

Agenda

Benchers

Date: Friday, September 22, 2023

Time: **9:00 am – Call to Order**

Location: Hybrid: Bencher Room, 9th Floor, Law Society Building & Zoom

Recording: *Benchers, staff and guests should be aware that the audio and video of the public portion of this Benchers meeting will be recorded to ensure an accurate record of the proceedings. Any private chat messages sent will be visible in the transcript that is produced following the meeting.*

VIRTUAL MEETING DETAILS

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

RECOGNITION

1	Presentation of the 2023 Law Society Scholarship for Graduate Legal Studies
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CONSENT AGENDA

Any Bencher may request that a consent agenda item be moved to the regular agenda by notifying the President or the Manager, Governance & Board Relations prior to the meeting.

2	Minutes of July 14, 2023 meeting (regular session)
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3	Minutes of July 14, 2023 meeting (<i>in camera</i> session)
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4	External Appointment: Legal Aid BC
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Agenda

REPORTS		
5	President's Report	Christopher A. McPherson, KC
6	CEO's Report	Don Avison, KC
DISCUSSION/DECISION		
7	2024 Initiatives, Budgets and Fees	Jeevyn Dhaliwal, KC Don Avison, KC Jeanette McPhee
IN CAMERA		
8	Other Business	

Minutes

Benchers

Date: Friday, July 14, 2023

Present:	<p>Christopher A. McPherson, KC, President Jeevyn Dhaliwal, KC, 1st Vice-President Brook Greenberg, KC, 2nd Vice-President Paul Barnett Kim Carter Tanya Chamberlain Jennifer Chow, KC Christina J. Cook Cheryl S. D'Sa Tim Delaney Lisa Dumbrell Brian Dybwad Katrina Harry, KC Sasha Hobbs Lindsay R. LeBlanc</p>	<p>Dr. Jan Lindsay Geoffrey McDonald Steven McKoen, KC Paul Pearson Georges Rivard Michèle Ross Gurminder Sandhu Thomas L. Spraggs Barbara Stanley, KC Natasha Tony Michael Welsh, KC Kevin B. Westell Sarah Westwood, KC Guangbin Yan Gaynor C. Yeung</p>
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Not in Attendance Kelly H. Russ

Staff:	<p>Don Avison, KC Avalon Bourne Natasha Dookie Su Forbes, KC Vicki George Kerryn Holt Jeffrey Hoskins, KC Aara Johnson Alison Kirby Julie Lee Michael Lucas, KC</p>	<p>Alison Luke Claire Marchant Fiona McFarlane Jeanette McPhee Cary Ann Moore Michael Mulhern Doug Munro Lesley Small Christine Tam Adam Whitcombe, KC Vinnie Yuen</p>
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Guests:	Dom Bautista	Executive Director, Courts Center & Executive Director, Amici Curiae Friendship Society
	Ian Burns	Digital Reporter, The Lawyer's Daily
	Emma Chang	Rule of Law Essay Contest Runner-Up
	Dr. Paula Cook	Bencher Guest
	Jon Festinger, KC	Ethics and Lawyer Independence Advisory Committee Member
	Paul Hargreaves	CFO, Courthouse Libraries BC
	Nicholas Hayer	Articling Student, JFK Law LLP
	Freya Kodar	Dean of Law, UVic
	Derek LaCroix, KC	Executive Director, Lawyers Assistance Program of BC
	Meghan Little	Summer Student, British Columbia Law Institute
	Jamie Maclaren, KC	Executive Director, Access Pro Bono Society of BC
	Scott Morishita	First Vice President, Canadian Bar Association, BC Branch
	Josh Paterson	Executive Director, Law Foundation of BC
	Robin Phillips	Co-Chair, Board of Directors, Mediate BC Society
	Linda Russell	CEO, Continuing Legal Education Society of BC
	Kerry Simmons, KC	Executive Director, Canadian Bar Association, BC Branch
	Ron Usher	General Counsel and Practice Advisor, The Society of Notaries Public of British Columbia
	Megan Vis-Dunbar	Staff Lawyer, British Columbia Law Institute
	Lana Walker	Assistant Dean of Law, Thompson Rivers University
	Ethan Yang	Rule of Law Essay Contest Winner

OATH OF OFFICE

President McPherson administered the oath of office (in the form set out in Rule 1-3) to newly elected Bencher Christina J. Cook whose term began on July 12, 2023.

RECOGNITION

1. 2023 Rule of Law Essay Contest: Presentation of Winner & Runner-Up

President McPherson introduced the winner and runner-up of the 2022-2023 Rule of Law Essay contest. This year's contest asked students to explain how the rule of law affected – positively, adversely or otherwise – the advancement of minority rights in Canada. Ethan Yi-Cheng Yang is the winner of this year's contest, and Emma Chang is the runner-up. They both wrote exemplary essays, which are posted on the Law Society website.

CONSENT AGENDA

2. Minutes of June 3, 2023, meeting (regular session)

The minutes of the meeting held on June 3, 2023 were approved unanimously and by consent as circulated.

