

Agenda

Bencher Meeting

Date:	Friday, April 26, 2024
Time:	9:00 am – Call to Order
Location:	The Bencher Meeting is taking place as a hybrid meeting. If you would like to attend the meeting as a virtual attendee, please email BencherRelations@lsbc.org
Recording:	<i>The public portion of the meeting will be recorded.</i>

CONSENT AGENDA

1	Minutes of March 8, 2024 meeting (regular session)
2	Minutes of March 8, 2024 meeting (<i>in camera</i> session)
3	2024 Annual General Meeting: Advance Voting

REPORTS

4	President’s Report	15 min	Jeevyn Dhaliwal, KC
5	CEO’s Report	15 min	Don Avison, KC
6	Briefing by the Law Society’s Member of the Federation Council	10 min	Brook Greenberg, KC
7	2023 Tribunal Annual Report and 2024 Planning	20 min	Herman Van Ommen, KC
8	Lawyers Indemnity Fund: Program Report for 2023	30 min	Su Forbes, KC

DISCUSSION/DECISION

9	Financial Matters <ul style="list-style-type: none"> • Law Society’s 2023 Audited Financial Statements and Financial Reports: Review and Approval • 2024 First Quarter Financial Report 	20 min	Brook Greenberg, KC Jeanette McPhee
10	Competency Framework	15 min	Cheryl D’Sa, KC

Agenda

11	Bill 21 – Legal Professions Act	60 min	Jeevyn Dhaliwal, KC Don Avison, KC
FOR INFORMATION			
12	2024 Bencher and Executive Committee Meeting Dates		
13	ADMA Turns Two		
IN CAMERA			
14	Other Business		

Law Society

of British Columbia

Bencher Meeting: Minutes (Draft)

To: Benchers

Purpose: Approval (Consent Agenda)

Date: Friday, March 8, 2024

Present:

Jeevyn Dhaliwal, KC, President	Benjamin D. Levine
Brook Greenberg, KC, 1st Vice-President	Dr. Jan Lindsay
Lindsay R. LeBlanc, KC, 2nd Vice-President	Jaspreet Singh Malik
Simran Bains	Jay Michi
Paul Barnett	Georges Rivard
Aleem Bharmal, KC	Michèle Ross
Tanya Chamberlain	Gurminder Sandhu, KC
Nikki L. Charlton	Thomas L. Spraggs
Jennifer Chow, KC	Barbara Stanley, KC
Christina J. Cook	James Struthers
Cheryl D'Sa, KC	Natasha Tony
Tim Delaney	Michael F. Welsh, KC
Brian Dybwad	Kevin B. Westell
Ravi R. Hira, KC	Gaynor C. Yeung
Sasha Hobbs	Jonathan Yuen
James A. S. Legh	

Staff present:	Jessica Abells	Alison Kirby
	Don Avison, KC	Julie Lee
	Gurprit Bains	Michael Lucas, KC
	Avalon Bourne	Claire Marchant
	Barbara Buchanan, KC	Jeanette McPhee
	Natasha Dookie	Michael Mulhern
	Jackie Drozdowski	Doug Munro
	Su Forbes, KC	Rashmi Nair
	Vicki George	Mimi Odkhuu
	Katrina Harry, KC	Maryanne Prohl
	Andrew Heinrichs	Michelle Robertson
	Kerryn Holt	Lesley Small
	Jeffrey Hoskins, KC	Serena Small
	Aara Johnson	Christine Tam
	Alison Luke	Adam Whitcombe, KC

Guests:	Dom Bautista	Executive Director, Courts Center & Executive Director, Amici Curiae Friendship Society
	Ian Burns	Digital Reporter, The Lawyer's Daily
	Freya Kodar	Dean of Law, UVic
	Elizabeth Kollias	President, BC Paralegal Association
	Jamie Maclaren, KC	Executive Director, Access Pro Bono Society of BC
	Robert McDiarmid, KC	Life Bencher, Law Society of BC
	Mark Meredith	Treasurer and Board Member, Mediate BC
	Joven Narwal, KC	Narwal Litigation LLP
	Ngai Pindell	Dean of Law, Peter A. Allard School of Law
	Linda Russell	CEO, Continuing Legal Education Society of BC
	Kerry Simmons, KC	Executive Director, Canadian Bar Association, BC Branch
	Lana Walker	Assistant Dean of Law, Thompson Rivers University

Consent Agenda

1. Minutes of February 2, 2024 meeting (regular session)

The minutes of the meeting held on February 2, 2024 were approved unanimously and by consent as circulated.

2. Minutes of February 2, 2024 meeting (*in camera* session)

The minutes of the *in camera* meeting held on February 2, 2024 were approved unanimously and by consent as circulated.

3. Code of Professional Conduct: Technological Competence

The following resolution was passed unanimously and by consent:

BE IT RESOLVED that the commentary to BC Code rule 3.1-2 be amended to include the following:

[4A] To maintain the required level of competence, a lawyer should develop an understanding of, and ability to use, technology relevant to the nature and area of the lawyer's practice and responsibilities. A lawyer should understand the benefits and risks associated with relevant technology, recognizing the lawyer's duty to protect confidential information set out in section 3.3.

[4B] The required level of technological competence will depend upon whether the use or understanding of technology is necessary to the nature and area of the lawyer's practice and responsibilities and whether the relevant technology is reasonably available to the lawyer. In determining whether technology is reasonably available, consideration should be given to factors including:

- (a) the lawyer's or law firm's practice areas;
- (b) the geographic locations of the lawyer's or firm's practice; and
- (c) the requirements of clients.

4. Terms of Reference: Equity, Diversity, and Inclusion Advisory Committee

The following resolution was passed unanimously and by consent:

BE IT RESOLVED the Benchers adopt the amendments to the Equity, Diversity and Inclusion Advisory Committee's Terms of Reference, as laid out in the agenda materials, pursuant to the

recommendation of the Mental Health Task Force, as approved by the Benchers in December 2023.

5. Appointed Bencher and Tribunal Adjudicator Expense Policies

The following resolution was passed unanimously and by consent:

BE IT RESOLVED that:

- a) the Bencher expense reimbursement policy be revised to remove paragraph 5.09 *Per Diems for Appointed Benchers attending hearings as public adjudicators*;
- b) the LSBC Tribunal's Appointee Adjudicator Remuneration and Expense Policy be amended so that the rate in paragraph 4.01(a) for an hour or less of time spent within a given calendar day be increased from \$135 to \$225; and
- c) the LSBC Tribunal's Appointee Adjudicator Remuneration and Expense Policy will apply to appointed Benchers when acting as adjudicators.

Reports

6. President's Report

President Jeevyn Dhaliwal, KC confirmed that no conflicts of interest had been declared.

President Dhaliwal started her report by speaking about the West Coast Leaf Equality Breakfast, which was held earlier that morning to celebrate International Women's Day. She spoke about the importance of women's rights and gender equality, and the many ways that women have been facilitating positive change. Ms. Dhaliwal provided a brief overview of the Government of Canada's theme for International Women's Day, Invest in Women, and she spoke about the theme as a call to action for gender equality as one of the most effective ways to build healthier, more prosperous, and more inclusive communities. She spoke about the role that everyone has to play in building a future where everyone can reach their full potential. Ms. Dhaliwal also spoke about the work the Law Society has done to invest in women, including achieving gender parity on the board and supporting women to pursue senior leadership roles throughout the organization.

Ms. Dhaliwal provided a brief overview of some of her recent activities, including visits to the Kootenay Bar and the Law Society of Alberta, meeting with the Chief Justices and Chief Judge to speak about access to justice and judicial vacancies across the province, attending the BGuiled Debates, and attending welcoming ceremonies for Chief Justice Leonard Marchand and Judge Jacqueline McQueen.

Ms. Dhaliwal concluded her remarks by thanking Benchers for taking part in the call ceremonies.
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7. CEO's Report

Don Avison, KC began his report with a brief update on the current status of the proposed single legal regulator legislation. He indicated that a third consultation draft had been received from the Ministry, and that the Law Society and the Ministry were not in agreement regarding fundamental elements of the proposed legislation. Mr. Avison spoke about the timing of the spring legislative session, and he indicated that if the draft legislation was to be tabled in its current form, his recommendation would be to pursue litigation to address the fundamental importance of the independence of the profession. He further indicated that he hoped that this option would not need to be pursued. Mr. Avison indicated that he was of the view that the Ministry should provide information to the profession and to the public regarding the significant changes that are being proposed, so as to facilitate meaningful and transparent discussion. He then encouraged Benchers to attend the “Through the Looking Glass: Independence and Regulation in BC” session being held by the CBABC regarding the importance of the independence of the profession and the judiciary, which would take place on April 12.

Mr. Avison informed Benchers that the Law Society Tribunal had released its annual report, which was available on the Tribunal's website. He encouraged all Benchers to take the time to review the report, and indicated that the Tribunal Chair would be attending a future meeting to provide some background in relation to the report and the work the Tribunal has been doing to improve the efficiency of Tribunal processes.

Mr. Avison then spoke about the recent Kootenay Bar Association event that he had attended along with Ms. Dhaliwal. He indicated that additional regional sessions would be held across the province to discuss Law Society initiatives and the implications of the proposed single legal regulator legislation.

Mr. Avison spoke about the tentatively scheduled April 26 Bencher meeting, and confirmed that this meeting would take place as a hybrid meeting. He indicated that additional meetings may be needed depending on whether or not the proposed single legal regulator legislation is tabled.

Mr. Avison informed Benchers that the consultation period on the Federation's proposed amendments to the Model Code in response to Call to Action 27 has been extended to November. He encouraged Benchers to bring the proposed amendments to the attention of lawyers within their communities.

Mr. Avison spoke about the upcoming Federation meetings, which would be taking place in Banff the following week. He indicated that the current state of affairs in BC in regard to the proposed single legal regulator legislation would be a main topic of discussion. He further indicated that meetings were also being held with the western law societies on this topic.

Mr. Avison announced that the Law Society has been named one of BC's Top 100 Employers for the third year in a row. He thanked staff for their dedication and hard work.

Mr. Avison concluded his report with some comments regarding judicial vacancies in BC. He indicated that five new appointments were made recently, but that a number of vacancies still need to be addressed. Mr. Avison spoke about a recent meeting that took place with the Minister of Justice and Attorney General of Canada on this topic, and he indicated that the Law Society would be putting together some materials to include on the website encouraging members of the profession to make applications to be considered for judicial appointment.

Discussion/Decision

8. Rule Amendments: Client Identification and Verification

Ms. Dhaliwal provided some background to the proposed Rule amendments regarding client identification and verification.

Benchers discussed the proposed Rule amendments and what would constitute an appropriate authentication process. Mr. Avison indicated that this would be included within the guidelines, along with some suggestions for programs, which would accompany the Rule amendments should they be approved.

The following resolution was passed unanimously:

BE IT RESOLVED to amend the Law Society Rules as follows:

1. Rule 3-102 is amended

- (a) in subrule (2), by striking out the word “original” and substituting “authentic”;***
- (b) in subrule (2) (a) (i) (B), by striking out the word “physical” and by striking out the word “client” each time it appears and by replacing it with “individual”;***
- (c) in subrule (2) (a) (iii)***
 - (i) by striking out “with respect to the individual” and by replacing it with “obtained by the lawyer from a reliable source”;***
 - (ii) in subrules (A) and (B), by striking out “from a reliable source”;***
- (d) in subrule (2) (b), by adding “obtained by the lawyer” between “a written confirmation” and “from a government registry”***
- (e) by adding the following as subrule 2.1***

“For the purposes of subrule (2) (a) (i), an electronic image of a document issued by the government of Canada, a province or a territory or a foreign government, other than a municipal government, may be treated as authentic provided the lawyer has used reliable technology to confirm that the identification document is genuine, and has confirmed that the name and photograph are those of the individual in the identification document.”

(f) by rescinding subrules (3) and (3.1)

2. *Rule 3-104 (5) is rescinded.*

REQUIRES 2/3 MAJORITY OF BENCHERS PRESENT

9. Rule Amendments: Executive Committee Election Tie Votes

Ms. Dhaliwal provided some background to the proposed revision to Rule 1-41, which would allow all Benchers to vote if a second election is required to break a tie-vote in the initial election for the appointed Bencher position on the Executive Committee.

There was no discussion, and the following resolution was passed unanimously:

BE IT RESOLVED to amend the Law Society Rules as follows:

1. ***By rescinding Rule 1-41 (11.1) and substituting:***

(11.1) When a tie vote causes an election under subrule (11)

(a) despite subrule (3), the candidates who were tied are the only candidates, and

(b) despite subrule (6) (b), all Benchers are eligible to vote.

REQUIRES 2/3 MAJORITY OF BENCHERS PRESENT

10. Rule Amendments: Call Ceremonies

Ms. Dhaliwal provided some background to the proposed Rule amendments, which would allow for presentation in open court to be optional for all lawyers.

Benchers discussed the proposed Rule amendments. Some Benchers were not in agreement with making presentation in open court optional, as this tradition has been in place for some time and serves an important ceremonial function, provides a sense of belonging for newly called lawyers, and demonstrates the diverse representation of Benchers, while also providing an opportunity for the Law

Society to speak about important issues such as the mental health of the profession and access to justice initiatives. In the event newly called lawyers need to seek an exemption from the requirement to be presented in open court, some Benchers were in favour of permitting those lawyers to make such a request to the Executive Director.

Other Benchers agreed that presentation in open court should be voluntary, with the rationale being that newly called lawyers should be provided with the freedom of choice as to whether or not they wish to attend, as it can be difficult for some lawyers to do so, and this should not be a barrier to practising law. Some Benchers were also of the view that the Law Society should be open to adapting its traditions and practices in line with its goal of being an innovative and modern regulator.

The following resolution was passed by a 2/3 majority of the Benchers:

BE IT RESOLVED that Law Society Rule 2-84 is amended as follows:

1. ***By deleting the word “must” in subrule (2):***
2. ***By adding the word “must” at the beginning of subrule (2) (a);***
3. ***By adding the word “may” at the beginning of subrule (2) (b);***
4. ***Subrules (2.1), (5) and (6) are rescinded.***

REQUIRES 2/3 MAJORITY OF BENCHERS PRESENT

11. In Principle: Disclosure and Privacy Review

Ms. Dhaliwal provided some background regarding the proposed review of the Law Society’s disclosure and privacy practices and Rules.

Benchers discussed the importance of conducting the proposed review, particularly in regard to Rules relating to the publishing of decisions. Some Benchers also discussed the importance of finding the right balance between transparency and the confidentiality of complaints.

The following resolution was passed unanimously:

BE IT RESOLVED that the Benchers approve, in principle, staff conducting a review of the Law Society’s disclosure and privacy practices and Rules, and developing specific proposals regarding Rule amendments for consideration by the Benchers at future meetings.

12. In Principle: Bencher Election Rules Revisions

Ms. Dhaliwal provided some background regarding the proposed amendments to the Rules governing Bencher elections, so as to provide for electronic elections to be the default election format, to shorten DM4337828

the voting period from two weeks to one week, and to grant authority to the Executive Director to determine the validity of any electoral district change requests, with the opportunity to appeal the decision of the Executive Director to the Executive Committee.

Benchers discussed shortening the voting period from two weeks to one week and what the timing would be. Ms. Dhaliwal advised that the period would be a full calendar week so as to allow for voting to occur over a weekend. Some Benchers expressed concerns regarding shortening the voting period as it could potentially affect voter turn-out. Other Benchers were of the view that the two week voting period was too long, and since elections were conducted electronically, shortening the voting period likely would not affect voter turn-out.

The following resolution was passed by a majority of the Benchers:

BE IT RESOLVED that the Benchers approve, in principle, revisions to the election rules to:

- a) provide for electronic elections to be the default election format, revise or rescind those rules pertaining to paper-based elections, and authorize the Executive Director to establish election procedures should a paper-based election be required at any point in the future;
- b) shorten the voting period from two weeks to one week; and
- c) grant authority to the Executive Director to determine the validity of any electoral district change requests, with the opportunity to appeal the decision of the Executive Director to the Executive Committee.

Updates

13. National Discipline Standards Report: Update & Implementation

Natasha Dookie, Chief Legal Officer, provided background information on the National Discipline Standards and then presented the Law Society's progress for 2023 for each of the standards. She indicated that the Law Society had met 24 out of 26 standards, a performance similar to the previous two years, with standards 9 and 10 not being met. Ms. Dookie then spoke about contributing factors to not meeting these two standards, as well as mitigation methods.

Benchers discussed the level of complexity of files and if this has an impact on timing for hearings. Ms. Dookie advised that a number of factors contributed to the timing, including the availability of external counsel and the complexity of files. She also advised that the use of consent agreements have been a helpful tool to bring resolution to files more quickly. Mr. Avison added that although two of the standards were not met, staff continue to make efforts to improve performance in regard to these standards.

14. Alternative Discipline Process: Program Update

Ms. Dookie and Jessica Abells provided an update on the Alternative Discipline Process program, including an overview of the program, guiding principles and key features, the operationalization of the process, and observations of the program since its conception.

Benchers discussed the Alternative Discipline Process, including the oversight process, the complainant's involvement with the process and outcome, and maintaining privacy.

For Information

15. What We Heard – Access to Justice Priorities for the Law Society in 2024

There was no discussion on this item.

Closing Remarks

Ms. Dhaliwal provided some closing remarks regarding some events, which had been cancelled since 2020 as a result of the COVID-19 pandemic, including the Life Bencher dinner. She indicated that this event would likely take place in some form in the fall of this year and that further details would follow. Life Bencher, Robert W. McDiarmid, KC was then invited to speak and provided some comments on his experiences attending the Life Bencher dinners.

Benchers discussed the Life Bencher dinner, as well as Commemorative Certificate events. Mr. Avison advised that the two events were separate, and that he was of the view that a Life Bencher event would likely be held in September, and that it would also include appointed Benchers who had completed the maximum allowable terms under the Government of BC's policy.

The Benchers then commenced the *in camera* portion of the meeting.

AB
2024-04-18

Law Society

of British Columbia

2024 Annual General Meeting: Advance Voting

To: Benchers

Purpose: Approval (Consent Agenda)

From: Staff

Date: April 26, 2024

Purpose

1. This memorandum seeks the Benchers' authorization to permit voting in advance of the Law Society's 2024 Annual General Meeting (AGM), pursuant to [Rule 1-13.1\(1\)](#).

Discussion

2. [Rule 1-13.1 \(1\)](#) provides that the Benchers may authorize the Executive Director to permit members of the Society in good standing to vote by electronic means on general meeting resolutions in advance of the general meeting.
3. Since 2019, advance online voting has been available for the AGM. Advance voting gives members the opportunity to vote at a time of their choosing within the period of advance voting, and does not require them to attend on the day of the AGM in order to vote, which has greatly increased overall voter turn-out since 2019. Accordingly, staff recommend that advance voting again be permitted for the 2024 AGM.

Decision

4. Accordingly, staff propose the following resolution for approval by the Benchers:

BE IT RESOLVED the Benchers authorize the Executive Director to permit members of the Society in good standing to vote by electronic means on general meeting resolutions in advance of the 2024 AGM.

CEO Report

April 26, 2024

Prepared for: Benchers

Prepared by: Don Avison, KC

1. Single Legal Regulator Update

On April 10, 2024 the Attorney General tabled Bill 21 for first reading in the Legislative Assembly of British Columbia. It is expected that second reading and the committee stage debate will commence during the week of April 22, when the Legislature returns after a one-week recess. Government has been clear that the plan is to proceed to third reading and on to Royal Assent before this current session of the Legislative Assembly concludes in mid-May.

[Bill 21](#) contains more than 300 sections and it dramatically shifts the approach to the regulation of legal professions in British Columbia. I will have more to say at the meeting.

2. Through the Looking-Glass: Independence & Regulation in BC Today

I attended, along with a number of others, the CBABC's timely "Through the Looking Glass" conference which took place at the UBC Robson Square last week. There were approximately 100 people attending in-person and 170 virtual attendees. Our President, Jeevyn Dhaliwal, KC along with Scott Morishita, CBABC President and Attorney General Sharma, KC spoke about the new regulatory framework reflected in Bill 21. President Dhaliwal did a particularly effective job in putting forward our concerns about Bill 21 and its implications for lawyer independence.

3. Annual Reports from the Supreme Court of BC and the Court of Appeal

Both courts have recently published their annual reports: [Supreme Court of BC](#) / [Court of Appeal](#). Both reports offer considerable information on the work of the courts and provide insights regarding trends and challenges including the growing number of unrepresented or self-representing parties.

4. 2024 King's Counsel Process

Attorney General Sharma has written to President Dhaliwal to indicate that the KC nomination process will commence on May 20, 2024 with nominations closing on July 15, 2024 (see copy of correspondence attached).

