawyers, intermediaries, and the Ministry of Justice — to best address the legal needs of our clients. Legal aid intake services are delivered in person at LSS offices in Vancouver and Terrace, and provided through local agents in communities across the province. Services are also available over the phone through the toll-free LSS Call Centre. Lawyers who accept LSS referrals provide legal representation services. LSS contracts with lawyers and other service partners to provide additional services, such as the Brydges Line and Family LawLINE. Contracted community partners provide in-person information services in rural, remote, and Aboriginal communities across the province.

The society works to ensure legal aid services are accessible to all communities. For example, LSS provides the call centre for people who cannot apply for legal aid in person, as well as interpreters for call centre clients as needed. The society also pays for interpreters for clients working with legal aid lawyers and produces legal information publications in a variety of languages.

For more information about legal aid services and eligibility criteria, visit www.legalaid.bc.ca.

mandate

The society's mandate, outlined in the LSS Act, seeks to:

- help people solve their legal problems and to facilitate access to justice,
- establish and administer an effective and efficient system for providing legal aid to people in BC, and
- provide advice to the Attorney General about legal aid and access to justice for people in BC.

memorandum of understanding

The LSS Act also outlines the range of services LSS will provide within the framework of a Memorandum of Understanding (MOU) negotiated with the Attorney General and Minister of Justice every three years.

The MOU:

- sets out the roles and responsibilities of both parties,
- outlines anticipated provincial government funding for legal aid and the priorities for allocating that funding,
- acknowledges that LSS receives funding from sources other than the government and can apply that funding in any manner that is appropriate to fulfilling its mandate, and
- establishes the foundation for the society's budget and planning process.

For more information about the mandate or MOU, visit www.legalaid.bc.ca.

governance

LSS is committed to strong corporate governance practices that enable public accountability and transparency. The society adheres to and is in full compliance with the governance principles established by the Board Resourcing and Development Office (BRDO). LSS reviews its governance framework regularly.

board of directors

LSS is governed by a nine-member board of directors. The LSS board is committed to using best practices to govern the society. Of the nine board members:

- five are appointed by the Lieutenant-Governor in Council on the recommendation of the Attorney General, and
- four are appointed by the Law Society of BC after consultation with the executive of the BC Branch of the Canadian Bar Association.

The LSS Act outlines the need for the board to have a range of knowledge, skills, and experience in areas such as business management of public and private sector organizations; the legal system (including legal aid); BC's cultural and geographic diversity; and the circumstances associated with the legal needs of people with low incomes.

legal services society **board of directors** AT MARCH 31, 2013

| board members | board committees |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------|
| E. David Crossin, QC Vancouver | LSS Board of Directors Chair Executive Committee Chair |
| Tom Christensen Lawyer, Vernon/Vancouver | LSS Board of Directors Vice-chair Executive Committee Stakeholder Engagement Committee Chair |
| Barbara Brink, CM, OBC Vancouver | Finance Committee Stakeholder Engagement Committee Lead board member, Governance |
| Sheryl N. Lee, CA Vancouver | Finance Committee Chair Executive Committee |
| Deanna Ludowicz Lawyer, Grand Forks | Executive Committee Lead board member, Strategic Planning Session |
| Annita L. McPhee Dease Lake/Terrace | Stakeholder Engagement Committee |
| Suzette Narbonne Lawyer, Sechelt | Stakeholder Engagement Committee |
| Puneet P. K. Sandhar Lawyer, Surrey | Finance Committee |
| Darrell J. Wickstrom Lawyer, Vancouver | Finance Committee |

committees

At the beginning of each year, the board of directors elects a chair and an Executive Committee. The Executive Committee is headed by the chair and generally has authority on behalf of the board.

The board also establishes two other committees:

- the Finance Committee, which makes recommendations on LSS's finances, fiscal allocations, and risk management; and
- the Stakeholder Engagement Committee, which recommends ways to strengthen LSS's relationships with key stakeholders.

The chair, in consultation with the society's executive director, appoints the members of these committees, unless the board directs otherwise.

For more information about the LSS board and its governance practices, visit www.legalaid.bc.ca. Address specific inquiries to the assistant corporate secretary at corporate.governance@lss.bc.ca.

legal services society **senior management** AT MARCH 31, 2013

directors

Mark Benton, QC
Executive Director

Harold V. J. Clark, CHRP
Strategic Planning, Policy, and
Human Resources

Sherry MacLennan
Lawyer, Public Legal
Information and Applications

Heidi Mason
Lawyer, Legal Advice and
Representation

Doug Wong, CA
Finance and Corporate Services

senior management

The board of directors appoints an executive director to manage LSS. The society has two main committees to oversee its operations.

- The Executive Management Committee (EMC), chaired by the executive director and consisting of LSS's four directors, provides LSS with overall strategic direction, policy, and planning.
- The Operations, Planning, and Policy (OPP) Committee, chaired by the director of Strategic Planning, Policy, and Human Resources, advises EMC on interdivisional policy, strategic planning, operational issues, and policies for coverage, eligibility, and tariffs.

senior managers

Brad Daisley
Lawyer, Communications and
General Counsel

Noreen Finnerty, CHRP
Human Resources and
Organizational Development

Branka Matijasic
Intake and Referral Services

David Griffiths
Lawyer, Legal Services

Carol Jung, CIA
Audit and Investigation

Pamela Shields
Lawyer, Aboriginal Services

John Simpson
Lawyer, Community and
Publishing Services

Kathryn Spracklin
Strategic Planning and Policy

Janice Staryk
Lawyer Services

Mihai Strusievici
Information Technology

Eugene Wandell, CMA
Finance and Administration

report on
performance

This year saw LSS take a leadership role in justice reform, offering innovative solutions to address current justice system challenges.

Performance highlights include the provision of advice to the Attorney General on ways in which legal aid services can be delivered in order to reduce current justice system costs so that the savings can be reallocated to legal aid. That report, *Making Justice Work*, provides a strategic roadmap for how LSS can contribute to justice reform in BC, and demonstrates the value legal aid adds to BC's justice system.

LSS also completed several initiatives to ensure optimum client service following legislative changes to family and immigration law. In addition, the society conducted formal evaluations of three programs — Gladue reports, community engagement, and tariff simplification — to ensure services meet client needs and that the society is making the best possible use of scarce public dollars. On the operations side, LSS is in the second year of a multi-year project to replace its outdated business technology with a more efficient and cost-effective system that will support service delivery over the long term.

performance management and reporting system

LSS assesses performance by surveying key stakeholder groups (clients, employees, and lawyers) every three years on a staggered basis. LSS develops the survey questions and methodology, and independent research organizations carry out the data collection and analysis to ensure data is accurate and reliable. The society also monitors and reports on internal operational and financial data.

LSS uses satisfaction measures to track its overall progress in achieving intended outcomes for clients. These measures also track its success in engaging the support of private lawyers, who are its primary service partners; employees, who are critical to service quality; clients, who are the society's ultimate stakeholder; and the public, to whom LSS is ultimately accountable. LSS chose budget-to-actual expenditure variance as a measure of financial performance. LSS also measures the number of new lawyers taking three or more referrals in their first six months.

LSS benchmarks its performance against like organizations where possible. By using the Common Measurement Tool, an independent client satisfaction benchmarking tool provided by the Institute of Customer-Centred Service, the society is able to compare client satisfaction results against government agencies providing similar services. LSS benchmarks its employee engagement score against the BC Public Service. Though legal aid plans across Canada have not yet developed a common method of measuring performance, LSS regularly shares performance and outcome information.

LSS sets targets by considering benchmark data, and evaluating the level of improvement possible given the strategies in place and activities planned in the coming period.

key risks affecting performance

LSS identified four key strategic issues that presented the primary risks to the society's performance in 2012/13. LSS's response towards these risks is outlined below.

table 2 key strategic risks 2012/13

| issue | risk statement | LSS response |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| financial pressures | | |
| <ul style="list-style-type: none"> › Low interest rates reduce LSS revenue from non-government sources. › Rising case costs affect the society's ability to deliver services. | <p>Core funding is reduced and LSS has to cut existing service, tariff, or operational expenses.</p> <p>Funding from non-government sources is reduced or eliminated due to low interest rates.</p> <p>Tariff costs exceed budget.</p> | <p>LSS received an additional \$2.1 million in funding for family and child protection (CFCSA) services from the Ministry of Justice for 2012/13.</p> <p>LSS monitored case costs and responded appropriately.</p> <p>In <i>Making Justice Work</i>, LSS demonstrated how alternative service delivery models could generate cost savings for the justice system while better supporting clients to find timely and lasting solutions to their legal problems. These models require additional funding to pilot and implement. see goal 4 (page 16)</p> |
| fluctuating service demand | | |
| <ul style="list-style-type: none"> › Demand is influenced by legislative change, shifts in government policy, and an increase in the public's awareness of available legal aid services. › Ongoing economic downturn may trigger a higher incidence of legal problems among client groups. › Demand for services among key client groups is not being adequately met because services are not accessible to or appropriate for them | <p>Referral volumes exceed the available budget.</p> <p>Current service delivery model does not effectively deliver services to Aboriginal clients and clients in underserved communities.</p> | <p>LSS responded to fluctuations in demand across all case types.</p> <p>LSS monitored and analyzed factors influencing demand, including legislative change.</p> <p>LSS introduced a new immigration service delivery model to meet new legislative requirements and adjusted targets for discretionary services to manage increasing demand for family law services. see goal 4 (page 16)</p> |

| issue | risk statement | LSS response |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| legal aid infrastructure | | |
| <ul style="list-style-type: none"> › Lawyer attrition due to greying of the bar is not being counterbalanced by young lawyers taking on cases. › Lawyer dissatisfaction with legal aid funding and justice system inefficiencies has led to service withdrawals. › LSS requires an information technology system that is flexible and can support innovative service delivery models. › An engaged workforce and appropriate staffing levels are required to deliver effective services. | <p>Lawyers withdraw needed client services.</p> <p>LSS is unable to place all cases with a lawyer within a reasonable time.</p> <p>Information technology (IT) system changes may lead to organizational challenges and affect LSS's ability to deliver services.</p> <p>Failure to upgrade the IT system leads to disruption and creates internal challenges.</p> <p>Further deterioration of staff engagement with the organization and current strategic direction undermines the society's ability to deliver effective services.</p> | <p>LSS enhanced its professional development support for lawyers, including funding focused training on the new Family Law Act.</p> <p>LSS launched the ISIS project to design and implement an agile information technology system to replace the current case management system. Change management is a key element of this project to ensure employee engagement with the new system.</p> <p>LSS used cross-departmental teams to implement employee engagement initiatives. see goal 4 (page 16)</p> |
| stakeholder relations | | |
| <ul style="list-style-type: none"> › The society's ability to lead and effect change to legal aid can only work if stakeholders are clear on LSS strategic direction and perceive us to have effective processes and controls. › The society's ability to collaborate with service providers on innovative projects is limited by insufficient resources and competing priorities. | <p>LSS is unable to lead change on legal aid.</p> <p>LSS loses its reputation for innovation because it cannot build meaningful relationships with service partners, funders, and staff.</p> <p>Collaborative initiatives are not undertaken or are not successful because LSS and its partners have insufficient resources or competing priorities.</p> | <p>LSS communicated the value of legal aid to government and to the public through its stakeholder relations initiative.</p> <p>LSS continued to build connections between LSS, government, and community partners through initiatives such as community engagement, consultations for <i>Making Justice Work</i>, ongoing collaborative projects, and stakeholder relations. see goal 1 (page 12), goal 3 (page 14), and goal 4 (page 16).</p> |

goals and performance in 2012/13

The goals, strategies, and measures that were in place for 2012/13 are summarized in Table 3 below. Performance against the LSS 2012/13 service plan is summarized in Table 4 on page 11. LSS made minor adjustments to its goals, strategies, and performance measures in 2012/13 in response to the changing operational and strategic environment. These changes are summarized in Appendix 2, on page 51.