3. Minutes of June 3, 2023, meeting (*in camera* session)

The minutes of the *in-camera* meeting held on June 3, 2023 were approved unanimously and by consent as circulated.

4. Memorandum of Understanding – Federal Government Lawyer Mobility

Jennifer Chow, KC recused herself from this item.

The following resolution was passed unanimously and by consent:

BE IT RESOLVED the Law Society of British Columbia execute the Memorandum of Understanding in the form attached as Appendix “A” to this memorandum.

5. Rule Amendments to Change Name of Equity Ombudsperson Program

The following resolution was passed unanimously and by consent:

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

1. *In Rule 1, the definition of “Ombudsperson” is rescinded and the following substituted:*

“**Equity Advisor**” means a person appointed by the Executive Director to provide confidential dispute resolution and mediation assistance to lawyers, articulated students, law students and support staff of legal employers, regarding allegations of harassment or discrimination by lawyers and includes anyone employed to assist the Equity Advisor in that capacity;

2. *Rule 5-4.6(3) is rescinded and the following substituted:*

(3) Despite subrule (2), Law Society counsel must not provide any information or documents about any discussion or other communication with the Equity Advisor in that capacity.

3. *Rule 10-2.1 is rescinded and the following substituted:*

Communication with Equity Advisor confidential

10-2.1 (1) This rule must be interpreted in a way that will facilitate the Equity Advisor assisting in the resolution of disputes through communication without prejudice to the rights of any person.

(2) Communication between the Equity Advisor acting in that capacity and any person receiving or seeking assistance from the Equity Advisor is confidential and must remain confidential in order to foster an effective relationship between the Equity Advisor and that individual.

(3) The Equity Advisor must hold in strict confidence all information acquired in that capacity from participants.

REQUIRES 2/3 MAJORITY OF BENCHERS PRESENT

6. 2023 Law Society Scholarship for Graduate Legal Studies

The following resolution was passed unanimously and by consent:

BE IT RESOLVED that the Benchers ratify the recommendation of the Credentials Committee to award the 2023 Law Society Scholarship for Graduate Studies equally between Kaitlyn Cumming and Maxwell Philip Tristan Miller.

7. 2023 Law Society Indigenous Scholarship

The following resolution was passed unanimously and by consent:

BE IT RESOLVED that the Benchers ratify the recommendation of the Credentials Committee to award the 2023 Law Society Indigenous Scholarship equally between Bailie Copeland and Tara-Lynn Wilson.

REPORTS

8. President's Report

President Christopher A. McPherson, KC confirmed that no conflicts of interest had been declared.

Mr. McPherson began his report with some comments regarding the Law Society's recent Bencher Retreat and Conference, which he thought was a success. He also shared some positive feedback received from several of the guests who attended, including the Chief Justices and Chief Judge. Mr. McPherson indicated that the discussions on artificial intelligence were timely, particularly as the Judicial Council will be issuing guidelines on the use of Chat GPT and similar AI tools in litigation, and that the Supreme Court of Canada would likely issue a policy directive on this matter as well. Mr. McPherson spoke about the discussions with the Attorney General during the Bencher meeting regarding the single legal regulator initiative. He indicated that the debate format of the conference had worked well and thanked First Vice-President, Jeevyn Dhaliwal, KC and staff for organizing.

Mr. McPherson provided an update on the Law Society of Alberta's retreat, which had focused on the changing face of regulation with Harry Cayton, an advisor on professional regulation and governance, and Crispin Passmore, a consultant with Passmore Consulting, as speakers. He indicated that there had been a number of valuable discussions with the Law Society's counterparts from the other law societies, particularly in regard to the single legal regulator initiative.

Mr. McPherson then spoke about the current status of the single legal regulator initiative, which had been the primary topic of discussion with the Attorney General at the June Bencher meeting. He also spoke about the Law Society's recent Annual General Meeting, in particular the member resolution calling for a referendum to oppose the single legal regulator initiative, which did not pass. Mr. McPherson expressed his hope that the Law Society's message regarding the fundamental importance of the independence of the profession and regulator, which would require a majority of lawyers on the board of the new entity, is being made clear to the profession and to the public. He indicated that this message had been his focus at recent meetings and events he had attended over the last several weeks.

Mr. McPherson concluded his report with an overview of his recent activities, including attending the KC Ceremony and Reception, at which Benchers Katrina Harry, KC and Sarah Westwood, KC were honoured; a welcome ceremony for Judge Lynett Jung, and call ceremonies.

