

Legal Aid BC

2022/23
Annual Service Plan Report

August 2023



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Board Chair's Accountability Statement



The Legal Aid BC 2022/23 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2022/23 – 2024/25 Service Plan published in 2022. I am accountable for those results as reported.

Signed on behalf of the Board by:

A handwritten signature in blue ink that reads "Allan Seckel". The signature is fluid and cursive.

Allan Seckel, KC
Chair, LABC Board of Directors
August 4, 2023

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Letter from the Board Chair

I am pleased to present Legal Aid BC's (LABC) 2022/23 Annual Service Plan Report, which summarizes how we advanced our Service Plan goals in alignment with LABC's Mandate Letter from the Attorney General dated April 2021.

This was a transitional year for LABC as our leadership team and Board, in consultation with staff and key external stakeholders, created a new strategic plan focused on delivering better outcomes for legal aid clients and embedding Truth and Reconciliation, Equity, Diversity, and Inclusion (EDI) throughout every aspect of LABC.

In 2022/23 LABC initiated service and operational enhancements that increase access to legal aid and support us to achieve our strategic goals in future years. With additional funding from the Ministry of Attorney General (MAG), LABC issued over 1000 Family Limited Representation Contracts this year – almost a 30% increase over 2021/22 – while providing more service hours per contract. LABC also raised financial eligibility thresholds for all areas of law in December 2022, issuing almost 900 representation contracts to clients who would not have been financially eligible under the previous guidelines; nearly 40% were contracts for family law services.

In addition, LABC lowered financial verification requirements for some applicants, removing a barrier to timely legal aid services. LABC also took initial steps to transform operations by creating a roadmap to modernize our Information Technology over 5 years and by reimagining services like Public Legal Education and Information.

LABC continued to deliver Indigenous legal aid services in 2022/23 while working collaboratively with the BC First Nations Justice Council (BCFNJC) to prepare for the future transition of legal aid services for Indigenous people to the BCFNJC as part of the BC First Nations Justice Strategy (BCFNJ Strategy).

We will only achieve our new vision and mission through the service of a talented, dedicated, and diverse staff and tariff bar. By strengthening their skills and resilience, and creating an equitable and inclusive workplace, we build a legal aid team able to provide quality services to clients. LABC worked with our new EDI Council throughout the strategic planning process to help identify strategies and key performance indicators, and to articulate our core beliefs. In its first year, the EDI Council focused on engaging with staff through ongoing workshops, speakers, and other events.

An agreement reached this year between the BC Government and Association of Legal Aid Lawyers (ALL) supports a sustainable and skilled tariff bar, and facilitates ALL's continued input on legal aid policy matters and justice initiatives that relate to the delivery of legal aid.

I thank our staff and the tariff bar for their dedication in these times of change. I also thank the Attorney General and ministry staff for their ongoing commitment to legal aid, which allows LABC to help tens of thousands of people each year address their legal issues.

A handwritten signature in blue ink, appearing to read "Allan Seckel".

Allan Seckel, KC
Chair, LABC Board of Directors
August 4, 2023

Purpose of the Annual Service Plan Report

This annual service plan report has been developed to meet the requirements of the Budget Transparency and Accountability Act (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, a Minister Responsible for a government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's [2021/22 Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the Legal Aid BC 2022/23 – 2024/25 Service Plan and the actual results reported on in this annual report.

Purpose of the Organization

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

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

LABC provides legal advice services through criminal and family duty counsel in and out of courthouses across BC, immigration duty counsel for people in detention at the Canada Border Services Agency's enforcement centre in Vancouver, the Family LawLINE, and the Brydges Line telephone service for people who may be or have been arrested. LABC also provides family advice lawyers at various locations to support the work of the Ministry of Attorney General's family justice counsellors, who are trained to help people with family law matters resolve issues about guardianship, parenting arrangements, contact and support.

LABC also provides public legal education and information which includes legal information, triage, and community referrals. Legal information and outreach services are delivered by intake workers, navigators, Aboriginal community legal workers, local agents, and community partners. We provide information through our LABC website, Family Law in BC website, and Aboriginal Legal Aid in BC website. We provide legal education through training workshops, conferences, and webinars. We reach hundreds of intermediaries and advocates each year so that they are better able to help people with low incomes solve their legal issues.

Our network of regional offices, PLCs, local agents, and community partners works to ensure access to legal aid and other justice services throughout BC. We take legal aid applications at more than 50 locations throughout BC, referring eligible clients to lawyers in compliance with coverage and eligibility policies and guidelines.

Operating Environment

LABC initiated transformative operational changes in 2022/23 to enable LABC to take a new strategic direction, while continuing to modernize legal aid operations and services in response to ongoing justice system changes following the COVID-19 pandemic.

LABC continued to participate in the Ministry's Justice Recovery Initiative and related working groups, supporting ongoing province-wide implementation of the new Provincial Court Family Rules and virtual bail. LABC also worked with various government ministries and stakeholders to expand or enhance digital delivery of core services focused on improving service delivery.

Following a significant executive leadership change that began in early 2022, LABC's leadership team and Board, in consultation with staff and key external stakeholders, created a new five-year strategic plan focussed on delivering better outcomes for legal aid clients. This year, LABC also took initial steps to transform operations to achieve its new strategic goals by laying the groundwork for significant reinvestment in IT over 5 years and reimagining services like Public Legal Education and Information. Full implementation of the strategic plan begins in April 2023.

In 2022/23 LABC evaluated its pilot flexible workplace policy to inform design of a policy and workspace that will enable LABC to attract and retain skilled staff across the province while supporting quality services, efficient processes and generating administrative savings over the longer term.

LABC participated in negotiations that renewed the Tariff agreement between the BC Government and Association of Legal Aid Lawyers (ALL) until 2025. This agreement supports a sustainable and skilled bar to deliver services to legal aid clients, and facilitates ALL's continued input on legal aid policy matters and justice initiatives that relate to the delivery of legal aid.

LABC worked with the Ministry of Attorney General (MAG) and with Indigenous leadership, organizations and communities to support the implementation of Indigenous justice strategies. In February 2022, LABC and the BCFNJC signed a Memorandum of Understanding (MOU) that established a collaborative relationship between LABC and the BCFNJC to implement the BCFNJ Strategy.

Report on Performance: Goals, Objectives, and Results

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

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

Advancing Reconciliation with Indigenous people requires that LABC staff and service providers have the cultural competence necessary to build respectful relationships with Indigenous people and work with Indigenous leadership and organizations to implement Indigenous justice initiatives.

Key results

- LABC provided two experiential [KAIROS Blanket Exercise](#) sessions for staff to learn about Indigenous peoples, history and culture through reflections and participation. 28 LABC staff members attended these sessions.
- The LABC Indigenous Services department worked with [NVision Insight Group Inc.](#) to update their online training course “The Path: Your Journey Through Indigenous Canada” with revised BC content and purchased 100 licences for staff to take this online course.

Summary of progress made in 2022/23

So often we turn to numbers to dictate the value of a commitment, but this is only part of the story. Experiential learning makes its impact in more meaningful ways as represented by these employee comments about the learning sessions they attended: “The entire exercise was incredible and thoughtfully put together; the participation of those attending was the most powerful aspect of the exercise.” “The visual representation of the data really helped me to understand what happened to Indigenous nations.” “The breadth of information (500 years of history) [and the] visualization helped me (first generation settler) understand in a more personal and visceral way.”

LABC has multiple job positions with special program approval under the BC Human Rights Code to restrict hiring or allow preferential hiring to persons of Indigenous ancestry. In 2022/23, LABC completed and submitted the Indigenous Special Program Renewal to BC’s Office of the Human Rights Commissioner, enabling LABC to ensure we hire Indigenous individuals for positions within the PLC Program. Hiring more Indigenous individuals increases Indigenous perspectives and ways of knowing and being in our decision-making and service delivery.

Performance measure(s) and related discussion

Performance Measure	2017/18 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
1.1a Percent of Indigenous clients who say they received culturally appropriate legal aid services ¹	67%	—	60%	46%

Data source: Biennial LABC Client Survey

¹ No target for 2023/24 was stated in the 2022/23 service plan as our biennial client survey is not being conducted in 2023/24; the next client survey is scheduled for 2024/25. PM 1.1a target for 2024/25 was stated in the 2022/23 service plan as 60%. This performance measure was replaced in the latest service plan. For more details on forward-looking planning information, including the performance measures and targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

Indigenous clients' suggestions for more culturally appropriate service focus on LABC providing clear guidelines and more information. In addition, the survey results show that a straightforward application process strongly impacts Indigenous clients' ratings of LABC's performance. In December – January 2022/23 LABC took significant steps to streamline the application process for clients facing barriers or returning clients by reducing the requirements to provide proof of income. LABC also continues to enhance processes for service providers working with clients to apply on their behalf with their consent.