The Law Society will post information on our website regarding the process for 2024.

5. Legal Aid Investigations in the April 16 Federal Budget

The Federal Minister of Justice and Attorney General, the Honourable Arif Virani has reached out to all Canadian law societies to outline recent federal commitments to legal aid. These include the following:

- \$440 million to the Department of Justice over five years, starting in 2024-25, for criminal legal aid to support access to legal aid in the criminal justice system.
- \$273.7 million over five years for immigration and refugee legal aid, starting in 2024-25, and \$43.5 million ongoing to the Department of Justice for immigration and refugee legal aid services.
- \$15 million for a new Tenant Protection Fund, starting in 2024-25, which will provide funding to organizations that provide legal and informational services to tenants, as well as for tenants' rights advocacy organizations to raise awareness of renters' rights.

6. 2024 Articling Survey

As part of our broader collaboration with the Western Law Societies, the Law Societies of Alberta, British Columbia, Manitoba and Saskatchewan, and this time joined by the Nova Scotia Barristers' Society, are launching two surveys to gather feedback from articling students and new lawyers (under five years of call) as well as from principals, recruiters and those who mentor articling students or new lawyers. The information gathered will help the law societies to make more informed decisions around our programs and resources, especially as they relate to articling, lawyer competence, and equity, diversity and inclusion. The findings will facilitate cross-provincial comparisons, offering valuable insights into how we can collectively enhance the articling experience in our jurisdictions and better prepare articling students for the practice of law in the future.

The survey is set to launch on Thursday, May 9, 2024.

7. Staff Update

I will speak to some recent changes to our staff at the meeting.

Don Avison, KC
Chief Executive Officer



BRITISH COLUMBIA

VIA EMAIL

Ref. 644876

April 16, 2024

Jeevyn Dhaliwal, KC
President
The Law Society of British Columbia
845 Cambie Street
Vancouver BC V6B 4Z9
Email: president@lsbc.org

Dear Jeevyn Dhaliwal:

The 2024 King's Counsel (KC) process will begin May 20, 2024, with a deadline set for 4:30 pm, Friday, July 15, 2024. As with the 2023 process, this will provide a longer period of eight weeks for submission of nominations.

The nomination package, including the online nomination form, will be available on the Ministry of Attorney General website at: www.gov.bc.ca/ag. As established in recent years, only the online nomination form can be used and letters of reference or support will not be required or accepted. The 'consent to disclosure' form will also be required for each nominee, allowing the Law Society to make disclosure to the Committee.

The selection of lawyers for KC appointments will again be made through the structured and accountable process described on the ministry's website. I look forward to your continued support in making the process a success.

As in previous years, I invite you and your colleagues to encourage nominations for this year's KC appointments. In particular, I would ask you to encourage nominations from rural areas or minority groups, both of which are often under-represented in the nominations received.

Sincerely,

A handwritten signature in black ink, appearing to be 'Niki Sharma', written in a cursive style.

Niki Sharma, KC
Attorney General

Ministry of Attorney General

Mailing Address:
PO Box 9044 Stn Prov Govt
Email: AG.Minister@gov.bc.ca
Victoria BC V8W 9E2
website: www.gov.bc.ca/ag

Telephone: 250-387-1866
Facsimile: 250-387-6411

Law Society

of British Columbia

Briefing by the Law Society's Member of the Federation Council

To: Benchers

Purpose: Report

From: Brook Greenberg, KC
Law Society Representative on the Federation Council

Date: April 26, 2024

Purpose

1. This memorandum is intended to provide a summary of the Federation's Spring Conference, and March 2024 Council meeting held in Banff, Alberta.

The Federation Spring Conference

2. The Federation Spring Conference addressed two issues:
 - a. developments with respect to the Single Legal Regulator issue in British Columbia; and
 - b. proposals by CanLII to continue its work with respect to incorporating AI tools into its services.
3. Due to the nature of both topics, including the commercial sensitivities around CanLII's proposals, the Spring Conference was held *in camera*.
4. As a result, the report on the Conference will necessarily be brief.
5. Jeevyn Dhaliwal, KC and Don Avison, KC presented an update on the Single Legal Regulator matter, and fielded questions from attendees.
6. This presentation obviously pre-dated the introduction of Bill 21 in the BC legislature, which has superseded the discussions which occurred prior to the legislation being tabled.
7. CanLII spoke about exciting proposals to improve its search functions and expand access to justice through natural language searching by training a large language model tool exclusively on CanLII's proprietary database.
8. The proposal could potentially make low cost, or even free natural language searching available to the public.
9. However, such a proposal will require additional financing from Canada's law societies, which fund CanLII.
10. Consequently, the first topic of discussion with respect to the creation of a Single Legal Regulator, and whether such a new entity could or would remain a member of the Federation of Law Societies of Canada, created uncertainty in respect of the security of CanLII's funding.

11. To try to address concerns, including the effect of a new regulatory entity on the Federation, on January 19, 2024, the President of the Federation, Erin Kleisinger, KC, had issued a letter to Attorney General Sharma describing the Federation’s interests in any potential legislation relating to any change to the regulator in British Columbia. President Kleisinger wrote as follows:

Additionally, as changes to the regulation of legal professionals in British Columbia may have implications for important national initiatives, prior to the tabling of any draft legislation or regulations the Federation would very much like an opportunity to review the government’s draft proposals and provide further context and feedback that may not have been considered to date. We would be willing to provide the same undertaking not to disclose any information about the draft legislation as has been given by the LSBC.

We hope that the government of British Columbia will recognize the Federation’s legitimate interest in the plans to move to a single legal regulator and will provide us with the opportunity to review the draft legislative proposals.

12. A copy of the full Federation letter is attached as **Appendix “A”** to this report.
13. At the time of the Spring Conference, no response had been provided by the provincial government, despite the Federation’s critical work in providing greater access to justice in both British Columbia, and the nation.
14. No consultation opportunity was provided to the Federation prior to the introduction of Bill 21, notwithstanding the potential implications for the access to justice initiatives undertaken by the law societies of Canada through the Federation.

The Federation Council Meeting

15. The Federation Council met on March 12, 2024.
16. Council approved the composition of its various committees, including the newly established Standing Committee on Wellness and the Good Character Working Group.
17. Council approved a report from the National Requirement Review Committee (the “NRRC”) recommending a suite of amendments to the National Requirement.

18. Council approved the budgets for the Federation’s General Operations, and the NCA for 2024-2025.
19. Council also approved the fees paid by the law societies for CanLII for 2024.
20. Finally, Council approved the proposed Annual Activity Plan.
21. In addition to these approvals, Council received reports from its committees, as well as CanLII and Lexum.
22. Some of the more significant updates are summarized below.

The Indigenous Advisory Council (the “IAC”)

23. As provided for in the IAC Terms of Reference, the IAC continued to be invited to send a member to each Federation meeting, including the March Conference and Council meetings.
24. The March 2024 meetings were attended by Melinda Moch on behalf of the IAC.
25. In January 2024, members of the IAC met with representatives of the NRRC to discuss feedback on proposals to address the Truth and Reconciliation Commission’s Call to Action 28 in the National Requirement.
26. The IAC then held a special meeting to further consider the proposals and develop a written submission that was provided to the NRRC at the end of January 2024.
27. In February, the IAC held its first quarterly meeting of 2024, and met with the co-chairs of the Good Character Working Group.
28. The IAC also planned for its first in-person meeting of the year to be held in Winnipeg on May 28, 2024.
29. In the same meeting the IAC members “provided very positive feedback about their experience on the IAC”.
30. From the comments of IAC members, Council members, and staff of the Federation, the IAC continues to be working well from everyone’s perspective, and serves as an excellent, cooperative model for advancing and incorporating truth and reconciliation considerations in the regulation of legal professionals.
31. The two current law student representatives on the IAC are both graduating from their programs in 2024, and therefore, at least one new student representative will need to be appointed to the IAC this year.

The NRRC

32. As noted above, after significant consultation, the NRRC proposed amendments to the National Requirement as set out in its Final Report, which were adopted unanimously by the Council.
33. The adoption of the amendments completes the work of this iteration of the NRRC.

Money Laundering Prevention

34. The Standing Committee on Anti-Money Laundering and Terrorist Financing reported that it was preparing for the parliamentary review of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (the “PCMLTFA”) which will occur this year.
35. The Federation plans to actively participate in the review to the greatest extent possible.
36. In particular, the Federation intends to report on the value of the collaborative relationship established with the federal government in respect of money laundering issues, as well as to report on the work and successes of the law societies to address money laundering risks.
37. As previously reported, the Federation is working to gather data with respect to compliance and enforcement from various law societies, including the Law Society of BC.
38. That data will also be important in respect of the 2025 mutual evaluation process of the Financial Action Task Force (the “FATF”).
39. The joint Federation-Government of Canada AML Working Group, which was established in 2019, met in January 2024 and will meet again in May 2024, to prepare for both the PCMLTFA review and the FATF mutual evaluation.

National Wellness Study

40. The National Wellness Study Steering Committee (the “Steering Committee”) reported that the Phase II interviews are now all complete.
41. The Steering Committee received and reviewed draft Phase II reports for Alberta, Saskatchewan, and Manitoba.
42. The previously reviewed draft Phase II report for British Columbia will be provided to the LSBC for review before being finalized.
43. The completion of all Phase II Reports is anticipated in the fall of 2024.

Constitutional Challenge to Mandatory Reporting Provisions in the Income Tax Act

44. Council received an update on this litigation, including that the Attorney General of Canada had not yet provided its response to the Federation petition.
45. Additionally, the CBA has been granted leave, by consent of the parties, to intervene in the case.
46. No date for a hearing of the petition has been set, as no response has been provided yet by the federal government.

The Standing Committee on the Model Code

47. In November 2023, the Standing Committee on the Model Code (the “Model Code Committee”) circulated a consultation document presenting draft amendments to the Model Code in response to the Truth and Reconciliation Commission’s Call to Action 27. The deadline for feedback is November 29, 2024.
48. The Chair of the Model Code Committee met with law society CEOs in February 2024 to discuss the development of the draft amendments, as well as the current consultation process.
49. The Model Code Committee is now turning to consideration of the “Duty to Report” provisions of the Model Code (7.1-3).
50. Topics to be considered in respect of the Duty to Report include consideration of potential obligations to report in the context of the recent amendments to the Model Code relating to discrimination, harassment, and sexual harassment.
51. Also, the Model Code Committee will consider whether changes to the existing Duty to Report provisions should be made in order to better reflect the evolving understanding of mental health and substance use issues in the legal professions.
52. The joint Federation-CBA Ethics Forum, which was held in March, included discussion of these considerations in relation to the Duty to Report.
53. These will also be topics to be addressed at the Law Society of BC’s upcoming retreat.

Working Group on National Good Character Standards

54. The Working Group held its inaugural meeting virtually on January 24, 2024.
55. The Working Group is in the process of creating a baseline research document capturing current law society approaches to the good character requirement.
56. As set out above, in February, the Working Group co-chairs met with the Federation’s IAC to discuss the Working Group’s purpose and terms of reference.
57. The Working Group is also in the process of preparing a work plan to guide its efforts.

Standing Committee on Wellness

58. The Standing Committee on Wellness (the “Wellness Committee”) is now fully populated, and held its inaugural meeting virtually on February 8, 2024.
59. The Wellness Committee has commenced its efforts to prepare a work plan, and intends to meet again virtually in May, and then in-person in conjunction with the Federation Council meeting in June.
60. Although the Wellness Committee is fully populated, the expectation is that Federation Council will be asked to permit one further appointment of a committee member as a representative from the North.
61. That additional appointment has been requested both to ensure appropriate regional representation, and because the National Study identified differential experiences with mental health and substance use issues for those practicing in the North.

CanLII and Lexum Reports

62. Representatives of CanLII and Lexum presented to the Federation Council.
63. They indicated that the case summaries created with generative AI which they had described at the Federation Conference in Whitehorse in October 2023, were considered to be successful experiments with generative AI.
64. CanLII is now ready to look to develop other tools using generative AI. The intention is to train an LLM on CanLII’s proprietary dataset, which along with other best practices should minimize the risk of hallucinations.
65. The intention is to provide a premium natural language search tool available on a paid basis in order to subsidize a slightly less comprehensive natural language search tool which would

be free. The difference would largely be the number of “results” the two tools would provide a user.

66. Francis Barragan of CanLII noted that CanLII is a leader of Legal Information Institutes in the world, largely because of its structure and the financial support it receives from Canada’s law societies.
67. There was discussion of the potential concerns about the sustainability of that structure and support if British Columbia, one of the most significant contributors to CanLII, has a different form of regulator than the other provinces.

Next Meeting

68. The next meeting of the Federation Council will be held in-person in Ottawa, Ontario on June 10, 2024.

**BY E-MAIL**

January 19, 2024

The Honourable Niki Sharma, K.C., M.L.A.
Attorney General
Room 232 Parliament Buildings
Victoria, B.C. V8V 1X4

Re: Legal Professions Regulatory Modernization

Dear Attorney General Sharma,

I write on behalf of the Federation of Law Societies of Canada (Federation) regarding the government of British Columbia's plans to create a single regulator for the legal professions in your province.

The Federation is the national, voluntary association of the 14 independent provincial and territorial regulators of legal professionals in Canada. Our association coordinates the development of national standards and the harmonization of law society rules and procedures, undertakes national initiatives on behalf of law societies, and facilitates the sharing of information on important trends and issues.

Canada's Law Societies have a long history of effective collaboration to better serve the public interest, which is at the core of their respective regulatory mandates.

Working through the Federation, our member law societies have, *inter alia*:

- (i) developed a comprehensive mobility regime that permits lawyers to transfer with ease between jurisdictions and to practice temporarily in other provinces (which enhances access to legal services),
- (ii) developed and continue to update the Model Code of Professional Conduct to harmonize the rules of professional conduct for lawyers across the country and respond to emerging ethical issues,
- (iii) developed national discipline standards to ensure that complaints are responded to in a way that is consistent, fair and transparent (which fosters public trust in the legal profession), and

- (iv) developed comprehensive and robust rules to address the risks of money laundering and terrorist financing that can arise in legal practice.

As part of their desire to foster a consistent approach to lawyer competence, the law societies have also delegated to the Federation the role of assessing the credentials of internationally trained lawyers who wish to practice law in Canada.

These collaborative projects, and others, have strengthened the regulation of legal professionals across the country and are in the public interest. The Law Society of British Columbia (LSBC) has been a key participant in these initiatives and plays a particularly significant role in the anti-money laundering work.

The leaders of the Federation and our member law societies read with both interest and concern the British Columbia government's *Intentions Paper* released in September 2022 and the *What We Heard Report* released last May. Changes to the regulatory structures for legal professionals in British Columbia have the potential to impact the law societies in other jurisdictions and may also have adverse implications for the important national work they undertake together in the public interest, through the Federation. The Federation's existence is premised upon fundamental underlying assumptions, including that (i) member law societies are structured and governed in a way that is largely consistent across jurisdictions and (ii) their regulatory roles are clearly independent of government, in keeping with core democratic principles. As the government itself has recognized "the importance of an independent bar to the functioning of a free and democratic society cannot be overstated".

It is our understanding that the government of British Columbia may be introducing legislation in the Spring legislative session to establish a single regulator for British Columbia lawyers, paralegals, and notaries. While we have no information on the content of such legislation, we are aware that draft proposals have been shared with representatives of the LSBC who have been required to sign non-disclosure agreements. While our British Columbia colleagues have abided by those agreements and have not shared details of the proposed changes, they are clearly very concerned that elements of the intended changes could, and likely would, impair the independence of the legal profession and its regulation.

Robust consultation on legislative initiatives plays a vital role in a democracy. In the case of significant changes to the structure and scope of the regulation of legal professionals, the public interest would be best served by tabling the proposed legislative scheme for exposure. This would provide an opportunity for meaningful consultation and input prior to finalization of the proposals.



Additionally, as changes to the regulation of legal professionals in British Columbia may have implications for important national initiatives, prior to the tabling of any draft legislation or regulations the Federation would very much like an opportunity to review the government's draft proposals and provide further context and feedback that may not have been considered to date. We would be willing to provide the same undertaking not to disclose any information about the draft legislation as has been given by the LSBC.

We hope that the government of British Columbia will recognize the Federation's legitimate interest in the plans to move to a single legal regulator and will provide us with the opportunity to review the draft legislative proposals.

Sincerely,



Erin M.S. Kleisinger, K.C.
President

c.c. Jeevyn Dhaliwal, KC, President, LSBC



Law Society
of British Columbia

Year End Financial Report: December 2023

To: Finance & Audit Committee Meeting (April 11, 2024)
Bencher Meeting (April 26, 2024)

Purpose: Discussion & Decision

From: Finance Department

Date: April 26, 2024

Year End Financial Report - December 2023

Attached are the financial results and highlights for the 2023 fiscal year.

The external audit was completed in March and the 2023 audited financial statements are presented for approval.

General Fund (excluding capital and TAF)

For the 2023 fiscal year, the General Fund operations resulted in a positive financial result of \$1.55 million compared to a deficit budget of \$775,000. As previously reported, there was good revenue performance this year, with significant interest income, resulting in a positive revenue variance of \$1.37 million (4%), along with operating expense savings of \$960,000 (3%).

Revenue

The total revenue for the year was \$33.76 million, \$1.37 million (4%) ahead of budget mainly due to significant interest income earned due to the rising bank rate.

During 2023, the Bank of Canada bank rate was between 4.50% to 5.50% resulting in significant interest revenue for the year, much higher than previous years. Total interest income was \$1.73 million, \$1.05 million over budget.

Practice fees were \$26.08 million, \$240,000 (1%) over budget. The number of lawyers increased slightly more than historical averages, with 14,279 lawyers, 3.3% increase over 2022.

Electronic filing revenues were \$860,000, \$106,000 below budget, with real estate unit sales declining 9.2% from 2022 levels.

There were 644 PLTC students compared to a budget of 627, with an extra summer class added. This resulted in PLTC revenue of \$1.95 million, \$93,000 ahead of budget.

Fines and penalties revenues were \$613,000, \$159,000 over budget, mainly due to an increase in administrative penalties which were implemented in late 2022.

The Law Foundation PLTC grant was \$276,000, an increase of \$150,000 in funding for the year.

There was a decrease in Cost Recoveries due to an increase in the doubtful accounts reserve related to prior year cost recoveries booked.

Building lease revenues decreased \$74,000 with the departure of one tenant in fall 2023.

Operating Expenses

Operating expenses for the period were \$32.21 million, \$960,000 (3%) below budget, mainly due to lower external counsel fees.

External Counsel Fees: External counsel fees were under budget \$762,000, with lower fees in Legal Defense, IME, Credentials, Forensics, and the contingency budget.

Human resources: There were cost savings of \$204,000, primarily due to lower recruitment and consulting costs.

Software maintenance: There were \$226,000 in savings due to the deferral of a number of software projects.

Building: There were savings of \$142,000 due to lower property taxes and building maintenance costs.

Practice Standards: The proactive practice assessment pilot program did not move ahead, with savings of \$100,000.

PLTC: PLTC continued to be delivered remotely, resulting in travel and facilities savings of \$100,000.

Compensation: Overall compensation costs, comprising 80% of the budget, were slightly over budget, \$250,000 (1%).

Bencher governance: Bencher governance costs were \$213,000 over budget. The 2023 budget assumed a 50/50 virtual/in person meeting split, but there were two extra Bencher meetings held in person, adding \$105,000 in cost. In addition, there were higher retreat and travel costs incurred, \$108,000.

Single Legal Regulator: These costs were \$160,000 for the year, and were to be funded from reserves.

General Fund Net Assets

The General Fund total net assets at the end of 2023 were \$38.9 million, consisting of four areas:

- Invested in capital assets, \$13.3 million, 845/839 buildings and other capital assets.

- Capital Fund, \$3.8 million, funding future capital maintenance projects for buildings and operations, including the replacement of the electrical distribution unit and future building windows and cladding replacements.
- TAF reserve, \$1.9 million, 6 months of operating expenses per the reserve policy.
- Unrestricted net assets, \$19.8 million, 6 months of operating expenses.

TAF-related Revenue and Expenses

TAF revenue was \$3.1 million, \$700,000 below budget. The real estate market activity has been much lower in recent years, and in 2023, TAF decreased 9.2% from 2022 levels.

Trust assurance program costs were \$182,000 below budget, with compensation savings, and travel savings due to most audits now being performed remotely.

In accordance with the TAF reserve policy, \$430,000 was transferred from LIF to top up the TAF reserve to 6 months of operating expenses.