9. CEO's Report

Don Avison, KC began his report by speaking about the current status of the single legal regulator initiative, and echoed Mr. McPherson's comments regarding the importance of the independence of the profession and of the regulator. He indicated that the Ministry continues to expect to table legislation sometime in the fall legislative session this year, and that he was giving serious thought about making another overture to the Ministry regarding bringing into force the 2018 provisions, which would allow for the licensing of paralegals. He indicated that should legislation be tabled in the fall legislative session, it would still take quite some time for the new legislation to come into force, resulting in a delay to the licensing of paralegals. The Ministry had previously indicated that it would not be bringing into force the 2018 provisions, as there would be a number of ancillary or miscellaneous amendments that would need to be made; however, Mr. Avison indicated that he had asked staff to review the provisions in detail to see what amendments would be required. He further indicated that he would like to be in a position to push back on this to the Ministry, as in his view the licensing of paralegals remains one of the most significant elements of improving access to justice in BC.

Mr. Avison then provided an overview of the Law Society's recent Annual General Meeting and those member resolutions that were passed by the profession. He reviewed with Benchers his recommendations for consideration of each of the member resolutions, and indicated that the member resolution regarding the improvement of the Law Society's inclusion of persons with physical disabilities would be referred to the Equity, Diversity, and Inclusion Advisory Committee; the member resolution regarding amendments to Rule 3-10 would be referred to the Executive Committee to evaluate what was proposed; the member resolution regarding amendments to Rule 3-36(1)(b) and Rule 3-37(1)(b) would also be referred to the Executive Committee in its capacity as the regulatory policy committee; and the member resolution proposing an exemption to Rule 2-89 in relation to parental leave would be referred to the Credentials Committee and the Equity, Diversity, and Inclusion Advisory Committee, as these committees are already considering the issue of parental leave and return to practice.

Mr. Avison then spoke about the significant contributions of the profession to access to justice in BC, including the pro bono work undertaken by many lawyers. He spoke about the impact of the practice fee, which funds numerous organizations and initiatives, including CanLII, the Law Foundation of BC, and the Courthouse Libraries BC, and highlighted the fact that BC was the first jurisdiction in North America to establish a law foundation. Mr. Avison indicated that he was highlighting these contributions to demonstrate what was already being done to address

barriers to access to justice, and that once the Ministry tabled legislation in relation to the single legal regulator initiative, there would likely be a great deal of discussion about the importance of access to justice, and the role of the proposed legislation in addressing barriers to access to justice. Mr. Avison then referenced a decision made by the provincial government in 1992 to impose a tax on lawyers' accounts to redirect government resources towards legal aid. Mr. Avison indicated that in recent years, the provincial government has made modest increases to the legal aid budget, but that in his view, the amounts that have been dedicated to legal aid have not come close to addressing the amount of taxation that is collected. He also spoke about the ongoing litigation between the Centre for Family Equity and the provincial government, which has been focused on the absence of sufficient resources for people caught up in difficult family law situations to find the support that they need. Mr. Avison indicated that he intended to raise both the issue of moving ahead with the licensing of paralegals and to raise the issue of the amount of tax that is being collected and its distribution.

Benchers discussed the amount of pro bono work undertaken by the profession across the province, and the utility in reviewing the number of hours reported. Benchers also discussed whether or not it would be helpful for the appointed Benchers to approach the Ministry to discuss the single legal regulator initiative and the perspective of the publicly appointed Benchers. Mr. Avison advised that he would look into it.

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

Brook Greenberg, KC provided a brief overview of the written report he provided for Benchers' information, which included an overview of the recent Federation meetings. He indicated that the next Federation Council meeting would take place in Whitehorse in October, topic focused on generative AI and the effect on the profession, and he would provide an update at the November Bencher meeting.

DISCUSSION/DECISION

11. Indigenous Engagement in Regulatory Matters Final Report

President McPherson introduced the final report of the Indigenous Engagement in Regulatory Matters Task Force with a dedication to all those who did not receive the necessary assistance and support needed due to the Law Society's systemic barriers. He thanked all of the members of the Task Force, as well as the staff members who had contributed towards the development of the final report. Mr. McPherson then reviewed with Benchers in detail the recommendations contained within the final report, including that the Law Society should decolonize its institution, policies, procedures, and practices; that the Law Society should Indigenize its institution, policies, procedures, and practices; that the Law Society should build trust and relationships with Indigenous individuals, organizations, and communities; that the Law Society should be more

proactive in the prevention of harm to the public, particularly Indigenous individuals; and that the Law Society should implement the recommendations contained within the final report.

Mr. Avison provided an overview of the changes and progress that have already been taking place in response to the recommendations made within the final report, including the addition of consent agreements, administrative penalties, and the ADP process; changes to the Tribunal and its processes; and the consideration of the role of an Indigenous Navigator to assist people going through the discipline process. He indicated that a progress report on the implementation of the recommendations would be provided at the November or December Bencher meeting.

Benchers discussed the final report and its recommendations with particular focus on how the recommendations would benefit the public as whole, the importance of recognizing the leadership of the Indigenous community in bringing about these changes, involving the Indigenous Court workers in the implementation of recommendations 3.1 and 3.2, and extending access to the Indigenous Cultural Awareness program to committee members. Benchers also discussed whether the Indigenous Cultural Awareness program should be made available to paralegals, in light of the impending implementation of the single legal regulator initiative. Mr. Avison advised that some thought would need to be given to the best approach. He indicated that the expectation would be that the program would be available for paralegals and notaries with the implementation of the single legal regulator, but consideration should be given as to making it more broadly available at this juncture.