Indigenous clients also identify being treated in an unbiased and non-discriminatory way as critical to providing culturally appropriate services. LABC is taking action on this by providing staff and service provider training on equity, diversity and inclusion, as well as ongoing workshops, speakers, and other events lead by LABC's Equity, Diversity and Inclusion Council.

As part of the development of its new strategic plan during 2022/23, LABC recognized the importance of getting regular feedback from clients to drive operational changes and increase organizational responsiveness. LABC began work on implementing client pulse surveys, automated through our client information system, in late 2022/23.

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

LABC identifies Indigenous people's access to high quality legal aid services as an essential component of access to justice. We can help to achieve this in two ways: by continuing to deliver Indigenous legal aid services, and by working with Indigenous leadership, organizations and communities to support implementation of Indigenous justice strategies.

Key results

- In 2022/23, to support the implementation of the BCFNJ Strategy, LABC and BCFNJC started preliminary planning of the transition of Indigenous legal services from LABC to the BCFNJC.
- The Indigenous Services department partnered with the Native Courtworkers and Counselling Association of BC (NCCABC) and the BCFNJC on grant-funded projects to provide educational training sessions on Gladue principles in BC.

Summary of progress made in 2022/23

While LABC focuses on the transition of services to the BCFNJC, LABC continues to make its services more accessible to Indigenous communities through the PLC Network locations. Client survey results show that almost 60% of Indigenous clients find it easy or very easy to access legal aid services. This result is reinforced by a new indicator introduced in the 2023 survey that indicates that 65% of Indigenous clients agree that LABC made it easy for them to deal with their issues, a result slightly more positive than for all clients (60%).

In relation to the Gladue educational training sessions, representatives from NCCABC, LABC and BCFNJC met on several occasions to collaborate on course content, development, and delivery locations to maximize effectiveness of our respective Gladue training courses. The Indigenous Services department also partnered with Indigenous organizations to increase their knowledge about Gladue principles, and increase access to Gladue services provided by the BCFNJC and Gladue support services provided by NCCABC.

In addition, the LABC Indigenous Services department collaborated with representatives from the Indigenous Justice Program and Indigenous Crown Counsel to support their efforts with Gladue aftercare services and to increase access to Gladue services for youth.

Performance measure(s) and related discussion

Performance Measure	2017/18 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
1.2a Percent of Indigenous clients who say legal aid met their needs overall ¹	63%	—	69%	54%

Data source: Biennial LABC Client Survey

¹ No target for 2023/24 was stated in the 2022/23 service plan as our biennial client survey is not being conducted in 2023/24; the next client survey is scheduled for 2024/25. PM 1.1a target for 2024/25 was stated in the 2022/23 service plan as 69%. This performance measure was replaced in the latest service plan. For more details on forward-looking planning information, including the performance measures and targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

LABC believes that Indigenous clients can provide the most meaningful assessment of whether our services are accessible to them and meet their legal needs. The degree to which clients think that services met their needs is an indicator of both accessibility and the quality of services. Results on this performance measure are below the 2017/18 baseline and the 2022/23 target. The downward trend in this measure among Indigenous clients to 54% follows a similar decline for this measure for all clients to 57% this year.

A factor that may contribute to the 2022/23 results is the shift to more virtual service delivery made by LABC and across the legal system in response to the pandemic that has become a new way of doing business. This shift has meant a reduction of in-person assistance, which is preferred by many Indigenous clients. The loss of face-to-face service impacts not only this performance measure but also the provision of culturally appropriate services; it is harder to make an easy, quick connection between the person providing the service and the client, and clients can't readily identify that the service-provider is Indigenous.

This analysis is supported by other client survey results that show that for Indigenous clients, taking the time to listen – often more challenging through online or remote services – is a key driver of satisfaction with services. The survey also highlighted a declining preference among Indigenous clients for applying online. LABC continues to provide in-person intake through its Vancouver office, local agent offices, courthouses, and Parents Legal Centres. In 2022/23, LABC also introduced legal navigators as part of a new strategy to increase in-person delivery of legal information and referrals to other services for interrelated needs.

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

Increased engagement is an important step toward advancing Reconciliation, as it is a means of facilitating understanding and building relationships between Indigenous people and communities and the justice system.

Key results

- The Manager of Indigenous Services for LABC participated on the Lillooet Indigenous Court Committee which has resulted in the formation of that court for the community. Their first sitting will be on September 15, 2023.
- LABC’s [Community Partner](#) (CP) at Maple Ridge/Pitt Meadows Community Services attended a National Indigenous Peoples Day gathering in Maple Ridge and shared information about their CP services and how to apply for legal aid, and promoted LABC services and resources as a participant. About 2,500 people attended this event on June 18, 2022.
- In Merritt, our CP at the Nicola Valley Advocacy Centre attended a Harm Reduction event and promoted LABC and CP services and resources while staffing an agency table with publications and promotional materials available. An audience of 200 people were present from the Indigenous community and other Indigenous agencies over a duration of two afternoons and evenings in October 2022.

Summary of progress made in 2022/23

The LABC Indigenous Services department worked with the NCCABC on training sessions for Elders for Indigenous Courts in BC. The Manager of Indigenous Services participated in the Family Law Act (FLA) Modernization Part 4 Advisory Committee particularly with respect to modernization and updates to the FLA to improve access to justice for Indigenous people.

PLC staff stayed connected to surrounding Indigenous communities, sharing information about PLC services and ensuring that communities knew that PLCs are available to assist clients both in person and virtually. Engagement throughout the year was through a mix of in-person and virtual.

Performance measure(s) and related discussion

Performance Measure	2018/19 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
1.3a Number of people reached through engagement activities LABC held with Indigenous people and communities ¹	1,786	2,703	TBD ²	3,265

Data source: LABC operational data (annual measure)

¹ PM 1.3a targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as TBD and TBD, respectively. This performance measure was replaced in the latest service plan. For more details on forward-looking planning information, including the performance measures and targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

² No target was stated for 2022/23 and future years in the 2022/23 service plan because the impacts of COVID-19 on engagement activities were persisting and there was a high degree of uncertainty as to how long they would continue.

LABC's activities to support the implementation of Indigenous justice strategies through our relationships with the BC First Nations Justice Council, Métis Nation BC, and the BC Native Courtworker and Counselling Association of BC, which are reflected in PM 1.3a, are essential to meeting this objective and advancing Reconciliation. In 2022/23, LABC exceeded the results achieved on this measure in 2021/22 and 2020/21, even though we shifted some of our engagement activities away from individuals and communities and focused on engagement with Indigenous organizations in the justice system.

Goal 2: LABC delivers services tailored to people's needs

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

Clients' legal problems often arise from, or lead to, interrelated needs such as health, housing or debt. LABC continues to adapt current services to better ensure that our clients' unique needs – such as mental health, domestic violence, or poverty issues, as well as ability to engage in virtual services – are understood and addressed.

Key results

- In September 2022, LABC launched the Criminal Legal Navigators Pilot Program to help clients navigate the legal system and access services to address their interrelated needs. From September 2022 through March 2023, the Navigators provided summary assistance to 3,651 people (helping them apply for legal aid, connecting them with duty counsel and/or court registry services, referring them to services for interrelated needs), and provided more in-depth, ongoing assistance to 253 clients for a total of 3,904 people served by the Navigators.
- LABC encourages Family and CFCSA tariff lawyers to help clients address their interrelated needs through specific tariff items that recognize the additional time lawyers spend to provide this service. In 2022/23, over 500 clients received support from their lawyers to address issues related to their family or child protection cases, including over 250 Indigenous clients. The numbers of clients receiving this assistance from their lawyers continues to increase from 2020/21 lows.

Summary of progress made in 2022/23

This year, LABC tracked quantitative and qualitative data from the Criminal Legal Navigators Pilot Program to guide the design and implementation of a broader Navigator program under our new strategic plan developed in 2022/23. The new strategic plan continues to identify supporting clients

to access services to address interrelated needs as a key strategy to improving outcomes for legal aid clients.