Lawyers Indemnity Fund

LIF fee revenues were \$17.90 million, slightly higher than the budget of \$17.5 million, with a higher number of practicing indemnified lawyers.

LIF operating expenses were \$10.82 million, \$994,000 under budget, with savings primarily due to lower compensation costs, office expenses and insurance costs. These savings were partially offset by higher investment management fees due to higher investment values.

The provision for claims decreased to \$7.5 million with decreases in prior year claims reserves.

The investment markets recovered in 2023, resulting in investment income of \$21.63 million. Overall investment returns after investment fees were 8.63%, compared to a benchmark of 10.14%. Returns were at or above market in bonds, Canadian equities and infrastructure funds, and lower than market for foreign equities, real estate and mortgage funds.

Law Society of British Columbia

Summary of Financial Highlights

(\$000's)

2023 General Fund Results - YTD Dec 2023 (Excluding Capital Allocation & Depreciation)				
	Actual	Budget	\$ Var	% Var
Revenue (excluding capital)				
Practice Fees	26,078	25,838	240	1%
PLTC and Enrolment Fees	1,949	1,856	93	5%
Electronic Filing Revenue	860	966	(106)	-11%
Interest Income	1,733	685	1,048	153%
Registration and Licensing Revenue	803	844	(41)	-5%
Fines, Penalties & Recoveries	613	454	159	35%
Insurance Recoveries	34	32	2	0%
Other Revenue	356	193	163	85%
Other Cost Recoveries	13	128	(115)	-
Building Revenue & Tenant Cost Recoveries	1,322	1,397	(74)	-5%
	<u>33,762</u>	<u>32,392</u>	<u>1,370</u>	<u>4%</u>
Expenses (excluding depreciation)				
	<u>32,209</u>	<u>33,167</u>	<u>958</u>	<u>3%</u>
	<u>1,553</u>	<u>(775)</u>	<u>2,328</u>	

Summary of Variances - YTD Dec 2023

Revenue Variances:

Permanent Variances

Interest Income - significant increase in interest rates later 2022 and in 2023 after budget set	1,048
Practice Fees - 14,279A vs 14,128B, add'l 151 practicing lawyers, 3.3% increase over 2022 actuals	240
Fines, Penalties, & Recoveries - administrative penalties \$92K	159
PLTC and Enrolment Fees - 644 FTE actual students vs 627 budget	93
Electronic Filing Revenue - decrease in BC real estate unit sales, 9.2% from 2022	(106)
Other Cost Recoveries - larger doubtful accounts allowance on prior year recoveries	(115)
Other Revenue - Increased Law Foundation PLTC grant	150
Building Revenue & Tenant Cost Recoveries - 10th floor lease (CBA) ends	(74)
Other	(25)
	<u>1,370</u>

Expense Variances:

Permanent Variances

External counsel fees - Regulation 180K, Credentials 230K, Forensics 150K, & contingency 200K	762
HR - recruitment fees \$133K, consultants \$41K	204
IS Software Maint - Deferral of projects - MS Exchange, Finance, Ipro, File Storage	226
Building - property taxes \$72K, R&M \$70K	142
Proactive practice assessment pilot program - did not move ahead	103
PLTC - delivered remotely - no travel and facilities costs	101
Lawyer Education Advisory Committee - reduced costs for competency analysis - Western Provinces	81
Compensation and benefits	(250)
Single Legal Regulator - staffing and fees - funded from reserves - not budgeted	(160)
Bench Governance - 2 additional in person meetings, travel, per diems, increased retreat costs	(213)
Tribunal Chair - policy set after budget set	(60)
Other	22
	<u>958</u>

Trust Assurance Program - YTD Dec 2023

	Actual	Budget	Variance	% Var
TAF Revenue	3,124	3,822	(698)	-18%
Trust Assurance Department	<u>3,541</u>	<u>3,722</u>	<u>181</u>	<u>5%</u>
Net Trust Assurance Program	<u>(417)</u>	<u>100</u>	<u>(517)</u>	

2023 Lawyers Indemnity Fund Long Term Investments - YTD Dec 2023

Performance - Before investment fees	8.63%
Benchmark Performance	10.14%

The Law Society of British Columbia
General Fund
Results for the 12 Months ended December 31, 2023
(\$000's)

	2023 Actual	2023 Budget	\$ Variance	%
REVENUE				
Practice fees (1)	27,873	27,618	255	1%
PLTC and enrolment fees	1,949	1,856	93	5%
Electronic filing revenue	860	966	(106)	-11%
Interest income	1,733	685	1,048	153%
Registration and Licensing services	802	844	(42)	-5%
Fines, penalties and recoveries	613	454	159	35%
Program Cost Recoveries	9	126	(117)	-93%
Insurance Recoveries	34	32	2	6%
Other revenue	356	193	163	84%
Other Cost Recoveries	4	2	2	100%
Building Revenue & Recoveries	1,322	1,397	(75)	-5%
Total Revenues	35,555	34,173	1,382	4.0%
EXPENSES				
Governance and Events				
Governance	851	600	(251)	-42%
Board Relations and Events	278	294	16	5%
	1,129	894	(235)	-26%
Corporate Services				
General Office	739	767	28	4%
CEO Department	1,182	871	(311)	-36%
Finance	1,348	1,240	(108)	-9%
Human Resources	684	826	142	17%
Records Management	335	326	(9)	-3%
	4,288	4,030	(258)	-6%
Education and Practice				
Licensing and Admissions	1,945	2,232	287	13%
PLTC and Education	3,367	3,553	186	5%
Practice Standards	434	545	111	20%
	5,746	6,331	585	9%
Communications and Information Services				
Communications	598	612	14	2%
Information Services	1,962	2,119	157	7%
	2,560	2,731	171	6%
Policy and Legal Services				
Policy and Legal Services	1,788	1,795	7	0%
Tribunal and Legislative Counsel	912	820	(92)	-11%
External Litigation & Interventions	-	25	25	100%
Unauthorized Practice	307	331	24	7%
	3,007	2,971	(36)	-1%
Regulation				
CLO Department	941	1,162	221	19%
Intake & Early Assessment	2,561	2,586	25	1%
Discipline	2,902	2,978	76	3%
Forensic Accounting	823	920	97	11%
Investigations, Monitoring & Enforcement	4,024	4,254	230	5%
Custodianships	2,099	2,078	(21)	-1%
	13,350	13,978	628	4%
Building Occupancy Costs				
Depreciation	2,131	2,244	113	5%
	1,155	1,170	15	1%

The Law Society of British Columbia
General Fund
Results for the 12 Months ended December 31, 2023
(\$000's)

	2023	2023	\$	%
	Actual	Budget	Variance	
Total Expenses	33,366	34,349	983	2.9%
General Fund Results before Trust Assurance Program	2,189	(176)	2,365	
Trust Assurance Program (TAP)				
TAF revenues	3,124	3,822	(698)	-18.3%
TAP expenses	3,541	3,723	182	4.9%
TAP Results	(417)	99	(516)	521.2%
General Fund Results including Trust Assurance Program	1,772	(77)	1,849	
Contribution (to) from Trust Assurance Program (from) to Lawyers Indemnity Fund	(430)			
General Fund Results	2,202			

(1) Membership fees include capital allocation of 1794k (Capital allocation budget = 1780k)

The Law Society of British Columbia
General Fund - Balance Sheet
As at December 31, 2023
(\$000's)

	Dec 31 2023	Dec 31 2022
Assets		
Current assets		
Cash and cash equivalents	28,492	30,945
Unclaimed trust funds	2,233	2,154
Accounts receivable and prepaid expenses	2,322	2,263
Short Term Loan Receivable		
Due from Lawyers Indemnity Fund	16,244	11,733
	<u>49,291</u>	<u>47,095</u>
Property, plant and equipment		
Cambie Street property	10,781	10,106
Other - net	2,487	2,118
	<u>13,268</u>	<u>12,224</u>
Long Term Loan		535
	<u><u>62,559</u></u>	<u><u>59,854</u></u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	6,107	5,822
Liability for unclaimed trust funds	2,234	2,154
Deferred revenue	15,268	15,129
Deposits	88	89
	<u>23,697</u>	<u>23,194</u>
Net assets		
Capital Allocation	3,886	4,803
Unrestricted Net Assets	34,976	31,857
	<u>38,862</u>	<u>36,660</u>
	<u><u>62,559</u></u>	<u><u>59,854</u></u>

	<i>Invested in Capital</i>	<i>Working Capital</i>	Unrestricted Net Assets	Trust Assurance	Capital Allocation	2023 Total	Year ended 2022 Total
	\$	\$	\$	\$	\$	\$	\$
Net assets - At Beginning of Year	12,224	17,765	29,989	1,867	4,803	36,659	33,724
Net (deficiency) excess of revenue over expense for the period	(1,666)	2,063	397	(417)	1,793	1,773	2,934
Contribution from (to) LIF				430		430	
Repayment of building loan	-	-	-	-	-	-	-
Purchase of capital assets:							
LSBC Operations	955	-	955	-	(955)	-	-
845 Cambie	1,755	-	1,755	-	(1,755)	-	-
Net assets - At End of Period	13,268	19,828	33,096	1,880	3,886	38,862	36,659

The Law Society of British Columbia
Lawyers Indemnity Fund
Results for the 12 Months ended December 31, 2023
(\$000's)

	2023	2023	\$	%
	Actual	Budget	Variance	Variance
Revenue				
Annual assessment	17,902	17,439	463	3%
Investment income	21,633	11,640	9,993	86%
Other income	117	65	52	80%
Total Revenues	39,652	29,144	10,508	36.1%
Expenses				
Insurance Expense				
Provision for settlement of claims	7,513	15,852	8,339	53%
Salaries and benefits	3,298	3,793	495	13%
Contribution to program and administrative costs of General Fund	1,654	1,568	(86)	-5%
Provision for ULAE	(1,157)	-	1,157	0%
Insurance	1,984	2,324	340	15%
Office	618	977	359	37%
Actuaries, consultants and investment brokers' fees	1,992	1,845	(147)	-8%
	15,952	26,359	10,407	39%
Loss Prevention Expense				
Contribution to co-sponsored program costs of General Fund	1,226	1,309	83	6%
Total Expenses	17,178	27,668	10,490	37.9%
Lawyers Indemnity Fund Results before Contributions	22,474	1,476	20,998	
Contribution (to) from Trust Assurance Program	(430)			
Lawyers Indemnity Fund Results	22,044	1,476	20,568	

**The Law Society of British Columbia
Lawyers Indemnity Fund - Balance Sheet
As at December 31, 2023
(\$000's)**

	Dec 31 2023	Dec 31 2022
Assets		
Cash and cash equivalents	2,124	3,463
Accounts receivable and prepaid expenses	1,651	1,722
Investments	255,861	235,485
	<u>259,636</u>	<u>240,670</u>
Liabilities		
Accounts payable and accrued liabilities	1,487	1,379
Deferred revenue	9,089	8,880
Due to General Fund	16,244	11,733
Provision for claims	71,173	77,922
Provision for ULAE	12,742	13,899
	<u>110,735</u>	<u>113,813</u>
Net assets		
Internally restricted net assets	17,500	17,500
Unrestricted net assets	131,401	109,357
	<u>148,901</u>	<u>126,857</u>
	<u>259,636</u>	<u>240,670</u>

The Law Society of British Columbia
Lawyers Indemnity Fund - Statement of Changes in Net Assets
Results for the 12 Months ended December 31, 2023

	Unrestricted \$	Internally Restricted \$	2023 Total \$	2022 Total \$
Net assets - At Beginning of Year	109,357	17,500	126,857	142,728
Net excess of revenue over expense for the period	22,044	-	22,044	(15,871)
Net assets - At End of Period	131,401	17,500	148,901	126,857

Memo

To Benchers
From Finance and Audit Committee
Date April 11, 2024
Subject **Bencher Approval of the 2023 Audited Financial Statements**

The annual audited financial statements are to be reviewed and recommended for approval by the Finance and Audit Committee, and approved by the Benchers.

Attached are the 2023 audited financial statements for the General Fund, and the consolidated Lawyers Indemnity Fund. These statements were reviewed by the Finance and Audit Committee at their April 11, 2024 meeting.

The Finance and Audit Committee recommends the following resolution for approval by the Benchers:

BE IT RESOLVED to approve the Law Society's 2023 Financial Statements for the General Fund, and the 2023 Consolidated Financial Statements for the Lawyers Indemnity Fund.

**The Law Society of British
Columbia – General Fund**

Fund Financial Statements
December 31, 2023

DRAFT

The Law Society of British Columbia – General Fund

Fund Statement of Financial Position

As at December 31, 2023

	2023 \$	2022 \$
Assets		
Current assets		
Cash (note 2)	28,491,695	30,944,861
Unclaimed trust funds (note 2)	2,234,157	2,154,389
Accounts receivable and prepaid expenses (note 3)	2,345,946	2,289,313
Short-term loan receivable (note 5)	-	535,161
Due from Lawyers Indemnity Fund (note 8)	16,243,677	11,733,076
	<u>49,315,475</u>	<u>47,656,800</u>
Non-current assets		
Cambie Street property – net (note 4 (a))	10,780,747	10,105,846
Other property and equipment – net (note 4 (b))	1,580,896	1,386,668
Intangible assets – net (note 4 (c))	905,910	731,051
	<u>62,583,028</u>	<u>59,880,365</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	6,161,012	5,879,060
Liability for unclaimed trust funds (note 2)	2,234,157	2,154,389
Deferred revenue (note 2)	15,267,681	15,128,809
Deposits	57,706	58,255
	<u>23,720,556</u>	<u>23,220,513</u>
Net assets		
Unrestricted net assets (note 7)	<u>38,862,472</u>	<u>36,659,852</u>
	<u>62,583,028</u>	<u>59,880,365</u>

Approved by

_____ President _____ Chair of Finance and Audit Committee

The accompanying notes are an integral part of these fund financial statements.

The Law Society of British Columbia – General Fund

Fund Statement of Changes in Net Assets

For the year ended December 31, 2023

	2023 \$	2022 \$
Net assets – Beginning of year	36,659,852	33,724,395
Net excess of revenue over expenses for the year	<u>2,202,620</u>	<u>2,935,457</u>
Net assets – End of year (note 7)	<u>38,862,472</u>	<u>36,659,852</u>

DRAFT

The accompanying notes are an integral part of these fund financial statements.

The Law Society of British Columbia – General Fund

Fund Statement of Revenue and Expenses

For the year ended December 31, 2023

	2023 \$	2022 \$
Revenue		
Practice fees	27,872,539	26,995,959
Trust administration fees	3,123,698	4,050,288
Enrolment fees	1,878,625	2,009,425
E-filing revenue	859,971	1,232,147
Fines, penalties and recoveries	622,022	689,663
Application fees	717,873	775,518
Investment income (note 8)	1,726,367	767,725
Other income	555,332	422,507
Rental revenue	1,009,641	1,053,235
	38,366,068	37,996,467
Expenses		
Bencher governance and support	1,390,133	1,134,893
Communications and publications	691,850	758,670
Information services	2,270,264	2,171,397
Education and practice		
Credentials	941,306	822,619
Licensee services	1,054,689	955,136
Licensee assistance programs	93,330	73,320
Practice advice	1,132,721	1,037,427
Practice standards	445,119	405,758
Professional legal training course and education	3,455,537	3,158,818
General and administrative		
Finance	1,574,968	1,429,572
Amortization of other property and equipment	575,618	540,823
General administration	2,244,325	1,743,660
Human resources	796,577	792,190
Records management and library	391,960	325,596
Policy and legal services		
Policy, ethics and tribunal counsel	2,772,957	2,467,904
External litigation and interventions	261,603	356,252
Unauthorized practice	307,307	322,700
Regulation		
Custodianship costs	2,098,795	1,997,009
Discipline	2,901,965	3,408,682
Professional conduct – intake and investigations	7,526,359	6,900,391
Forensic accounting	823,340	759,102
Trust assurance	3,240,232	2,953,641
Occupancy costs, net of tenant recoveries	2,482,715	2,393,067
Carried forward	39,473,670	36,908,627

The Law Society of British Columbia – General Fund

Fund Statement of Revenue and Expenses ...continued

For the year ended December 31, 2023

	2023 \$	2022 \$
Brought forward	39,473,670	36,908,627
Costs recovered from Lawyers Indemnity Fund		
Co-sponsored program costs	(1,226,051)	(1,110,747)
Program and administrative costs	(1,654,171)	(1,506,870)
	(2,880,222)	(2,617,617)
	36,593,448	34,291,010
Excess of revenue over expenses before contribution to Lawyers Indemnity Fund	1,772,620	3,705,457
Contribution (to) from Lawyers Indemnity Fund (note 7)	430,000	(770,000)
Net excess of revenue over expenses for the year	2,202,620	2,935,457

The accompanying notes are an integral part of these fund financial statements.

The Law Society of British Columbia – General Fund

Fund Statement of Cash Flows

For the year ended December 31, 2023

	2023 \$	2022 \$
Cash provided by (used in)		
Operating activities		
Net excess of revenue over expenses for the year	2,202,620	2,935,457
Items not affecting cash		
Amortization of Cambie Street building and tenant improvements	1,074,104	976,791
Amortization of other property and equipment	424,905	387,859
Amortization of intangible assets	150,712	152,964
Loss on disposal of other property and equipment	16,443	167
Contributions (from) to Lawyers Indemnity Fund	(430,000)	770,000
	<u>3,438,784</u>	<u>5,223,238</u>
(Increase) decrease in current assets		
Unclaimed trust funds	(79,769)	(3,138)
Accounts receivable and prepaid expenses	(56,633)	2,911
Short-term loan receivable (note 5)	535,161	-
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	281,952	448,139
Liability for unclaimed trust funds	79,769	3,138
Deferred revenue	138,872	522,044
Deposits	(550)	850
	<u>4,337,586</u>	<u>6,197,182</u>
Financing activities		
Decrease in building loan payable	-	(100,000)
Interfund transfers	(4,080,600)	(6,332,174)
	<u>(4,080,600)</u>	<u>(6,432,174)</u>
Investing activities		
Purchase of property and equipment	(2,384,582)	(400,766)
Purchase of intangible assets	(325,570)	(398,209)
	<u>(2,710,152)</u>	<u>(798,975)</u>
Decrease in cash	(2,453,166)	(1,033,967)
Cash – Beginning of year	<u>30,944,861</u>	<u>31,978,828</u>
Cash – End of year	<u>28,491,695</u>	<u>30,944,861</u>
Supplementary cash flow information		
Interest income received	<u>1,733,234</u>	<u>796,535</u>

The accompanying notes are an integral part of these fund financial statements.

The Law Society of British Columbia – General Fund

Notes to Fund Financial Statements

December 31, 2023

1 Nature of operations

The Law Society of British Columbia (the Society) regulates the legal profession in British Columbia, protecting public interest in the administration of justice by setting and enforcing standards of professional conduct for lawyers. The Society is a not-for-profit organization.

The funds covered in these fund financial statements are for the Society's General Fund with the following activities:

The General Fund comprises the assets, liabilities, net assets, revenue and expenses of the operations of the Society other than those designated to the Lawyers Indemnity Fund. This includes collecting revenues associated with practice fees, trust administration fees, enrolment fees, and various other administrative fees and penalties used to cover the costs of the Society to regulate the legal profession and educate and enforce adherence of its licensees to act within the rules of professional conduct for lawyers.

Effective from May 1, 2004, Part B to the B.C. Lawyers' Compulsory Professional Liability Indemnification Policy provides defined indemnity coverage for dishonest appropriation of money or other property entrusted to and received by insured lawyers in their capacity as barristers and solicitors and in relation to the provision of professional services. Part B (Trust Protection Coverage) is recorded in the Lawyers Indemnity Fund.

The Society's Lawyers Indemnity Fund is presented separately in consolidated fund financial statements, including the Society's wholly owned BC Lawyers' Indemnity Association (BCLIA). The Lawyers Indemnity Fund underwrites the program by which errors and omissions indemnity is provided to licensees of the Society. The Lawyers Indemnity Fund's consolidated fund financial statements provide further detail on the various indemnity coverages provided.

2 Significant accounting policies

These fund financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board.

Allocated administrative expenses

Administrative expenses are recovered by the General Fund from the Lawyers Indemnity Fund. Recoveries are based on amounts derived either on percentage of use, the proportion of the Lawyers Indemnity Fund's staff compared to the Society's total staff costs, or a set amount.

Cash

Cash comprises cash on hand and held with a Canadian chartered bank.

Deferred capital contributions

Contributions restricted for the purchase of capital assets are deferred and recognized as revenue on the same basis as the capital assets are amortized.

The Law Society of British Columbia – General Fund

Notes to Fund Financial Statements

December 31, 2023

Fair value of financial instruments

The fair values of cash, accounts receivable and accounts payable and accrued liabilities correspond to their carrying values due to their short-term nature.