table 3 goals, strategies, and performance measures 2012/13

| goals | strategies | measures |
|-------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| goal 1 People with low incomes who have legal issues use LSS services. | <ul style="list-style-type: none"> › Simplify the client application process to improve the accessibility of legal aid services. › Use innovative, collaborative, and flexible models (including technology) to deliver legal aid services, with an emphasis on Aboriginal and other underserved communities. › Collaborate with and enable service partners to increase awareness of, confidence in, and use of legal aid services. | Percent of clients satisfied with the accessibility of LSS services (tri-annual survey) Percent of clients satisfied with the helpfulness of LSS services (tri-annual survey) Percent of clients satisfied overall with LSS services (tri-annual survey) |
| goal 2 People with low incomes participate in solving and preventing legal problems. | <ul style="list-style-type: none"> › Provide support to front-line workers to help them inform clients about legal aid services and their legal rights and responsibilities early in the process. | Percent of clients satisfied with LSS support to help them participate in resolving their legal issues (tri-annual survey) Percent of lawyers satisfied with LSS support to increase their ability to engage clients in solving their legal issues (tri-annual survey) |
| goal 3 People with low incomes get help with related legal issues so they can solve and prevent legal problems. | <ul style="list-style-type: none"> › Collaborate and integrate with service partners to improve access to services for client's related legal issues. › Provide support to front-line workers and service partners to help them assess and refer clients to services for their related legal issues. › Work with the Ministry of Justice and other ministries to develop an integrated approach to help clients address legal and related issues. | Percent of clients satisfied with the level of support LSS gave them to address their related legal issues (tri-annual survey) Percent of lawyers satisfied with LSS support for increasing their ability to help clients address related issues (tri-annual survey) Percent of lawyers who support the integrated approach to providing legal aid services (tri-annual survey) |
| goal 4 LSS manages resources soundly. | <ul style="list-style-type: none"> › Effectively communicate the society's strategic direction to stakeholders. › Demonstrate value for money through evidence-based decision making and enhanced business processes. › Develop and implement lawyer engagement initiatives. › Introduce cross-departmental teams to implement employee engagement initiatives. › Improve information technology systems to respond to a changing environment. | Overall employee engagement score (tri-annual survey) Percent of lawyers satisfied with the overall support provided by LSS (tri-annual survey) Number of new lawyers with three or more referrals in the first six months (annual measure) Budget-to-actual expenditure variance (annual measure) Percent of the public that supports the provision of legal aid services (annual survey) |

table 4 performance at a glance* 2012/13 – 2014/15

| measure | past results | results 2012/13 | future targets |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------|--------------------|
| Percent of clients satisfied with the accessibility of LSS services / goal 1 | 69% (2010/11) | Not measured | 73% (2013/14) |
| Percent of clients satisfied with the helpfulness of LSS services / goal 1 | 62% (2010/11) | Not measured | 66% (2013/14) |
| Percent of clients satisfied overall with LSS services / goal 1 | 62% (2010/11) | Not measured | 66% (2013/14) |
| Percent of clients satisfied with LSS support to help them participate in resolving their legal issues / goal 2 | 59% (2010/11) | Not measured | 63% (2013/14) |
| Percent of lawyers satisfied with LSS support to increase their ability to engage clients in solving their legal issues / goal 2 | Baseline set: 42% (2009/10) | 44% (Target 46%) | TBD (2015/16) |
| Percent of clients satisfied with the level of support LSS gave them to address related legal issues / goal 3 | Baseline set: 48% (2010/11) | Not measured | 52% (2013/14) |
| Percent of lawyers satisfied with LSS support for increasing their ability to help clients address related legal issues / goal 3 | Baseline set: 22% (2009/10) | 33% (Target 26%) | TBD (2015/16) |
| Percent of lawyers who support the integrated approach to providing legal aid services / goal 3 | Baseline set: 71% (2009/10) | 67% (Target 75%) | TBD (2015/16) |
| Overall employee engagement score / goal 4 | 67 (2011/12) | Not measured | 70 (2014/15) |
| Percent of lawyers satisfied with the overall support provided by LSS / goal 4 | 62% (2009/10) | 60% (Target 66%) | TBD (2015/16) |
| Number of new lawyers with three or more referrals in the first six months / goal 4 | 86 (2011/12) | 64 (Target >60) | >60 (2013/14) |
| Budget-to-actual expenditure variance / goal 4 | -1.10% (2011/12) | -1.73% (Target: +/- 1.5%) | +/- 1.5% (2013/14) |
| Percent of the public that supports the provision of legal aid services / goal 4 | 91% (2011/12) | 95% (Target: >90%) | >90% (2013/14) |

* Some measures are assessed annually, others tri-annually. Targets, where available, are provided for the next measurement year.

goal 1: use

People with low incomes who have legal issues use LSS services

LSS needs to ensure its services are accessible, that they address the needs of clients, that they are culturally appropriate, and that the public is aware that these services are available.

performance measures

Percent of clients satisfied with the accessibility of LSS services.

Percent of clients satisfied with the helpfulness of LSS services.

Percent of clients satisfied overall with LSS services.

These measures assess overall client satisfaction with LSS services as well as the accessibility and helpfulness of those services. They demonstrate whether the society is providing appropriate services when and where clients need them, thus fulfilling its mandate to help people solve their legal problems and to facilitate access to justice.

results 2012/13

LSS conducts a client satisfaction survey every three years and will survey clients again in 2013/14. For information on past results and methods, see Appendix 3.

performance highlights

This year, LSS focused on increasing the accessibility of its public legal education and information (PLEI) materials and intake processes, with a special focus on Aboriginal communities. LSS also continued to enhance the use of non-lawyer service providers such as legal information outreach workers (LIOWs).

Improve accessibility of legal aid services

In response to recommendations from an external assessment and an internal review, LSS began several initiatives to enhance the usability and accessibility of its PLEI materials (including the Family Law in BC website) and intake process. These initiatives focused on the needs of clients with low literacy and included simplifying the client pre-application form, shortening the call centre's recorded messages, and staff training.

Use innovative models to deliver legal aid services

LSS improved its social media presence by creating a mobile website and by adding QR (quick response) codes to its publications so readers can have instant access to legal information on LSS websites.

The society also piloted a LiveHelp project that has law students, supported by a legal information outreach worker (LIOW) and a supervising lawyer, assisting the public to find information on the Family Law in BC website.

LSS continued to support its three LIOWs in Vancouver and

two in Terrace to provide needed legal information to clients in the Downtown Community Court, First Nations Court, on the call centre, and at community workshops. LIOWs help people find information and self-help resources, and are able to refer clients to other services such as family duty counsel and community services. LIOWs are also available to visit community groups to talk about LSS services and to collect feedback from community workers and the public about LSS programs.

Focus on Aboriginal clients

LSS expanded existing intake services in five Aboriginal communities to enhance access to legal information and to make it easier to apply for legal aid on reserve. The society also introduced support for Aboriginal Elders at First Nations Court and introduced a new local agent in Burns Lake to better serve the Aboriginal communities in the area.

Enable service partners

Community engagement through community partnerships remains a key strategy for building awareness of and access to legal aid services. For more information on LSS's work in this area, see Collaborate with service partners on page 15.

future opportunities

LSS is exploring the use of online applications to make it easier for clients to apply for legal aid and is considering implementing a special call centre line for community workers who are assisting clients with legal aid applications. The society is also seeking ways to enhance communication with local agents around the province.

goal 2: participate

People with low incomes participate in solving and preventing legal problems

Clients who are actively involved in resolving their legal issues tend to find more positive and lasting solutions.

performance measures

Percent of clients satisfied with LSS support to help them participate in resolving their legal issues.

Percent of lawyers satisfied with LSS support to increase their ability to engage clients in solving their legal issues.

These measures assess the effectiveness of the support provided by LSS to clients and lawyers to help clients resolve their legal problems. Informed and engaged clients can work more effectively with their lawyers to achieve positive and lasting outcomes.

results 2012/13

Percent of clients satisfied with LSS support to help them participate in resolving their legal issues

LSS conducts a client satisfaction survey every three years and will survey clients again in 2013/14. For information on past results and methods, see Appendix 3.

Percent of lawyers satisfied with LSS support to increase their ability to engage clients in solving their legal issues

| past results | performance 2012/13 | | future targets |
|------------------|---------------------|--------|------------------|
| | target | actual | |
| 42% (2009/10) | 46% | 44% | TBD (2015/16) |

This measure shows the effectiveness of the society's support to lawyers to help clients participate in solving their legal issues. LSS contracts an independent research organization to conduct an online tariff lawyer satisfaction survey every three years. This data is from the February 2013 survey to which 373 lawyers responded. Survey results have a margin of error of +/- 5% at the 95% confidence level. LSS is not aware of any relevant benchmarks for this measure. Visit www.legalaids.bc.ca for the full report.

Key findings

- Lawyers' satisfaction with support provided by LSS to increase their ability to help clients be more actively involved in their cases rose slightly to 44% in 2013, but fell short of our target of 46% for the year.
- When asked what LSS can do to better support lawyers to help clients be more actively involved, the most common responses from lawyers surveyed are that LSS increase tariff rates or provide more resources, or provide more information about available programs and services.

performance highlights

LSS continued to provide training to front-line staff and service providers, with a focus this year on the impact of the new Family Law Act (FLA). LSS also piloted community-based family advice services in underserved communities.

Support front-line staff and service providers through training

LSS provided training to staff, local agents, and local agent staff on topics such as the new FLA, the new immigration rules, literacy issues, working with difficult clients, the child protection process, and cultural differences. To support lawyers who take legal aid referrals, LSS offered more than 80 bursaries to attend criminal and family professional development conferences.

Support communities to deliver services

LSS expanded the use of its community-based family advice clinics. This included services for the Sea Bird Island Aboriginal band in Agassiz and at the Peardonville House Treatment Centre for women in Abbotsford. LSS piloted partnerships with community agencies in five remote Aboriginal communities in the Bulkley Valley to provide family advice services. Though the project was challenged by the lack of lawyers in the communities, the small number of clients in each community, and the communities' limited capacity to coordinate the service, a monthly advice service provided at the Houston Friendship Centre stands out as a successful model for this project.

future opportunities

LSS is planning to evaluate its child protection services in 2013/14. The society will also continue to develop action plans based on findings from the 2012 Family Services Evaluation.

Work will also continue in conjunction with the LSS Terrace office to coordinate extension of the community-based family advice services to Gitanyow, Gitsegukla, and possibly Fort Babine Nation, following the successful Houston model.

goal 3: collaborate

People with low incomes get help with related legal issues so they can solve and prevent legal issues

Clients’ legal problems often arise from or lead to other problems such as health, housing, and debt. By working with other service providers to help clients get support for these issues, LSS can improve client outcomes as well as reduce clients’ use of justice, health, and social services over the long term.

results 2012/13

Percent of clients satisfied with the level of support LSS gave them to address their related legal issues

LSS conducts a client survey every three years and will survey clients again in 2013/14. For information on past results and methods, see Appendix 3.

performance measures

Percent of clients satisfied with the level of support LSS gave them to address their related legal issues.

Percent of lawyers satisfied with LSS support for increasing their ability to help clients address related legal issues.

Percent of lawyers who support the integrated approach to providing legal aid services.

These measures show client and lawyer satisfaction with LSS’s help to address clients’ related legal issues, and LSS’s progress on supporting lawyers with tools to deliver an integrated approach to legal aid services.

Percent of lawyers satisfied with LSS support for increasing their ability to help clients address related legal issues

| past results | performance 2012/13 | | future targets |
|------------------|---------------------|--------|------------------|
| | target | actual | |
| 22% (2009/10) | 26% | 33% | TBD (2015/16) |

Improvements on these performance measures will demonstrate that LSS is working effectively with lawyers to provide services that help clients find positive and lasting solutions to their legal issues.

LSS contracts an independent research organization to conduct an online tariff lawyer satisfaction survey every three years. This data is from the February 2013 survey to which 373 lawyers responded. Survey results have a margin of error of +/- 5% at the 95% confidence level. LSS is not aware of any relevant benchmarks for this measure. Visit www.legalaid.bc.ca for the full report.

Percent of lawyers who support the integrated approach to providing legal aid services

| past results | performance 2012/13 | | future targets |
|------------------|---------------------|--------|------------------|
| | target | actual | |
| 71% (2009/10) | 75% | 67% | TBD (2015/16) |

Improvements on these performance measures will demonstrate that LSS is working effectively with lawyers to provide services that help clients find positive and lasting solutions to their legal issues.

LSS contracts an independent research organization to conduct an online tariff lawyer satisfaction survey every three years. This data is from the February 2013 survey to which 373 lawyers responded. Survey results have a margin of error of +/- 5% at the 95% confidence level. LSS is not aware of any relevant benchmarks for this measure. Visit www.legalaid.bc.ca for the full report.

Key findings

- Lawyers' satisfaction with LSS's support for helping lawyers assist their clients to address their related legal issues increased significantly this year to 33%, up from 22% in 2010 and exceeding our target.
- At the same time, lawyers' support for LSS taking an integrated approach to legal aid declined 4% to 67%, not reaching the target for the year. Support for this approach was strongest among lawyers newer to legal aid work and those who took fewer LSS clients in 2012, among other factors.
- When asked about the initiatives LSS has undertaken to support lawyers to help their clients address related issues, including bursaries for continuing legal education training and the Gladue Report Disbursement, about 48% to 66% of lawyers who gave a rating rated these projects as good or very good, while another 33% to 44% were neutral.

performance highlights

Recognizing that clients' legal problems often arise from or trigger other problems including health, housing, and debt, LSS continues to collaborate with partner agencies to help improve client outcomes as well as reduce clients' use of justice, health, and social services over the long term. This year, LSS focused on supporting front-line staff and service partners to refer clients for their related issues and working with the ministry to develop an integrated approach to help clients address their legal needs.