LABC provides training to staff and service providers to strengthen their ability to address people’s interrelated needs. This year, training for frontline staff included trauma informed practice and introduction to brain injury in intimate partner violence. Tariff lawyers were provided with bursaries to attend training on various topics including screening for family violence, working with survivors and perpetrators of family violence, dealing with high conflict personalities, and Gladue training.

Performance measure(s) and related discussion

Performance Measure	2018/19 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
2.1a Number of clients provided legal aid services or referred to other services for interrelated needs ¹	7,656	7,542	7,750	7,474

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

¹ PM 2.1a targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as TBD and TBD, respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

This performance measure reports the number of applicants for LABC representation services, PLCs, expanded family duty counsel services, and the Family LawLINE who were given information or referrals to other service providers to assist with their interrelated needs. It also includes support for interrelated issues provided directly to PLC clients by advocates and Aboriginal Community Legal Workers at the PLCs. The PLC numbers for this performance measure have steadily increased over the past three fiscal years (2020/21 through 2022/23) while the Family LawLINE numbers have steadily decreased over the same period. The number of unique Family LawLINE clients decreased by almost 9% from 2021/22 to 2022/23, and the number of referrals for interrelated needs decreased by about 7.5% in that same time frame. The decrease in the number of Family LawLINE clients during this fiscal is likely attributable to two factors: it was easier to access family duty counsel (FDC) with the resumption of more normalized court processes and in-person FDC services; and more people were eligible for Family Limited Representation Contracts (FLRCs) due to higher financial thresholds in 2022/23.

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

This objective is based on evidence that delivering services tailored to people’s needs is more likely to help them find early and stable resolutions to their legal problems. This can be achieved by enhancing family and criminal law services to reach more people, and by enhancing online access to legal aid services for our clients.

Key results

- In December 2022, LABC increased financial eligibility thresholds for all areas of law and all types of representation contracts leading to 875 contracts being issued to people who

would not have been financially eligible under the previous guidelines. The largest proportionate increase was for clients experiencing family law issues, with 372 or 7% of the 5,294 approved family contracts in 2022/23 being issued to clients who would not have been financially eligible under the lower thresholds.

- LABC implemented weekday evening criminal duty counsel service in the Interior, Island and Fraser regions of BC providing representation in after hours bail hearings to clients who previously had no access to counsel thereby increasing the possibility of early release.
- LABC provided advice and representation to victims of sexual or violent offences in 171 cases.
- With additional funding, LABC issued over 1000 FLRCs during 2022/23 – almost a 30% increase compared to 2021/22 – and increased existing FLRCs from 8 hours to 14 hours of representation services.
- 9,460 client calls were transferred to Family LawLINE Intake, our busiest year ever. The Family LawLINE service provides summary, next step telephone and written legal advice to self-represented litigants in family law cases.

Summary of progress made in 2022/23

2022/23 was the first full year of operation for the LABC Paralegal Program which is an enhancement to the Family LawLINE service and is staffed by one paralegal. The paralegal assisted approximately 120 clients and spent an average of 14 hours per client providing remote support and document preparation for clients across the province who were not eligible for legal aid representation. Also during 2022/23, LABC Lead Family Duty Counsel (FDC) participated in Surrey Early Resolution Process (ERP) meetings with court staff, judges, and Justice Access Centre (JAC) staff to ensure understanding and compliance with these aspects of the new Provincial Court Family Rules. The intention of the ERP is that, where appropriate, many family law matters will be resolved or legal issues narrowed to achieve more collaborative, timely resolutions, and reduce the stress, delay and cost of litigation.

In 2022/23, LABC succeeded in enhancing criminal law service delivery in many ways. We modified and expanded our criminal in-custody duty counsel services to support the ongoing implementation of virtual and after-hours bail. This has improved access to counsel for many clients in smaller locations around the province, increasing the likelihood of release and reducing the likelihood of transport out of their community. In addition, we implemented a specialized roster of highly experienced criminal lawyers as an adjunct to the [Brydges Line](#) advice service, so that individuals charged with homicide and other most serious offences get in-depth advice and assistance upon arrest.

Performance measure(s) and related discussion

Performance Measure	2017/18 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
2.2a Percent of clients who say legal aid met their needs overall ¹	55%	—	62%	57%

Data source: Biennial LABC Client Survey

¹ No target for 2023/24 was stated in the 2022/23 service plan as our biennial client survey is not being conducted in 2023/24; the next client survey is scheduled for 2024/25. PM 1.1a target for 2024/25 was stated in the 2022/23 service plan as 64%. This performance measure was replaced in the latest service plan. For more details on forward-looking planning information, including the performance measures and targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

This measure assesses whether clients believe their needs were met overall by LABC. An increase in the proportion of clients who say their needs were met overall is a strong indicator that we are providing them with appropriate services to meet their needs and achieve a resolution to their legal problems. The score for 2022/23 (57%) is below the target set and slightly below the 2020/21 score (60%) but is line with 2017/18 (55%). The research firm that conducts the client survey on behalf of LABC noted in their report that several experience/performance surveys they conducted in 2020 during a worldwide pandemic showed improved scores over past trends, and subsequently returned to historical levels. They stated that while this might not be fully attributable to the pandemic, it likely played an important role and for LABC it may have also contributed to higher ratings in 2020/21, against which the 2022/23 target was set.

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

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

Increasing the skills and abilities of our staff and service providers to provide quality services is integral to operating a quality-assured legal plan. Training is a cornerstone of making progress toward Goal 3.

Key results

- During 2022/23, LABC provided 470 bursaries for tariff lawyers to attend training courses to increase their ability to provide quality services. 279 tariff lawyers attended at least one course, an increase over the previous year when we provided 444 bursaries and 236 tariff lawyers attended at least one course.
- Provided 26 training sessions for LABC staff, including technology topics, health, safety and wellness topics such as resiliency training and mental health in the workplace, and essential leadership skills including effective communication, coaching, and engaging and developing people.

Summary of progress made in 2022/23

In 2022/23, LABC continued to focus on staff and service provider training as a key strategy to increase the quality of LABC's services. At the same time, in 2022/23 LABC began to reimagine our approach to enhancing service quality as part of our strategic plan development, focussing our attention on client outcomes. Work to identify the most important client outcomes LABC should track and seek to enhance began this year with initial consultations with lawyers and other service

providers. In addition, we substantially completed the evaluation of our flexible workplace policy and workspace requirements to support ultimate rollout of a new flexible workplace model.

Performance measure(s) and related discussion

Performance Measure	2018/19 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
3.1a Number of staff and service providers who participated in an LABC-sponsored training program to increase their ability to provide quality services ^{1, 2}	356	534	540	553

Data source: Operational data (annual measure)

¹ PM 3.1a targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 565 and 590, respectively. This performance measure was replaced in the latest service plan. For more details on forward-looking planning information, including the performance measures and targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

² The 2018/19 baseline includes only one category of LABC service provider (tariff lawyers). The 2021/22 actual and the 2022/23 target include two additional LABC service provider categories (Community Partners and Local Agents). The 2022/23 actual includes those three categories of LABC service providers plus one additional service provider category (Criminal Legal Navigators).

To assess progress on this objective, LABC tracks the number of staff and service providers (tariff lawyers, Community Partners, Local Agents) who undertake training to increase their ability to provide quality services to clients. In Q3 of 2022/23, LABC introduced a new service provider category: Criminal Legal Navigators, all 10 of whom undertook training during this fiscal year. The 2022/23 actual exceeded the 2022/23 target, and would have done so even if this new category of service provider had not been included in the 2022/23 Actual.

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

Attracting and retaining qualified staff and service providers in all regions of the province is key to operating both a cost-effective and quality-assured legal aid plan. Engaging with staff and service providers is a primary means of retaining people over the long term.

Key results

- Negotiations between MAG and the Association of Legal Aid Lawyers (ALL) resulted in a Three-Year Tariff Agreement between MAG, ALL, and LABC which contains measures to support the attraction and retention of qualified tariff bar lawyers.
- LABC hosted two in-person Legal Aid Connect events, in Vancouver and Surrey. At these events, LABC engaged with 155 service providers and lawyers in Vancouver, and 84 services providers and lawyers in Surrey, to discuss strategies for delivering quality services to clients.

Summary of progress made in 2022/23

In 2022/23, as part of our strategic planning process, LABC initiated a series of Legal Aid Connect events to engage lawyers and other service providers in discussions on strategies to deliver quality

services to legal aid clients, to hear their feedback on what LABC can do better, and to promote cross-referrals between LABC and service providers to better serve clients. In addition, LABC focussed on engagement with the Association of Legal Aid Lawyers (ALL) to discuss policy and tariff changes that will deliver continued improvements in service quality and sustain our lawyer supply.