Mr. Avison advised that the implementation of the final report and its recommendations would not be easy, as it would require significant change to the practices and policies of the Law Society, and would likely be met with some resistance. He spoke about the importance of remaining committed to doing the work to facilitate this change.

A motion to adopt the recommendations as presented within the final report from the Indigenous Engagement in Regulatory Matters Task Force was unanimously approved.

Mr. McPherson thanked Benchers, and indicated that he was of the view that this was the most consequential decision to have been made by Benchers.

12. Amendments to the Discrimination, Harassment, and Sexual Harassment Provisions of the *Code of Professional Conduct for British Columbia*

Thomas Spraggs, Vice-Chair of the Ethics and Lawyer Independence Advisory Committee, introduced the item and provided an overview of the proposed amendments to the discrimination, harassment, and sexual harassment provisions of the *Code of Professional Conduct for BC*.

Cary Ann Moore provided an overview of the proposed amendments to the provisions, which included the rationale for the amendments, what the proposed amendments were attempting to

address, as well as the value of the proposed amendments, which would provide better guidance, clarify expectations for lawyers, and educate those who work with lawyers on the standard expected of the profession.

Benchers discussed the communication of the proposed amendments to the profession and to the public and whether training sessions on the provisions as a whole should be considered, both to provide guidance on rights, roles, and responsibilities, and to hold people accountable. Mr. Avison advised that work would be done regarding the communications element, including the consideration of training, and this matter would warrant additional discussion.

Benchers discussed the language of the proposed amendments, and some Benchers also shared their personal experiences dealing with harassment. Some Benchers expressed concerns that the language used in terms of not condoning discriminatory or harassing behaviour was not strong enough. First Vice-President Jeevyn Dhaliwal, KC suggested that section 6.3-2[4] in the *Code of Professional Conduct for British Columbia* be amended from “Lawyers should avoid condoning or being willfully blind to conduct in their workplaces that constitutes harassment” to “Lawyers are expected to not condone or be willfully blind to conduct in their workplaces that constitutes harassment”. Ms. Moore advised that if the Benchers were in agreement with this amendment, this language should also be duplicated in sections 6.3-1[7] and 6.3-3[3] so as to be consistent. Following some discussion, Benchers were in agreement regarding Ms. Dhaliwal’s amendment to the provisions.

The following motion was passed unanimously:

BE IT RESOLVED the Benchers rescind rules 6.3-1 to 6.3-5 of the *Code of Professional Conduct for British Columbia*, and adopt amended rules 6.3-1 to 6.3-4 as recommended by the Ethics and Lawyer Independence Advisory Committee, and set out in the red-lined version of those provisions included in the Committee’s memorandum to the Benchers dated July 4, 2023, subject to amending the language used in sections 6.3-2[4], 6.3-1[7], 6.3-3[3] to the following: *Lawyers are expected to not condone or be willfully blind to conduct in their workplaces that constitutes harassment.*

UPDATES

13.2023 May Financial Report

Jeevyn Dhaliwal, KC, as Chair of the Finance and Audit Committee, introduced the item. She advised that the Committee was in the process of setting the budget for 2024, and an information session was being planned for September 21, 2023, the day before the September Bencher meeting. She indicated that the expectation was that all Benchers should be in attendance for this information session.

Jeanette McPhee provided an update on the financial results and highlights to the end of May 2023, noting that the General Fund operations resulted in a positive variance to budget, which was due to higher interest income, fine, and penalties review combined with lower operating expenses primarily due to timing differences. Ms. McPhee indicated that revenue was ahead of budget due to higher interest rates. She then reviewed TAF-related revenue and expenses, which were below budget as a result of the down turn in the real estate market in 2023, and the Lawyers Indemnity Fund fee revenue, which was close to budget. Ms. McPhee then provided an overview of forecasted results and noted that revenue was projected to be ahead of budget mainly due to higher interest rates, along with slightly higher practising lawyers.

Benchers discussed TAF and whether any thought would be given to resetting the fee. Ms. McPhee advised that a change in the fee would not be recommended. She further advised that the Law Society had a reserve of about six months, so there was some leeway to see what happens with the market.

FOR INFORMATION

14. Mid-Year Advisory Committee Reports

There was no discussion on this item.

15. Trust Review Task Force Status Update Report

There was no discussion on this item.

16. External Appointments: Continuing Legal Education of BC

There was no discussion on this item.

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

AB
2023-08-29

CEO Report

September 22, 2023

Prepared for: Benchers

Prepared by: Don Avison, KC

1. Recognition of National Day for Truth and Reconciliation

The Law Society will again recognize the National Day with events planned for both before, and after, September 30.