Intangible assets

Intangible assets comprise computer software and website development. Software and website development are recorded at cost and amortized on a straight-line basis at 10% – 20% per annum for software and at 20% for website development.

Property and equipment

Property and equipment, including leasehold improvements, are recorded at cost less accumulated amortization.

The Society provides for amortization on a straight-line basis as follows:

Buildings	40 years from purchase date
Building – envelope	7% per annum
Computer hardware	10% – 20% per annum
Furniture and fixtures	10% per annum
Leasehold improvements	10% per annum
Building improvements and equipment	10% per annum
Tenant improvements	over lease period

The Society recognizes a full year's amortization expense in the year of acquisition, with the exception of building improvements and equipment and leasehold improvements, which are amortized from their date of completion.

Revenue recognition

The Society follows the deferral method of accounting for practice fees and assessments. Fees and assessments are billed and received in advance on a calendar-year basis. Accordingly, fees and assessments for the next fiscal year received prior to December 31 have been recorded as deferred revenue for financial reporting purposes and will be recognized as revenue in the next calendar year. Revenue will be recognized on a monthly basis as earned. Surplus funds are invested in a high interest savings account periodically.

All other revenues are recognized when earned if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Law Society of British Columbia – General Fund

Notes to Fund Financial Statements

December 31, 2023

Unclaimed trust funds

The General Fund recognizes unclaimed trust funds as an asset as well as a corresponding liability on the fund statement of financial position. If these funds are claimed, the owner of the trust fund balance is entitled to the principal balance plus interest at prime rate minus 2%. Due to the historically low collection rates on these balances, the General Fund does not accrue for any interest owing on the trust fund amounts held and recognizes income earned from the unclaimed trust fund investments in the fund statement of revenue and expenses. Unclaimed funds outstanding for more than five years are transferred to the Law Foundation of British Columbia.

Use of estimates

The preparation of fund financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities as at the date of the fund financial statements and the reported amounts of certain revenues and expenses during the year. Actual results could differ from these estimates.

3 Accounts receivable and prepaid expenses

Accounts receivable are presented net of the allowance for doubtful accounts of \$1,061,612 (2022 – \$1,420,775).

4 Property, equipment and intangible assets

a) 845 Cambie Street property

	2023		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Land	4,189,450	-	4,189,450
Buildings and equipment	17,742,524	12,805,872	4,936,652
Leasehold improvements	8,832,221	7,189,036	1,643,185
Tenant improvements	478,404	466,944	11,460
	31,242,599	20,461,852	10,780,747

The Law Society of British Columbia – General Fund

Notes to Fund Financial Statements

December 31, 2023

	2022		
	Cost	Accumulated	Net
	\$	\$	\$
Land	4,189,450	-	4,189,450
Buildings and equipment	17,237,493	12,125,853	5,111,640
Leasehold improvements	7,725,118	6,954,742	770,376
Tenant improvements	826,619	792,239	34,380
	<u>29,978,680</u>	<u>19,872,834</u>	<u>10,105,846</u>
b) Other property and equipment			
	2023		
	Cost	Accumulated	Net
	\$	\$	\$
Furniture and fixtures	3,764,678	2,778,964	985,714
Computer hardware	1,930,163	1,338,738	591,425
Artwork and collectibles	49,161	45,405	3,756
Law libraries – at nominal value	1	-	1
	<u>5,744,003</u>	<u>4,163,107</u>	<u>1,580,896</u>
	2022		
	Cost	Accumulated	Net
	\$	\$	\$
Furniture and fixtures	3,565,813	2,606,884	958,929
Computer hardware	1,834,069	1,410,087	423,982
Artwork and collectibles	49,161	45,405	3,756
Law libraries – at nominal value	1	-	1
	<u>5,449,044</u>	<u>4,062,376</u>	<u>1,386,668</u>

The Law Society of British Columbia – General Fund

Notes to Fund Financial Statements

December 31, 2023

c) Intangible assets

	2023		
	Cost	Accumulated	Net
	\$	amortization	\$
	\$	\$	\$
Computer software	2,418,534	1,643,047	775,487
Website development	280,420	149,997	130,423
	2,698,954	1,793,044	905,910
	2022		
	Cost	Accumulated	Net
	\$	amortization	\$
	\$	\$	\$
Computer software	2,164,491	1,511,968	652,523
Website development	208,892	130,364	78,528
	2,373,383	1,642,332	731,051

5 Short-term loan receivable

In 2018, the Society agreed to participate with other Canadian law societies in a collective loan of \$2 million to the Canadian Legal Information Institute (CanLII), a wholly owned subsidiary of the Federation of Law Societies of Canada (FLSC). The loan is part of the financing for the purchase by CanLII of Lexum, a corporation providing support services to CanLII for the implementation of CanLII's legal information website. The Law Society's participation in this loan was \$276,390 in 2018. Part of the Society's support of this transaction are annual repayable capital payments of \$89,079 in 2019, \$86,257 in 2020 and \$83,435 in 2021 to the vendors of Lexum as provided in a Subordination and Commitment Agreement. Amounts advanced under this agreement earn interest at the same rate as the amount advanced under the collective loan. In 2023, the Society's total participation in this loan was \$535,161 (2022 – \$535,161). The loan had a five-year term ending February 23, 2023 with an annual interest rate of 4.74%, payable annually. The interest earned in the current year relating to the loan was \$6,867 (2022 – \$28,810). Repayment of the loan was made in May 2023.

The Law Society of British Columbia – General Fund

Notes to Fund Financial Statements

December 31, 2023

6 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include the following amounts collected on behalf of external organizations, but not yet paid:

	2023 \$	2022 \$
Advocate	233,858	235,472
Courthouse Libraries BC	2,137,156	2,151,626
Lawyers Assistance Program	578,296	605,575
Pro bono	223,430	211,474
CanLII	301,491	280,351
Federation of Law Societies	177,310	210,560

7 Unrestricted net assets

The General Fund unrestricted net assets include \$3,886,268 (2022 – \$4,802,827), which has been allocated to capital expenditures in accordance with the capital plan.

The General Fund unrestricted net assets also include \$1,880,000 (2022 – \$1,866,856), which has been appropriated for future trust assurance expenses. During the year, \$3,123,698 (2022 – \$4,050,288) in trust administration fee revenue was collected and \$3,540,232 (2022 – \$3,254,681) in trust assurance expenses were incurred.

Pursuant to the reserve policy, \$430,000 of the net assets was transferred from the Lawyers Indemnity Fund to Trust Assurance in 2023 (2022 – \$770,000 transferred from Trust Assurance to the Lawyers Indemnity Fund for Part B Coverage).

The remaining General Fund net assets represent \$13,267,553 (2022 – \$12,224,616) invested in capital assets, and working capital of \$19,828,651 (2022 – \$17,764,552), combining for a total unrestricted net asset amount of \$33,096,204 (2022 – \$29,989,168).

The Law Society of British Columbia – General Fund

Notes to Fund Financial Statements

December 31, 2023

	(in 000s)					2023	2022
	Invested in capital \$	Working capital \$	Unrestricted \$	Trust assurance \$	Capital plan \$	Total \$	Total \$
Net assets – Beginning of year	12,224	17,765	29,989	1,867	4,803	36,659	33,724
(Deficiency) excess of revenue over expenses before contribution to Lawyers Indemnity Fund	(1,666)	2,063	397	(417)	1,793	1,773	3,705
Contribution (to)/from Lawyers Indemnity Fund	-	-	-	430	-	430	(770)
Purchase of intangible and capital assets	2,710	-	2,710	-	(2,710)	-	-
Net assets – End of year	13,268	19,828	33,096	1,880	3,886	38,862	36,659

8 Interfund transactions

The operations of the General and Lawyers Indemnity Funds are controlled by the management of the Society. Balances between the funds generally arise from transactions of an operating nature and are recorded at the exchange amount at the dates of the transactions. Surplus funds are kept in the General Fund bank accounts or invested in a high interest savings account.

Amounts due to and from the Lawyers Indemnity Fund are due on demand and have no fixed terms of repayment. The Lawyers Indemnity Fund has authorized a loan facility of up to \$1 million, of which \$nil has been drawn down as at December 31, 2023 (2022 – \$nil), to the General Fund to fund capital expenditures in accordance with the capital plan.

Monthly interest on the Lawyers Indemnity Fund's net loan position with the General Fund is earned at the rate equal to the stated monthly bond yield to maturity earned on the Lawyers Indemnity Fund investment portfolio. The average bond yield for 2023 was 4.46% (2022 – 3.72%). The General Fund's net loan position includes the General Fund's operating balance with the Lawyers Indemnity Fund. The net loan position fluctuates during the year as amounts are transferred between the General Fund and the Lawyers Indemnity Fund to finance ongoing operations.

During 2023, interest revenue of \$586,699 (2022 – \$292,681) was received from General Fund cash balances held by the Lawyers Indemnity Fund.

Other interfund transactions are disclosed elsewhere in these fund financial statements.

9 Related parties

The elected Benchers include licensees drawn from law firms across the province. These law firms may at times be engaged by the Society in the normal course of business. During the year ended December 31, 2023, expenses of \$56,319 (2022 – \$27,030) recorded at the carrying amount were incurred by the General Fund during the normal course of business with these law firms.

The Law Society of British Columbia – General Fund

Notes to Fund Financial Statements

December 31, 2023

10 Financial instruments

The General Funds' financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities.

The significant financial risks to which the Society is exposed are credit risk and liquidity risk.

a) Credit risk

Cash, accounts receivable and the loan receivable expose the Fund to credit risk. Cash is held at Schedule 1 Canadian chartered banks, which minimizes risk. The risk of accounts receivable uncollectibility is low due to receivables being from many individual licensees rather than a few large accounts.

The maximum exposure to credit risk arising from the above-noted items is \$29,553,307 (2022 – \$32,365,636). Credit risk arises from the possibility that a counterparty to an instrument fails to meet its obligations.

b) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet all cash outflow requirements. The Fund maintains sufficient resources and reserves to meet its obligations when due. The Fund monitors its cash requirements on an ongoing basis to ensure that there are sufficient resources for operations as well as fund anticipated capital expenditures.

**The Law Society of British
Columbia – Lawyers
Indemnity Fund**

Consolidated Fund Financial Statements
December 31, 2023

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The Law Society of British Columbia – Lawyers Indemnity Fund

Consolidated Fund Statement of Financial Position

As at December 31, 2023

	2023 \$	2022 \$
Assets		
Cash (note 2)	1,978,876	3,266,637
Accounts receivable – net of allowance (note 3)	814,229	501,503
Prepaid expenses	761,565	1,087,325
Short-term investments (note 4)	145,408	197,166
Member deductibles (note 8)	1,675,776	1,499,202
Investments (note 5)	255,861,478	235,484,516
Long-term receivable (note 6)	75,643	133,153
	<u>261,312,975</u>	<u>242,169,502</u>
Liabilities		
Accounts payable and accrued liabilities (note 7)	1,487,317	1,379,221
Deferred revenue (note 2)	9,089,405	8,879,893
Due to General Fund (note 9)	16,243,677	11,733,076
Provision for claims (note 8)	72,848,908	79,420,883
Provision for ULAE (note 8)	12,742,000	13,899,000
	<u>112,411,307</u>	<u>115,312,073</u>
Net assets		
Unrestricted net assets	131,401,668	109,357,429
Internally restricted net assets (note 10)	17,500,000	17,500,000
	<u>148,901,668</u>	<u>126,857,429</u>
	<u>261,312,975</u>	<u>242,169,502</u>

Approved by

_____ President _____ Chair of Finance and Audit Committee

The accompanying notes are an integral part of these consolidated fund financial statements.

The Law Society of British Columbia – Lawyers Indemnity Fund

Consolidated Fund Statement of Revenue and Expenses

For the year ended December 31, 2023

	2023 \$	2022 \$
Revenue		
Annual assessments	17,960,747	17,605,045
Investment income (note 5)	9,842,874	11,692,132
Other income	87,048	45,741
	<u>27,890,669</u>	<u>29,342,918</u>
Indemnity expenses		
Actuary, consultant and investment manager fees	1,973,073	1,910,880
Allocated office rent from General Fund	325,505	323,505
Contribution to program and administrative costs of General Fund	1,654,171	1,506,870
Insurance	1,983,860	1,776,803
Office	360,467	460,745
Provision for settlement of claims (note 8)	7,513,077	18,714,099
Provision for (Recovery of) ULAE (note 8)	(1,157,000)	1,500,000
Salaries, wages and benefits	3,327,194	3,185,442
	<u>15,980,347</u>	<u>29,378,344</u>
Loss prevention expenses		
Contribution to co-sponsored program costs of General Fund	1,226,051	1,110,747
	<u>17,206,398</u>	<u>30,489,091</u>
Excess (deficiency) of revenue over expenses before the following	10,684,271	(1,146,173)
Fair value increase (decrease) in investments (note 5)	11,789,968	(15,494,726)
	<u>22,474,239</u>	<u>(16,640,899)</u>
Contribution (to) from Trust Assurance Net Assets in General Fund (note 9)	(430,000)	770,000
Excess (deficiency) of revenue over expenses for the year	<u>22,044,239</u>	<u>(15,870,899)</u>

The accompanying notes are an integral part of these consolidated fund financial statements.

The Law Society of British Columbia – Lawyers Indemnity Fund

Consolidated Fund Statement of Changes in Net Assets

For the year ended December 31, 2023

	2023		2022
	Unrestricted \$	Internally restricted \$	Total \$
Net assets – Beginning of year	109,357,429	17,500,000	126,857,429
Excess (deficiency) of revenue over expenses for the year	22,044,239	-	22,044,239
Net assets – End of year	131,401,668	17,500,000	148,901,668

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The accompanying notes are an integral part of these consolidated fund financial statements.

The Law Society of British Columbia – Lawyers Indemnity Fund

Consolidated Fund Statement of Cash Flows

For the year ended December 31, 2023

	2023 \$	2022 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	22,044,239	(15,870,899)
Items not affecting cash		
Unrealized (gain) loss on investments	(11,071,927)	21,486,729
Realized gain on disposal of investments	(718,041)	(5,992,003)
Pooled distributions from investments	(10,324,467)	(11,935,271)
Contribution to (from) the General Fund	430,000	(770,000)
	<u>359,804</u>	<u>(13,081,444)</u>
(Increase) decrease in assets		
Accounts receivable	(312,725)	(163,044)
Prepaid expenses	325,760	(537,932)
Short-term investments	51,758	319,796
Corporate shares held	-	1,003,390
Long-term receivable	57,509	(133,153)
Member deductibles	(176,574)	13,961
(Decrease) increase in liabilities		
Accounts payable and accrued liabilities	108,097	(772,291)
Deferred revenue	209,513	233,133
Provision for claims	(6,571,975)	6,503,118
Provision for ULAE	(1,157,000)	1,500,000
	<u>(7,105,833)</u>	<u>(5,114,466)</u>
Investing activities		
Decrease in General Fund building loan	-	100,000
Purchase of investments	(2,457,584)	(43,855,753)
Proceeds from investments	4,195,055	44,968,148
	<u>1,737,471</u>	<u>1,212,395</u>
Financing activities		
Interfund transfers (note 9)	4,080,600	6,332,174
	<u>(1,287,761)</u>	<u>2,430,103</u>
(Decrease) increase in cash		
	<u>3,266,637</u>	<u>836,534</u>
Cash – Beginning of year		
	<u>1,978,876</u>	<u>3,266,637</u>
Supplementary cash flow information		
Interest paid	586,699	292,681
Interest income received	105,106	49,542

The accompanying notes are an integral part of these consolidated fund financial statements.

The Law Society of British Columbia – Lawyers Indemnity Fund

Notes to Consolidated Fund Financial Statements

December 31, 2023

1 Nature of operations

The Law Society of British Columbia (the Society) regulates the legal profession in British Columbia, protecting the public interest in the administration of justice by setting and enforcing standards of professional conduct for lawyers.

The Society's fund covered in these consolidated fund financial statements is for the Lawyers Indemnity Fund (the Fund) and the Society's wholly owned subsidiary, BC Lawyers Indemnity Association (BCLIA) that together comprise the Society's indemnification program. Effective January 1, 1990, the Fund underwrites the program by which professional liability indemnity is provided to eligible members of the Society.

The Society's General Fund is presented in separate fund financials.

The Fund is maintained by the Society pursuant to Section 30 of the Legal Profession Act. BCLIA is not subject to regulation by the BC Financial Services Authority (BCFSA).

Part A

The Society's licensees have limits of coverage for claims and potential claims arising from negligent acts, errors or omissions under Part A of the BC Lawyers Compulsory Professional Liability Indemnification Policy (the Policy) as follows:

	\$		\$
The Fund	995,000	Or	990,000
Deductible – applicable to indemnity payments only	5,000	Or	10,000
Limit per error or related errors			1,000,000
Annual aggregate limit for all errors per covered lawyer			2,000,000

The amount of the member deductible is \$5,000 for each initial claim resulting in an indemnity payment and \$10,000 for each additional claim within a three-year reporting period resulting in an indemnity payment.

The Society and BCLIA have obtained stop-loss insurance in the amount of \$12 million to cover aggregate payments for Parts A and C of the Policy over a specified amount. For 2022 claims, the insurer will pay 80% of losses over \$26 million up to a maximum of \$12 million. For 2023 claims, the insurer will pay 80% of losses over \$26.5 million up to a maximum of \$12 million.

Part B

Effective May 1, 2004, Part B of the Policy provides defined indemnity coverage for dishonest appropriation of money or other property entrusted to and received by covered licensees in their capacity as lawyers and in relation to the provision of professional services.

The Law Society of British Columbia – Lawyers Indemnity Fund

Notes to Consolidated Fund Financial Statements

December 31, 2023

For the 2023 and 2022 policy years, there is a \$300,000 per claim limit and a \$17.5 million profession-wide annual aggregate limit. There is no deductible payable by the covered lawyer. The Society and BCLIA have obtained insurance in the amount of \$5 million to cover a portion of the annual aggregate limit. This insurance is subject to a \$3 million group deductible and is co-insured 80/20 with the insurer paying 80% of losses over \$3 million to a maximum of \$5 million, and the Fund paying 20%.

Part C

Effective January 1, 2012, Part C of the Policy provides defined indemnity coverage for trust shortages suffered by covered lawyers as a result of relying on fraudulent certified cheques. Effective January 1, 2017, Part C was expanded to include coverage for certain other social engineering frauds.

For the 2023 and 2022 policy years, there is a limit of \$500,000 per claim, and per lawyer and firm annually, a profession-wide annual aggregate of \$2 million, and a default deductible of 35% of the client trust fund shortage (reduced by the amount of any overdraft paid). Coverage, for relying on fraudulent certified cheques, is contingent upon compliance with the Society's client identification and verification rules.

2 Significant accounting policies

These consolidated fund financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board.

Basis of consolidation

These consolidated fund financial statements include the accounts of the Fund and BCLIA.

Allocated administrative expenses

Administrative expenses are recovered by the General Fund of the Society from the Fund. Recoveries are based on amounts derived either on percentage of use or the proportion of the Fund's staff compared to the Society's total staff cost.

Cash

Cash comprises cash on hand and held with a Canadian chartered bank.

Fair value of financial instruments

The fair values of cash, accounts receivable, short-term investments and accounts payable and accrued liabilities correspond to their carrying values due to their short-term nature.

The fair values of the provision for claims correspond to their carrying values because they are discounted.

The interfund balances including the building loan receivable and other interfund transactions are recorded at their carrying amounts which approximate their exchange amounts.

The Law Society of British Columbia – Lawyers Indemnity Fund

Notes to Consolidated Fund Financial Statements

December 31, 2023

Short-term investments

Short-term investments consist of pooled money market funds, whose investments have original maturities of less than 90 days. The carrying amount approximates the fair value at the reporting date due to their short-term maturities.

Investments

The Fund's investments consist of units in pooled equity, available for sale equities, bond pooled funds, real estate and mortgage funds, and infrastructure funds and are initially and subsequently measured at fair value. Changes in fair value are recognized in the consolidated fund statement of revenue and expenses in the year incurred. Transaction costs that are directly attributable to the acquisition of these investments are recognized in the consolidated fund statement of revenue and expenses in the year incurred.

Investment income

Investment income and pooled fund distributions are recorded on an accrual basis. Dividends are recorded on the date of record. Gains and losses realized on the disposal of investments are taken into revenue on the date of disposal.