As part of our Flexible Workplace Policy Evaluation, LABC staff were surveyed to gain a better understanding of how they feel about the flexible workplace policy and their level of engagement with the organisation. We also engaged staff in our strategic planning process by bringing them all together in person for a full day conference where staff participated in workshops and activities to help us reimagine and redefine a five-year strategy for LABC.

Performance measure(s) and related discussion

Performance Measure	2005 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
3.2a Percent of lawyers satisfied with the overall support provided by LABC ¹	68%	—	75%	N/A ²

Data source: Biennial Tariff Lawyer Survey

¹ No target for 2023/24 was stated in the 2022/23 service plan as our biennial tariff lawyer survey was not scheduled for 2023/24; the next tariff lawyer survey is scheduled for 2024/25. PM 3.2a target for 2024/25 was stated in the 2022/23 service plan as 76%. This performance measure was replaced in the latest service plan. For more details on forward-looking planning information, including the performance measures and targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

² Survey not conducted in 2022/23 while LABC focussed on direct engagement with lawyers as part of our roll out of our new strategic plan.

Performance Measure	2008 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
3.2b Overall employee engagement ¹	70	—	70	N/A ²

Data source: Triennial LABC Workplace Environment (WES) Survey, which uses a 5-point survey scale and produces “average score” results.

¹ No targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as our triennial workplace environment survey was not scheduled for 2023/24 or 2024/25. This performance measure was revised in the latest service plan. For more details on forward-looking planning information, including the performance measures and targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

² In place of the triennial workplace environment survey, in 2022/23 LABC staff participated in the LABC Flexible Workplace Policy Survey, Wave 2, which included engagement questions that produced an Employee Engagement Index average percentage score.

LABC continues to use two long-standing performance measures to track our progress on this objective. Although these are proxy measures, lawyer satisfaction and employee engagement are strong indicators of our ability to attract and retain qualified staff and service providers. There are no results for performance measure 3.2a because during this transitional year, LABC focused on gathering direct feedback on strategy and operations from lawyers as part of our strategic planning process and regular consultations with ALL through our Tariff Advisory Committees.

In 2022/23, a transitional year, we measured employee engagement through a different survey instrument while consulting staff on a range of issues, including the flexible workplace model. That survey produced an Employee Engagement Index (EEI) average percentage score of 67%, whereas the triennial workplace environment survey produced employee engagement “average score” results.

Although the 2022/23 actual of 67% is not directly comparable to the baseline or target “average score” of 70, it is consistent with those results and LABC has confidence it is a meaningful reflection of employee engagement. It is also well above the EEI benchmark of 56% among Canadians employed in Government and Public Sector jobs.

During 2022/23, LABC began work to establish regular, automated pulse surveys with lawyers and employees that will be starting in 2023/24 to track performance on our new strategic plan. We did not want to create survey fatigue or incur unnecessary costs by running additional, separate surveys for these two performance measures, as we believed we had the information we need to advance this objective in these other ways.

Objective 3.3: Reduce indirect costs

A reduction in indirect costs would indicate LABC is allocating more of its funding towards direct services to clients and is one method to demonstrate that LABC is operating a cost-effective legal aid plan.

Key results

- LABC undertook a comprehensive strategic planning process in 2022/23, resulting in a new strategic framework with new goals, objectives and key strategies designed to result in the best outcomes possible for legal aid clients. As part of this work LABC identified key investments in both direct and indirect services necessary to meet this strategy.

Summary of progress made in 2022/23

The increase in LABC’s costs this year reflect the strategic work undertaken as LABC transitions to new leadership and responds to changes in the post-pandemic environment. In 2022/23, LABC completed a new strategic plan and developed an IT Strategy. The strategic consultation and analysis identified LABC’s need to modernize its IT infrastructure, requiring increasing investment in technology and operations in the near term to improve service quality and efficiency, which will help LABC achieve better outcomes for clients over the long term. These investments began in 2022/23 with development of lawyer-initiated online criminal applications and duty counsel scheduling, supported by Federal Pandemic Recovery funding. LABC also increased staffing to support the system modernization and the implementation of other federally-funded initiatives, such as the Criminal Legal Navigators.

As COVID-19 pandemic safety efforts eased, LABC moved to a hybrid workplace supporting employees’ ability to work from home while maintaining a collaborative corporate culture. During 2022/23, LABC commenced an evaluation of that workplace model. Similar to other organizations, LABC is assessing its current property leases to determine ways to better utilize the available square footage under a hybrid model to reduce operating costs in the long term.

Performance measure(s) and related discussion

Performance Measure	2018/19 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
3.3a Total indirect costs ^{1,2} (\$000)	\$8,678	\$7,792	\$7,957	\$8,764

Data source: LABC audited financial statements

¹ PM 3.3a targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as TBD and TBD, respectively. This performance measure was replaced in the latest service plan. For more details on forward-looking planning information, including the performance measures and targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

Indirect costs are defined as the costs that are not incurred in direct legal service delivery to LABC clients or the public, and include head office costs such as executive office, human resources, policy and planning, facilities, finance, and information technology support services. Total indirect costs increased due to project costs related to the Federal Pandemic Recovery Initiatives that were not included in the 2022/23 Budget Management Plan, as well as investments in administration to support various provincially-driven initiatives and the new strategic plan.

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

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

Justice system changes are required to improve outcomes for our clients. LABC needs to influence and innovate to achieve these fundamental changes.

Key results

- LABC provided support and cooperation to the BCFNJC for the implementation of the BCFNJ Strategy, including LABC’s Executive Vice President, Legal Services collaborating closely with the BCFNJC.
- LABC supported the Court Services Branch in their development of the remote Access to Court Materials service, and LABC Family Duty Counsel (FDC) across the province participated during the pilot stages of that service.

Summary of progress made in 2022/23

Our Family Law Services department and FDC participated in BC Wallet App’s development of Access to Court Materials online, which enables FDC to obtain court files and historical information about clients’ court proceedings in a timely manner to clarify clients’ issues and provide better advice. In addition to those contributions, Family Law Services lawyers and managers also participated in the service design of the Kamloops Informal Trial Pilot Project alongside MAG and the BC Provincial Court.

Performance measure(s) and related discussion

Performance Measure	2005 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
4.1a Percent of the public that supports the provision of legal aid services ¹	89%	—	>90%	N/A ²

Data source: Biennial LABC Public Opinion Poll

¹ No target for 2023/24 was stated in the 2022/23 service plan as our biennial public opinion poll was not scheduled for 2023/24; the next public opinion poll is scheduled for 2024/25. PM 4.1a target for 2024/25 was stated in the 2022/23 service plan as >90%. This performance measure was replaced in the latest service plan. For more details on forward-looking planning information, including the performance measures and targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

² LABC did not conduct the opinion poll in 2022/23 as it transitioned away from this measure under its new strategic plan.

LABC recognizes that sustained public support for legal aid contributes to LABC’s influence on justice system changes that increase access to justice. LABC decided to retire this measure in 2022/23 as we transition to a new strategic plan. However, consistent results on this measure over 15 years demonstrate the high value BC residents continue to place on legal aid services and the important role these services play in increasing access to justice for LABC clients.

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

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

Key results

- LABC introduced 10 Criminal Legal Navigators to provide early assistance to clients, helping them connect to legal aid, find a lawyer, and prepare release and/or rehabilitation plans to support their release from custody.
- LABC provided onsite FDC services to support MAG and the Provincial Court with implementation at ERP registry locations.

Summary of progress made in 2022/23

Our Criminal, Immigration and Appeals department continued working with MAG, Court Services and the judiciary to support the ongoing implementation of virtual bail processes, supporting more clients, especially those in more remote locations, to access duty counsel earlier, avoid displacement from their community, and obtain early release.

Performance measure(s) and related discussion

Performance Measure	2017/18 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
4.2a Number of clients accessing innovative legal aid services who resolve their legal issues ^{1,2}	248 ³	2,132 ⁴	2,760 ⁵	1,805 ⁵

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

¹ PM 4.2a targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 2,870 and 3,080, respectively. This performance measure was replaced in the latest service plan. For more details on forward-looking planning information, including the performance measures and targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

² For the purposes of this measure “innovative” services are defined key specialized services, including PLCs, Criminal Early Resolution Contracts, and digital early resolution services such as online dispute resolution, remote mediation and online tools.