Collaborate with service partners

LSS's community partners program, launched in 2010 to increase community capacity in rural, remote, and Aboriginal communities by working with trusted organizations to identify and address legal needs, was evaluated this year to determine whether it is meeting its short-term goals and whether there were any implementation challenges in the first year. The evaluation results indicate that community partners saw over 3,000 clients who were facing family, civil, CFCSA, and

criminal issues. Community partners provided these clients with legal information and referred them to LSS websites and LIOWs, and to apply for legal aid. One indicator of the program's impact is the increase in the volume of publications distributed in community partner communities by over 20,000 from the previous year. Of clients surveyed, 87% said they received the assistance they needed from the community partner to resolve their legal issue. Overall results suggest there is a great need in many of the community partner communities for legal assistance and information, and that the community partners are filling many of these gaps.

LSS also launched a pilot program with Access Pro Bono that allows LSS staff to schedule appointments with pro bono lawyers for clients whose legal problems are not covered by legal aid and allows Access Pro Bono to schedule appointments for clients to apply for legal aid. Last year, 411 people used this service.

LSS provided legal advice to 236 clients through its program at Sheway, a drop-in centre in Vancouver's downtown eastside, and Fir Square, a combined care unit at BC Women's Hospital, both of which serve women with substance abuse problems. The society also partnered with band offices, women's shelters, and various other organizations to provide information about legal aid services and distribute LSS PLEI materials.

Work with the ministry and other justice partners

LSS continued its participation with Ministry of Justice programs that are already underway, such as the Vancouver Downtown Community Court, Drug Treatment Court of Vancouver, the Duncan Domestic Violence Court, the Victoria Integrated Court (breach offences), and the Vancouver and

Nanaimo Justice Access Centres. These integrated service models make effective use of resources and leverage existing services currently available.

LSS extended its pilot project, funded in part by the Law Foundation of BC, to approve Gladue reports for an additional year and carried out an evaluation to assess the early outcomes for clients and justice system partners. Gladue reports provide the court with comprehensive information on the Aboriginal offender and the offender's community and create a plan that looks at realistic and viable alternatives to prison. Using both qualitative and quantitative data, the evaluation found that reports often provide essential information that is not otherwise available to the court, supporting the court to apply Gladue principles at bail and at sentencing. The findings suggest that the Gladue report program is both needed and valued by those in the criminal justice system, and by the Aboriginal people receiving the reports. Findings also highlight the need for program modifications, including enhanced training and coordination of report writers, support for Aboriginal people after interviews, and, most importantly, more resources. This project represents one of the first substantial efforts to implement Gladue principles in BC. Through establishing this foundation, LSS has taken a leadership role in addressing barriers to Aboriginal people's access to justice in British Columbia.

future opportunities

LSS will build on the work implemented by the Gladue evaluation and will seek to improve the program. LSS will also continue its work with community partners as it reaches out to rural and remote communities and the many social service agencies that support legal aid around the province.

goal 4: manage

LSS manages resources soundly

LSS must manage resources effectively and efficiently to ensure it is achieving the optimum benefit for the society's clients with available funding.

performance measures

Overall employee engagement score.

Percent of lawyers satisfied with the overall support provided by LSS.

Number of lawyers who accepted three or more referrals in their first six months of being approved to accept legal aid referrals.

Budget-to-actual expenditure variance.

Percent of the public that supports the provision of legal aid services.

These measures highlight the importance of sound financial forecasting, accounting, and auditing processes. They also emphasize accountability for administering public resources, measure public support for legal aid services, and track both lawyer and employee engagement.

results 2012/13

Overall employee engagement score

LSS conducts an employee engagement survey every three years and will survey staff again in 2014/15. For information on past results and methods, see Appendix 3.

Percent of lawyers satisfied with the overall support provided by LSS

| past results | performance 2012/13 | | future targets |
|------------------|---------------------|--------|------------------|
| | target | actual | |
| 62% (2009/10) | 66% | 60% | TBD (2015/16) |

This measure shows the degree to which lawyers taking legal aid referrals are satisfied with how LSS supports them in providing services to legal aid clients. Improving lawyer satisfaction should reduce the risk that LSS will be unable to find skilled lawyers to take referrals for eligible clients. LSS contracts an independent research organization to conduct an online tariff lawyer satisfaction survey every three years. This data is from the February 2013 survey to which 373 lawyers responded. Survey results have a margin of error of +/- 5% at the 95% confidence level. LSS benchmarks lawyer satisfaction results against Legal Aid Ontario's most recent lawyer satisfaction survey which was conducted in 2012. In that survey, 40% of lawyers were satisfied with Legal Aid Ontario's services. See www.legalaid.bc.ca for the full report.

Number of lawyers who accepted three or more referrals in their first six months of being approved to accept legal aid referrals

| past results | performance 2012/13 | | future targets |
|-----------------|---------------------|--------|------------------|
| | target | actual | |
| 86 (2011/12) | >60 | 64 | >60 (2013/14) |

This measure shows the number of lawyers who accepted three or more legal aid referrals in the first six months of getting approval to provide legal aid services. It tracks the society's success not only in recruiting lawyers but also in supporting their commitment to legal aid. LSS does not benchmark this measure. Data comes from LSS's case management system database.

Results this year exceeded target, but show a 25% decrease over last year.

Annual lawyer count: LSS also tracks the total number of lawyers who accept legal aid referrals each year. In 2012/13, 981 lawyers accepted referrals, unchanged from last year.

Budget-to-actual expenditure variance

| past results | performance 2012/13 | | future targets |
|---------------------|---------------------|--------|-----------------------|
| | target | actual | |
| -1.10% (2011/12) | +/- 1.5% | -1.73% | +/- 1.5% (2013/14) |

This measure shows how well LSS is managing its expenditures. A low budget-to-actual expenditure variance will demonstrate that LSS is managing expenditures effectively and that the society is making timely use of available funds for client services. LSS has no comparable data from other legal aid plans. Data is gathered from the LSS financial system and is reviewed by external auditors.

Key findings

- At 60%, overall satisfaction with support from LSS is consistent with 2010 results (62%), but did not reach our performance target. Results show that newer tariff lawyers are the most satisfied with LSS services and support, and criminal lawyers are the least satisfied. Lawyers surveyed indicate that the primary change LSS could make to improve overall support is to pay tariff rates that value the work performed and keep pace with inflation, consistent with previous results.
- Lawyers continue to have mixed views about whether LSS values their services, with 43% agreeing that their services are valued (47% in 2010), 32% undecided, and 25% disagreeing. Lawyers who feel valued attribute this to the society's friendly, helpful, and respectful staff, and appreciation shown by LSS. Those who disagree tend to say it is because of low tariff rates — the top reason since LSS began surveying lawyers in 2004.
- At the same time, about 73% of lawyers plan to take as many or more legal aid referrals in 2013/14, down 7% overall from 2010, while 23% say they intend to take fewer referrals in 2014/15 (16% in 2010).

budget-to-actual expenditure variance calculation 2012/13

| | |
|---------------------------------------------------------------------|---------------------|
| actual total expenditures per Statement of Operations (see page 33) | 83,940,408 |
| minus | |
| Criminal Category B* | 2,265,335 |
| Immigration | 1,278,640 |
| Major cases | 8,399,263 |
| Law Foundation-funded project | 58,683 |
| | \$71,938,487 |
| approved expenditure budget | \$76,383,000 |
| minus | |
| Criminal Category B* | 1,313,000 |
| Immigration | 1,500,000 |
| Law Foundation-funded projects | 2,855,000 |
| | \$70,715,000 |
| Variance = 1 - [ACTUAL/BUDGET] | -1.73% |

*See note 7 in the Financial Statements

Percent of the public that supports the provision of legal aid services

| past results | performance 2012/13 | | future targets |
|------------------|---------------------|--------|-------------------|
| | target | actual | |
| 91% (2011/12) | >90% | 95% | >90% (2013/14) |

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.

Public opinion data is gathered from an annual telephone survey conducted by an independent survey organization. In February and March 2013, interviewers asked 600 people from across BC a series of questions about legal aid. The margin of error is +/- 4% at the 95% confidence level. The most recent comparable data comes from public opinion polls conducted in 2006 by Legal Aid Ontario and Legal Aid Alberta, which were based largely on the questions developed by LSS for its poll. At 95% in 2013, the level of public support in BC remains higher than the Ontario level of 85% and is comparable to the Alberta result of 96%. When comparing to 2011 findings, a maximum difference of +/- 6% is necessary to be considered significant at the 95% confidence level. Results for all public awareness polls are available at www.legalaid.bc.ca.

Cost pressures related to large criminal cases were managed by the society by transferring funds from deferred contributions to revenue during the year. This enabled the society to maintain services at existing levels while keeping the budget variance to -1.73%, just 0.23% outside the target.

Key public opinion poll results

- There continues to be a high awareness (86%) of legal aid among BC residents (up 2% from 2012).
- The vast majority (95%) continue to support providing legal aid services for those with low incomes (an increase of 4% from 2012 — this includes 57% who are strongly in support).
- Three-quarters of BC residents maintain that the government should give funding for legal aid the same priority it gives to funding for other social services.
- 81% of people are in favour of having LSS help clients address other problems related to their legal issues, such as housing, debt, and health problems (up from 76% in 2012).
- A large majority of the public continues to feel legal aid services are important to ensure fairness in the justice system. Providing legal aid in family court received the highest priority.

performance highlights

LSS must effectively manage resources to fulfill its mission. In 2012/13, LSS focused on articulating its vision for justice reform, implementing initiatives to build internal and external stakeholder support, and enhancing evidence-based decision making and organizational policies and processes.

Communicate strategic direction: Justice reform

Effective management includes advocating for reform of the broader justice system that will enable LSS to provide more cost-effective and beneficial services to clients. In February 2012, the Attorney General made a formal request to LSS for advice on how the society's services can be used to reduce costs in the justice system so that savings can be reallocated to legal aid. The society's advice, contained in the report *Making Justice Work*, provides a strategic roadmap for how LSS can contribute to justice reform in BC and demonstrates the value legal aid adds to BC's justice system. Recommendations include many innovative and cost-effective ways of delivering legal aid services, such as employing more LIOWs, providing additional telephone advice services, expanding duty counsel services, and partnering with other social services. LSS shared its vision on justice reform with stakeholders throughout the justice sector, including elected and public officials and law-related organizations.

Demonstrate evidence-based decision making and enhanced business processes

In 2010, LSS restructured the Criminal, Family, and CFCSA tariffs to simplify lawyer billing and other administrative functions. Evaluation of the new tariffs in 2012/13 found improvements in more accurate billing by lawyers and faster processing time by LSS staff.

LSS continued to monitor legal aid volumes and costs through its Demand Management Committee. The use of LSS's key indicator reports enables the society to respond effectively to identified issues and trends.

LSS completed several initiatives to ensure optimum client service in response to legislative changes. One initiative was training for intake legal assistants on the new immigration rules. For the new Family Law Act, LSS provided training to hundreds of community workers around the province, updated its Family Law in BC website, produced 10 new publications, and updated another 22. LSS is also monitoring the financial impact of criminal law changes to ensure the society can continue to provide the current level of service.

Implement lawyer and employee engagement initiatives

Lawyer engagement remains an important priority for LSS. This year, LSS hosted a lawyer recognition event in Kelowna in November 2012. These events help recognize the critical contribution made by dedicated private bar lawyers. LSS also offered more than 80 bursaries for tariff lawyers to attend criminal and family professional development conferences. In early 2013, LSS introduced electronic authorizations

for disbursements, to make it easier and faster for lawyers to complete this process.

LSS continues with its employee engagement work, including upgrades to the intranet to improve internal communication and regular meetings between staff and management. Engaged employees are critical to managing resources soundly and are fundamental in the society's efforts to deliver effective and efficient services. The average overall LSS absentee rate has been relatively stable the last three years, coming in at 8.44 days in 2012/13, compared with 8.29 days in 2011/12 and 8.74 days in 2010/11.

Improve information technology

LSS continued its work on a new information technology system to replace its outdated business technology with a more efficient and cost-effective system that will support service delivery over the long term. When completed in 2014, the new system will manage all aspects of the society's services and business and will be able to adapt more easily to legislative and policy changes.

future opportunities

LSS will continue to promote the reforms outlined in *Making Justice Work* and will continue to collaborate with the government and with justice system stakeholders on reforms that will benefit not just legal aid clients but all British Columbians.