Provision for claims

The provision for claims and unallocated loss adjustment expenses (ULAE) represents an estimate for all external costs of investigating and settling claims and potential claims reported prior to the date of the consolidated fund statement of financial position. The provision is adjusted as additional information on the estimated amounts becomes known during the course of claims settlement. All changes in estimates are expensed in the current period. The provision for unpaid claims is established according to accepted actuarial practice in Canada. It is carried on a discounted basis and therefore reflects the time value of money. To recognize the uncertainty in establishing best estimates, the Fund includes a provision for adverse deviations (PFAD).

Revenue recognition

The Fund follows the deferral method of accounting for annual assessments. Assessments are billed and received in advance on a calendar-year basis. Accordingly, assessments for the next fiscal year received prior to December 31 have been recorded as deferred revenue for financial reporting purposes and will be recognized as revenue in the next calendar year.

All other revenue is recognized when receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Law Society of British Columbia – Lawyers Indemnity Fund

Notes to Consolidated Fund Financial Statements

December 31, 2023

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the consolidated fund financial statements and revenues and expenses for the period reported.

The determination of the provision for claims and ULAE involves significant estimation. Actual results could differ from those estimates and the differences could be material.

Financial instruments

The Fund's financial instruments consist of cash, accounts receivable, short-term investments, investments and accounts payable and accrued liabilities.

The significant financial risks to which the Fund is exposed are credit risk, market risk, price risk and liquidity risk.

Credit risk

Cash, short-term investments, accounts receivable, members' share of provision for claims, bond pooled funds, the investment in real estate funds, infrastructure funds, and mortgage funds indirectly expose the Fund to credit risk.

The maximum exposure to credit risk arising from the above-noted items is \$175,097,645 (2022 – \$165,805,496).

Credit risk arises from the possibility that a counterparty to an instrument fails to meet its obligations.

The cash deposits are held only with Schedule I banks. The accounts receivable balances are spread across the broad membership base with no significant exposure to any one individual. The guidelines of the Society's statement of investment policies and procedures (SIPP) mitigate credit risk by ensuring the investments in the bond pooled funds have an adequate minimum credit rating and well-diversified portfolios.

Market risk

Market risk is the potential for loss to the Fund from changes in the value of its financial instruments due to changes in interest rates, foreign exchange rates or equity prices.

The Fund manages market risk by diversifying investments within the various asset classes and investing in pooled funds as set out in the Society's SIPP.

The Law Society of British Columbia – Lawyers Indemnity Fund

Notes to Consolidated Fund Financial Statements

December 31, 2023

Price risk

Price risk is the risk that the fair value of the Society's investments will fluctuate due to changes in the market prices, whether these changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting all similar financial instruments traded in the market. It arises primarily on pooled equity, bond, real estate and mortgage fund investments.

To manage price risk, the Society has guidelines on the diversification and weighting of investments within pooled funds that are set and monitored against the Society's SIPP.

As at December 31, 2023, if pooled fund prices increased or decreased by 10% with all other factors remaining constant, net assets would have increased or decreased by approximately \$25.6 million (2022 – \$23.5 million).

Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet all cash outflow requirements. As at December 31, 2023, the sum of the Fund's cash, short-term investments and pooled fund investments, at fair value, which are available to settle the liabilities of the Society as they come due, exceeded the sum of the liabilities by \$146 million or 130% (2022 – \$123 million or 107%).

3 Accounts receivable

	2023 \$	2022 \$
Member deductibles	1,085,561	809,736
Allowance for doubtful accounts	(511,451)	(493,634)
Claim recoveries settlements receivable (note 6)	95,638	64,737
GST/HST/PST receivable	144,481	120,664
	<u>814,229</u>	<u>501,503</u>

4 Short-term investments

Short-term investments comprise pooled money market funds and equities with the following balances:

	2023 \$	2022 \$
Money market funds	<u>145,408</u>	<u>197,166</u>

5 Investments

	2023 \$	2022 \$
Investments – at fair value	<u>255,861,478</u>	<u>235,484,516</u>

The Law Society of British Columbia – Lawyers Indemnity Fund

Notes to Consolidated Fund Financial Statements

December 31, 2023

	2023			
	Carrying cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	\$	\$	\$	\$
Bonds				
Pooled Funds	32,310,302		(4,209,775)	28,100,527
Equities				
Canadian Pooled Funds	21,776,886	5,887,332	-	27,664,218
International Pooled Funds	26,791,379	30,922,526	-	57,713,905
	48,568,265	36,809,858	-	85,378,123
Real Estate Fund	14,521,175	8,168,175	-	22,689,350
Mortgage Fund	49,974,218	-	(730,723)	49,243,495
Infrastructure	64,186,241	6,263,742	-	70,449,983
	128,681,634	14,431,917	(730,723)	142,382,828
	<u>209,560,201</u>	<u>51,241,775</u>	<u>(4,940,498)</u>	<u>255,861,478</u>
				2022
	Carrying cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	\$	\$	\$	\$
Bonds				
Pooled Funds	29,474,220	-	(5,252,723)	24,221,497
Equities				
Canadian Pooled Funds	19,179,199	5,374,627	-	24,553,826
International Pooled Funds	26,916,024	23,673,679	-	50,589,703
	46,095,223	29,048,306	-	75,143,529
Real Estate Fund	14,521,175	8,872,341	-	23,393,516
Mortgage Fund	47,361,950	-	(1,285,570)	46,076,380
Infrastructure	62,802,599	3,846,995	-	66,649,594
	124,685,724	12,719,336	(1,285,570)	136,119,490
	<u>200,255,167</u>	<u>41,767,642</u>	<u>(6,538,293)</u>	<u>235,484,516</u>

The effective yield on the bonds, mortgages and equities portion of the investment portfolio was 4.04% (2022 – 4.32%).

The Law Society of British Columbia – Lawyers Indemnity Fund

Notes to Consolidated Fund Financial Statements

December 31, 2023

Investment risk management

The Society has adopted policies that establish the guidelines for all investment activities. These guidelines apply to the investment funds controlled by the Fund.

The Society's overall investment philosophy is to maximize the long-term real rate of return subject to an acceptable degree of risk.

The Society's long-term funding requirements and relatively low level of liquidity dictate a portfolio with a mix of fixed income, equities and infrastructure, as well as real estate and mortgages. The Society invests in bonds, equities, infrastructure, real estate and mortgages through pooled funds.

Net investment income

	2023 \$	2022 \$
Interest on cash	105,106	49,542
Pooled distributions	10,324,467	11,935,271
Net interfund loan interest expense (note 9)	(586,699)	(292,681)
	<u>9,842,874</u>	<u>11,692,132</u>

Fair value changes in investments

	2023 \$	2022 \$
Realized gain on disposal of investments	718,041	5,992,003
Unrealized gain (loss) on investments measured at fair value	11,071,927	(21,486,729)
	<u>11,789,968</u>	<u>(15,494,726)</u>

The Law Society of British Columbia – Lawyers Indemnity Fund

Notes to Consolidated Fund Financial Statements

December 31, 2023

6 Long-term receivable

During the year ended December 31, 2023, current accounts receivable of \$95,638 (2022 – \$64,737) and long term receivables of \$75,643 (2022 – \$133,153) were recorded for Part A and B claims recoveries settlements. These claims recoveries are backed by enforceable settlement agreements and have demonstrated consistent collections.

7 Accounts payable and accrued liabilities

	2023 \$	2022 \$
Trade payables	1,294,167	1,209,223
Accrued trade expenses	191,756	167,937
Sales taxes payable	1,394	2,061
	<hr/>	<hr/>
	1,487,317	1,379,221

The Law Society of British Columbia – Lawyers Indemnity Fund

Notes to Consolidated Fund Financial Statements

December 31, 2023

8 Provision for claims and unallocated loss adjustment expenses (ULAE)

The changes in unpaid claims recorded in the consolidated fund statement of financial position are as follows:

	2023 \$	2022 \$
Part A Indemnity Coverage		
Provision for claims – Beginning of year	77,613,481	72,437,605
Provision for losses and expenses for claims reported in the current year	22,756,000	21,212,000
Decrease in estimated losses and expenses for losses reported in prior years	(14,791,000)	(6,194,000)
Provision for claims liability	<u>85,578,481</u>	<u>87,455,605</u>
(Subtract) add:		
Payments on claims reported in the current year	(2,465,601)	(1,131,439)
Payments on claims reported in prior years	(11,981,420)	(9,121,924)
Recoveries on claims	334,437	426,650
Change in due from members	219,538	(15,411)
Claim payments – net of recoveries	<u>(13,893,046)</u>	<u>(9,842,124)</u>
Part A Provision for claims – End of year	<u>71,685,435</u>	<u>77,613,481</u>
Part B Indemnity Coverage		
Unpaid claims – Beginning of year	1,336,756	288,857
Provision for (Recovery of) losses and expenses for claims	(501,468)	3,376,169
	<u>835,288</u>	<u>3,665,026</u>
(Subtract) add:		
Payments on claims	(80,997)	(2,363,557)
Recoveries on claims	58,560	35,287
Claim payments – net of recoveries	<u>(22,437)</u>	<u>(2,328,270)</u>
Part B Provision for claims – End of year	<u>812,851</u>	<u>1,336,756</u>
Part C Indemnity Coverage		
Provision for claims – Beginning of year	470,646	191,304
Provision for losses and expenses for claims reported in the current year	49,545	319,930
	<u>520,191</u>	<u>511,234</u>
(Subtract) add:		
Payments on claims	(126,605)	(42,038)
Change in due from members	(42,964)	1,450
	<u>(169,569)</u>	<u>(40,588)</u>
Part C Provision for claims – End of Year	<u>350,622</u>	<u>470,646</u>
Total provision for Parts A, B and C Indemnity Coverage	<u>72,848,908</u>	<u>79,420,883</u>

The Law Society of British Columbia – Lawyers Indemnity Fund

Notes to Consolidated Fund Financial Statements

December 31, 2023

The determination of the provision for unpaid claims and adjustment expenses requires the estimation of two major variables or quanta, being development of claims and the effect of discounting, to establish a best estimate of the value of the respective liability or asset.

The provision for unpaid claims and adjustment expenses is an estimate subject to variability, and the variability could be material in the near term. The variability arises because all events affecting the ultimate settlement of claims have not taken place and may not take place for some time. Variability can be caused by receipt of additional claim information, changes in judicial interpretation of contracts, significant changes in severity of claims from historical trends, the timing of claims payments and future rates of investment return. The estimates are principally based on the Fund's historical experience. Methods of estimation have been used that the Society believes produce reasonable results given current information.

The provision for ULAE is an actuarially determined estimate of the Fund's future operational costs relating to the administration of claims and potential claims reported up to the consolidated fund statement of financial position date.

The Fund discounts its best estimate of claims provisions at a rate of interest of 5.38% (2022 – 3.58%). The Fund determines the discount rate based upon the expected return on its investment portfolio of assets with appropriate assumptions for interest rates relating to reinvestment of maturing investments.

A 1% increase in the discount rate will have a favourable impact on the discounted claims liability of \$2.162 million (2022 – 2.538 million) and a 1% decrease in the discount rate will have an unfavourable impact on the discounted claims liability of \$2.458 million (2022 – \$2.798 million).

To recognize the uncertainty in establishing these best estimates, to allow for possible deterioration in experience, and to provide greater comfort that the actuarial estimates are adequate to pay future claims liabilities, the Fund includes a PFAD in some assumptions relating to claims development and future investment income. The PFAD is selected based on guidance from the Canadian Institute of Actuaries.

The effects of discounting and the application of PFAD, net of members' share of provision for claims, are as follows (in thousands of dollars):

	2023 \$	2022 \$
Undiscounted	83,648	86,866
Effect of present value	(12,270)	(8,881)
PFAD	12,537	13,834
	83,915	91,819

The Law Society of British Columbia – Lawyers Indemnity Fund

Notes to Consolidated Fund Financial Statements

December 31, 2023

	2023 \$	2022 \$
Provision for claims	72,849	79,421
Provision for ULAE	12,742	13,899
Member deductibles	(1,676)	(1,501)
	<u>83,915</u>	<u>91,819</u>

Claims development tables (net of members' share of provision for claims)

A review of the historical development of the Fund's insurance estimates provides a measure of the Fund's ability to estimate the ultimate value of claims. The top half of the following tables illustrates how the Fund's estimate of total undiscounted claims costs for each year has changed at successive year-ends. The bottom half of the tables reconciles the cumulative claims to the amount appearing in the consolidated fund statement of financial position.

Part A indemnity claims (in thousands of dollars)

Claims year	2014 \$	2015 \$	2016 \$	2017 \$	2018 \$	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	Total \$
Estimate of undiscounted ultimate claims costs											
At end of claims year	12,690	15,090	16,720	15,720	19,767	18,522	17,877	16,896	20,338	22,966	
One year later	12,390	16,590	15,440	15,791	19,219	17,580	17,353	18,034	18,833		
Two years later	12,240	15,210	15,956	16,005	18,802	17,062	16,963	14,766			
Three years later	11,760	13,153	14,548	14,807	15,664	15,577	14,108				
Four years later	12,256	12,775	13,875	13,387	16,070	13,217					
Five years later	11,862	10,385	12,761	13,492	15,504						
Six years later	11,062	10,266	11,777	13,496							
Seven years later	10,271	9,777	11,988								
Eight years later	10,079	9,375									
Nine years later	9,983										
Current estimate of cumulative claims	9,983	9,375	11,988	13,496	15,504	13,217	14,108	14,766	18,833	22,966	144,236
Cumulative payments to date	(9,164)	(8,224)	(10,829)	(9,408)	(10,530)	(9,570)	(7,085)	(5,343)	(4,641)	(2,563)	(77,357)
Undiscounted unpaid liability	<u>819</u>	<u>1,151</u>	<u>1,159</u>	<u>4,088</u>	<u>4,974</u>	<u>3,647</u>	<u>7,023</u>	<u>9,423</u>	<u>14,192</u>	<u>20,403</u>	<u>66,879</u>
Undiscounted unpaid liability in respect of 2013 and prior years											2,914
Undiscounted unallocated loss adjustment expense reserve											<u>12,498</u>
Total undiscounted unpaid claims liability											<u>82,291</u>
Discounting adjustment (includes claim PFAD)											<u>270</u>
Total discounted unpaid claims liability											<u>82,561</u>

The Law Society of British Columbia – Lawyers Indemnity Fund

Notes to Consolidated Fund Financial Statements

December 31, 2023

Part B indemnity claims (in thousands of dollars)

Claims year	2014 \$	2015 \$	2016 \$	2017 \$	2018 \$	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	Total \$
Estimate of undiscounted ultimate claims costs											
At end of claims year	562	41	274	1,588	135	152	93	196	2,680	34	
One year later	500	184	134	1,764	126	51	84	366	2,415		
Two years later	421	180	62	1,696	178	49	133	370			
Three years later	372	157	65	2,039	166	70	5				
Four years later	205	120	70	2,043	263	83					
Five years later	185	101	65	2,404	259						
Six years later	199	107	80	2,390							
Seven years later	201	106	79								
Eight years later	240	95									
Nine years later	242										
Current estimate of cumulative claims	242	95	79	2,390	259	83	5	370	2,415	34	5,972
Cumulative payments to date	(217)	(93)	(65)	(2,049)	(160)	(55)	(5)	(370)	(2,114)	(34)	(5,162)
Undiscounted unpaid liability	25	2	14	341	99	28	-	-	301	-	810
Undiscounted unpaid liability in respect of 2013 and prior years											6
Undiscounted unallocated loss adjustment expense reserve											143
Total undiscounted unpaid claims liability											959
Discounting adjustment (includes claim PFAD)											(4)
Total discounted unpaid claims liability											955

The Law Society of British Columbia – Lawyers Indemnity Fund

Notes to Consolidated Fund Financial Statements

December 31, 2023

Part C indemnity claims (in thousands of dollars)

Claims year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Estimate of undiscounted ultimate claims costs											
At end of claims year	-	-	-	-	65	650	91	56	-	177	
One year later	-	-	-	423	65	723	91	365	-		
Two years later	-	-	-	923	65	692	91	354			
Three years later	-	-	-	923	65	522	-				
Four years later	-	-	-	923	65	522					
Five years later	-	-	-	423	65						
Six years later	-	-	-	423							
Seven years later	-	-	-								
Eight years later	-	-	-								
Nine years later	-	-	-								
Current estimate of cumulative claims	-	-	-	423	65	522	-	354	-	177	1,541
Cumulative payments to date	-	-	-	(423)	(65)	(522)	-	(80)	-	(115)	(1,205)
Undiscounted unpaid liability	-	-	-	-	-	-	-	274	-	62	336
Undiscounted unpaid liability in respect of 2013 and prior years											-
Undiscounted unallocated loss adjustment expense reserve											61
Total undiscounted unpaid claims liability											397
Discounting adjustment (includes claim PFAD)											2
Total discounted unpaid claims liability											399

The expected maturity of the unpaid claims provision is analyzed below (undiscounted and gross of reinsurance):

(in thousands of dollars)	Less than one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years	Total
	\$	\$	\$	\$	\$	\$	\$
December 31, 2023	21,011	16,769	13,104	9,048	6,361	17,355	83,648
December 31, 2022	22,334	17,486	13,649	9,508	6,522	17,367	86,866

The Law Society of British Columbia – Lawyers Indemnity Fund

Notes to Consolidated Fund Financial Statements

December 31, 2023

Role of the actuary

With respect to preparation of these consolidated fund financial statements, the actuary is required to carry out a valuation of the Fund's policy liabilities and to provide an opinion regarding their appropriateness as at the date of the consolidated fund statement of financial position. The factors and techniques used in the valuation are in accordance with accepted actuarial practice, applicable legislation and associated regulations. The scope of the valuation encompasses the policy liabilities, which consist of a provision for unpaid claims and adjustment expenses. In performing the valuation of the liabilities for these contingent future events, which are by their very nature inherently variable, the actuary makes assumptions as to future loss ratios, trends, expenses and other contingencies, taking into consideration the circumstances of the Fund and the nature of the indemnity policies.

The valuation is based on projections for settlement of reported claims and claim adjustment expenses. It is certain that actual claims and claim adjustment expenses will not develop exactly as projected and may, in fact, vary significantly from the projections.

The actuary relies on data and related information prepared by the Fund. The actuary also analyzes the Fund's assets for its ability to support the policy liabilities.

9 Interfund transactions

The operations of the Fund and the General Fund are administered by the management of the Society. Balances between the funds arise from transactions of an operating nature and are recorded at exchange amounts at the dates of the transactions. Amounts due to and from the General Fund are due on demand and have no fixed terms of repayment. The Fund has authorized a loan facility of up to \$1 million, of which \$nil has been drawn down as at December 31, 2023 (2022 - \$ nil), to the General Fund to fund capital expenditures in accordance with the capital plan.

Pursuant to reserve policy, \$430,000 of the net assets was transferred to trust assurance during 2023 (2022 – (\$770,000)).

Monthly interest on the Fund's net loan position with the General Fund is paid to the Fund at a rate equal to the stated monthly bond yield to maturity earned on the Fund's investment portfolio. The average bond yield for 2023 was 4.46% (2022 – 3.72%). The Fund's net loan position as at December 31, 2023 was \$16.2 million (2022 – \$11.7 million) which includes other operating balances with the General Fund. This net loan position fluctuates during the year as amounts are transferred between the General Fund and the Fund to finance ongoing operations.

During the year ended December 31, 2023, interest of \$586,699 (2022 – \$292,681) was paid on General Fund cash balances held by the Fund.

Other interfund transactions are disclosed elsewhere in these consolidated fund financial statements.

The Law Society of British Columbia – Lawyers Indemnity Fund

Notes to Consolidated Fund Financial Statements

December 31, 2023

10 Internally restricted net assets

The Benchers have allocated one annual, profession-wide, policy limit of \$17.5 million (2022 – \$17.5 million) of the net assets to Part B coverage for dishonest appropriation of trust funds or property.

11 Related parties

The elected Benchers include members drawn from law firms across the province. These law firms may at times be engaged by the Society in the normal course of business. During the year ended December 31, 2023, expenses of \$11,962 (2022 – \$185,730) were incurred by the Fund with these law firms.

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2023 Audited Financial Statements - Management Discussion and Analysis

The Law Society of British Columbia accounts for its financial activities through two separate funds: the General Fund and the Lawyers Indemnity Fund. Society management has the responsibility for assisting the Benchers in fulfilling the Society's mandate, while ensuring that operating expenditures are closely controlled and that appropriate accounting and internal controls are maintained. The 2023 audited financial statements for the two funds are set out in this report. The statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board.