³ Baseline data includes results from Vancouver PLC and Expanded Criminal Duty Counsel.

⁴ 2021/22 Actual includes the following key specialized services: all 10 PLC locations; Criminal Early Resolution Contracts; Family Limited Representation Contracts; and digital early resolution services such as online dispute resolution, remote mediation and online tools.

⁵ 2022/23 Target and Actual include the following key specialized services: all 10 PLC locations; Criminal Early Resolution Contracts; Family Limited Representation Contracts, and digital early resolution services such as parenting, child support and spousal support arrangements created through the Family Resolution Centre.

This measure assesses the impact of our innovative, resolution-focused legal aid services on clients. Criminal Early Resolution Contracts (CERCs), included in this measure, saw a decline in volumes during 2022/23 that was not anticipated when the 2022/23 target was set. The decline in CERCs may be attributed to the return to more in-person court services as well as the increase in financial eligibility thresholds which made more people qualify for full representation contracts for criminal matters.

Performance measure 4.2a reports numbers for clients of innovative services who resolve their legal issues; however, there are many who access innovative services who don't resolve their legal case but make significant progress towards resolution. For example, there are often multiple legal issues in dispute in family law cases, such as parenting arrangements (arrangements for the care of a child, including where the child lives and who is responsible for making decisions that affect them), guardianship, spousal support, child support, and division of family property and debt. When parties are able to resolve a number of these issues through innovative services, it reduces the issues that need to be determined through a court hearing or trial.

Family Limited Representation Contracts (FLRC) are one of the innovative services included in performance measure 4.2a. In addition to the FLRC cases that resolved during 2022/23, there were an additional 49 FLRC cases that were moving towards resolution (for example, some but not all issues resolved, or interim order granted but no final order yet). Fewer FLRCs reached resolution in 2022/23 than forecast because the FLRCs were enhanced by increasing the number of hours and extending the length of those contracts. We expect that more FLRCs will reach resolution as a result of these enhancements, but the timeline to resolution will be longer.

PLC cases are another innovative service included in performance measure 4.2a. In addition to the 249 PLC cases that resolved during 2022/23, there were an additional 69 PLC cases that were moving towards resolution.

Financial Report

For the auditor's report and audited financial statements, see [Appendix C](#). These documents can also be found on the [Legal Aid BC website](#).

Discussion of Results

The following discussion of LABC's financial results for the year ending March 31, 2023 should be read in conjunction with LABC's audited financial statements including accompanying notes. The financial statements have been prepared in accordance with the accounting requirements of section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia based on the Canadian Public Sector Accounting Standards (PSAS).

Revenue

LABC receives the majority of its revenue from the following sources: the Provincial government, the Law Foundation of British Columbia, and the Notary Foundation of British Columbia. Total revenue for 2022/23 was \$122.5 million compared to the 2021/22 total revenue of \$114.0 million. The provincial government provides the largest portion of revenue. In 2022/23, the provincial government provided \$112.0 million to LABC (2021/22 \$108.6 million).

Government of British Columbia funding

The funding received from the provincial government is governed by a three-year Memorandum of Understanding (MOU) between LABC and MAG April 1, 2020 – March 31, 2023. The MOU outlines the roles and responsibilities for LABC and the ministry, the types of services LABC can provide with provincial government funding, and the priorities for allocating that funding. The MOU defines how criminal cases are to be categorized and funded.

There are three criminal case categories:

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

Other Funding

Both the Law Foundation and the Notary Foundation provide annual grants to LABC. The Law Foundation and the Notary Foundation funds are not included in the MOU. The Notaries Act requires the Notary Foundation to contribute 55 percent of their revenue to LABC. The Notary Foundation provided \$5.1 million to LABC in 2022/23, compared to \$1.2 million in 2021/22. The funding from the Notary Foundation in 2022/23 was deferred for projects. The Law Foundation provided \$2.5 million in 2022/23 (\$3.5million in 2021/22).

Expenses

LABC's expenses totalled \$122.5 million in 2022/23, an increase of \$8.5 million from 2021/22. The increase in expenses compared to last year is a result of easing COVID-19 restrictions and return to pre-pandemic level of operations. Of the total expenses, \$82.7 million was for the tariff programs, \$20.2 million for salaries and benefits, \$4.1 million for building, Board and amortization, and \$15.4 million for other costs. See Audited Financial Statements — Note 10, Expenses by object.

Tariff and Program expenses

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

To determine the costs for tariff, LABC estimates the liability for services provided by the private bar using an actuarial model. This model includes actual costs based on invoices received, and estimated costs for work performed on all unbilled contracts made during the fiscal year. The tariff accrual and corresponding tariff expenses are subject to change within a range of plus or minus ten percent from the amounts recorded in the financial statements due to uncertainties regarding both timing and costs. The estimate of this level of variability is in itself subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. The estimated tariff liability at the end of 2022/23 is \$13.9 million (2021/22 \$12.0 million).

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

Financial Summary

(\$ millions)	2021/22 Actual	2022/23 Budget	2022/23 Actual	2022/23 Variance
Revenues				
Contributions from Province	108.6	115.0	112.0	(3.0)
Other Income & Recoveries	5.4	3.9	10.5	6.6
Total Revenue	114.0	118.9	122.5	3.6
Expenses				
Criminal Tariff	58.0	62.3	59.3	3.0
Family Tariff	27.2	28.9	28.9	0.0
Child Protection Tariff	6.1	7.7	6.2	1.5
Immigration and Refugee Tariff	4.1	2.5	6.8	(4.3)
Federally Funded Initiatives	0.0	0.0	3.1	(3.1)
Parents Legal Centres	6.7	6.6	6.1	0.5
Publishing	2.5	2.1	1.8	0.3
Community Engagement	0.9	0.8	0.8	0.0
Indigenous Services	0.7	0.7	0.7	0.0
Administration	7.8	7.3	8.8	(1.5)
Total Expenses	114.0	118.9	122.5	(3.6)
Net Income	0.0	0.0	0.0	0.0
Total Liabilities	19.2	0.0	28.6	0.0
Capital Expenditures	2.1	1.4	1.2	0.2
Accumulated Surplus	0.9	0.9	0.9	0.0

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

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

Note 3: For a detailed breakdown of Administration, see Appendix C Auditor's Report and Audited Financial Statements — Note 11, Administration expense.

Variance and Trend Analysis

LABC's revenue increased by \$8.5 million during the fiscal year compared to last year. The increase was due to easing of COVID-19 restrictions, return to pre-pandemic operations and increasing demand in some legal program activities. In addition to the increased volume of contracts there was a 3.5 percent tariff billing rate increase and collective agreements salary increase.

Risks and Uncertainties

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

The biggest tariff risk is in criminal as it is the largest proportion of tariff program expense (58.6 percent). The MOU outlines three categories of criminal cases and the funding to help mitigate the risk of the larger cases (Category B and Category C).

Capital Expenditures

Capital expenditures are required to assure the continued operations of LABC. These expenditures include information systems, cyber security, lawyer billing systems, leasehold improvements, and office equipment. There were two major capital projects in 2022/23. The first capital project was a cloud migration of the lawyers billing portal for \$0.4 million and the second project was an online application for criminal clients for \$0.8 million. See Audited Financial Statements – Schedule 1 – Tangible Capital Assets

Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 Mandate Letter from the Minister Responsible.

2021/22 Mandate Letter Priority	Status as of March 31, 2023
<p>Indigenous Justice: Work with the BC First Nations Justice Council (BC FNJC), the Ministry of Attorney General, the Ministry of Public Safety and Solicitor General and affected ministries on the BC First Nations Justice Strategy (FNJS) and related initiatives such as the transition of Indigenous justice services.</p>	<ul style="list-style-type: none"> This is an ongoing priority on which LABC continues to make progress.
<p>Family Law: Work with the Ministry of Attorney General, affected ministries and stakeholders to identify the best ways and tools to improve access to justice for low income families. This includes support for the Early Resolution and Case Management Process, and new Provincial Court Family Rules; and any related strategies, initiatives or additional early resolution sites.</p>	<ul style="list-style-type: none"> This is an ongoing priority on which LABC continues to make progress.
<p>Justice Recovery Initiative: Align legal aid service delivery approaches with transformative changes in the justice sector focussed on efficient, timely and accessible legal services, leveraging technology and new efficiencies where possible. This includes working with Ministry of Attorney General, affected ministries and relevant stakeholders to deliver core services digitally and the development of systems to support online mobile access to legal aid services.</p>	<ul style="list-style-type: none"> This is an ongoing priority on which LABC continues to make progress.
<p>Administration Costs: Set a goal for reducing administration costs as an amount of funding received from LABC funding partners, where administration costs are defined as all LABC costs that are not incurred in direct legal service delivery to LABC clients or the public, and where the goal for amount of funding spent on administration costs is lower than current levels. Include in LABC's annual report or another public report LABC's administration cost actuals and progress towards administrative cost goals.</p>	<ul style="list-style-type: none"> This is an ongoing priority on which LABC continues to make progress.