The society will continue to promote the use of evidence-based decision making in justice reform through its own program evaluations. In addition, the society will continue to support the lawyers who provide legal aid services and its staff, to ensure clients receive the services they need to resolve their legal problems.

government letter of expectations

LSS and the Ministry of Justice jointly approve a government letter of expectations (GLE) from the ministry to the society each year. The government uses GLEs to communicate its priorities, mandate direction, and key performance objectives to each Crown agency for the coming year. This supplements the three-year Memorandum of Understanding (MOU) between LSS and the ministry. LSS actions to address the GLE for 2012/13 are outlined in the table below.

| government letter of expectations | LSS alignment |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| financial performance | |
| <ul style="list-style-type: none">› To meet periodically to consider the budget development cycle; the financial position of LSS; the establishment of LSS's strategic priorities to ensure alignment with the government's strategic priorities, policy objectives, and fiscal plan; and issues relating to LSS's objects that might affect government's responsibility for legal aid and access to justice | <ul style="list-style-type: none">› LSS established rigorous cost monitoring and forecasting models to help ensure the society meets budget targets.› LSS continued to provide monthly reports to the Ministry of Justice on exceptional matters. |
| support policy, planning, and program coordination | |
| <ul style="list-style-type: none">› To meet periodically to consider coordination of policy and program development.› Share information and consult with the government to support policy, planning, and program coordination by ensuring service delivery aligns to the government's strategic priorities, policy objectives, and fiscal plan; collaborate with government on issues outside the scope of core services such as large cases; collaborate with government to develop a working definition of individuals with low incomes; promote early, collaborative dispute resolution in child protection cases and family law cases; and participate in the coordination of services among LSS, government, and other justice system participants to achieve efficiencies in the delivery of legal aid services. | <ul style="list-style-type: none">› LSS collaborated with key stakeholders in the justice system to enhance large case management and justice reform.› LSS supported early, consensual dispute resolution in family and CFCSA cases through the simplified tariff as revenue allowed.› LSS will continue to communicate with the Ministry of Justice on government and society priorities, and the LSS service plan throughout the annual planning process. |

government letter of expectations

LSS alignment

legislative framework

- › Conduct operations and financial activities consistent with the legislative and policy framework established by government.
- › LSS remained in compliance with the LSS Act and the MOU.
- › LSS provided financial, statistical, and other information about legal aid services to the Attorney General and Minister of Justice.

communication

- › Establish a working group to meet monthly, as required.
- › LSS participated in working group meetings to review and coordinate budget development, strategic priorities, policy and program development, issues related to legal aid and access to justice, and other issues as they arose

reporting

- › Meet performance reporting requirements as set out in the Budget Transparency and Accountability Act, the Financial Administration Act, and the Financial Information Act.
- › LSS met all reporting requirements.

advice to the attorney general

- › Provide advice to the Attorney General respecting new legal aid service delivery models, changes to the LSS tariffs to provide incentives for justice system efficiencies, use of telecommunications and the Justice Centre, and ways LSS might diversify its revenue stream to expand non-governmental revenue in a manner that will permit funding stability.
- › LSS provided advice to the Attorney General in the report *Making Justice Work*.

climate change

- › Comply with government requirements to make the public sector carbon neutral.
- › LSS implemented a new environmental policy that engages staff in efforts to reduce greenhouse gas emissions.
- › LSS developed print and copy monitoring solutions to reduce paper usage, completed conversion to recycled paper, minimized business travel, and continued to renovate its premises to sustainability standards (Leadership in Energy and Environmental Design).
- › LSS filed carbon neutral action reports as required.

For more information, visit www.legalaid.bc.ca.

financial report

During the fiscal year ended March 31, 2013, there were three major developments in the financial environment of the society. LSS identified cost pressures in the family and child protection (CFCSA) tariffs early in the year. LSS committed to replacing its Case Management System (CMS). Finally, there were a number of legislative changes in the areas of criminal, family, and immigration that directly impacted LSS.

Early in the fiscal year, LSS determined that the average case costs for family and child protection were increasing and that in total the two tariffs would be \$2.1 million over budget. This early forecast allowed the society time to manage its financial resources and advise the Ministry of Justice of the cost pressures. Working with the ministry throughout the year, the society was able to secure the required increase in funding for the 2012/13 fiscal year and beyond in order to maintain services at the existing levels.

Effective for the 2011/12 fiscal year, the society converted to Public Sector Accounting Standards (PSAS). The biggest impact of this change was how LSS accounted for restricted contributions by continuing to defer them as per BC Regulation 198/200 "Restricted Contributions" and section 23.1 of the Budget Transparency and Accountability Act of BC. There were other minor accounting changes, (see note 17 of the financial statements on page 43), including replacing the balance sheet with a statement of financial position, adding budgets to various statements, and reporting expenses by program rather than by object of expenditure. All the tables in this report have been adjusted to the PSAS in order to show comparable values.

During the year, the society made the commitment to launch the ISIS project to replace the current CMS, the computer system used by the society to accept applications, make referrals to the private bar, manage the cost of cases, and authorize payments to the private bar. At this time, it is estimated that the development process will take close to two years to complete. To pay for this project, the board restricted \$4.3 million out of the accumulated surplus.

The following discussion of the society's financial condition for the year ending March 31, 2013, should be read in conjunction with the society's audited financial statements. The financial statements have been prepared in accordance with generally accepted accounting principles for provincial reporting entities established by the Canadian Public Sector Accounting Board. LSS is accountable for how it uses all its funding under the Budget Transparency and Accountability Act.

management discussion and analysis

accumulated surplus

During the fiscal year, the board of directors restricted the accumulated surplus for board-directed strategic initiatives. At March 31, 2013, the society's total accumulated surplus was \$6.0 million, of which \$4.3 million was restricted by the board for the ISIS project. The balance of \$1.7 million is restricted and not available for other purposes without approval by the board of directors.

budget allocations

LSS allocated \$54.1 million or 70.9% of its budget to contracted representation services this year. Salaries and benefits comprised the next largest budget

item at \$10.9 million, or 14.3% of the budget. Budget for building leases and amortization amounted to \$2.4 million or 3.2%. The budget for all other costs totalled \$9.0 million or 11.6% (see table 6, page 26).

revenue

The society's revenues were \$83.5 million this year (see table 5, page 25). Although revenues increased by \$2.8 million from 2011/12, the increase was as a result of a \$2.1 million increase in funding for Family and CFCSA cases, and the inclusion of deferred revenue as a result of costs increases in Criminal Category B cases. Low interest rates continue to impact the society. Funding from the Notary Foundation and investment income remain at 10-year lows.

Provincial funding

The provincial government provides the largest portion of the society's revenue. This funding is subject to a three-year Memorandum of Understanding (MOU) between LSS and the Ministry of Justice. The current MOU expires on March 31, 2014.

The MOU outlines the anticipated funding for each year and the priorities for its use. It also defines how criminal cases are to be categorized and funded. There are now three criminal categories:

- **Category A:** The first \$75,000 of non-court-ordered cases paid at the standard rates. These cases are funded from the base criminal tariff budget.
- **Category B:** All costs greater than \$75,000 and up to \$175,000 of non-court-ordered cases paid at standard rates, and all costs of court-ordered cases up to \$175,000 paid at standard rates. 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. Any remaining shortfall is then applied to deferred contributions.

- **Category C:** All costs greater than \$175,000 or all costs where the hourly rate paid is greater than the standard rate. These cases are funded through a special funding agreement with the ministry.

The MOU allocates specific amounts for representation in each area of law, public legal education and information services, and strategic initiatives. It also sets out priorities for reallocating surpluses to shortfalls among budget categories during the year. The society's obligation to provide services is limited to the funding allocated in the MOU for each specific area.

In addition to MOU funding, the provincial government provided specific funding for all Criminal Category C cases during the fiscal year. The total funding for these cases was \$8.4 million.

Federal funding

The federal government contributes to the province up to \$900,000 each year for immigration tariff expenditures in excess of \$800,000. These funds are transferred from the federal government to the province and then to LSS, and are included as revenue as part of core provincial government funding.

Foundation grants

Both the Law Foundation and the Notary Foundation provide annual grants to LSS with revenue earned on trust funds held by their members. Since these funds are not included in the MOU, the society can allocate them at its discretion, based on LSS board priorities and service plan goals.

The Notaries Act requires the Notary Foundation to contribute 55% of their interest revenue to the society. The foundation provided \$510,127 to LSS in 2012/13, a decrease from \$539,236 provided in 2011/12.

The Law Foundation provided the society with an operating grant of \$3.6 million in 2012/13, unchanged from 2011/12. Additional funding for projects was provided along with deferred capital funds. The capital funds were used to purchase specific assets and will be recorded as revenue to match the amortization expense.

Investments

The majority of the society's available cash is invested under the LSS board's investment policy, which permits the society to invest in low-risk securities. The total revenue for 2012/13 was \$578,358 (\$562,982 in 2011/12).

expenses

The society's expenses increased to \$83.9 million this year, compared to \$80.8 million in 2011/12. Of this, \$62.7 million was for contracted representation, \$10.9 million for salaries and benefits, \$2.4 million for building and amortization, and \$7.9 million for other costs. Table 6 on page 26 shows LSS expenses for 2012/13. Tables 8 to 14 on pages 26 to 28 summarize the society's expenses for the past four years.

Tariff 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 application

and tariff processing costs. Tables 9 through 12 provide details of the costs included in the tariff expenses. Total expenditures for tariff programs were \$72.7 million or 86.6% of total spending in 2012/13 compared to \$70.2 million or 86.9% in 2011/12. The largest increase was in the criminal tariff which increased \$1.3 million due to the increased cost of Category B cases. The family tariff increased \$0.9 million and the child protection tariff increased \$0.6 million both due to increasing average case costs.

The total cost of Criminal Category B cases for the year was \$2.3 million, or \$1.0 million greater than budgeted. This deficit was covered by transferring \$1.0 million from deferred contributions, leaving \$1.0 million in this fund at the end of the year. This amount is available for use in future years.

To determine the costs for tariff and duty counsel, the society estimates the liability for services provided by the private bar. To arrive at this figure, LSS uses an actuarial model that includes actual costs based on invoices received and estimated costs for work performed on all unbilled referrals made during the fiscal year. The calculation is 90% accurate, 19 times out of 20. The estimated tariff liability at the end of 2012/13 is \$11.0 million. During the fiscal year, the society engaged an independent actuarial firm that determined the tariff model remains appropriate for the amount to be accrued.

Salaries and benefits

Salary and benefit costs are subject to negotiated collective agreements and terms and conditions of employment. These agreements are approved by the society and the provincial government. During the year, a new three-year agreement with the BCGEU was signed and approved.

risks

During the fiscal year, provincial and federal legislative changes were enacted that will directly impact LSS. These changes may impact service demands in criminal, family, and immigration, which may impact tariff costs. Currently, the society cannot predict the impact of these changes. It could take up to three years to know their full impact on the society. LSS will continue its practice of monitoring all tariff costs on a monthly basis and reporting any cost increases as they occur. At this time, no additional funding has been provided to offset any cost increases as a result of legislative changes.

Increasing case costs and service demands will continue to be a risk that the society must manage. Success in analysis and forecasting tariff costs during the 2012/13 fiscal year provided the information needed to work with the Ministry of Justice to secure approval to incur a deficit. The ability to manage demand continued to be critical to meeting budget targets.

The MOU created three categories for criminal cases and set limits on the amount the society can spend on a case before having to obtain special funding agreements. This has the effect of limiting the society's exposure to the ever-expanding costs of large criminal cases.

Long-term funding for immigration and refugee legal aid remained a concern for the society as immigration volume pressures continued to fluctuate. Federal and provincial funding of \$1.7 million was available in 2012/13 and these funds will also be available in 2013/14. The federal and provincial funding agreement expired March 31, 2013 but was rolled over for 2013/14, and is currently under negotiation.

The society began the process for replacing its case management system in 2011/12. Although no major costs were incurred during the year, the board has committed \$4.3 million for this project. In the future, any major delays or increases in projected costs of development and implementation could have a negative financial impact on the society.

future outlook

The provincial government has approved the society's 2013/14 budget. The budget did not include any additional funding for legislative changes noted above. Table 7 on page 26 shows the projected financial outlook for 2013/14.

However, increasing case costs in family and child protection, and fluctuating demand in criminal will create challenges for LSS and will require the society to monitor and report any changes throughout the year.

Over the past five years, the society has adjusted to the reality of lower interest rates and therefore lower revenues from the Notary Foundation and investments. At some point in the future, interest rates will increase, creating additional revenue that will provide opportunities for the society. The ability to match the increased revenue with changing service demands will be a challenge in the future.