During 2023 in addition to the general oversight by the Benchers, the Finance and Audit Committee assisted the Benchers in ensuring that management properly managed and reported on the financial affairs of the Society. The oversight by the Benchers and the Finance and Audit Committee included:

- Reviewing periodic financial statements of the General and Consolidated Lawyers Indemnity Fund
- Reviewing investment performance as managed by the appointed investment managers
- Reviewing with the Law Society's auditors their approach, scope and audit results
- Reviewing the annual Audit Report prepared by the Law Society auditors
- Reviewing the reporting from the Law Society's actuary on the provision for settlement of indemnity claims
- Recommending the 2024 practice fees and indemnity assessments, and reviewing corresponding budgets
- Reviewing the enterprise risk management plan

General Fund

Overview

Overall, the 2023 results for the General Fund resulted in an operating surplus of \$2.2 million. Revenues were higher than last year, particularly with higher interest income, partially offset by a decrease in trust administration fees and electronic filing revenue. Operating expenses increased over the prior year primarily due to market based salary adjustments, an increase in travel and meeting costs, increased license fees for the online learning platform, and fewer staff vacancies compared to last year.

Revenues

General Fund revenue was \$38.4 million, \$0.4 million (1%) higher than 2022 primarily due to higher practice fees due to the growth in the number of lawyers and higher interest income.

Net growth in 2023 in the number of full-time equivalent practicing lawyers was 3.2% resulting in a total of 14,279 full fee-paying equivalent lawyers for the year, compared to 13,834 in 2022, with a resulting increase in practice fee revenue of \$880,000.

Throughout 2023, the Bank of Canada rate continued to be at a high level which resulted in additional interest revenue of \$940,000 compared to 2022.

These increases in revenue were partially offset by lower trust administration fees and e-filing revenues as a result of a lower number of trust account transactions mainly due to a 9% decrease in real estate unit sales compared to last year.

Enrollment fees were \$1.9 million, a decrease of \$130,000 from 2022 due to a decrease in PLTC students (644 students in 2023 compared to 686 in 2022).

The Lawyers Indemnity Fund contributed \$2.9 million to the General Fund for co-sponsored program costs and for general program and administrative expenses attributable to operations.

Expenses

The 2023 General Fund expenses increased by \$2.6 million (7%) to \$39.5 million, compared to \$36.9 million in 2022.

Bencher Governance and Support expenses increased by \$255,000 over 2022 mainly due to an increase in travel and meeting costs with more in person meetings held in the year.

Communications costs decreased by \$67,000 over 2022 mainly due to decreased staffing costs.

Information Services costs increased \$99,000 over 2022 due to increased software maintenance expenses, along with general wage increases.

Education and Practice expenses were \$670,000 higher than 2022 due to increased licensing fees for the online learning platform, along with general wage increases and increased staffing costs.

General and administration costs increased \$752,000 over 2022 due to higher staffing costs, and increased insurance, travel and meeting expenses.

Policy and Legal Services expenses increased \$195,000 over 2022, mainly due to general wage increases and increased staffing costs.

Regulation operating expenses increased \$572,000 over 2022 due to increased staffing costs and general wage increases, partially offset by lower external counsel fees.

Occupancy costs in 2023 were \$90,000 higher than in 2022 due to higher building management and janitorial expenses, offset by lower property taxes and utilities.

Net Assets

Overall, the General Fund remains financially sound. As of December 31, 2023, net assets in the General Fund were \$38.9 million. The net assets include \$3.9 million in capital funding for planned capital projects related to the maintenance of the 845 Cambie Street building and workspace improvements for Law Society operations. Pursuant to reserve policy, during the year \$430,000 of net assets were transferred from the Lawyers Indemnity Fund to top up the net

assets for trust assurance. After this transfer, at December 31, 2023, the net assets include \$1.9 million of trust assurance net assets. The remaining General Fund net assets are \$33.1 million, of which \$13.3 million is invested in capital assets and \$19.8 million is working capital.

Lawyers Indemnity Fund

Overview

The Lawyers Indemnity Fund remains in a strong financial position at the end of 2023. Revenue from annual assessments was \$400,000 higher than 2022 due to additional covered members. The provision for claims was significantly lower than 2022 due to reduction in the prior years' reserve for unpaid claims. For expenses, cyber insurance costs increased \$200,000 over the prior year and other operating expenses were as expected.

Revenues

The 2023 indemnity assessment was \$1,800 per full-time lawyer, resulting in total revenue of \$18.0 million, compared to \$17.6 million in 2022.

During 2023, the long-term investment portfolio earned a return of 8.6% compared to the benchmark return of 10.7%. Returns were at or above the market in most asset classes, except foreign equities, real estate and mortgage funds. All of the increases and decreases in the market value of the investment portfolio have been recognized through the statement of revenue and expenses in accordance with Canadian accounting standards for not-for-profit organizations.

Expenses

In 2023, the Lawyers Indemnity Fund general operating costs, not including claims payments and unallocated loss adjustment expenses (ULAE), were \$10.9 million, compared to \$10.3 million in 2022. The increase is mainly due to general wage increases and increased cyber insurance costs.

The net actuarial provision for settlement of claims for the year was \$7.5 million, a decrease of \$11.2 million from 2022. The 2023 claims provision was lower than 2022 due to a decrease in reserve for unpaid claims from prior years. The provision for claims liabilities on the Balance Sheet at the end of 2023 was \$72.8 million, compared to \$79.4 million at the end of 2022.

Net Assets

As of December 31, 2023, LIF net assets were \$148.9 million, which includes \$17.5 million internally restricted for Part B claims, leaving \$131.4 million in unrestricted net assets.

Law Society

of British Columbia

Quarterly Financial Report: February 2024

To: Finance & Audit Committee Meeting (April 11, 2024)
Bencher Meeting (April 26, 2024)

Purpose: Update

From: Finance Department

Date: April 26, 2024

Quarterly Financial Report - End of February

Attached are the financial results and highlights to the end of February 2024.

General Fund (excluding capital and TAF)

To the end of February 2024, the General Fund operations resulted in a positive variance to budget due to lower operating expenses with both permanent and timing differences.

Revenue

Total revenue for the period was \$5.50 million, at budget. Most revenue categories were slightly ahead or close to budget, offset by electronic filing revenue trending below budget, resulting in Q1 revenue being very close to budget.

Operating Expenses

Operating expenses for the period were \$5.52 million, \$727,000 (12%) below budget, with timing differences for compensation, external counsel and other miscellaneous costs.

TAF-related Revenue and Expenses

First quarter TAF revenue is not received until the April/May time period. There was \$87,000 in 2023 TAF received after the year end cutoff date.

Trust assurance program costs are close to budget.

Lawyers Indemnity Fund

LIF assessment revenues were \$2.9 million, slightly below budget. LIF operating expenses were \$1.8 million, \$200,000 under budget, with savings in compensation costs and external fees.

The market value of the LIF long term investment portfolio has increased by \$6.0 million since December 2023. The portfolio returns for the period were 2.05%, slightly below the benchmark of 2.25%.

Law Society of British Columbia

Summary of Financial Highlights

(\$000's)

2024 General Fund Results - YTD Feb 2024 (Excluding Capital Allocation & Depreciation)

	Actual	Budget	\$ Var	% Var
Revenue (excluding capital)				
Practice Fees	4,455	4,493	(38)	-1%
PLTC and Enrolment Fees	52	38	14	38%
Electronic Filing Revenue	113	229	(115)	-50%
Interest Income	334	278	56	20%
Registration and Licensing Revenue	122	148	(26)	-17%
Fines, Penalties & Recoveries	139	85	55	65%
Insurance Recoveries	2	5	(3)	0%
Other Revenue	75	23	52	229%
Other Cost Recoveries	12	23	(11)	-
Building Revenue & Tenant Cost Recoveries	201	196	4	2%
	5,504	5,516	(12)	0%
Expenses (excluding depreciation)	5,520	6,246	727	12%
	(15)	(730)	715	

Summary of Variances - YTD Feb 2024

Revenue Variances:

Permanent Variances

PLTC - 650 Students forecasted vs 603 budgeted	14
Grant revenue - Law Foundation PLTC increased funding	52
Electronic Filing Revenue - lower real estate transactions, and lower LOTA	(115)
Interest - higher cash balances	56

Timing Variances:

(19)
(12)

Expense Variances:

Permanent Variances

Tribunal Chair - increased work, fee increase, set after 2024 budget set	(10)
Tribunal - Lawyer adjudicator per diems - policy set after 2024 budget set	(23)
Property taxes - 30% reduction (cap rate and rental rate reduction)	30

(4)

Timing Variances

Staff Compensation and Vacancies - timing	115
External Counsel Fees	372
HR (consulting, recruiting)	85
Consulting - Lawyer Education Advisory committee and Online courses	60
Other	98

Reserve items:

Single Legal Regulator - no costs to date	-
External Organization Deficit Funding - will be funded from prior year surplus funding	-

727

Trust Assurance Program - YTD Feb 2024

	Actual	Budget	Variance	% Var
TAF Revenue - carry over from Q4 2023	87	-	87	0%
TAP Expenses	565	617	52	8%
Net Trust Assurance Program	(478)	(617)	139	

Lawyers Indemnity Fund Long Term Investments - YTD Feb 2024

Performance - Before investment fees	2.05%
Benchmark Performance	2.25%

The Law Society of British Columbia
General Fund
Results for the 2 Months ended February 28, 2024
(\$000's)

	2024 Actual	2024 Budget	\$ Variance	%
REVENUE				
Practice fees (1)	5,361	5,432	(71)	-1%
PLTC and enrolment fees	52	38	14	37%
Electronic filing revenue	113	229	(116)	-51%
Interest income	334	278	56	20%
Registration and Licensing services	122	148	(26)	-18%
Fines, penalties and recoveries	138	84	54	64%
Program Cost Recoveries	12	23	(11)	-48%
Insurance Recoveries	2	4	(2)	-50%
Other revenue	75	23	52	226%
Other Cost Recoveries	-	-	-	0%
Building Revenue & Recoveries	201	196	5	3%
Total Revenues	6,410	6,455	(45)	-0.7%
EXPENSES				
Governance and Events				
Governance	296	314	18	6%
Board Relations and Events	47	49	2	4%
	343	363	20	6%
Corporate Services				
General Office	128	136	8	6%
CEO Department	162	176	14	8%
Finance	218	216	(2)	-1%
Human Resources	93	148	55	37%
Records Management	47	49	2	4%
	648	725	77	11%
Education and Practice				
Licensing and Admissions	323	363	40	11%
PLTC and Education	685	773	88	11%
Practice Standards	81	139	58	42%
Practice Support	-	18	18	100%
	1,089	1,293	204	16%
Communications and Information Services				
Communications	100	109	9	8%
Information Services	568	569	1	0%
	668	678	10	1%
Policy and Legal Services				
Policy and Legal Services	264	284	20	7%
Tribunal and Legislative Counsel	184	159	(25)	-16%
External Litigation & Interventions	-	4	4	100%
Unauthorized Practice	47	49	2	4%
	495	496	1	0%
Regulation				
CLO Department	162	159	(3)	-2%
Intake & Early Assessment	438	436	(2)	0%
Discipline	294	500	206	41%
Forensic Accounting	126	134	8	6%
Investigations, Monitoring & Enforcement	587	721	134	19%
Custodianships	315	364	49	13%
	1,922	2,314	392	17%
Building Occupancy Costs				
Depreciation	354	377	23	6%
	199	221	22	10%
Total Expenses	5,718	6,467	749	11.6%
General Fund Results before Trust Assurance Program	692	(12)	704	
Trust Assurance Program (TAP)				
TAF revenues	87	-	87	0.0%
TAP expenses	565	617	52	8.4%
TAP Results	(478)	(617)	139	22.5%
General Fund Results including Trust Assurance Program	214	(629)	843	
Contribution (to) from Trust Assurance Program (from) to Lawyers Indemnity Fund				
	-			
General Fund Results	214			

(1) Membership fees include capital allocation of 907k (Capital allocation budget = 939k)

The Law Society of British Columbia
General Fund - Balance Sheet
As at February 28, 2024
(\$000's)

	Feb 28 2024	Feb 28 2023
Assets		
Current assets		
Cash and cash equivalents	17,283	20,789
Unclaimed trust funds	2,174	2,151
Accounts receivable and prepaid expenses	1,648	1,648
Short Term Loan Receivable		535
Due from Lawyers Indemnity Fund	18,174	15,296
	39,279	40,419
Property, plant and equipment		
Cambie Street property	10,650	9,975
Other - net	2,497	2,169
	13,147	12,144
Long Term Loan		
	52,426	52,563
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	523	2,662
Liability for unclaimed trust funds	2,174	2,151
Deferred revenue	10,565	11,168
Deposits	88	89
	13,350	16,070
Net assets		
Capital Allocation	4,632	3,886
Unrestricted Net Assets	34,444	32,607
	39,076	36,493
	52,426	52,563

The Law Society of British Columbia
General Fund - Statement of Changes in Net Assets
Results for the 2 Months ended February 28, 2024
(\$000's)

	<i>Invested in Capital</i>	<i>Working Capital</i>	Unrestricted Net Assets	Trust Assurance	Capital Allocation	2024 Total	Year ended 2023 Total
	\$	\$	\$	\$	\$	\$	\$
Net assets - At Beginning of Year	13,268	19,828	33,096	1,880	3,886	38,862	36,660
Net (deficiency) excess of revenue over expense for the period	(242)	27	(215)	(478)	907	214	2,203
Contribution from (to) LIF				-		-	
Purchase of capital assets:							
LSBC Operations	133	-	133	-	(133)	-	-
845 Cambie	27	-	27	-	(27)	-	-
Net assets - At End of Period	13,186	19,855	33,041	1,402	4,633	39,076	38,862

The Law Society of British Columbia
Lawyers Indemnity Fund
Results for the 2 Months ended February 28, 2024
(\$000's)

	2024	2024	\$	%
	Actual	Budget	Variance	Variance
Revenue				
Annual assessment	2,986	3,108	(122)	-4%
Investment income	5,290	2,290	3,000	131%
Other income	15	11	4	36%
Total Revenues	8,291	5,409	2,882	53.3%
Expenses				
Insurance Expense				
Provision for settlement of claims	2,654	2,654	-	0%
Salaries and benefits	579	645	66	10%
Contribution to program and administrative costs of General Fund	326	271	(55)	-20%
Provision for ULAE	-	-	-	0%
Insurance	365	378	13	3%
Office	113	162	49	30%
Actuaries, consultants and investment brokers' fees	245	341	96	28%
	4,281	4,451	170	4%
Loss Prevention Expense				
Contribution to co-sponsored program costs of General Fund	183	208	25	12%
Total Expenses	4,464	4,659	195	4.2%
Lawyers Indemnity Fund Results before Contributions	3,827	750	3,077	
Contribution from Trust Assurance Program	-			
Lawyers Indemnity Fund Results	3,827	750	3,077	

The Law Society of British Columbia
Lawyers Indemnity Fund - Balance Sheet
As at February 28, 2024
(\$000's)

	Feb 28 2024	Feb 28 2023
Assets		
Cash and cash equivalents	1,197	1,644
Accounts receivable and prepaid expenses	1,656	1,461
Investments	261,137	239,224
	<u>263,990</u>	<u>242,329</u>
Liabilities		
Accounts payable and accrued liabilities	2,228	473
Deferred revenue	6,158	6,014
Due to General Fund	18,174	15,296
Provision for claims	71,959	77,306
Provision for ULAE	12,742	13,899
	<u>111,261</u>	<u>112,988</u>
Net assets		
Internally restricted net assets	17,500	17,500
Unrestricted net assets	135,229	111,841
	<u>152,729</u>	<u>129,341</u>
	<u>263,990</u>	<u>242,329</u>

The Law Society of British Columbia
Lawyers Indemnity Fund - Statement of Changes in Net Assets
Results for the 2 Months ended February 28, 2024

	Unrestricted \$	Internally Restricted \$	2024 Total \$	2023 Total \$
Net assets - At Beginning of Year	131,402	17,500	148,902	126,857
Net excess of revenue over expense for the period	3,827	-	3,827	22,044
Net assets - At End of Period	<u>135,228</u>	<u>17,500</u>	<u>152,729</u>	<u>148,902</u>

General Fund Forecast: February 2024

To: Finance & Audit Committee Meeting (April 11, 2024)
Bencher Meeting (April 26, 2024)

Purpose: Update

From: Finance Department

Date: April 26, 2024

Forecast - as at February 2024

Attached is the General Fund forecast to the end of the fiscal year.

Overview

At this time, 2024 financial results are projected to finish very close to budget, with a small positive variance of \$64,000, resulting in a \$576,000 deficit.

Revenue Forecast

Total revenue is projected at budget, \$35.0 million, with higher interest income, PLTC fees and grant revenues, offset by lower electronic filing revenue.

Practice Fees: Practice fees are projected at \$27.1 million, close to budget, 14,807 practicing lawyers, a 3.7% increase over 2023 actuals.

PLTC Revenue: There are 650 PLTC students projected, similar to 2023 levels, \$122,000 ahead of budget. The 2024 budget was set at 603 students, based on a lower number of students registered for the fall 2023 session.

Electronic Filing Revenue: Electronic filing revenue is projected at \$927,000, \$445,000 below budget. The BCREA real estate unit sales forecast was a 19% increase over 2023 levels, current forecasts are lower at 7.8%. In addition, lower LOTA transactions are expected.

Interest Revenue: With interest rates at 5.45%, higher than the budget of 4.75%, interest income is projected \$200,000 over budget.

Other Revenues: Grant revenue will be ahead of budget as the Law Foundation increased PLTC funding \$150,000.

Operating Expenses Forecast

Operating expenses are projected at budget, \$35.6 million, with unbudgeted costs offset by other savings.

The Tribunal will incur additional costs of \$310,000 due to the new lawyer adjudicator per diem policy, costs estimated at \$250,000 per year, and the Tribunal Chair workload and contract amount has increased \$60,000.

These costs will be offset by savings as follows:

- Property taxes are projected lower by 30%, \$170,000, due to a lower cap rate and rental rate being negotiated for the 845 Cambie building.
- External organization funding for 2024 was approved at a higher level for CLBC and the Federation to fund higher operating expenses, but the allocation of the practice fee remained the same with a deficit of \$263,000 budgeted. As there is surplus funding from previous years collections for CLBC, this will help offset \$170,000 of the deficit.

Trust Assurance Program

For 2024, Trust Administration Fees (TAF) are forecast at \$3.5 million, \$1.1 million below budget. The 2023 real estate market was down over 2022, leading to a lower base, and the forecast for 2024 is 7.8%, lower than the previous forecast of 19%.

The Trust Assurance program budget is \$3.7 million, so there may be a small shortfall in funding for 2024.

The Law Society of British Columbia
General Fund
For the 12 Months ending December 31, 2024
(\$000's)

	<u>Forecast</u>	<u>Budget</u>	<u>Variance</u>	
REVENUE				
Practice fees	27,109	27,109	-	0%
PLTC and enrolment fees	1,896	1,774	122	7%
Electronic filing revenue	927	1,372	(445)	-32%
Interest income	1,868	1,668	200	12%
Registration and Licensing	886	886	-	0%
Fines, penalties and recoveries	638	638	-	0%
Program Cost Recoveries	141	141	-	0%
Insurance Recoveries	20	20	-	0%
Other revenue	362	212	150	71%
Other Cost Recoveries	9	9	-	0%
Building Revenue & Recoveries	1,168	1,168	-	0%
Total Revenues	<u>35,024</u>	<u>34,997</u>	<u>27</u>	<u>0%</u>
EXPENSES				
Benchers Governance and Events				
Governance	738	738	-	0%
Board Relations and Events	298	298	-	0%
	<u>1,036</u>	<u>1,036</u>	<u>-</u>	<u>0%</u>
Corporate Services				
General Office	833	833	-	0%
CEO Department	1,119	1,119	-	0%
Finance	1,335	1,335	-	0%
Human Resources	964	964	-	0%
Records Management	351	351	-	0%
	<u>4,602</u>	<u>4,604</u>	<u>-</u>	<u>0%</u>
Education and Practice				
Licensing and Admissions	2,336	2,336	-	0%
PLTC and Education	3,988	3,988	-	0%
Practice Standards	844	844	-	0%
	<u>7,168</u>	<u>7,168</u>	<u>-</u>	<u>0%</u>
Communications and Information Services				
Communications	643	643	-	0%
Information Services	2,480	2,480	-	0%
	<u>3,123</u>	<u>3,123</u>	<u>-</u>	<u>0%</u>
Policy and Legal Services				
Policy and Legal Services	1,731	1,731	-	0%
Tribunal and Legislative Counsel	1,199	889	(310)	-35%
External Litigation & Interventions	25	25	-	0%
Unauthorized Practice	302	302	-	0%
	<u>3,257</u>	<u>2,947</u>	<u>(310)</u>	<u>-11%</u>
Regulation				
CLO Department	1,013	1,013	-	0%
Intake & Early Assessment	2,784	2,784	-	0%
Discipline	3,045	3,045	-	0%
Forensic Accounting	820	820	-	0%
Investigations, Monitoring & Enforcement	4,400	4,400	-	0%
Custodianships	2,171	2,171	-	0%
	<u>14,233</u>	<u>14,233</u>	<u>-</u>	<u>0%</u>
Building Occupancy Costs				
Depreciation	2,088	2,265	177	8%
External Organization Funding	-	-	-	0%
	93	263	170	65%
Total Expenses	<u>35,600</u>	<u>35,639</u>	<u>37</u>	<u>0%</u>
General Fund Results	<u>(576)</u>	<u>(642)</u>	<u>64</u>	
Trust Assurance Program (TAP)				
TAF revenues	3,453	4,531	(1,078)	-24%
TAP expenses	3,753	3,753	-	0%
TAP Results	<u>(300)</u>	<u>778</u>	<u>(1,078)</u>	
General Fund Results including TAP	<u>(876)</u>	<u>136</u>	<u>(1,014)</u>	

(1) Membership fees include capital allocation of \$1.8m (Capital allocation budget = \$1.87m)

Western Canada Competency Profile

To: Benchers

Purpose: Discussion and Decision

Date: April 26, 2024

Request

1. The Benchers are asked to approve a resolution that the Law Society adopt the Western Canada Competency Profile (“WCCP”) (Appendix E) as the competencies to be demonstrated at entry to legal practice in British Columbia.