Appendix B: Other Performance Highlights

Legal Representation Services

This table shows the number of applications for representation services (service requests) and the number of representation contracts (contracts) issued.

Area of Law	2022/23		2021/22		2020/21	
	Service Requests	Contracts	Service Requests	Contracts	Service Requests	Contracts
Criminal	21,851	18,437	21,460	17,661	20,267	16,756
Family	8,933	5,294	8,531	4,215	8,515	4,566
CFCSA ¹	2,386	1,672 ²	2,435	1,609 ²	2,641	1,838 ²
Immigration	3,343	2,821	1,876	1,419	1,444	1,035
Appeals of Administrative Tribunal Decisions ³	125	32	106	46	146	67
Total	36,638	28,256	34,408	24,845	33,013	24,262

* All volumes in this table reflect both standard and appeal service requests and contracts.

¹ LABC provides services to eligible clients facing child protection issues under the CFCSA.

² Includes PLC cases and contracts referred to the private bar.

³ These are judicial appeals and prerogative writ applications that do not fit strictly into other areas of law but involve a challenge to the applicant's liberty or security. Most are prison law cases, but some mental health law cases and cases involving liberty interests are included. The higher number of applications (service requests) and contracts issued in 2020/21 is attributable to a number of COVID-19 prison law cases that happened early in that fiscal year.

Contract Issued Rate

This table shows the percentage of applications for representation services that resulted in representation contracts being issued.

Area of Law	2022/23	2021/22	2020/21
Criminal	84.4%	82%	83%
Family	59.3%	49%	54%
CFCSA ¹	70.1%	66%	70%
Immigration	84.4%	76%	72%

Area of Law	2022/23	2021/22	2020/21
Appeals of Administrative Tribunal Decisions ²	25.6%	43%	46%

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

² These are judicial appeals and prerogative writ applications that do not fit strictly into other areas of law but involve a challenge to the applicant’s liberty or security. Most of them are prison law cases, but some mental health law cases and cases involving liberty interests are included. The higher number of applications (service requests) and contracts issued in 2020/21 is attributable to a number of COVID-19 prison law cases that happened early in that fiscal year.

The lower contract issued rate for family applications in 2021/22 reflects an increase in the number of applicants denied for financial eligibility that year. For example, we issued fewer FLRCs in 2021/22 than in 2020/21 due to the financial eligibility threshold for this service being returned to the same level as standard family representation contracts during 2021/22.

Legal Advice Services

LABC offers a wide variety of advice services. These services help us support clients when they do not meet the eligibility requirements for legal representation. We make it easier for clients to access legal aid by providing advice by phone and by situating duty counsel lawyers in courthouses.

	2022/23	2021/22	2020/21
Criminal Advice Services			
Criminal duty counsel client assists ¹	63,751	60,138	53,064
Indigenous Court duty counsel client assists ²	684	651	470
Brydges Line calls handled	20,598	19,924	19,278
Family Advice Services			
Family duty counsel client assists ¹	21,399	18,826 ³	15,495
Expanded family duty counsel Victoria unique clients	799	755	801
Family LawLINE unique clients	4,356	4,836	4,658
Immigration Advice Services			
Immigration duty counsel client assists ¹	1,152	744	524

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

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

³ Volume of assists in one duty counsel location is under represented in 2021/22 due to the introduction of a new tracking system.

Appendix C: Auditor's Report and Audited Financial Statements

Financial statements of

Legal Aid BC

March 31, 2023

Legal Aid BC

March 31, 2023

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Management's Report

Management's Responsibility for the Legal Aid BC Financial Statements

The financial statements of Legal Services Society (which is referred to in these financial statements under its operating name of Legal Aid BC) as at and for the year ended March 31, 2023 (the "financial statements") have been prepared by management in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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

On behalf of Legal Aid BC



Steven Veinot, CPA, CMA, SCMP
Chief Financial Officer

Independent Auditor's Report

To the Directors of
Legal Aid BC

Opinion

We have audited the financial statements of Legal Aid BC (the "Society"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements of the Society for the year ended March 31, 2023 are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

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

The logo for Deloitte LLP, featuring the word "Deloitte" in a cursive script followed by "LLP" in a bold, sans-serif font.

Chartered Professional Accountants
May 15, 2023
Vancouver, British Columbia

Statement of financial position

as at March 31, 2023

	2023	2022
Financial assets		
Cash (note 17)	\$ 11,161,348	\$ 12,291,868
Accounts receivable (note 17)		
Government of British Columbia (note 14)	5,173,946	1,024,172
Government of Canada	845,474	1,149,997
Other	7,519,830	979,322
Total financial assets	24,700,598	15,445,359
Liabilities		
Accounts payable and accrued liabilities (note 17)		
General (note 5a)	6,247,559	2,495,491
Tariff (note 5b)	16,492,930	15,790,445
Deferred contributions (note 9)	5,076,108	—
Employee future benefits (notes 6(b) and 17)	184,200	191,200
Long-term liabilities (notes 7 and 17)	615,693	758,111
Total liabilities	28,616,490	19,235,247
Net debt	(3,915,892)	(3,789,888)
Non-financial assets		
Tangible capital assets (Schedule 1)	4,621,144	4,530,910
Prepaid expenses	234,215	198,445
Total non-financial assets	4,855,359	4,729,355
Accumulated surplus (note 8)	\$ 939,467	\$ 939,467
Contractual obligations (note 13)		
Economic dependence (note 15)		
Contingent liabilities (note 16)		

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

Approval of the financial statements by:



Karen Christiansen, FCPA, FCA
Chair of the Board of Directors



Allan P. Seckel, KC
Chair of the Finance Committee

Statement of operations and accumulated surplus

for the year ended March 31, 2023

	Budget (note 12)	2023	2022
Revenue			
Government of British Columbia (notes 9 and 14)	\$ 114,072,000	\$ 111,966,575	\$ 108,618,894
Federal Government	2,215,000	6,834,895	—
Law Foundation	3,250,000	2,463,311	3,535,429
Department of Justice — Canada	—	31,398	60,467
Notary Foundation	500,000	—	1,184,504
Investment	100,000	550,554	111,251
Miscellaneous	115,000	655,006	497,097
Total revenue	120,252,000	122,501,738	114,007,642
Expenses (notes 10, 14)			
Criminal tariff	61,024,986	59,345,471	58,056,859
Family tariff	30,124,363	28,865,225	27,775,243
Child protection tariff	7,733,296	6,188,783	6,060,184
Immigration and refugee tariff	3,901,160	6,834,895	4,100,377
Federally Funded Initiatives	—	3,061,029	—
Parents Legal Centres	6,551,494	6,117,621	6,137,962
Publishing	2,134,941	1,779,170	2,496,805
Community engagement	823,870	789,727	914,790
Indigenous services	707,133	755,459	673,041
Administration (note 11)	7,250,757	8,764,359	7,792,380
Total expenses	120,252,000	122,501,738	114,007,642
Surplus / (Deficit) for the year	—	—	—
Accumulated surplus at beginning of year	939,467	939,467	939,467
Accumulated surplus at end of year (note 8)	939,467	\$ 939,467	\$ 939,467

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

Statement of changes in net debt

for the year ended March 31, 2023

	Budget (note 12)	2023	2022
Surplus / (Deficit) for the year	\$ —	\$ —	\$ —
Acquisition of tangible capital assets	(1,338,000)	(1,155,263)	(2,138,213)
Amortization	1,163,000	1,065,029	912,080
	<u>(175,000)</u>	<u>(90,234)</u>	<u>(1,226,133)</u>
Acquisition of prepaid expenses	—	(322,776)	(204,069)
Use of prepaid expenses	—	287,007	421,538
	<u>—</u>	<u>(35,769)</u>	<u>217,469</u>
Increase in net debt	(175,000)	(126,003)	(1,008,664)
Net debt at beginning of year	<u>(3,789,888)</u>	<u>(3,789,888)</u>	<u>(2,781,224)</u>
Net debt at end of year	\$ <u>(3,964,888)</u>	\$ <u>(3,915,892)</u>	\$ <u>(3,789,888)</u>