Service cost increases resulting from legislative and policy changes and government-initiated projects also pose a financial risk for LSS in 2013/14.

table 5 revenue 2012/13

| revenue | 2010 ¹ | | 2011 ¹ | | 2012 | | 2013 | |
|----------------------------|-------------------|------------|-------------------|------------|------|------------|---------------|---------------|
| | | | | | | | actual | budget |
| Government of BC | \$ | 67,526,604 | \$ | 67,984,592 | \$ | 67,181,942 | \$ 70,014,671 | \$ 69,013,000 |
| Funded cases ² | | 2,640,268 | | 4,118,076 | | 8,433,593 | 8,399,263 | 2,855,000 |
| Law Foundation grant | | 4,958,386 | | 3,735,309 | | 3,883,232 | 3,807,162 | 3,600,000 |
| Notary Foundation grant | | 347,171 | | 469,618 | | 539,236 | 510,127 | 400,000 |
| Investments | | 664,775 | | 528,243 | | 562,981 | 578,358 | 400,000 |
| Miscellaneous ³ | | 140,865 | | 38,669 | | 112,137 | 233,094 | 115,000 |
| Total | \$ | 76,278,069 | \$ | 76,874,507 | \$ | 80,713,121 | \$ 83,542,675 | \$ 76,383,000 |

1 Restated to conform to Canadian PSAS.

2 Funded by provincial government (Criminal Category C).

3 Includes publishing revenue, administrative fees, etc.

table 6 expenses 2012/13

| expenses | 2010 ¹ | 2011 ¹ | 2012 | 2013 | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | | | actual | budget |
| Contracted representation services | \$ 52,048,819 | \$ 56,131,297 | \$ 60,408,642 | \$ 62,672,602 | \$ 54,146,683 |
| Salaries and benefits | 15,669,692 | 10,371,239 | 10,445,526 | 10,884,792 | 10,897,702 |
| Building and amortization | 3,585,491 | 2,397,197 | 2,398,456 | 2,473,854 | 2,440,940 |
| Other | 8,052,783 | 8,100,034 | 7,536,415 | 7,909,160 | 8,897,675 |
| Total | \$ 79,356,785 | \$ 76,999,767 | \$ 80,789,039 | \$ 83,940,408 | \$ 76,383,000 |

1 Restated to conform to Canadian PSAS.

table 7 financial outlook

| | 2012/13 actual | 2013/14 projected |
|-----------------------------------------------------------------------|----------------------|----------------------|
| Revenue (all sources) | \$ 83,542,675 | \$ 77,213,000 |
| Expenses | | |
| Contracted representation services and support (tariff support, etc.) | 83,588,385 | 77,213,000 |
| Strategic initiatives and other expenses | 352,023 | — |
| Total expenses | \$ 83,940,408 | \$ 77,213,000 |
| Surplus/(deficit) | \$ (397,733) | \$ — |

table 8 history of revenue and expenses

| expenses | 2010 ¹ | 2011 ¹ | 2012 | 2013 | |
|-----------------------|-------------------|-------------------|---------------|---------------|---------------|
| | | | | actual | budget |
| Revenue | \$ 76,278,069 | \$ 76,874,507 | \$ 80,713,121 | \$ 83,542,675 | \$ 76,383,000 |
| Expenses | 79,356,785 | 76,999,767 | 80,789,039 | 83,940,408 | 76,383,000 |
| Excess/(deficiency) | | | | | |
| Revenue over expenses | (3,078,716) | (125,260) | (75,918) | (397,733) | — |
| Accumulated surplus | \$ 6,556,715 | \$ 6,431,455 | \$ 6,355,537 | \$ 5,957,804 | \$ 6,355,537 |

1 Restated to conform to Canadian PSAS.

table 9 criminal services

| | 2010 ¹ | 2011 ¹ | 2012 | 2013 | |
|-------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | | | actual | budget |
| Tariff payments to lawyers | \$ 25,155,850 | \$ 24,786,061 | \$ 24,396,385 | \$ 25,470,509 | \$ 24,299,000 |
| Large cases | 2,640,268 | 4,118,076 | 8,322,653 | 8,399,263 | 2,855,000 |
| Duty counsel | 5,834,290 | 6,060,959 | 5,751,224 | 5,790,691 | 5,867,000 |
| Contracted representation services ² | 1,852,714 | 1,945,171 | 1,961,514 | 1,896,235 | 2,058,485 |
| Application processing | 4,915,925 | 3,291,990 | 3,444,365 | 3,518,923 | 3,477,740 |
| Tariff processing | 2,040,157 | 1,677,512 | 1,721,105 | 1,818,674 | 2,028,667 |
| Total criminal legal aid | \$ 42,439,204 | \$ 41,879,769 | \$ 45,597,246 | \$ 46,894,295 | \$ 40,585,892 |

1 Restated to conform to Canadian PSAS.

2 Includes Community Legal Assistance Society, West Coast Prison Justice Society, Downtown Community Court.

table 10 family services

| | 2010 ¹ | 2011 ¹ | 2012 | 2013 | |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | | | actual | budget |
| Tariff payments to lawyers | \$ 9,594,923 | \$ 10,423,072 | \$ 10,885,862 | \$ 11,476,619 | \$ 10,510,000 |
| Duty counsel ² | 2,505,240 | 2,783,137 | 2,860,486 | 3,017,623 | 2,939,683 |
| Application processing | 1,677,954 | 944,620 | 1,020,054 | 1,031,022 | 1,016,570 |
| Tariff processing | 917,249 | 956,267 | 1,057,447 | 1,165,805 | 1,261,484 |
| Total family legal aid | \$ 14,695,367 | \$ 15,107,096 | \$ 15,823,849 | \$ 16,691,069 | \$ 15,727,737 |

1 Restated to conform to Canadian PSAS.

2 Includes Family LawLINE, established November 2010.

table 11 cfcsa services

| | 2010 ¹ | 2011 ¹ | 2012 | 2013 | |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | | | | actual | budget |
| Tariff payments to lawyers | \$ 4,700,761 | \$ 5,276,977 | \$ 6,135,280 | \$ 6,755,412 | \$ 6,160,000 |
| Application processing | 383,758 | 296,451 | 314,437 | 329,073 | 321,022 |
| Tariff processing | 305,652 | 254,002 | 262,727 | 272,167 | 266,177 |
| Total CFCSA legal aid | \$ 5,390,172 | \$ 5,827,430 | \$ 6,712,444 | \$ 7,356,652 | \$ 6,747,199 |

1 Restated to conform to Canadian PSAS.

table 12 immigration services

| | 2010 ¹ | 2011 ¹ | 2012 | 2013 actual | 2013 budget |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Tariff payments to lawyers | \$ 1,328,666 | \$ 1,750,614 | \$ 1,372,918 | \$ 1,141,615 | \$ 1,350,000 |
| Duty counsel | 139,378 | 765,035 | 144,682 | 137,025 | 150,000 |
| Application processing | 371,817 | 690,791 | 498,253 | 390,156 | 535,037 |
| Tariff processing | 95,455 | 114,613 | 64,987 | 51,515 | 64,815 |
| Total immigration legal aid | \$ 1,935,316 | \$ 3,321,053 | \$ 2,080,840 | \$ 1,720,311 | \$ 2,099,852 |

1 Restated to conform to Canadian PSAS.

table 13 other programs

| | 2010 ¹ | 2011 ¹ | 2012 | 2013 actual | 2013 budget |
|--------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Publishing | \$ 1,513,614 | \$ 1,383,574 | \$ 1,425,538 | \$ 1,521,279 | \$ 1,322,399 |
| Community engagement | — | 447,877 | 798,316 | 873,834 | 828,264 |
| Aboriginal Services | 507,861 | 487,000 | 516,700 | 586,470 | 554,251 |
| LawLINE and community support ² | 1,652,753 | — | — | — | — |
| Total other programs | \$ 3,674,228 | \$ 2,318,451 | \$ 2,740,554 | \$ 2,981,583 | \$ 2,704,914 |

1 Restated to conform to Canadian PSAS.

2 The LawLINE program was discontinued in March 2010. Community support totals now appear under community engagement.

table 14 administration

| | 2010 ¹ | 2011 ¹ | 2012 | 2013 actual | 2013 budget |
|----------------------------------------------------|----------------------|---------------------|---------------------|----------------------|---------------------|
| Executive Office | \$ 1,230,532 | \$ 1,039,470 | \$ 965,527 | \$ 1,057,505 | \$ 1,022,123 |
| Strategic Planning, Policy, and Human Resources | 2,199,211 | 2,138,713 | 1,846,834 | 1,948,674 | 1,959,347 |
| IT Services | 2,324,056 | 2,156,943 | 1,970,098 | 2,182,246 | 2,163,471 |
| Finance and Administration | 4,860,025 | 2,642,399 | 2,537,205 | 2,427,085 | 2,443,857 |
| Other | 578,818 | 568,444 | 514,442 | 680,988 ² | 928,608 |
| Total administration | \$ 11,192,642 | \$ 8,545,968 | \$ 7,834,106 | \$ 8,296,498 | \$ 8,517,406 |

1 Restated to conform to Canadian PSAS.

2 Increased costs to cover Excluded Benefit Plan, maternity, and private bar registration fees for Criminal and Family National Training Symposium.

LEGAL SERVICES SOCIETY

financial statements

2012/2013

LEGAL SERVICES SOCIETY MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

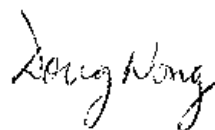
Management is responsible for the preparation of the society's financial statements. This responsibility includes maintaining the integrity and objectivity of the society's financial records, and presenting the society's financial statements in accordance with Canadian Public Sector Accounting standards.

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, 2013 have been examined by PricewaterhouseCoopers LLP. Their examination was made in accordance with Canadian Public Sector Accounting 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
Executive Director



Doug Wong, CA
Director, Finance and Corporate Services



May 16, 2013

Independent Auditor's Report

To the Board of Legal Services Society and to the Minister of Justice and Attorney General, Province of British Columbia

We have audited the accompanying financial statements of Legal Services Society, which comprise the statement of financial position as at March 31, 2013 and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year ended March 31, 2013 and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements in accordance with 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806, www.pwc.com/ca

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

**Opinion**

In our opinion, the financial statements which comprise the statement of financial position as at March 31, 2013, the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year ended March 31, 2013, and the related notes, 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.

Emphasis of matter

Without modifying our opinion, we draw your attention to note 3 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 17 to the financial statements disclose the impact of these differences.

PricewaterhouseCoopers LLP

Chartered Accountants

LEGAL SERVICES SOCIETY **statement of financial position**

AS AT MARCH 31, 2013

| | 2013 | 2012 |
|-----------------------------------------------|---------------------|---------------------|
| Financial assets | | |
| Current assets | | |
| Cash (<i>note 16</i>) | \$ 2,602,953 | \$ 1,513,903 |
| Investments (<i>notes 4 and 16</i>) | 15,642,803 | 16,600,950 |
| Accounts receivable | | |
| Government of British Columbia | 1,042,756 | 1,745,392 |
| Government of Canada | 2,028,704 | 1,518,784 |
| Other | 629,782 | 554,631 |
| Total financial assets | 21,946,998 | 21,933,660 |
| Liabilities | | |
| Accounts payable and accrued liabilities | | |
| General (<i>note 5a</i>) | 1,499,477 | 1,472,879 |
| Tariff (<i>note 5b</i>) | 15,463,248 | 13,943,313 |
| Employee future benefits (<i>note 6b</i>) | 235,000 | 218,200 |
| Deferred contributions (<i>note 7</i>) | 1,044,970 | 2,146,034 |
| Long-term liabilities (<i>note 8</i>) | 546,756 | 531,172 |
| Total liabilities | 18,789,451 | 18,311,598 |
| Net financial assets | 3,157,547 | 3,622,062 |
| Non-financial assets | | |
| Tangible capital assets (<i>Schedule 1</i>) | 2,284,300 | 2,464,057 |
| Prepaid expenses | 515,957 | 269,418 |
| Total non-financial assets | 2,800,257 | 2,733,475 |
| Accumulated surplus (<i>note 9</i>) | \$ 5,957,804 | \$ 6,355,537 |
| Contractual obligations (<i>note 12</i>) | | |
| Contingent liabilities (<i>note 15</i>) | | |