One of those events will include a screening of a presentation by Phyllis Webstad, the person who mobilized the Orange Shirt Society and Orange Shirt Day. The screening will be followed by a dialogue session with Vicki George, the Law Society's Senior Advisor of Indigenous Engagement. Staff have also been provided with resource materials they may wish to consider using when the Law Society offices are closed on the Monday following the national day.

2. Single Legal Regulator Update

Benchers can expect that I will again provide an update at the September 22 meeting. We are hopeful that, by then, we will have had the benefit of a formal confirmation from the Ministry of the Attorney General as to when they would expect the legislation to be placed before the Legislative Assembly for consideration. In the interim, discussions continue with senior officials of the Ministry of the Attorney General.

3. National Discipline Standards Implementation Report

We have recently received the 2022 National Discipline Standards (NDS) Implementation Report from the Federation of Law Societies of Canada, which provides a comparative overview as to how all Canadian law societies performed against the standards in 2022. You will be receiving a more detailed update on the 2022 NDS Implementation Report at a subsequent Bencher Meeting but I would like to take this opportunity to provide you with a snapshot of how we are performing so far this year on two standards that we historically have been unable to meet:

- **Standard 9: 75% of all hearings commence within 9 months of authorization. 90% of all hearings commence within 12 months of authorization.**

To date, we have had 23 hearings (11 facts & determination hearings, 10 disciplinary action hearings, a 3-10/3-11 proceeding, & an appeal), additionally so far this year have concluded 10 consent agreements.

For the purposes of the National Discipline Standards (NDS) calculation, there were 8 of 11 Facts & Determination hearings that were commenced beyond the 12 months of authorization timeframe. The reasons why those hearings were commenced outside the NDS timeline were, for the most part, due to factors outside of the control of the Law Society and include:

- Scheduling challenges with respondent’s counsel;
 - The respondent changing counsel;
 - Illness of respondent’s counsel;
 - Waiting for the appeal of a criminal conviction to conclude, as the subject matter of the criminal conviction was the same as the citation; and,
 - Applications which had to be addressed before the hearing could commence, such as an application for: anonymous publication of the citation, the citation to be rescinded, production of documents, dismissal of citation on the basis of bias and abuse of process.
- **Standard 10: Reasons for 90% of all decisions are rendered within 90 days from the last date the panel receives submissions.**

As of September 12th of this year, 30 of the 38 (79%) decisions issued were rendered within 90 days of the last date the panel received submissions, as compared to 61% for 2022. The Tribunal anticipates in total, 50 decisions will be issued this year and of the remaining 12 decisions to be issued, 3 are currently beyond the 90 days. While this is a significant improvement over previous years, I remain of the view that we could – and should – work towards meeting this standard for 2024.

4. 2024 LSBC Budget

The Law Society’s proposed budget will come before Benchers for consideration at the September 22 meeting.

As has been our practice in recent years, we will be holding an in-camera budget briefing for all Benchers on the morning of Thursday, September 21. These sessions provide a very useful opportunity to ask any questions relevant to the proposed budget. We have had the benefit of excellent levels of participation at these sessions in previous years and I am hopeful that will be the case again this year.

Senior staff will be available to answer any questions.

5. Federation Litigation re: Client Confidentiality and Proposed Changes to the Income Tax Act

On September 11, 2023 the Federation of Law Societies of Canada commenced proceedings in the Supreme Court of British Columbia challenging the validity of

changes to the *Income Tax Act* (Sections 237.3 and 237.4) which again attempt to subject lawyers to reporting obligations. For many of the same reasons that were relevant in the Federation case, these new reporting obligations intrude upon principles of client confidentiality, privilege and duty to the client. I have attached copies of the Federation's Backgrounder and News Release on this.

The litigation was authorized by the Federation Council (on instructions from Canada's 14 law societies) and a Special Litigation Committee has been appointed to oversee the litigation. I was appointed to that committee, along with the Federation executive, CEO Jonathan Herman of the Federation, and colleagues from Quebec and Newfoundland/Labrador.

Roy Millen of Blakes in Vancouver is counsel for the Federation in this matter.

6. Launch of National Online Anti-Money Laundering and Terrorist Financing Education Program

The Federation's AML online education program has now been completed and it will be formally launched on September 20, 2023.

Federation President Jill Perry, KC has described the program as:

“Designed to enhance the ability of legal professionals to understand and respond appropriately to money laundering and terrorist financing risks, and to comply with law societies’ anti-money laundering and terrorist financing rules, the program consists of five interactive modules. Together, the modules provide an overview of money laundering and terrorist financing, the risks that may be faced by legal professionals, key due diligence obligations under the client identification and verification rule, proper use of trust accounts, and restrictions on cash transactions. The modules are intended to be completed in order, but users will also be able to return to individual modules at any time if they wish to refresh their knowledge or finish a module they were unable to complete in one sitting. The modules vary in length taking between 20 and 70 minutes to complete.”