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

Statement of cash flows
for the year ended March 31, 2023

	2023	2022
Cash provided by (applied to) operating activities		
Deficit for the year	\$ —	\$ —
Items not involving cash:		
Amortization	1,065,029	912,080
Long term liabilities	(142,419)	(156,888)
<i>Changes in non-cash working capital:</i>		
Accounts receivable	(5,745,759)	1,950,440
Accounts payable, accrued liabilities and deferred contributions	4,890,661	225,839
Prepaid expenses	(35,769)	217,469
Employee future benefits	(7,000)	(26,600)
Total change from Operating activities	24,743	3,122,340
Cash applied to capital activities		
Purchase of tangible capital assets	(1,155,263)	(2,138,213)
Total change from Capital activities	(1,155,263)	(2,138,213)
(Decrease) increase in cash	(1,130,520)	984,127
Cash at beginning of year	12,291,868	11,307,741
Cash at end of year	\$ 11,161,348	12,291,868
Supplemental disclosure of non-cash transactions:		
Deferred contribution not yet received	\$ 4,640,000	—

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, 2023

1. Overview

Legal Services Society (which is referred to in these financial statements under its operating name of Legal Aid BC) was established under the Legal Services Society Act on October 1, 1979 (as revised on May 31, 2007). Legal Aid BC 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. Legal Aid BC operates within the framework of a Memorandum of Understanding (MOU) with the province. The MOU is renewed every 3 years and outlines the roles, budget and planning processes as well as prioritization for allocating funding. The purpose of Legal Aid BC is to:

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

Legal Aid BC is not subject to income taxes.

The global pandemic, COVID-19, has significantly disrupted economic activities in BC. This is a difficult time for the legal system. It is still unknown at this time how and when the justice system will fully re-open and when billing patterns will return to pre-pandemic levels.

Legal Aid BC's largest risk continues to be fluctuating demand and costs for services. Legal Aid BC cannot predict the demand for tariff services with a high degree of certainty, nor the pace at which cases move through the court system and are ultimately billed. The inability to control demand (socioeconomic and morphing court procedures) continues to be the most significant risk to Legal Aid BC in meeting its financial targets.

2. Basis of presentation

These financial statements are prepared by management in accordance with the accounting requirements of section 23.1 of the Budget Transparency and Accountability Act of the province. This section requires the accounting policies and practices of government organizations to conform to generally accepted accounting principles for senior governments in Canada, as modified by any alternative standard or guideline that is made by the Treasury Board.

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

2. Basis of presentation (continued)

The accounting policy described in note 3(a) is different from PSAS with respect to the timing of revenue recognition for government transfers. The impact on the financial statements of Legal Aid BC as at and for the year ended March 31, 2023 is significant as aggregate contributions of \$5,076,108 have been deferred as at March 31, 2023.

3. Significant accounting policies

(a) Revenue recognition

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

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

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

(b) Expenses

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

(c) Tariff expenses

Tariff expenses include amounts billed by lawyers to Legal Aid BC and an estimate of services performed by lawyers but not yet billed to Legal Aid BC.

(d) Employee future benefits

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

3. Significant accounting policies (continued)

(e) Tangible capital assets

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

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

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

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

(f) Lease inducements

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

(g) Prepaid expenses

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

(h) Financial instruments

Legal Aid BC’s financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. Accounts receivable and accounts payable and accrued liabilities are initially recorded at fair value and subsequently measured at cost. Investments, which may comprise guaranteed investment certificates, provincial bonds, corporate bonds, and structured bank notes, are initially recorded at fair value and subsequently measured at amortized cost. Any premium or discount related to a financial instrument measured at amortized cost is amortized over the expected life of the instrument using the effective interest method.

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

3. Significant accounting policies (continued)

(h) Financial instruments (continued)

The fair values of Legal Aid BC’s cash, accounts receivable, and accounts payable and accrued liabilities generally approximate their carrying amounts due to their short term to maturity.

(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 allowances for doubtful accounts receivable, estimated useful lives of tangible capital assets and the resulting amortization, non-vested sick leave benefits, and contingent liabilities.

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

4. Investments

As of March 31, 2023, Legal Aid BC held no investments (2022 — \$nil).

5. Accounts payable and accrued liabilities

(a) General

		2023	2022
Trade payables	\$	4,884,394	\$ 1,043,057
Payroll payables		1,363,165	1,452,434
Total	\$	6,247,559	\$ 2,495,491

(b) Tariff

		2023	2022
Submittals approved, not paid	\$	440,513	\$ 1,873,047
Submittals not approved		2,135,777	1,932,476
Accrual (<i>note 18</i>)		13,916,640	11,984,922
Total	\$	16,492,930	\$ 15,790,445

5. Accounts payable and accrued liabilities (continued)

Legal Aid BC uses an actuarial model to estimate legal services performed but not yet billed to Legal Aid BC. Management estimated this liability to be approximately \$13,916,640 (2022 — \$11,984,922). 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).

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

6. Employee future benefits

(a) Pension plan

Legal Aid BC and its employees contribute to the Municipal Pension Plan (jointly trustee pension plan). The Board of trustees for this plan, representing plan members and employers, is responsible for administering the pension plan, including investing assets and administering benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the Municipal Pension Plan had approximately 227,493 active members and 118,048 retired members.

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

The most recent valuation, conducted as at December 31, 2021, showed the plan's basic account, which pays lifetime pensions, was 103.9 percent funded with actuarial assets of \$73.11 billion and actuarial liabilities of \$70.37 billion. There is a surplus of \$2.74 billion. In addition, the rate stabilization account, which was set up to help offset potential future contribution rate increases, has a balance of about \$2.5 billion.

Legal Aid BC paid \$1,204,319 (2022 — \$1,291,289) for employer contributions to the plan during the year ended March 31, 2023.

(b) Non-vested sick leave

Employees are credited days per year, ranging from six to ten days, for use as paid absences in the year due to illness or injury. Employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreement.

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

7. Long-term liabilities

Lease inducements

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

	2023	2022
Leasehold inducements	\$ 615,693	\$ 758,111
Less: current portion	(129,310)	(148,148)
Long-term portion	\$ 486,383	\$ 609,963

8. Accumulated surplus

The use of the accumulated surplus is restricted by the terms of the Legal Services Society Act and as well as by approval from the Board of Directors.

9. Restricted contributions

2023

	Opening deferred contribution	Approved budget	Additional contributions	Recognized in operations	Closing deferred contribution
Government of British Columbia — Category B	\$ —	\$ 3,292,000	\$ 394,052	\$ 3,686,052	\$ —

2022

	Opening deferred contribution	Approved budget	Additional contributions	Recognized in operations	Closing deferred contribution
Government of British Columbia — Category B	\$ —	\$ 3,292,000	\$ 531,238	\$ 3,823,238	\$ —

9. Restricted contributions (continued)

Legal Aid BC's Memorandum of Understanding (MOU) with the Ministry of the Attorney General provides for restricted funding for exceptional matters commencing with the 2003 fiscal year. The MOU was renewed effective April 1, 2020, and provides clarification on criminal case classification and funding of these cases.

There are now three categories:

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

In addition to the contributions described above, in 2023 Legal Aid BC recognized and deferred contributions of \$5,076,108 related to projects for which the associated expenditures have not yet occurred.

10. Expenses by object

The following is a summary of expenses by object:

	2023 Budget	2023 Actual	2022 Actual
Lawyer fees	\$ 65,915,048	\$ 62,149,362	\$ 60,973,563
Duty counsel fees	13,824,380	14,057,575	13,379,220
Disbursements	5,998,502	6,540,545	5,406,901
Total tariff costs	85,737,930	82,747,482	79,759,684
Salaries and benefits	20,556,850	20,170,373	20,171,683
Grants and contracted services	4,258,600	9,866,939	5,544,436
Computers	1,616,490	2,333,321	1,582,447
Premises	3,257,177	3,002,581	2,905,059
Local agents	1,757,200	1,911,858	1,744,450
Amortization	1,552,859	1,065,067	912,080
Office	759,235	679,990	677,206
Miscellaneous	530,416	515,768	592,385
Board expenses	155,841	76,429	83,417
Travel	69,402	131,930	34,795
Total	\$ 120,252,000	\$ 122,501,738	\$ 114,007,642

11. Administration expense

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

	2023	2022
Executive Office	\$ 1,507,652	\$ 1,231,435
Finance and Office Services	2,938,877	2,213,435
Strategic Policy, Planning and Human Resources	2,207,998	2,667,978
IT Operation Services	2,109,832	1,679,532
Total	\$ 8,764,359	\$ 7,792,380

12. Budgeted figures

The operating budgeted figures, presented on a basis consistent with that used for actual results, were approved by the Board of Directors on February 10, 2022, and submitted to the Ministry of the Attorney General on March 14, 2022 and were approved on April 11, 2022.