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



E. David Crossin, QC
Chair of the Board of Directors



Sheryl N. Lee, CA
Chair of the Finance Committee

LEGAL SERVICES SOCIETY **statement of operations and accumulated surplus**

FOR THE YEAR ENDED MARCH 31, 2013

| | Budget (note 11) | 2013 | 2012 |
|----------------------------------------------------|---------------------|----------------------|---------------|
| Revenue | | | |
| Government of British Columbia (note 13) | \$ 71,868,000 | \$ 78,413,934 | \$ 75,615,535 |
| Law Foundation | 3,600,000 | 3,807,162 | 3,883,232 |
| Notary Foundation | 400,000 | 510,127 | 539,235 |
| Investment income | 400,000 | 578,358 | 562,982 |
| Miscellaneous | 115,000 | 233,094 | 112,137 |
| Total revenue | 76,383,000 | 83,542,675 | 80,713,121 |
| Expenses (note 10) | | | |
| Criminal Tariff | 40,585,892 | 46,894,295 | 45,597,246 |
| Family Tariff | 15,727,737 | 16,691,069 | 15,823,849 |
| Child Protection Tariff | 6,747,199 | 7,356,652 | 6,712,444 |
| Immigration Tariff | 2,099,852 | 1,720,311 | 2,080,840 |
| Publishing | 1,322,399 | 1,521,279 | 1,425,538 |
| Community engagement | 828,264 | 873,834 | 798,316 |
| Aboriginal services | 554,251 | 586,470 | 516,700 |
| Administration | 8,517,406 | 8,296,498 | 7,834,106 |
| Total expenses | 76,383,000 | 83,940,408 | 80,789,039 |
| Annual deficit | – | (397,733) | (75,918) |
| Accumulated surplus at beginning of year | 6,355,537 | 6,355,537 | 6,431,455 |
| Accumulated surplus at end of year (note 9) | \$ 6,355,537 | \$ 5,957,804 | \$ 6,355,537 |

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

LEGAL SERVICES SOCIETY **statement of changes in net financial assets**

FOR THE YEAR ENDED MARCH 31, 2013

| | Budget (note 11) | 2013 | 2012 |
|---------------------------------------------|---------------------|--------------|--------------|
| Annual deficit | \$ - | \$ (397,733) | \$ (75,918) |
| Acquisition of tangible capital assets | (900,000) | (551,489) | (261,025) |
| Amortization | 723,215 | 731,246 | 748,457 |
| | (176,785) | 179,757 | 487,432 |
| Acquisition of prepaid expenses | - | (515,957) | (269,418) |
| Use of prepaid expenses | - | 269,418 | 179,676 |
| | - | (246,539) | (89,742) |
| (Decrease)/increase in net financial assets | (176,785) | (464,515) | 321,772 |
| Net financial assets at beginning of year | 3,622,062 | 3,622,062 | 3,300,290 |
| Net financial assets at end of year | \$ 3,445,277 | \$ 3,157,547 | \$ 3,622,062 |

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

LEGAL SERVICES SOCIETY **statement of cash flows**

FOR THE YEAR ENDED MARCH 31, 2013

| | 2013 | 2012 |
|---------------------------------------------------------|---------------------|---------------------|
| Operating transactions | | |
| Cash received | | |
| Transfers from Government of British Columbia | \$ 78,164,235 | \$ 77,658,535 |
| Grants received | 4,186,785 | 4,196,440 |
| Interest | 578,358 | 474,245 |
| HST recovered | – | 1,413,978 |
| Other | 139,718 | 161,729 |
| | 83,069,096 | 83,904,927 |
| Cash paid | | |
| Legal aid tariff | 61,152,666 | 61,555,280 |
| Salaries and benefits | 10,828,903 | 10,484,095 |
| Rent | 1,742,608 | 1,649,999 |
| Services | 2,388,235 | 2,453,514 |
| HST paid | 509,920 | – |
| All other | 5,764,372 | 5,972,466 |
| | 82,386,704 | 82,115,354 |
| Cash provided by operations | 682,392 | 1,789,573 |
| Capital transactions | | |
| Cash used to acquire tangible capital assets | (551,489) | (261,025) |
| Investing transactions | | |
| Temporary investments | 958,147 | (1,998,705) |
| Increase/(decrease) in cash and cash equivalents | 1,089,050 | (470,157) |
| Cash and cash equivalents at beginning of year | 1,513,903 | 1,984,060 |
| Cash and cash equivalents at end of year | \$ 2,602,953 | \$ 1,513,903 |

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, 2013

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 Minister of Justice and 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 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 regard to government transfers as described in notes 3(a) and 17.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that give rise to the revenues. 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 approach complies with 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 the 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. See note 17 for the impact of this policy on the financial statements.

(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 amounts of services performed by lawyers but not yet billed to the society.

(d) Employee future benefits

- The employees of the society belong to the Municipal Pension Plan, which is a multi-employer contributory pension plan. The cost of the defined benefit contributions is recognized as an expense during the year, and is based on the contributions required to be made during each period.
- The cost of non-vesting 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.

Tangible capital assets are amortized on a straight-line basis as follows:

| | Per year |
|------------------------|-------------------------------------|
| Furniture | 10 – 20% |
| Equipment | 20% |
| Computer equipment | 25 – 33% |
| Computer software | 20 – 33% |
| Case Management System | 10% |
| 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.

(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 that 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 depreciated 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 adopted PS 3450 — Financial Instruments effective April 1, 2012. Other than increased disclosures, the new standard did not impact the society's financial statements.

The society's financial instruments consist of investments, accounts receivable, and accounts payable and accrued liabilities. Cash, accounts receivable, and accounts payable and accrued liabilities are measured at cost. Investments, which comprise Guaranteed Investment Certificates, Provincial Bonds, Corporate Bonds, and Structured Bank Notes, are measured at amortized cost. The effective interest method is used to determine interest income.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A writedown 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 maturity. The fair values of the society's investments are disclosed in note 4. The fair value of the society's tariff accounts payable and accrued liabilities is not readily determinable.

(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 18). Other areas where estimates are made include the valuation of accounts receivable, amortization of tangible capital assets, asset retirement obligation, non-vesting sick leave benefits, and contingent liabilities.

Estimates are based on the best information available at the time of 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

The carrying value of the society's investments is \$15,642,803 (2012 — \$16,600,950). Included in investments is \$291,395 for accrued interest (2012 — \$307,813). Investments have maturities ranging from April 2013 to May 2017 and rates of return ranging from 1.62% to 3.1%.

The investments have a market value at March 31, 2013, of \$15,645,713 (2012 — \$16,596,472). 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

| | 2013 | 2012 |
|------------------|--------------|--------------|
| Trade payables | \$ 840,608 | \$ 869,899 |
| Payroll payables | 658,869 | 602,980 |
| Total | \$ 1,499,477 | \$ 1,472,879 |

(b) Tariff

| | 2013 | 2012 |
|-------------------------------|---------------|---------------|
| Submittals approved, not paid | \$ 1,949,598 | \$ 717,871 |
| Submittals not approved | 2,479,650 | 1,945,442 |
| Accrual | 11,034,000 | 11,280,000 |
| Total | \$ 15,463,248 | \$ 13,943,313 |

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 \$11,034,000 (2012 — \$11,280,000). 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 18).

6. EMPLOYEE FUTURE BENEFITS

(a) Pension plan

The public sector pension plans are jointly trustee pension plans. The pension plans are multi-employer plans as defined in section 3461 of the Canadian Institute of Chartered Accountants (CICA) Handbook, Part II — Accounting Standards for Private Enterprises.

The society and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration of benefits. The plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 178,000 active members and approximately 71,000 retired members. Active members include approximately 130 contributors from the society.

The most recent actuarial valuation as at December 31, 2009 indicated a \$1,024 million funding deficit for basic pension benefits. The next valuation

will be as at December 31, 2012, with results available in 2013. Defined contribution plan accounting is applied to the plan as the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and cost to individual entities participating in the plan.

The society paid \$683,980 for employer contributions to the plan in fiscal 2013 (2012 — \$666,119).

(b) Non-vested sick leave

Employees are credited days per year, ranging from 6 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.

7. DEFERRED CONTRIBUTIONS

| | Balance, beginning of year | Restricted contributions | Amortized to operations | Balance, end of year |
|---------------------------------------------------------|----------------------------------|-----------------------------|----------------------------|-------------------------|
| Government of British Columbia — Criminal Category B | \$ 1,928,261 | \$ 1,313,000 | \$ 2,265,335 | \$ 975,926 |
| Other | 217,773 | – | 148,729 | 69,044 |
| Total | \$ 2,146,034 | \$ 1,313,000 | \$ 2,414,064 | \$ 1,044,970 |

The society's Memorandum of Understanding (MOU) with the Minister of Justice and Attorney General of British Columbia provides for restricted funding for exceptional matters commencing with the 2003 fiscal year. Effective April 1, 2010, the MOU was revised to provide clarification on criminal case classification and funding of these cases. There are now three categories:

- **Category A:** the first \$75,000 of non-court-ordered cases paid at the standard rates. These cases are funded from the base criminal tariff budget.
- **Category B:** all costs greater than \$75,000 and up to \$175,000 of non-court-ordered cases paid at standard rates, and all costs of court-ordered cases up to \$175,000 paid at standard rates. 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. Any remaining shortfall is then applied to deferred contributions.
- **Category C:** all costs greater than \$175,000, or all costs where the hourly rate paid is greater than the standard rate. These cases are funded through a special funding agreement with the Ministry of Justice.

8. LONG-TERM LIABILITIES

| | 2013 | 2012 |
|---------------------------------|------------|------------|
| Asset retirement obligation (a) | \$ 537,000 | \$ 502,000 |
| Leasehold inducements | 9,756 | 29,172 |
| Total | \$ 546,756 | \$ 531,172 |

(a) Asset retirement obligation

Included within long-term liabilities is 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. The following is a reconciliation of the changes in the asset retirement obligation during the year:

| | 2013 | 2012 |
|----------------------------|------------|------------|
| Balance, beginning of year | \$ 502,000 | \$ 487,000 |
| Accretion expense | 35,000 | 15,000 |
| Balance, end of year | \$ 537,000 | \$ 502,000 |

The accretion expense is included in the premises expense. The undiscounted estimated cash flows required to settle the obligations ongoing to 2019 are \$784,000. The cash flows are discounted using a credit-adjusted, risk-free rate of 5% (2012 — 5%).

9. ACCUMULATED SURPLUS

| | 2013 | 2012 |
|-------------------------------------------------|--------------|--------------|
| Internally restricted for ISIS project | \$ 4,300,000 | \$ - |
| Internally restricted for strategic initiatives | 1,657,804 | 3,675,819 |
| Unrestricted | - | 2,679,718 |
| Total | \$ 5,957,804 | \$ 6,355,537 |

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

- In fiscal 2013, the board of directors restricted the entire accumulated surplus to be used for board-directed strategic initiatives and allocated \$4,300,000 of those funds for the ISIS project (to replace the Case Management System), of which approximately \$2,000,000 has been committed to date.
- These funds are not available for other purposes without approval by the board of directors.

10. EXPENSES BY OBJECT

The following is a summary of expenses by object:

| | 2013 Budget | 2013 Actual | 2012 Actual |
|--------------------------------|---------------|---------------|---------------|
| Tariff | \$ 44,704,000 | \$ 51,975,454 | \$ 50,165,864 |
| Salaries and benefits | 10,897,702 | 10,884,792 | 10,445,526 |
| Duty counsel | 8,972,683 | 9,429,182 | 9,295,543 |
| Grants and contracted services | 4,429,540 | 3,863,221 | 3,561,623 |
| Premises | 1,717,725 | 1,742,608 | 1,649,999 |
| Local agents | 1,720,500 | 1,637,388 | 1,700,023 |
| Transcripts | 470,000 | 1,267,966 | 947,235 |
| Computers | 1,189,735 | 1,138,657 | 1,032,768 |
| Amortization | 723,215 | 731,246 | 748,457 |
| Office | 761,136 | 726,700 | 524,806 |
| Miscellaneous | 485,200 | 272,932 | 435,589 |
| Board expenses | 196,100 | 171,951 | 165,804 |
| Travel | 115,464 | 98,311 | 115,802 |
| Total | \$ 76,383,000 | \$ 83,940,408 | \$ 80,789,039 |

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 January 20, 2012. In accordance with the Legal Services Society Act, the budget was submitted to the Ministry of Justice and was deemed as approved by the ministry.

12. CONTRACTUAL OBLIGATIONS

The society has the following contractual obligations for long-term leases of its office premises, and other contractual obligations:

| | | |
|------------|----|-----------|
| 2014 | \$ | 2,517,610 |
| 2015 | | 1,099,321 |
| 2016 | | 827,221 |
| 2017 | | 873,825 |
| 2018 | | 920,429 |
| Thereafter | | 1,695,220 |
| Total | \$ | 7,933,626 |

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 \$23.6 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 \$78,164,235 (2012 — \$77,658,535) and the society is responsible for providing legal aid to individuals throughout BC. At year-end, the province owed the society \$1,042,756 (2012 — \$1,745,392).