Background

2. In September, 2022, the Benchers resolved that the Law Society develop a competency-based system for lawyer licensing in British Columbia beginning with the development of a Competency Profile that identifies the knowledge, skills, and other attributes necessary to perform the essential duties expected of, and entrusted to, lawyers in British Columbia, as well as the threshold levels at which these competencies should be performed at the point of licensure.
3. In considering the recommendation to develop a Competency Profile, the Benchers were advised that establishing a Competency Profile represents the first stage of a much larger set of potential changes to the system of lawyer licensing in British Columbia and that once the Competency Profile was approved, further recommendations would follow about how the Law Society can utilize the Competency Profile as the foundation of a new lawyer licensing system, in which licensure candidates can acquire and demonstrate their possession of the threshold competency of entry-level lawyers.
4. Following the approval by the Benchers that a Competency Profile be developed, staff commenced the process of identifying experts to oversee the development. During this process, we learned that the Law Societies of Alberta, Saskatchewan, and Manitoba were also in discussions with experts relating to a multi-province project with the goal of defining the competencies that need to be acquired for lawyer licensing.
5. The Law Society of British Columbia was invited to take part in this multi-province project, and after reviewing the scope of the project, including the processes outlined in the draft work plan, we concluded that it made practical and economic sense to move forward with the development of the Competency Profile with the other jurisdictions.
6. ACT Credentialing Services was retained as the project consultants, and in accordance with best practices in competency modeling, a mixed-method approach was employed to develop the WCCP. Further details of the development of the WCCP can be found in the attached memorandum from the WCCP Advisory Group.

Discussion

7. The draft WCCP was developed through a rigorous, industry-standard process, led by expert consultants and a representative Task Force from all four participating provinces. Eight different focus groups representing stakeholder groups provided input and the WCCP was validated by lawyers in all four provinces to confirm the WCCP elements and verify its applicability across provinces and practice settings. Responsive revisions were made by the Task Force and the Advisory Committee at each step of the process.
8. The Law Society of BC was ably represented on the Task Force by:
 - Bencher Cheryl D'Sa, KC
 - Katie (Catherine) Sykes, Associate Professor, Thompson Rivers University
 - Jennifer McNaught, Director, Legal Personnel & Professional Development, Blake Cassels
 - Abigail Omale, Associate, Osler, Hoskin & Harcourt LLP

Lesley Small sat as a member of the Advisory Committee.

9. In developing the WCCP, the Advisory Committee set some assumptions to guide the work, as follows:
 - a. the WCCP should apply across British Columbia, Alberta, Saskatchewan, and Manitoba;
 - b. the WCCP need not repeat the substantive knowledge competencies included in the National Requirement or the National Committee on Accreditation. These are assumed to have been acquired before entry to the licensing program;
 - c. the WCCP is neutral with regard to where and how the competencies are acquired;
 - d. the competencies are observable or readily inferable. They are demonstrated through the successful application of knowledge, skills, and attitudes in the context of legal practice; and
 - e. all competencies need to be demonstrated on entry to practice.
10. Each of the four Western Canadian Law Societies are being asked to adopt the WCCP without further revisions, both in recognition of the process described in the attached memo, and to maintain consistency in our collective approach to entry-level competency assessment.

11. If all four law societies approve the WCCP, the next steps will include continuing to work together to develop guidance to bar admissions programs and principals/supervisors. In addition, pursuant to the Law Society of BC's Strategic Plan, the Competency Profile will form the roadmap for exploring the development of new pathways to licensing, in addition to articling, that will satisfy the pre-call experiential training requirements. Benchers will be kept advised on progress.

Decision

12. The Benchers are asked to approve the following resolution:

BE IT RESOLVED that the Benchers adopt the Western Canada Competency Profile as the competencies to be demonstrated at entry to legal practice in British Columbia.

Memo

Draft Western Canada Competency Profile (WCCP)

To:	Benchers
From:	WCCP Advisory Committee
Date:	April 26, 2024

Proposed Motion

MOTION
That the Benchers approve the final draft of the Western Canada Competency Profile as written as the competencies to be demonstrated at entry to legal practice in British Columbia

Introduction

In late 2022/early 2023, the Law Societies of Alberta, British Columbia, Manitoba, and Saskatchewan decided to work together to develop a set of common competencies to be demonstrated at entry to legal practice (that is, at call to the Bar) in the four Western Canadian provinces. With Alberta, Saskatchewan, and Manitoba already having a common bar admission program in the form of CPLED's PREP course, which was scheduled for strategic planning and a program revamp in 2023/2024, and British Columbia having recently identified a [need to develop a competence-based system for lawyer licensing](#), this was seen as a timely opportunity to bring greater consistency to bar admission standards in Western Canada.

Background / Methodology

Pursuant to their respective Strategic Plans, the Law Societies of Alberta and British Columbia had been exploring the possibility of developing alternatives to articling and determined that creating a competency profile would be the first necessary step.

Discussions then commenced amongst the four jurisdictions. While not all jurisdictions are currently contemplating alternatives to articling, each expressed an interest in collaborating on the development of a consistent competency profile under the guidance of a third party with expertise in this area. Development of a competency profile would serve to inform lawyer training and education, including bar admission program

development and experiential learning opportunities. From there, the four Law Societies discussed budget allocation and identified representatives from each Law Society who would serve on the Advisory Committee that would oversee the project. The project was dubbed the Western Canada Competency Profile (“WCCP”).

The members of the Advisory Committee are listed in Appendix A. Barbra Bailey, Manager, Education, at the Law Society of Alberta served as the Advisory Committee liaison and was present for all Task Force and Focus Group sessions.

Early on, the Advisory Committee set some assumptions to guide the work, as follows:

- The WCCP should apply across British Columbia, Alberta, Saskatchewan, and Manitoba.
- The WCCP need not repeat the substantive knowledge competencies included in the National Requirement or NCA. These are assumed to have been acquired before this point.
- The WCCP is neutral with regard to where and how the competencies are acquired.
- The competencies are observable or readily inferable. They are demonstrated through the successful application of knowledge, skills, and attitudes in the context of legal practice.
- The competencies are neutral with regard to practice area and practice setting.
- All competencies need to be demonstrated on entry to practice.

In accordance with best practices in competency modeling, a mixed-methods approach was employed to develop the WCCP. Under the oversight of the Advisory Committee and with facilitation by the project consultants, ACT Inc. (“ACT”), an appointed Western Canada Competency Profile Task Force (the “Task Force”) developed the WCCP. Peer review of the Task Force’s work was provided via eight stakeholder focus groups.

Finally, ACT conducted a validation survey of lawyers in all four provinces to confirm the WCCP elements and verify its applicability across provinces and practice settings. While initially the survey was also intended to collect data regarding the recommended point and setting/method of acquisition for each competency, the Advisory Group, in consultation with ACT, ultimately determined that it was not the right forum for collecting that data. That work will be conducted at a later date. The Project Charter, which sets out the approach for the project, is attached as Appendix B. Appendix C sets out a summary of project activities and timelines.

The following were the major activities in the development process:

- The Task Force was selected by the Advisory Committee. The Committee had identified a number of viewpoints that would be needed to develop this type of Profile, including:
 - Recently called lawyers;

- Lawyers who had supervised articling students in a number of different practice settings;
- Indigenous lawyers;
- Internationally trained lawyers;
- Benchers;
- Academics; and
- Representatives of the CPLED and British Columbia's Professional Legal Training Course ("PLTC").

Each province suggested a number of candidates and then engaged in a process to ensure representation based on the aforementioned viewpoints and other criteria to balance jurisdiction, practice setting, years of experience, gender, and representation of equity-deserving groups to ensure a diverse and representative Task Force. The members of the Task Force are listed in Appendix D.

- The Task Force held its first meeting in person at the offices of the Law Society of Alberta on June 1-2, 2023. Pre-meeting materials setting the context for the meeting were provided, including an agenda, the Project Charter, a timeline of activities, mandate/scope, and links to the resources ACT consulted to develop a preliminary outline for the WCCP. Over two full days, the Task Force created its first complete draft of the WCCP. As a full group, they developed a set of competency domains and competencies to be included in each domain. They then broke out into two subgroups to refine the work and draft performance indicators related to each competency. At the conclusion of the meeting, the Task Force met again as a large group and performed a review and initial refinements of the full set of competencies and performance indicators. This is the draft that would go to the focus groups for feedback.
- Eight focus group sessions, consisting of 67 participants overall, were held during July and August of 2023. The focus groups were organized by stakeholder perspective and included the following:
 - Two groups consisting of recently called lawyers (in their first four years of practice);
 - Two groups consisting of principals;
 - One group consisting of members of the judiciary from all levels of court;
 - One group consisting of Indigenous lawyers and academics;
 - One group consisting of lawyers and other professionals who work directly with members of the public through non-profit organizations or business development work; and
 - One group of law school and bar admission program faculty.

Many of the suggested candidates who were not appointed to the Task Force were invited to take part in the applicable focus group session. Some focus groups were populated by stakeholders who are not members of the legal profession, such as

the judiciary, those working with the public, and academics. These groups, as well as the participants of the Indigenous viewpoints focus group, were populated by reaching out to Chief Justices and law deans in each province, and through other networks. A call went out to the profession for volunteers to round out the recently called lawyers and principals/supervisors focus groups.

- The Task Force reviewed the feedback provided by all eight focus groups and made some further revisions to the WCCP. After the Task Force completed its work, the Advisory Committee worked with ACT to develop a validation survey to be sent to the profession in all four provinces to confirm the relevance of the elements of the WCCP. The survey was pilot tested by 33 lawyers across the four provinces to ensure the questions were clear before it was distributed to the profession. The validation survey was open for response in the four western provinces from November 21 – December 18, 2023. Participants rated how important it was for each competency and performance indicator to be in place at entry to practice.
- There were 1,482 responses collected in total and the results indicated broad support for the vast majority of the competencies and performance indicators. 23 out of 25 competencies and 80 out of 90 performance indicators met the threshold. Where the threshold for validation was not met, the Advisory Committee carefully considered the data and other policy drivers and amended the WCCP to reflect the feedback.

All of this resulted in a final draft made up of seven domains (or areas of competency), each containing two to five competencies, for a total of 25 competencies. Each competency has two to seven performance indicators for additional guidance on how that competency might be demonstrated. The final draft is attached as Appendix E.

Discussion

Overall, there was a high level of consensus among the Task Force. The group was very engaged and thoughtful in their deliberations, and worked well together. There were many different perspectives represented, which often resulted in nuanced deliberations about a particular element of the WCCP, but the Task Force members were able to work through these instances and arrive at a result that everyone was comfortable with. The group was also very thoughtful about the feedback received from the focus groups and the Advisory Committee, and made multiple revisions in response.

There were a number of common themes that kept surfacing throughout these deliberations that will be helpful to keep in mind throughout the next steps of this work. The Task Force often came back to the guiding principles to remind them of the scope of their mandate, as they would sometimes be stymied by questions about where/when each competency would be acquired, and how it would be demonstrated/assessed. These questions most often came up when the Task Force was discussing a competency that

had not traditionally been included in the applicable bar admission program or articling plan (for example, the well-being competencies).

In these cases, the Task Force was reminded that this work was out of scope and would be addressed by the Law Societies in a later stage, and that they shouldn't feel constrained by reference to the status quo. This freed them up to focus on the appropriate requirement for each competency or indicator at the entry to practice level.

Determining the appropriate requirement sometimes proved challenging as well, when the Task Force considered the many different paths a lawyer might take once they are called to the bar, including the ability to go immediately into sole practice. The Task Force carefully weighed the balance of not overburdening new lawyers with competencies they are not likely to need at entry to practice (for example, greater involvement in practice management) with the possibility that some new lawyers may need those competencies from day one, depending on their practice setting. The Task Force felt that lawyers going into sole practice would be expected to level up their competency in certain areas beyond the entry to practice expectation. They worked to arrive at competency levels that were appropriate for all lawyers at the entry to practice level, regardless of practice setting or area. This is often reflected in the use of verbs such as "understands" or "is aware of" rather than being able to demonstrate a more technical skill in some areas.

The Task Force also grappled with whether adding some of the newer areas of competency, such as well-being and truth and reconciliation, would add to the already challenging process of being called to the bar. The Advisory Committee provided guidance that it would not fall to the student to acquire these additional competencies on their own; rather they would be incorporated into the bar admission and/or articling training curriculum. The Task Force had many thoughtful discussions about expanding the traditional concept of competencies for lawyers without going beyond the mandate of the Law Societies, and whether each competency should be required to be assessed in the same manner, or with the same level of rigour (which often led to changing the wording to be more in line with the "is aware of" verbiage). These considerations were also used by the Advisory Group when considering the validation survey ratings.

All of these considerations reinforced the need for the Western Canada Law Societies to develop clear guidance for bar admission programs, principals, and students about the appropriate setting where each competency could be acquired and how each competency should be demonstrated and assessed.

Next Steps

The next step is to present the draft WCCP to each Benchers table for final approval on the following dates:

- Manitoba: March 21, 2024
- Saskatchewan: March 28, 2024
- Alberta: April 25, 2024

- British Columbia: April 26, 2024

As approvals will take place over a period of time, communications will be sent to update the profession in each province about the result once all four jurisdictions have approved the WCCP. If all four Benchers approve the WCCP, the next steps would be for the Western Canada Law Societies to continue working together to develop guidance for bar admission programs and principals/supervisors. The WCCP would not be implemented immediately after its approval. It represents a first step in a larger project.

Specifically, bar admission programs should assess their alignment with the WCCP and work can commence to identify which competencies will not be covered in the bar admission programs, and develop guidance for principals and supervisors on the competencies that should be acquired during the experiential learning/articling term, and the appropriate method of assessment for those competencies.

ACT has made some high-level recommendations to the Advisory Committee about how these next steps could be achieved, either through a continued collaboration with ACT, or otherwise. Specific decisions about implementation that require Benchers' input will be discussed at future meetings.

Conclusion

The draft WCCP was developed through a rigorous, industry-standard process, led by expert consultants, and a representative Task Force from all four participating provinces. Eight different focus groups representing stakeholder groups provided input and the WCCP was validated by lawyers in all four provinces. Responsive revisions were made by the Task Force and the Advisory Committee at each step of the process.

Each of the four Western Canadian Law Societies are being asked to adopt the draft WCCP without further revisions, both in recognition of the process described in this memo and to maintain consistency in our approach to entry-level competency assessment.

Attachments

- Appendix A: Advisory Committee Members
- Appendix B: Project Charter
- Appendix C: Summary of Project Steps
- Appendix D: Task Force Members
- Appendix E: Final Draft of WCCP

Appendix A – Advisory Committee Members

Name	Job Title	Organization	Location
Barbra Bailey	Manager, Education	Law Society of Alberta	Calgary, AB
Cori Ghitter, KC	Deputy Executive Director & Director, Policy & Education	Law Society of Alberta	Calgary, AB
Andrea Johnston	Director, Admissions & Education	Law Society of Saskatchewan	Saskatoon, SK
Kiran Mand	Admissions & Education Counsel	Law Society of Saskatchewan	Regina, SK
Lesley Small	Senior Director, Professional Development, Practice Support & Credentials	Law Society of British Columbia	Vancouver, BC
Rennie Stonyk	Deputy CEO	Law Society of Manitoba	Winnipeg, MB

Appendix B – Project Charter

Project Sponsors: Law Societies of Alberta, British Columbia, Manitoba, and Saskatchewan

Purpose of Project: To develop and validate a Competency Profile (“Profile”) of the competencies to be demonstrated at entry to legal practice in the four Western Canadian provinces.

Methodology: In accordance with best practice in competency modeling, a mixed-methods approach will be employed. Under the oversight of an Advisory Committee of senior Law Society staff and with facilitation by the project consultants, ACT, Inc. (“ACT”), an appointed Western Canada Competency Profile Task Force (“WCCP Task Force”) will develop the Profile. Peer review of the WCCP Task Force’s work will be provided via stakeholder focus groups. ACT will conduct a validation survey to confirm the Profile elements, verify its applicability across provinces and practice settings, and provide data regarding the recommended point and setting/method of acquisition for each competency.

Assumptions:

- Substantive knowledge competencies included in the National Requirement or NCA have already been met.
- The Profile is neutral with regard to where and how the competencies are acquired.
- The competencies are observable or readily inferable. They are demonstrated through the successful application of knowledge, skills, and attitudes in the context of legal practice.
- The competencies are neutral with regard to practice area and practice setting.
- All competencies need to be demonstrated on entry to practice.

Project Roles and Responsibilities

A. Advisory Committee: Composed of one to two senior staff from each participating Law Society, the role of this group will provide conceptual guidance and oversight for the duration of the project. The Advisory Committee will have decision making authority from all participating law societies.

Responsibilities

- Attend virtual meetings at key points in project.
- Approve all project processes.
- Provide guidance on recruitment and appointment of subject matter experts and other stakeholders for participation in various stages of the project.
- Approve initial structure of Profile.
- Review, comment and provide direction on interim versions of Profile.
- Inform Law Society stakeholders about project.

- Serve as liaison between ACT and Law Society staff assisting with validation survey dissemination.
- Approve validation survey contents, sampling plan, and communication strategy.
- Seek required approval from Benchers for final Profile.

B. WCCP Task Force: A 15-member group composed of practitioners, educators, benchers, articling supervisors, and/or other key stakeholders appointed by the Advisory Group. Their role is to draft and refine all elements of the Profile.

Responsibilities

- Participate in one 2-day face to face meeting on June 1 & 2, 2023 followed by two sets of virtual meetings to be scheduled at mutually convenient times to draft and refine the Profile elements.
- Perform structured post-meeting review activities.
- Incorporate feedback from Focus Groups and the Advisory Committee.

C. Focus Groups: Up to eight, 8–10-person focus groups to provide targeted input into the development of the Profile. Composition of the focus groups will be determined by the Advisory Committee to best represent key stakeholder perspectives.

Responsibilities

- Participate in a 90-minute virtual meeting to provide feedback on the development of the Profile.

D. ACT: To ensure that the structure and content of Profile addresses stakeholder needs as identified by the Advisory Committee, and that all processes adhere to best practices of the measurement community.

Responsibilities

- Perform preliminary literature review and synthesis.
- Facilitate WCCP Task Force activities.
- Facilitate focus groups.
- Design, implement, and analyze validation survey.
- Consult with, inform, and seek approvals from Advisory Committee.