13. Contractual obligations

Legal Aid BC has the following contractual obligations.

	Premises leases	Operating costs	Total
2024	1,810,052	3,534,839	5,344,891
2025	1,657,923	—	1,657,923
2026	1,381,287	—	1,381,287
2027	1,424,194	—	1,424,194
2028	1,424,194	—	1,424,194
Thereafter	1,068,145	—	1,068,145
Total	\$ 8,765,795	\$ 3,534,839	\$ 12,300,633

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

At year-end, the commitment for future costs of legal services to be performed beyond the fiscal year, for which Legal Aid BC is currently committed, is estimated by management to be approximately \$42.0 million (2022 — \$32.1 million). This estimate uses the same methodology as described in note 5 for tariff payables.

14. Related parties

Legal Aid BC 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 \$111,966,575 (2022 — \$108,618,894), and Legal Aid BC is responsible for providing legal aid to individuals throughout British Columbia. At year-end, the province owed Legal Aid BC \$5,173,946 (2022 — \$1,024,172).

Certain members of the Board of Directors provide tariff services to Legal Aid BC. 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 \$206,522 (2022 — \$194,094). All payments to Board members are reviewed by the Finance Committee on a quarterly basis.

15. Economic dependence

In 2023, Legal Aid BC received 91% (2022 — 95%) of its total revenue from the Province of British Columbia, and as a result is economically dependent on the continuation of this funding.

16. Contingent liabilities

The nature of Legal Aid BC's activities is such that there is usually pending or prospective litigation at any time against Legal Aid BC. With respect to claims at March 31, 2023, management believes Legal Aid BC 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.

17. Risk management

Credit risk

Credit risk is the risk of loss resulting from failure of an individual or group to honour their financial obligations. Legal Aid BC's accounts receivable are due primarily from government organizations and other organizations with limited credit risk. Legal Aid BC's cash is held at Canadian chartered banks and Canadian financial institutions. In management's opinion, Legal Aid BC is not exposed to significant credit risk.

Legal Aid BC regularly assesses the collectability of its receivables. At year-end, there were no significant accounts receivable that were past due or impaired. To the extent Legal Aid BC identifies an account where collection is doubtful, an allowance will be recorded as appropriate.

Legal Aid BC's maximum exposure to credit risk is represented by aggregate financial assets of \$24,700,598 (2022 - \$15,445,359).

Liquidity risk

Liquidity risk is the risk that Legal Aid BC will not be able to meet its financial obligations as they fall due. Legal Aid BC's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flow to fund operations and settle liabilities when due.

Additionally, Legal Aid BC has a line of credit available with a maximum authorized limit of up to \$1.0 million with a Canadian chartered bank. The interest rate per annum is the bank's prime rate. At March 31, 2023, Legal Aid BC has \$nil drawn against this line (2022 — \$nil).

The expected maturity of Legal Aid BC's financial assets and liabilities as at year-end is as follows:

2023

	On demand	Up to 1 year	1 to 3 years	Total
Financial assets				
Cash	\$ 11,161,348	\$ —	\$ —	\$ 11,161,348
Accounts receivable	—	13,539,250	—	13,539,250
Total financial assets	\$ 11,161,348	\$ 13,539,250	\$ —	\$ 24,700,598
Liabilities				
Accounts payable and accrued liabilities	—	8,823,850	—	8,823,850
Tariff accrual	—	13,916,640	—	13,916,640
Other liabilities	—	5,389,618	486,382	5,876,000
Total liabilities	\$ —	\$ 28,130,108	\$ 486,382	\$ 28,616,490

17. Risk management (continued)**Liquidity risk (continued)****2022**

	On demand	Up to 1 year	1 to 3 years	Total
Financial assets				
Cash	\$ 12,291,868	\$ —	\$ —	\$ 12,291,868
Accounts receivable	—	3,153,491	—	3,153,491
Total financial assets	\$ 12,291,868	\$ 3,153,491	\$ —	\$ 15,445,359
Liabilities				
Accounts payable and accrued liabilities	—	4,631,789		4,631,789
Tariff accrual	—	13,654,147		13,654,147
Other liabilities	—	348,088	609,963	949,311
Total liabilities	\$ —	\$ 18,634,024	\$ 609,963	\$ 19,235,247

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. Legal Aid BC is not exposed to significant currency risk.

(b) Interest rate risk

Interest rate risk is the risk that Legal Aid BC's cash flow will change due to future fluctuations in market interest rates. A change of 1% in market interest rates would have an impact of approximately \$100,000 on interest revenue.

(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). Legal Aid BC is not exposed to significant other price risk.

18. Measurement uncertainty

Program area		Amount reported	Measurement uncertainty	Range
Tariff accrual (<i>note 5b</i>)	Min	\$ 13,916,640	(1,391,664)	\$ 12,524,976
	Max	\$ 13,916,640	1,391,664	\$ 15,308,304
Tariff and transcript expenses (<i>note 10</i>)	Min	\$ 82,747,482	(1,391,664)	\$ 81,355,818
	Max	\$ 82,747,482	1,391,664	\$ 84,139,146

Variability in the tariff accrual can arise from the rate at which cases proceed and unanticipated changes in the average cost per case. In management's opinion, the tariff accrual and corresponding tariff expenses are subject to change within a range of plus or minus ten percent from the amounts recorded in these financial statements due to uncertainties regarding both timing and costs. The estimate of this level of variability is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance.

During the year ended March 31, 2019, Legal Aid BC 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. Changes in presentation

Certain comparative figures have been reclassified to conform to the method of presentation adopted in the current year.

Schedule 1 – Tangible Capital Assets

2023

Cost

(\$000)	Balance, beginning of year	2023 Additions ¹	2023 Disposals	Balance, end of year
Furniture	\$ 1,107			1,107
Equipment	688			688
Computer equipment	1,396			1,396
Computer software	4,713	1,155		5,868
Client Information System	5,811			5,811
Leasehold improvements	3,893			3,893
Total	\$ 17,608	1,155		18,763

¹Computer software additions represent work in progress and therefore are not amortized in the current fiscal year.

Accumulated amortization

(\$000)	Balance, beginning of year	2023 Additions	2023 Disposals	Balance, end of year
Furniture	\$ (1,106)	(1)		(1,107)
Equipment	(667)	(15)		(682)
Computer equipment	(1,260)	(78)		(1,338)
Computer software	(2,523)	(431)		(2,954)
Client Information System	(5,811)			(5,811)
Leasehold improvements	(1,709)	(541)		(2,250)
Total	\$ (13,077)	(1,066)		(14,142)

Net Book Value

(\$000)	2023	2022
Furniture	\$ -	\$ 1
Equipment	6	21
Computer equipment	58	136
Computer software	2913	2,190
Client Information System	-	
Leasehold improvements	1,643	2,183
Total	4,621	4,531

Schedule 1 – Tangible Capital Assets (continued)

2022

Cost

(\$000)	Balance, beginning of year	2022 Additions	2022 Disposals	Balance, end of year
Furniture	\$ 1,107			1,107
Equipment	688			688
Computer equipment	1,396			1,396
Computer software	2,575	2,138		4,713
Client Information System	5,811			5,811
Leasehold improvements	3,893			3,893
Total	\$ 15,470	2,138		17,608

Accumulated amortization

(\$000)	Balance, beginning of year	2022 Additions	2022 Disposals	Balance, end of year
Furniture	\$ (1,089)	(17)		(1,106)
Equipment	(635)	(32)		(667)
Computer equipment	(1,182)	(78)		(1,260)
Computer software	(2,463)	(60)		(2,523)
Client Information System	(5,644)	(167)		(5,811)
Leasehold improvements	(1,153)	(557)		(1,710)
Total	\$ (12,166)	(911)		(13,077)

Net Book Value

(\$000)	2022	2021
Furniture	\$ 1	\$ 18
Equipment	21	53
Computer equipment	136	214
Computer software	2,190	112
Client Information System	-	168
Leasehold improvements	2,183	2,740
Total	4,531	3,304