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 \$37,727 (2012 — \$81,955). All payments to board members are reviewed by the finance committee on a quarterly basis.

14. ECONOMIC DEPENDENCE

In 2013, the society received 94% (2012 — 94%) of its operating revenue from the province, and 5% (2012 — 5%) from the Law Foundation of British Columbia. The society depends on funding from these sources for the continuance of its operations.

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, 2013, 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 the government 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 March 31, 2013, the following accounts receivable were past due but not impaired:

| | | |
|---------------|----|---------|
| 30 days | \$ | 636,705 |
| 60 days | | 669,529 |
| 90 days | | 19,745 |
| Over 120 days | \$ | 101,092 |

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.

| | On demand | | Up to 6 months | | 6 months to 1 year | | 1 year to 3 years | | Over 3 Years | | Total |
|----------------------------------------|-----------|-----------|----------------|------------|--------------------|---------|-------------------|-----------|--------------|-----------|---------------|
| Financial assets | | | | | | | | | | | |
| Cash | \$ | 2,602,953 | \$ | – | \$ | – | \$ | – | \$ | – | \$ 2,602,953 |
| Investments | | – | | 11,138,476 | | 202,004 | | 3,299,963 | | 1,002,360 | 15,642,803 |
| Accounts receivable | | – | | 3,701,242 | | – | | – | | – | 3,701,242 |
| Total financial assets | \$ | 2,602,953 | \$ | 14,839,718 | \$ | 202,004 | \$ | 3,299,963 | \$ | 1,002,360 | \$ 21,946,998 |
| Financial liabilities | | | | | | | | | | | |
| Accounts payable & accrued liabilities | \$ | – | \$ | 5,928,725 | \$ | – | \$ | – | \$ | – | \$ 5,928,725 |
| Tariff accrual | | – | | 11,034,000 | | – | | – | | – | 11,034,000 |
| Total financial liabilities | \$ | – | \$ | 16,962,725 | \$ | – | \$ | – | \$ | – | \$ 16,962,725 |

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. IMPACT OF ACCOUNTING FOR GOVERNMENT CONTRIBUTIONS

IN ACCORDANCE WITH SECTION 23.1 OF THE BUDGET TRANSPARENCY AND ACCOUNTABILITY ACT

As disclosed in note 3(a), section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and its related regulations require the society to recognize restricted contributions into revenue as the related expenses are incurred. As these contributions do not contain stipulations that create

a liability for the society, PSA standards would require these contributions be recognized as revenue in the period when authorized and all eligibility criteria are met. The impact of this accounting policy difference on these financial statements is as follows:

| Date | Impact | Amount |
|----------------------------------|------------------------------------------------------------------------|--------------|
| April 1, 2011 | increase in accumulated surplus and decrease in deferred contributions | \$ 1,828,329 |
| Year ended March 31, 2012 | increase in annual surplus | \$ 317,705 |
| March 31, 2012 | increase in accumulated surplus and decrease in deferred contributions | \$ 2,146,034 |
| Year ended March 31, 2013 | increase in annual deficit | \$ 1,101,064 |
| March 31, 2013 | increase in accumulated surplus and decrease in deferred contributions | \$ 1,044,970 |

18. MEASUREMENT UNCERTAINTY

| Program area | Amount reported | Measurement uncertainty | | Range | |
|---------------------------|-----------------|-------------------------|--------------|---------------|---------------|
| | | Minimum | Maximum | Minimum | Maximum |
| Tariff accrual (note 5b) | \$ 11,034,000 | \$ (1,103,400) | \$ 1,103,400 | \$ 9,930,600 | \$ 12,137,400 |
| Tariff expenses (note 10) | \$ 51,975,454 | \$ (1,103,400) | \$ 1,103,400 | \$ 50,872,054 | \$ 53,078,854 |

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, 2013, 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.

19. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified to conform to the current year's presentation.

SCHEDULE 1

Tangible Capital Assets

| | Cost | | Accumulated Amortization | | Net Book Value | |
|---------------------------|----------------------------------|-------------------|----------------------------------|-----------------------------|-------------------------|---------------------|
| | Balance, beginning of year | Additions | Balance, beginning of year | Amortization end of year | Balance, end of year | 2012 |
| Furniture | \$ 1,163,069 | \$ 43,948 | \$ 1,207,017 | \$ (711,581) | \$ (808,113) | \$ 398,904 |
| Equipment | 515,885 | 8,915 | 524,800 | (459,156) | (499,168) | 25,632 |
| Computer equipment | 779,522 | 150,045 | 929,567 | (621,351) | (750,210) | 179,357 |
| Computer software | 2,222,297 | 317,641 | 2,539,938 | (1,766,295) | (2,043,374) | 496,564 |
| Case Management System | 1,126,527 | - | 1,126,527 | (1,126,527) | (1,126,527) | - |
| Leasehold improvements | 2,582,461 | 30,940 | 2,613,401 | (1,240,794) | (1,429,558) | 1,183,843 |
| Total | \$ 8,389,761 | \$ 551,489 | \$ 8,941,250 | \$ (5,925,704) | \$ (6,656,950) | \$ 2,284,300 |
| | | | | | | \$ 2,464,057 |

appendices

appendix 1

operating data

The tables in this section provide a detailed breakdown of the number of clients who used LSS services over the past three years. Data is provided on applications and referrals for legal representation, advice, and information services, and policy compliance processes. For more information on LSS services, visit www.legalaid.bc.ca.

Legal representation

LSS provides legal representation in criminal, family, child protection (CFCSA), and immigration law. Table 15 summarizes applications and referrals for legal representation by area of law for the past three years. Table 16 shows the percent changes in applications and referrals from the previous year, and Figure 1 illustrates the breakdown of referrals by area of law for 2012/13. For information on the reliability of this data, see page 50.

Overall applications were down 2.9% this year, due primarily to a 3.5% decrease in criminal applications consistent with the general decline in crime rates and Crown charge approval. Overall referral volumes are comparable to last year, with continued decline in criminal referrals (-2.4%) offset by increases in family (6.1%) and child protection volumes (5.5%). Immigration application and referral volumes dropped further this year, reflecting the dramatic decline in the number of people making refugee claims in Canada.

table 15
demand for legal representation ALL AREAS OF LAW

| type of legal problem | 2012/13 | | 2011/12 | | 2010/11 | |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | applications | referrals | applications | referrals | applications | referrals |
| Criminal | 25,662 | 19,636 | 26,594 | 20,117 | 27,878 | 20,244 |
| Family ¹ | 9,451 | 4,337 | 9,332 | 4,086 | 9,131 | 4,063 |
| CFCSA | 2,836 | 2,294 | 2,721 | 2,174 | 2,675 | 2,117 |
| Immigration | 1,186 | 857 | 1,653 | 1,056 | 2,417 | 1,476 |
| Total | 39,135 | 27,124 | 40,290 | 27,433 | 42,101 | 27,900 |

¹ In 2012/13, 313 referrals were approved on exception review, compared to 267 in 2011/12 and 346 in 2010/11.

table 16
percent change in application and referral volumes from previous year BY AREA OF LAW

| type of legal problem | 2012/13 | | 2011/12 | | 2010/11 | |
|-----------------------|--------------|--------------|--------------|--------------|--------------|-------------|
| | applications | referrals | applications | referrals | applications | referrals |
| Criminal | -3.5% | -2.4% | -4.6% | -0.6% | 4.2% | 5.9% |
| Family | 1.3% | 6.1% | 2.1% | 0.6% | -0.05% | 0.1% |
| CFCSA | 4.2% | 5.5% | 1.8% | 2.7% | -4.8% | -4.3% |
| Immigration | -28.3% | -18.8% | -31.6% | -28.5% | 19.4% | 19.3% |
| Total | -2.9% | -1.1% | -4.3% | -1.7% | 3.4% | 4.8% |

Legal advice

LSS legal advice services provide essential legal assistance to people with low incomes who are not eligible for legal representation.

Criminal duty counsel client volumes declined by 8% in 2012/13, following a 15% decline in 2011/12. This decrease is largely attributable to the province-wide withdrawal of duty counsel services by criminal lawyers that continued into April 2013, as well as the decline in criminal clients generally. The 10% increase in immigration duty counsel volumes contrasts with the general decline in demand for refugee representation. The Canadian Border Services Agency has been making more deliberate efforts to inform refugee claimants about duty counsel services. Family duty counsel volumes are consistent with 2011/12. The 80% increase in Family LawLINE volumes is due to the expansion of service hours in March 2012, allowing more clients to receive service.

figure 1 referrals by area of law 2012/13

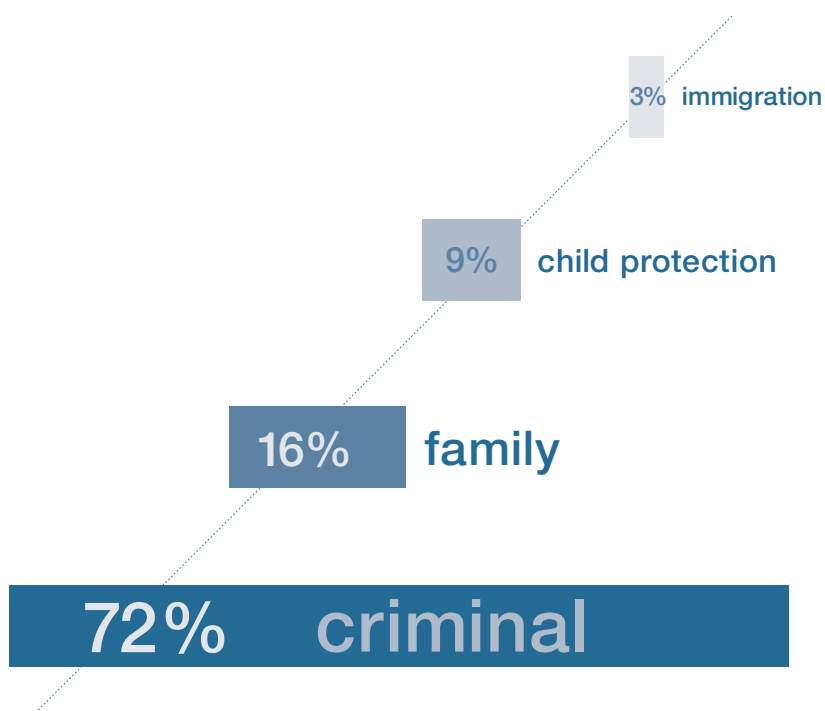


table 17 legal advice services

| service | number of client visits/calls handled ¹ | | |
|-----------------------------------------------------|----------------------------------------------------|---------|---------|
| | 2012/13 | 2011/12 | 2010/11 |
| Criminal duty counsel ² | 68,906 | 74,724 | 84,627 |
| Immigration duty counsel | 1,308 | 1,196 | 4,718 |
| Family duty counsel and advice lawyers ³ | 36,733 | 36,473 | 32,880 |
| Brydges Line | 23,450 | 23,887 | 28,835 |
| Aboriginal advice services ⁴ | 361 | 319 | N/A |
| Family LawLINE ⁵ | 4,806 | 2,675 | 707 |

1 Totals reflect the number of times advice was given (or the number of calls handled), not the number of clients served or issues addressed.

2 Includes duty counsel at circuit courts. In 2012/13, circuit court accounted for 1,663 client visits.

3 Family duty counsel and advice lawyers include services provided in court across the province. This also includes clients served out of court by family advice lawyers (2,449), at Sheway/Fir Square (236), and in family circuit court (250). 2012/13 totals also include 6,426 clients assisted by lead family duty counsel in Kelowna, Vancouver, Surrey, and New Westminster.

4 Advice services provided to Aboriginal communities are being tracked separately this year. This includes services provided through First Nations Court and expanded duty counsel in areas such as Williams Lake and Port Hardy.

5 Family LawLINE was introduced November 1, 2010. The program was expanded in March 2012 to offer 27 hours per week of family legal advice to clients.

Legal information

LSS offers a range of information services that can help people with low incomes solve their legal problems on their own or with help from intermediaries. Table 18 demonstrates the steady growth in the volume of legal information services provided to clients over the past three years. This year, the number of PLEI materials distributed grew by 44%, after a 26% rise last

year. The continual efforts to engage community partners and reach out to public libraries brought about the corresponding rise in publications orders. The increase in workshops held by PLEI service providers and local community groups leading to the transition to the Family Law Act (FLA) also generated a higher volume of publication orders. Furthermore, LSS distributed thousands of the *Is Your Client Safe?* brochure, printed with a grant from the Domestic

Violence Prevention and Response Fund of the Ministry of Justice.