Decision Making: By consensus

Term of Project: February 2023 through May 2024

Appendix C – Summary of Project Activities with Timeline

Activity	Timeframe
<p>Project Planning</p> <ul style="list-style-type: none"> Initial Advisory Committee planning meetings leading to approved project charter 	February – March 2023
<p>Appoint WCCP Task Force</p> <ul style="list-style-type: none"> Select members of Task Force 	March – April 2023
<p>Development of Preliminary Draft</p> <ul style="list-style-type: none"> Create preliminary draft structure for the Profile by reviewing and synthesizing existing structures 	April 2023
<p>Advisory Committee Meeting</p> <ul style="list-style-type: none"> Meeting to review and comment on preliminary draft Profile structure and review plans for June WCCP Task Force meeting 	April 20, 2023
<p>Resource Preparation for Task Force Work</p> <ul style="list-style-type: none"> Develop resources to support the work of the Task Force (including resource manual, instructions for drafting competency statements) 	April – May 2023
<p>WCCP Task Force Meeting #1</p> <ul style="list-style-type: none"> 2-day in-person meeting in Calgary, AB to develop the first complete draft of the Profile 	June 1-2, 2023
<p>Advisory Committee Meeting</p> <ul style="list-style-type: none"> 90-minute virtual meeting to review Task Force Meeting #1 output, develop guidance for post meeting review assignment, and discuss focus group composition and recruitment 	June 13, 2023 7:30/8:30/9:30/10:30
<p>Post-meeting Review</p> <ul style="list-style-type: none"> ACT conducts post-meeting review assignment with members of the Task Force and Advisory Committee and collates the results 	June 14 - 22, 2023
<p>WCCP Task Force Meeting #2</p> <ul style="list-style-type: none"> ACT facilitate three 2.5-hour virtual meetings to refine competencies in preparation for conduct of focus groups 	June 27, 28 & 29, 2023

Activity	Timeframe
<p>Advisory Committee Meeting</p> <ul style="list-style-type: none"> • ACT conducts post-meeting review of Task Force Meeting #2 output with Advisory Committee, to identify targeted questions to be posed to focus group participants, and approve all plans for focus groups 	<p>July 5 – 21, 2023</p>
<p>Focus Group Meetings</p> <ul style="list-style-type: none"> • ACT conducts eight focus groups with stakeholders representing key perspectives (e.g., academicians, practitioners, supervisors) to gain feedback on the draft Profile and collates the results 	<p>July 23 - August 17, 2023</p>
<p>WCCP Task Force Meeting #3</p> <ul style="list-style-type: none"> • ACT facilitates four 2.5-hour virtual meetings to consider the feedback from focus group participants and make revisions to the Profile 	<p>September 11,12, 19 & 20, 2023</p>
<p>Advisory Committee Meeting</p> <ul style="list-style-type: none"> • 90-minute virtual meeting to approve pre-validation version of Profile and plans for surveys to validate profile 	<p>October 3, 2023</p>
<p>WCCP Task Force Meeting</p> <ul style="list-style-type: none"> • ACT facilitates one final 2.5-hour virtual meeting to finalize pre-validation version of Profile based on feedback from focus groups and Advisory Committee 	<p>October 11, 2023</p>
<p>Develop Validation Survey</p> <ul style="list-style-type: none"> • ACT lays out survey on delivery platform 	<p>October 3 – 15, 2023</p>
<p>Advisory Committee Meeting</p> <ul style="list-style-type: none"> • 90-minute virtual meeting to approve validation survey 	<p>October 19, 2023</p>
<p>Pilot Test Validation Survey</p> <ul style="list-style-type: none"> • 33 lawyers complete and comment on survey • ACT reviews pilot test findings and finalizes survey with Advisory Committee 	<p>November 1-10, 2023</p>

Activity	Timeframe
<p>Survey Administration</p> <ul style="list-style-type: none"> • Invitation dissemination and 4-week response window 	<p>November 21 – December 18, 2023</p>
<p>Perform Data Cleaning and Analysis</p> <ul style="list-style-type: none"> • ACT performs data cleaning and quantitative and qualitative data analysis 	<p>January 2024</p>
<p>Advisory Committee Meeting</p> <ul style="list-style-type: none"> • 2.5-hour meeting to discuss survey results, explore validation thresholds, and recommend final form and content of profile 	<p>January 25, 2024</p>
<p>Finalize Profile</p> <ul style="list-style-type: none"> • Create final Profile based on Advisory Committee recommendations 	<p>February 2024</p>
<p>Technical Report</p> <ul style="list-style-type: none"> • ACT produces technical report for project sponsors 	<p>February 2024</p>
<p>Presentations to Law Societies</p> <ul style="list-style-type: none"> • ACT presents Profile to Law Societies as requested by sponsors 	<p>March – April 2024</p>

Appendix D – Task Force Members

Name	Job Title	Organization	Location
Abigail Omale	Associate	Osler, Hoskin & Harcourt LLP	Vancouver, BC
Adam Touet	Partner	W Law	Saskatoon, SK
Cheryl D'Sa	Managing Partner	Narwal Litigation LLP	Vancouver, BC
Dayo Ogunyemi	Associate	Bennett Jones LLP	Calgary, AB
Heather Heavin	Associate Dean, Research and Graduate Studies	University of Saskatchewan	Saskatoon, SK
Ivanna Perozak	Director, Appeals, Education & Prosecution Policy	Alberta Crown Prosecution Service	Calgary, AB
Jennifer McNaught	Director, Legal Personnel & Professional Development	Blake, Cassels & Graydon LLP	Vancouver, BC
Jill Crockett	Education Manager	Canadian Centre for Professional Legal Education	Calgary, AB
Joanne Moser, KC	Partner	Nychuk & Company	Regina, SK
Katie (Catherine) Sykes	Associate Professor	Thompson Rivers University	Kamloops, BC
Kelli Potter	Partner	Patersons LLP	Brandon, MB
Lisa Stiver, KC	Partner	Thompson Dorfman Sweatman LLP	Winnipeg, MB
Mark Alward	Associate	Taylor McCaffrey LLP	Winnipeg, MB
Sanjiv Parmar	Lawyer	Parmar Law	Calgary, AB
Sarah Sinclair	Indigenous Program Lawyer	Calgary Legal Guidance	Calgary, AB

Appendix E – Final Draft of WCCP

Competency Domain 1: Ethics and Professional Responsibilities	
<i>Demonstrates ethical and appropriate behaviour in all professional matters and respects equality and diversity.</i>	
Competency	Performance Indicators
1.1 Fulfill ethical obligations and abide by professional standards	<ul style="list-style-type: none"> Adhere to provisions of applicable statutes, rules and codes that govern the legal profession Recognize ethical issues and exercise good judgment in addressing them Protect client confidentiality Identify potential conflicts of interest and take action to avoid them
1.2 Conduct oneself professionally	<ul style="list-style-type: none"> Demonstrate honesty, integrity, and trustworthiness Demonstrate professional courtesy, candour, and civility in all dealings with clients, colleagues, the courts and others Use the internet, social media, and digital platforms appropriately Demonstrate respect for the administration of justice and the rule of law Engage in self-reflection to identify gaps in knowledge, skills, and abilities Recognize when tasks or matters fall outside one's own competence and respond appropriately Seek out mentorship, professional development and experiential learning opportunities to maintain and enhance professional practice
1.3 Respect the rights of all people to the equal protection and benefit of the law, and acknowledge the diversity of Canadian communities	<ul style="list-style-type: none"> Demonstrate awareness of how own values and conscious and unconscious biases affect one's perspectives and actions Respect the diverse cultures, perspectives, backgrounds, experiences, and identities of clients, co-workers and colleagues Identify tools and services to facilitate access to justice Act in accordance with principles of applicable human rights legislation

Competency Domain 2: Communication

Delivers clear, accurate and well-reasoned communications that support the advancement of matters.

Competency	Performance Indicators
2.1 Deliver clear and audience-centric communications	<ul style="list-style-type: none"> Adapt communications to different contexts and audiences, adjusting for tone and formality as suitable to the circumstances Use plain language Use appropriate and logical organization and structure for communications Express concepts concisely, precisely, clearly and logically
2.2 Create quality legal documents	<ul style="list-style-type: none"> Prepare a variety of accurate legal documents (for example, transactional document, contract, opinion letter, pleading) Draft effective, clear and well-organized legal documents Identify, critically evaluate, and adapt relevant document precedents and templates Review legal documents for errors and inaccuracies
2.3 Communicate in timely manner	<ul style="list-style-type: none"> Respond to communications within reasonable time frames Communicate status updates on an ongoing basis to all relevant parties

Competency Domain 3: Truth and Reconciliation

Understands the historical and current impacts that Canadian law has on Indigenous Peoples in Canada and how reconciliation can be incorporated into practice.

Competency	Performance Indicators
3.1 Understand the experiences of the Indigenous Peoples of Canada	<ul style="list-style-type: none"> Demonstrate understanding of how colonial laws have impacted the Indigenous Peoples of Canada Demonstrate understanding of systemic discrimination and its intergenerational impacts
3.2 Understand how reconciliation with the Indigenous Peoples of Canada can be incorporated into legal practice	<ul style="list-style-type: none"> Demonstrate understanding of Calls to Action and Calls for Justice applicable to working with Indigenous Peoples Consider applicability of Indigenous principles, laws, culture and perspectives

Competency Domain 4: Professional Relationship Management

Establishes, maintains and concludes relationships with others in a professional and civil manner using a client-centred approach.

Competency	Performance Indicators
4.1 Determine suitability of establishing lawyer-client relationship	<ul style="list-style-type: none"> Assess own competency and capacity to undertake the matter Assess need for appropriate mentorship Assess risks or barriers, including potential conflicts, associated with potential client relationship Ascertain language needs of client and ability to communicate
4.2 Establish client relationships	<ul style="list-style-type: none"> Take steps to gain client confidence (for example, use active listening, communicate respectfully and empathetically) Confirm scope of client retainer
4.3 Manage client relationships	<ul style="list-style-type: none"> Obtain and confirm client instructions on ongoing basis Proactively and regularly communicate to keep client apprised of progress in their matter Manage client expectations by clearly and honestly addressing time frames, fees, risks and possible outcomes Conclude or discontinue client relationships as appropriate
4.4 Establish and maintain professional relationships	<ul style="list-style-type: none"> Demonstrate understanding of mentorship and building professional networks Demonstrate ability to collaborate Recognize external resources needed (for example, accountants, social workers, realtors) to support client or own professional needs Navigate relationships with other professionals supporting clients
4.5 Demonstrate emotional intelligence	<ul style="list-style-type: none"> Demonstrate awareness of the impact of emotion in interactions with others Engage in self-reflection to identify how own emotions may impact behaviour Engage in empathetic communication Engage in reflective listening Understand the applicability of trauma-informed approaches

Competency Domain 5: Critical Thinking and Analysis

Uses critical thinking and analysis to support clients in pursuing their goals, priorities, and broader interests.

Competency	Performance Indicators
5.1 Collect and evaluate all pertinent information	<ul style="list-style-type: none"> • Gather information through interviews, searches, document review, and other due diligence • Identify relevant legal, practical or client issues • Identify and respond to new information or changes in circumstances
5.2 Conduct legal research	<ul style="list-style-type: none"> • Identify when research may be required • Perform legal research using reasonably available tools and resources • Confirm, verify existence of, and note up case citations and legal authorities • Interpret and evaluate substantive common law, statutes, regulations, rules, procedural matters, policy and theory
5.3 Perform legal analysis and develop strategy	<ul style="list-style-type: none"> • Apply techniques of legal reasoning and argument to the findings or information gathered • Draw reasonable conclusions considering the legal issues, relevant facts, and applicable law • Clearly and accurately report research process and findings • Generate matter-specific strategy and options and formulate practical recommendations

Competency Domain 6: Advice and Advocacy

Represents clients' interests, informs clients, and advances clients' positions.

Competency	Performance Indicators
6.1 Ascertain client goals and set expectations	<ul style="list-style-type: none"> Ascertain and confirm client goals, objectives, interests and expectations Set reasonable expectations with client regarding matter and representation
6.2 Adopt client-centred approach	<ul style="list-style-type: none"> Consider entirety of client's circumstances (for example, diversity, age, language, disability, socioeconomic, and cultural context, business strategies, organizational structure) in all aspects of a matter Verify that client understands information provided Keep clients informed as is reasonable given the circumstances
6.3 Provide legal advice	<ul style="list-style-type: none"> Provide advice about the advantages and disadvantages of pursuing options or strategies, to support informed decision making or resolve the problem Adapt legal strategy or approach as circumstances change
6.4 Represent client interests	<ul style="list-style-type: none"> Act on instructions to further client objectives within the boundaries of the law and professional obligations Identify and implement strategies that are responsive to client goals, objectives, and interests, and that are relevant to the factual and legal context
6.5 Advocate effectively for client interests	<ul style="list-style-type: none"> Communicate the law and legal issues in language appropriate to the audience Formulate and present persuasive, well-reasoned and accurate legal arguments Identify and use advocacy techniques appropriate to factual and legal context

Competency Domain 7: Practice Management and Well-being

Responsibly manages one's work and practice, including self, files, technology and risks.

Competency	Performance Indicators
7.1 Support own well-being and that of others	<ul style="list-style-type: none"> Engage in self-reflection to recognize positive and negative influences on own well-being and professional performance Take necessary actions to support own health and well-being, including seeking resources where available Recognize inappropriate workplace behaviour and contribute to a healthy and respectful workplace culture
7.2 Manage work activities and files	<ul style="list-style-type: none"> Prioritize and manage tasks; track and meet deadlines and limitation periods Identify when it is appropriate to delegate tasks and level of supervision needed Ensure quality of work produced by self and work delegated to others Use practice, project, and file management systems and software Demonstrate awareness of responsibilities for management, tracking, retention, and destruction of files Document matters clearly and appropriately Follow security protocols for information management
7.3 Use technology responsibly	<ul style="list-style-type: none"> Demonstrate understanding of the benefits, limitations, risks, and ethical implications of technologies Use appropriate strategies to mitigate cybersecurity risks
7.4 Understand billing, accounting and finance	<ul style="list-style-type: none"> Demonstrate understanding of professional obligations regarding billing and accounting practices and trust accounting Demonstrate understanding of types of billing practices, including retainers and limited scope retainers, fees, and payment models Seek information to fill knowledge gaps related to financial and business management as required by own practice requirements

2024 Bencher & Executive Committee Meetings

Executive Committee	Bencher	Other Dates
Thursday, January 18 Virtual	Friday, February 2 Hybrid	Jan 1: New Year's Day Jan 31: New Bencher Orientation Feb 2: Welcome/Farewell Dinner Feb 8: CBA Annual General Meeting Feb 10: Lunar New Year Feb 19: Family Day
Thursday, February 22 Virtual	Friday, March 8 Virtual	Mar 11 (sundown)-Apr 9 (sundown): Ramadan Mar 11-12: Federation Council Meeting Mar 18-28: Spring Break Mar 29-Apr 1: Easter
Thursday, April 11 Hybrid	Friday, April 26 Hybrid	Apr 9 (sundown)-10 (sundown) Eid April 13: Vaisakhi April 24: KC Reception May 4: CBABC Provincial Council Meeting
Wednesday, May 15 Hybrid	Saturday, June 1 Hybrid	May 20: Victoria Day May 30 to June 1: LSBC Bencher Retreat June 5-8: LSA Retreat June 10-11: Federation Council Meetings
Wednesday, June 19 Virtual	Friday, July 5 Virtual	June 20: Bench and Bar Dinner June 21: National Indigenous Peoples Day July 1: Canada Day Aug 5: BC Day
Thursday, September 5 Hybrid	Friday, September 20 Hybrid	Sept 2: Labour Day Sept 15-20: IBA Annual Conference Sept 24: AGM Sept 30: National Day for Truth and Reconciliation Oct 2 (sundown)-4 (sundown): Rosh Hashanah Oct 11 (sundown)-12 (sundown): Yom Kippur
Thursday, October 17 Virtual	Friday, November 1 Virtual	Oct 14: Thanksgiving Day Oct 16-18: International Conference of Legal Regulators Oct 19: Federation Fall Conference Nov 1: Diwali Nov 3-7: IILACE Conference Nov 11: Remembrance Day Nov 15: Bencher By-Election
Wednesday, November 13 Hybrid	Friday, November 29 Hybrid	Nov 29: Year-End Bencher Dinner Dec 25: Christmas Day Dec 26: Boxing Day Dec 25(sundown)-Jan 2 (sundown): Hanukkah Dec 26-Jan 1: Kwanzaa

Two Year Retrospective on the Advice Decision-Making Assistant

To: Benchers

Purpose: For Information

From: Staff

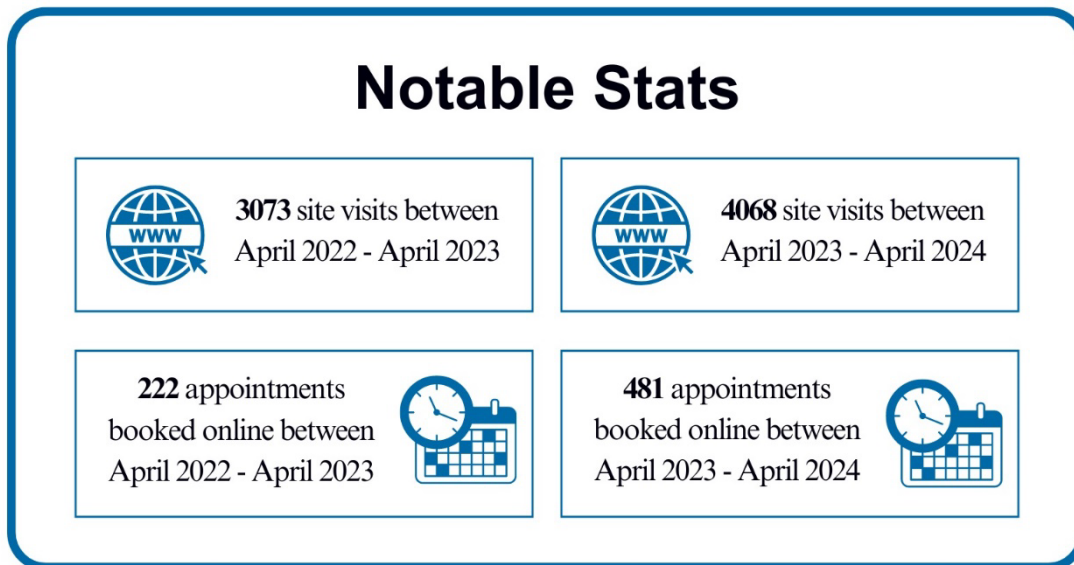
Date: April 26, 2024

Introduction

1. This report summarizes the key statistics and successes of the Advice Decision-Making Assistant (ADMA) on the two-year anniversary of its launch.
2. ADMA is a free online solution-explorer-style tool, designed and developed in-house at the Law Society. ADMA provides guided pathways to helpful links and resources, curated to be responsive to a variety of questions of professional responsibility, and an online booking system to schedule a call with a practice advisor for further assistance. It is optimized for mobile and available 24/7.

Key Statistics & Successes

3. Since launching April 4th, 2022, ADMA has received 7,771 site visits. 703 appointments have been booked with Practice Advisors through ADMA’s online booking system. The period between April 2023 and April 2024 saw a growth rate of over 116 percent in appointment bookings, for an average of approximately two calls booked through ADMA on every business day over the course of the year.



4. ADMA launched with around 70 distinct concepts divided between nine categories based on questions that Practice Advisors received most frequently. As of April 2024, there are over 110 distinct concepts in 10 categories. Other improvements include adding “In Brief” high-level summaries to each resource page that distill the relevant information for easy issue identification and corresponding back-end upgrades to increase functionality.

5. A significant addition was the development of new resource pages on client identification and verification. All the Law Society's existing resources on client identification and verification are accessible through ADMA and are presented in an intuitive and responsive manner, including point-in-time links to when different topics are discussed in the Law Society's Anti-Money Laundering Webinar. This functionality assists the user to find information about a specific topic with ease, not only for written resources but also for video content.
6. Another meaningful addition to ADMA's content was the creation of resources focused on coaching, practice management support and mental health. The new category, "Tackling Challenges In Your Practice" offers practical, in-the-moment steps that legal professionals can take to work the problem and maintain their well-being.

Feedback

7. ADMA has garnered positive feedback from both lawyers and the Practice Advice department. The ability to identify the subject of an inquiry and schedule calls have been particularly beneficial for all parties.
8. Positive feedback from Practice Advisors:
 - a. Users reviewing ADMA before speaking to a practice advisor has increased the quality and efficiency of the advice when the user speaks to a Practice Advisor, a benefit to both the Practice Advisor and the user. Where appropriate, ADMA resources are sent proactively after an inquiry comes in through phone or email so those discussions can similarly benefit.
 - b. The online booking tool helps create certainty in scheduling, improving productivity, decreasing "phone-tag" with callers, and lessening the mental burden of answering calls without any prior context.
 - c. The ability to edit pages in-the-moment thanks to total back-end control has been instrumental in keeping resources current and up to date.
 - d. Using ADMA has helped accelerate the onboarding and training of new Practice Advisors.
9. Virtually all feedback from legal professionals who have used ADMA has been positive, including:
 - a. Callers remark on the ease with which they were able to find information about their issue and book an appointment to speak with a Practice Advisor.

- b. Callers also cite the benefit of being able to schedule a call at a time that works for them as a reason for using the tool.
10. Following on the success of ADMA, the Law Society is looking at ways to expand this model of information delivery for legal professionals and the public.