I see this work as very relevant to meeting some of the recommendations made in the report of the Cullen Commission and I want to thank Barbara Buchanan, KC, Gurprit Bains and Jeanette McPhee for their contributions to the work of the Federation's Standing Committee on Anti-Money Laundering and Terrorist Financing.

7. Atrium Renewal Project

The renovation of the atrium space at the Law Society building is now substantially complete and we expect to formally open both the new reception area and the atrium space on September 19, 2023.

Bencher will have an opportunity to see the space on September 22nd as we have arranged for the annual Bencher photo to be taken that day.

Many thanks go to Jeanette McPhee, to Janet Nacario and to the many others who helped in developing the atrium design concept and in the oversight of the construction process.

8. IT'S THAT TIME AGAIN! 2023 Bencher Elections

Bencher elections will take place this year with voting open from November 1st until 5:00pm on November 14 (votes will be counted on November 15).

A number of Benchers will have completed their maximum terms this year while some others have indicated that they do not plan to seek re-election. As a result, I expect there will be a number of new Benchers joining the table in January of 2024.

Nominations must be received no later than 5:00pm on October 16th. Those seeking more information on the election process will find it on the Law Society website.

9. Use of Generative AI in Legal Practice

Our practice Advice group is currently doing work on a proposed practice resource for those using generative AI technology.

We will likely complete this work following the Federation Annual Conference in Whitehorse which is substantially dedicated to this subject matter.

Development of this material results, at least in part, from recent productive discussions held with the BC Supreme Court's Technology Committee which is co-chaired by Justices David Masuhara and Shelley Fitzpatrick.

Don Avison, KC
Chief Executive Officer



Backgrounder – Federation Challenge of Income Tax Act

Recent amendments to the *Income Tax Act* (the Act) that require legal counsel to report confidential information about their client's activities to the Canada Revenue Agency (CRA) infringe the *Canadian Charter of Rights and Freedoms* and principles of fundamental justice that exist for the benefit of the people of Canada. The Federation and its 14 law society members support the government's efforts to address tax avoidance. It is essential, however that the means used do not undermine important rights and freedoms.

In an application filed on September 11, 2023, in the Supreme Court of British Columbia, the Federation is challenging the constitutionality of amendments to the Act that expand existing mandatory disclosure obligations, create a new category of notifiable transactions, and delete a provision that relieved parties from the disclosure obligation when it had been fulfilled by another party to the transaction. The amendments came into force at the end of June. The provisions, which require taxpayers and advisors, including legal counsel, to report to the CRA on transactions that may constitute aggressive tax planning, compel legal counsel to disclose confidential and potentially privileged client information to the government and undermine the duty of loyalty owed by members of the legal profession to their clients.

The Federation raised concerns about the amendments with government officials and in proceedings before Parliament prior to adoption of the provisions. In submissions to the **House of Commons Standing Committee on Finance** and the **Standing Senate Committee on National Finance**, and in meetings with officials of the Ministers of Finance and Justice, the Federation argued that the provisions threaten solicitor-client privilege and the independence of the legal profession, and undermine legal and ethical duties legal counsel owe their clients, including the duty of commitment to the client's cause.

Although exempting legal counsel from the disclosure obligations would not deprive the government of information it needs to combat tax avoidance as it would receive this information from taxpayers, promoters, and other advisors, neither the government nor Parliament addressed the Federation's concerns.

Lawyers and other members of the legal profession, owe a duty of commitment to their client's cause and are also bound by rules of professional conduct to maintain the confidentiality of information received from their clients. These principles are essential to the proper functioning of Canada's justice system. They ensure that individuals receive legal advice informed by full and candid disclosure to their legal counsel that is uninfluenced by counsel's own self-interest. The new provisions, which include significant financial penalties and potential imprisonment for failure to file the required disclosure returns, force legal counsel to choose between their own interests and those of their clients, undermining these important ethical duties and placing legal counsel in an irreconcilable conflict of interest.

In its petition to the BC court, the Federation argues that the recent amendments to the *Act* violate sections 7 and 8 of the *Charter* and undermine the duty of commitment to the client's cause. The case raises many of the same issues that were at play in the Federation's successful challenge to the application of provisions in the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and related regulations to members of the legal profession. That case resulted in a 2015 decision from the Supreme Court of Canada (*Canada (Attorney General) v. Federation of Law Societies of Canada*, 2015 SCC) recognizing the duty of commitment to the client's cause as a principle of fundamental justice. The Court held that the legislation violated both section 7 and section 8 of the *Charter* in its operations as against lawyers and was therefore unconstitutional.

The Federation is seeking an interim order exempting legal counsel from the application of the new mandatory reporting provisions in the *Act* pending the outcome of its legal challenge. Such an order is necessary to prevent irreparable damage to public confidence in the independence of the bar, the sanctity of confidential information held by legal professionals, and a client's ability to provide full and frank information to their counsel without fear of it being disclosed to and used against them by the government.