Most of the 200% increase in PLEI materials produced is attributable to the new and revised materials developed for the new FLA, with the support of a grant from the Law Foundation. In addition, 14 new online French translations were produced with the support of a grant from the Francophone Affairs Program.

table 18 legal information services

| service | 2012/13 | 2011/12 | 2010/11 |
|-------------------------------------------------------------------------------------------------|----------------|---------|--------------------|
| Public legal education and information (PLEI) publications distributed | 199,479 | 138,286 | 110,071 |
| Legal aid awareness materials distributed ¹ | 35,338 | 36,924 | 6,740 |
| Public legal education and information (PLEI) materials produced (new and revised) ² | 70 | 23 | 30 |
| Legal information outreach workers (LIOWs) ³ | 8,935 | 8,463 | 6,560 ⁴ |
| Aboriginal community legal worker (ACLW) clients served ⁵ | 1,051 | 1,520 | N/A |

1 This includes brochures, posters, advertisements, bookmarks, and other materials produced by LSS to ensure the people of BC are aware of legal aid services and how to access them.

2 Data excludes brochures and other materials about legal aid services as well as corporate materials such as reports and evaluations.

3 This data includes clients who are assisted by LIOWs in a variety of ways, including through the LSS Call Centre, Downtown Community Court, in person at the Vancouver Regional Centre, and in person at the Terrace Regional Centre. Data is collected through staff records, which are manually entered and may not reflect all of the clients assisted.

4 This data includes only information requests received through the LSS Call Centre as part of telephone triage, which began July 2, 2008. It does not include in-person LIOW support offered at various locations across BC, which is estimated to equal an additional 3,500 to 6,000 requests each year since 2006/07.

5 ACLWs also provide limited advice services. This year, the volume of clients assisted by ACLWs declined due to a vacancy in the Port Hardy ACLW position in 2012/13.

table 19 use of LSS websites

| site | number of visits per month | | |
|--------------------------|----------------------------|---------------------|---------------------|
| | 2012/13 | 2011/12 | 2010/11 |
| LSS website | 28,577 visits/month | 26,346 visits/month | 25,383 visits/month |
| Family Law in BC website | 32,570 visits/month | 31,355 visits/month | 24,692 visits/month |

Note: "Visits" are the average number of times the site is accessed over a month (if the same person returns to the site after one hour, that person is counted again).

Eligibility for representation

Staff at regional centres, local agent offices, and the LSS Call Centre do not provide legal representation if they believe an applicant:

- is not financially eligible,
- has a problem that falls outside the society's coverage rules, or
- has provided insufficient information to satisfy them that he or she is eligible for a referral.

Staff ensure LSS coverage and financial eligibility policies are applied accurately and consistently across the province by:

- reviewing refusals for legal representation upon request, unless legal representation is not available for the issue (requests must be submitted within 30 days of the applicant's application being denied), and

- investigating all complaints received by anyone who alleges someone is improperly receiving legal representation.

Table 20 shows the volumes and results of eligibility reviews for the past three years. The volume of applications that led to eligibility reviews is consistent with last year, and remains less than 1% of all applications for the year.

table 20 eligibility reviews¹

| reviews | 2012/13 | | 2011/12 | | 2010/11 | |
|--------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|
| | coverage ² | financial ³ | coverage ² | financial ³ | coverage ² | financial ³ |
| Granted | 52 | 83 | 55 | 34 | 51 | 50 |
| Denied | 105 | 94 | 134 | 99 | 108 | 160 |
| Other ⁴ | 2 | 1 | 2 | — | 11 | 10 |
| Files open, under review | — | 1 | 3 | 5 | 0 | 1 |
| Total⁵ | 159 | 179 | 194 | 138 | 170 | 221 |

1 The responsibility of eligibility reviews was transferred from the Audit and Investigation Department (A&I) to the Intake and Regional Centres Department (IRC) in December 2010. As such, our data includes statistics from A&I from April to December 2010 and statistics from IRC from January to March 2011. A small number of reviews conducted by other staff are not included in this table.

2 Coverage reviews determine whether an applicant was appropriately denied a referral based on the current coverage guidelines.

3 Financial reviews determine whether an applicant was appropriately denied a referral based on the current financial guidelines.

4 "Other" means the matter was abandoned by the applicant, returned to the referring office to consider additional information or issues, or resolved by other means.

5 Total includes files still open at the end of the previous fiscal year.

reliability of data

The following describes the sources and accuracy of LSS operating data.

legal representation (tables 15 and 16)

When annual report numbers are generated for any fiscal year, a few paper applications may not have been processed yet or were initiated in error and not yet corrected. As a result, the final numbers for a given year may differ slightly from those in the annual report. The 2012/13 application data in table 15 is expected to be accurate to within 99% or better.

Before a referral is issued, the client's income must be verified, his or her legal situation must be assessed, and a lawyer has to be found to take the case. Although more than 90% of first referrals are approved and issued within 30 days of an application, some take longer to process. Accordingly, when the annual report data is generated, decisions are pending on some applications.

Legal advice (table 17)

Duty counsel data in table 17 is compiled from reports submitted by lawyers providing this service. Duty counsel can submit their bills and information on the number of clients assisted within two months of the service date. Accordingly, not all information is available when data for the annual report is generated.

Brydges Line data in table 17 is provided by the contracted service provider.

Family LawLINE calls, reported in table 17, are calculated from reports submitted by lawyers providing the service.

Legal information (tables 18 and 19)

The publications data in table 18 is drawn from a database maintained by LSS staff. Legal information outreach worker (LIOW) data in table 18 is automatically tracked by the phone system, and also drawn from a database that is manually updated by staff. The website data in table 19 presents an approximate measure of public use of the society's websites. Statistics for the society's websites are captured and analyzed by computer. Data shows activity by internal (staff) as well as external users, but does not include users accessing the LSS website for electronic billing.

Eligibility for representation (table 20)

Reviews of refusals based on coverage and financial eligibility are conducted by Intake and Referral Services at the Vancouver Regional Centre and recorded in a database. This table does not include a small number of reviews conducted by other departments.

appendix 2

adjustments to service plan 2013/14 – 2015/16

| | 1 Use | 2 Participate | 3 Collaborate | 4 Manage | 5 Leadership |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| goals | No change | No change | No change | No change | New goal |
| strategies | <p>Simplified strategy 1.1 to focus on accessibility.</p> <p>Revised strategy 1.2 to focus on partnering with Aboriginal and other underserved communities in a way that promotes positive outcomes.</p> <p>Modified strategy 1.3 to focus on supporting service partners and front-line workers to deliver effective and efficient services.</p> | <p>Split last year's strategy into two strategies: 2.1 focuses exclusively on service partners and 2.2 focuses on front-line workers.</p> | <p>Moved strategy 3.3 to Goal 5.</p> | <p>Moved strategies 4.1 and 4.2 to Goal 5.</p> <p>Renumbered last year's strategies (previously 4.3, 4.4, and 4.5).</p> <p>Introduced strategy to manage internal communications.</p> | <p>Added new strategy to promote outcomes-based justice reform initiatives.</p> |
| measures | No change | No change | No change | No change | <p>New performance measure added: "volume of references to LSS's justice reform proposals in academic literature, government reports, and media."</p> |

appendix 3

additional performance measures

LSS surveys its stakeholders (clients, lawyers, and staff) every three years to measure our performance. This frequency allows time for our strategies to have a measurable impact on our performance; however, it means that LSS does not have new results for all performance measures each year. LSS surveyed lawyers and the public this year. The information below describes past results and future targets, which were not measured in 2012/13.

goal 1

People with low incomes who have legal issues use LSS services.

performance measures

- Percent of clients satisfied with the accessibility of LSS services.
- Percent of clients satisfied with the helpfulness of LSS services.
- Percent of clients satisfied overall with LSS services.

| past results | future targets |
|------------------------------|----------------|
| Accessibility: 69% (2010/11) | 73% (2013/14) |
| Helpfulness: 62% (2010/11) | 66% (2013/14) |
| Overall: 62% (2010/11) | 66% (2013/14) |

These measures look at how satisfied clients are with LSS's services. Improving clients' satisfaction shows that LSS is providing clients with appropriate and timely legal aid services. LSS partnered with the Institute for Customer-Centered Services (ICCS) to benchmark its performance on satisfaction and accessibility against comparable organizations. LSS's performance on satisfaction (3.7/5.0) is in line with the average rating (4.0/5.0) for Canadian public sector organizations who provide data to ICCS. The society's accessibility rating (4.0/5.0) is also in line with the benchmark group (4.1/5.0). The society's helpfulness rating cannot be benchmarked to "like" organizations as the information is not available through ICCS. In 2011, Synovate, an independent survey organization, interviewed 1,201 legal aid clients by telephone about their experiences with the legal aid services they received. The margin of error at the 95% confidence level ranges from +/-3% to 5%. The full survey report is available at www.legalaid.bc.ca.

goal 2

People with low incomes participate in solving and preventing legal problems.

performance measure

Percent of clients satisfied with LSS support to help them participate in resolving their legal issues.

This measure shows the effectiveness of the society's support to clients to participate in solving their legal issues. Clients who participate in finding solutions to their legal problems are more likely to achieve positive, lasting outcomes. This measure assesses the effectiveness of the support provided by LSS to clients to help them participate in resolving their issues. LSS is not aware of any relevant benchmarks for this measure. In 2011, Synovate, an independent survey organization, interviewed 1,201 legal aid clients by telephone about their experiences with the legal aid services they received. The margin of error at the 95% confidence level ranges from +/-3% for all clients and varies from +/-3% to 5% for specific client groups. The full survey report is available at www.legalaid.bc.ca.

past results

Baseline set: 59% (2010/11)

future targets

63% (2013/14)

goal 3

People with low incomes get help with related legal issues so they can solve and prevent legal issues.

performance measure

Percent of clients satisfied with the level of support LSS gave them to address their related legal issues.

This measure shows how satisfied clients are with LSS's help with related legal issues. Clients who get help for their related issues are more likely to achieve positive, lasting outcomes. This measure tracks the effectiveness of LSS's efforts to provide clients with information about services for related legal issues. LSS is not aware of any relevant benchmarks for this measure. In 2011, Synovate, an independent survey organization, interviewed 1,201 legal aid clients by telephone about their experiences with the legal aid services they received. The margin of error at the 95% confidence level ranges from +/-3% for all clients and varies from +/-3% to 5% for specific client groups. The full survey report is available at www.legalaid.bc.ca.

past results

Baseline set: 48% (2010/11)

future targets

52% (2013/14)

goal 4

LSS manages resources soundly.

performance measure

Overall employee engagement score.

| <u>past results</u> | <u>future targets</u> |
|---------------------|-----------------------|
| 67 (2011/12) | 70 (2014/15) |

This measure includes 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. Research indicates that a high level of employee engagement is related to improved service for clients. Engaged employees are also more likely to stay with the organization. Increasing the engagement score over time will show that LSS is enhancing its ability to retain highly skilled employees and, in turn, to provide quality legal aid services efficiently. LSS benchmarks its employee engagement score against the BC Public Service using data provided by BC Stats. LSS's 2011 engagement score of 67 exceeds the 2008 BC Stats benchmark of 66. The Work Environment Survey is an online survey administered by BC Stats to all BC Public Service employees annually. The full survey report is available at www.legalaids.bc.ca.

glossary

Brydges Line

An LSS province-wide toll-free telephone service available 24 hours a day to assist people who are arrested and/or detained and need legal advice.

Family LawLINE

An LSS telephone service that provides people with low incomes free legal advice about family law issues.

Front-line workers

LSS staff and service partners who work directly with legal aid clients.

Gladue report

A report that provides background information on the accused, the historical circumstances of his or her Aboriginal community, and available options other than jail, such as restorative justice and community sentencing, enabling the judge to make an informed decision when setting bail or deciding a sentence. Gladue refers to a 1999 Supreme Court decision in the case of an Aboriginal woman named Jamie Gladue. The court said there is racism against Aboriginal people within Canada and the justice system that has led to a disproportionately high rate of incarceration for Aboriginal people.

QR (quick response) code

A two-dimensional barcode that stores information such as website addresses, phone numbers, and calendar events. Codes are scanned using a mobile device that has a built-in camera and a barcode reader application. These codes are a quick way to share website links without the need to type out a URL.

Service partners

Agents or agencies LSS collaborates with to provide services, including local agents, tariff lawyers, and community agencies.

contact

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

apply

in person

Clients apply for legal representation at LSS regional centre offices in Vancouver and Terrace, or at local agent offices across the province.

by phone

604-408-2172
Greater Vancouver

1-866-577-2525
elsewhere in BC; call no charge

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