The Federation is the national association of the 14 regulators of the legal profession in Canada. Our member law societies are mandated by legislation in each province and territory with the responsibility for regulating more than 141,000 lawyers, 3,800 notaries in Quebec, and Ontario's 10,600 licensed paralegals in the public interest. An important role of the Federation is to express the views of the law societies on national and international issues relating to the administration of justice and the rule of law.





News Release

For Immediate Release
September 12, 2023

Federation challenges Income Tax Act provisions

The Federation of Law Societies of Canada is challenging provisions of the *Income Tax Act* (the Act) that require legal counsel to report confidential information about their client's activities to the Canada Revenue Agency (CRA). The provisions infringe on rights under the *Canadian Charter of Rights and Freedoms* and principles of fundamental justice that exist for the benefit of the people of Canada.

"Canadians place a high value on their constitutional protections, including those that ensure that legal advisors are not required by the State to choose between their personal interests and their legal and ethical duties toward their clients", Federation President Jill Perry said.

The Federation filed an application in the British Columbia Supreme Court on September 11, 2023, challenging the constitutionality of the application of recent amendments to the mandatory reporting obligations in the Act to members of the legal profession. The application seeks to exempt legal counsel from the obligation of taxpayers, promoters, and advisors, including legal counsel, to provide details to the CRA of transactions that may constitute tax avoidance.

The Federation and its 14 law society members, who collectively regulate Canada's 141,000 lawyers, 3,825 Quebec notaries, and Ontario's 10,600 paralegals in the public interest, support the government's attempts to crack down on tax avoidance activities, but the means chosen must respect important legal and constitutional principles.

The case raises many of the same issues involved in the Federation's successful challenge to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada (Attorney General) v. Federation of Law Societies of Canada, 2015 SCC)*. Requiring legal counsel to report to a government agency on their clients' activities causes an irreconcilable conflict with the legal and ethical duties lawyers and other legal professionals owe to their clients. Backed by penalties that include large fines and the possibility of imprisonment for noncompliance, the legislation forces legal counsel to choose between their own interests and those of their clients. This conflict undermines the duty of commitment to the client's

cause, a duty found by the Supreme Court of Canada in the Federation's 2015 case to be a principle of fundamental justice. As a result, the legislation violates section 7 of the *Charter*. The obligation for legal counsel to report confidential information to the CRA also violates the protection from unreasonable search and seizure in section 8 of the *Charter*.

The Federation is seeking an injunction exempting legal counsel from the challenged provisions of the *Act* pending a hearing of its application. The Government of Canada has consented to a 30-day injunction suspending application of the provisions to members of the legal profession, pending a hearing on the Federation's injunction application.

A Backgrounder with additional information on the Federation's constitutional challenge is available [here](#).

For more information about this release, or to acquire a high-resolution photograph of the President of the Federation, please contact:

Bob Linney

Director of Communications

Federation of Law Societies of Canada

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613.769.0644



Memo

To: Benchers
From: Finance and Audit Committee
Date: September 11, 2023
Subject: 2024 Fees & Budgets - Review and Approval

Please find attached the Law Society of British Columbia - 2024 Fees and Budgets Report.

The 2024 Fees and Budgets were reviewed in depth by the Finance and Audit Committee, and the committee is recommending adoption of the following Bencher resolutions, as included in the report:

Be it resolved that:

- Effective January 1, 2024, the practice fee be set at \$2,303.00, pursuant to section 23(1)(a) of the *Legal Profession Act*.

Be it resolved that:

- the indemnity fee for 2024 pursuant to section 30(3) of the *Legal Profession Act* be set at \$1,800;
- the part-time indemnity fee for 2024 pursuant to Rule 3-40(2) be set at \$900; and
- the indemnity surcharge for 2024 pursuant to Rule 3-44(2) be set at \$1,000.

Law Society
of British Columbia



LAWYERS
INDEMNITY
FUND

2024 Fees and Budgets - Draft

Presented to:

Benchers

September 22, 2023

THE LAW SOCIETY OF BRITISH COLUMBIA
2024 Fees and Budgets Report

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Law Society Overview

General Fund - Law Society Operations

Overview

This report provides an overview of the 2024 annual practice and indemnity fees, and related budgets.

The objective of the annual budget is to ensure that the Law Society is able to fulfill its statutory mandate to protect the public interest in the administration of justice and to follow through on goals as set out in its strategic plan. This will be achieved by having the resources required to carry-out these plans and continuing to hold the fees at a similar level for the fifth year in a row.

The Benchers have set the 2024 fees pursuant to the *Legal Profession Act*, following their review of the Finance and Audit Committee's recommendations at the September 22, 2023 Bencher meeting.

Financial Considerations

1. 2023 forecast

The 2023 budget projected a deficit of \$775,000, and the latest forecast is a \$300,000 positive result. This change is mainly due to much higher interest rates, a higher number of practising lawyers, and higher fines and penalties.

2. No increase in the practice fee and no increase in the indemnity fee

The amount of the 2024 practice fee will remain the same as 2023, and is the same practice fee allocation to operations that has been in place since 2020.

The indemnity fee will remain the same as 2023, and is the same fee that has been in place since 2018.

3. Meeting and travel expenses

The 2024 budget is funding a mix of both hybrid and fully virtual meetings providing cost savings and reducing our environmental impact.

4. Stabilizing and declining interest rates and inflation

Financial and real estate markets have seen a great degree of volatility. This budget uses the best estimates with regard to inflation rates, interest rates, investment returns and real estate market unit sales.

5. Net asset reserves deficit funding

Net asset reserves will be used to fund a portion of Law Society operational funding, one-time projects and external organization funding to allow the practice fee to be kept at the current level.

Key Operational Goals for 2024

The current 2021-2025 strategic plan has five main objectives: leading as an innovative regulator of legal service providers; working toward reconciliation; taking action to improve access to justice; promoting a profession that reflects the diversity of the public it serves; and increasing confidence in the Law Society, the administration of justice and the rule of law.

In support of the strategic plan, below are some of the key operational goals that the 2024 budget and fees supports:

1. Single Legal Regulator (SLR) planning

The Law Society is engaged with the Ministry of Attorney General and others on the development of a framework to consolidate the regulation of all legal professionals under a single regulator. This work will ensure that the framework for a single regulator protects the public, improves access to legal services and continues to recognize the fundamental importance of the independence of lawyers. There is a small allocation of one-time costs for the SLR project included in the 2024 budget, but the majority of any future preparation costs and implementation costs will be funded by an allocation of net asset reserves.

2. Alternative pathways to lawyer development and licensing

The Law Society continues to review the current lawyer development and licensing programs and to explore new pathways for licensing lawyers – including ways to

enhance the role of technology, remote learning and mentorship. Preliminary costs associated with competency mapping are included in the 2024 budget and an allocation of net asset reserves will be used to provide any further resources required to complete the review of alternative pathways to licensing.

3. Innovation sandbox initiatives to improve access to legal services

Established the innovation sandbox to pilot the provision of legal advice and assistance by individuals, businesses and organizations that are, for the most part, not lawyers or law firms. The Law Society's innovation sandbox provides a structured environment that permits lawyers and other individuals and organizations to pilot their proposals for providing effective legal advice and assistance to address the public's unmet legal needs. This work continues into 2024.

4. Professional regulatory operations

The Professional Regulation area will continue to review processes with the goal of ongoing improvement and the introduction of new regulatory processes such as proactive practice assessments. New regulatory programs introduced in the last few years include consent agreements, administrative penalties, and the alternative to discipline process. Now fully operational, these programs assist with the effective and efficient management of the professional regulation caseload.

5. Indigenous engagement regulatory matters task force report

Review and implementation of the recommendations to review regulatory processes with respect to investigations and hearings.

6. Enhanced professional development and practice support

Continue to offer new and existing online courses through the online learning platform Brightspace from D2L. Will be offering additional and enhanced online courses including principal training, anti-money laundering, trust assurance, practice management, practice refresher, communication toolkit, legal research, and mental health support.

7. Continued focus on anti-money laundering initiatives

Continue to focus on anti-money laundering initiatives to enhance our rules, regulatory processes, and education to improve our efforts to fight money laundering in the province.

8. Diversity action plan items

Will continue work on the Diversity Action Plan, which includes 30 action items to foster diversity within the Law Society, support diversity in the legal profession, identify and remove discriminatory barriers, enhance intercultural competence education, improve outreach and collaboration, and track and report progress.

Key Budget Assumptions

Revenues

- Projecting a 3.5% increase in net lawyer growth in 2024 from forecasted 2023 levels, budgeting 14,807 lawyers, up from 14,306 forecast for 2023.
- Based on decreased enrollment in fall 2023, PLTC attendance is projected to decrease to 603 in 2024 from the 2023 forecast of 633, and a high of 686 students in 2022.
- Registration and licensing fees are mainly set at the past two year average.
- Increasing penalty revenue due to the administrative penalties program.
- Increased interest income from prior years, with interest income is expected to drop due to projected declining interest rates from 4.75% in 2023 to 3.5% in 2024.
- Based on BC Real Estate Association projections for real estate unit sales, electronic filing and TAF revenues are forecast to decrease 7% in 2023 from 2022 levels and then rise 19% in 2024.
- With the departure of an external tenant, lower 845 Cambie building lease revenues to accommodate additional space requirements for the Law Society.

Expenses

- Salaries include contracted and non-union wage increases based on market projections.
- Modest addition of staff resources to deliver core functions.
- Benchers and committee meetings are budgeted to be half in-person hybrid and half fully virtual.
- With the digitization of the workplace, technology upgrades and cyber security initiatives, computer software costs have increased to support effective operations.
- External counsel fees reduced from 2023 budget levels due to lower expected costs in Credentials, Forensics, and Custodianships.
- One-time costs of \$450,000 related to SLR, lawyer development and principal training have been included in the budget, funded from net asset reserves.
- \$263,000 of Law Society net asset reserves will be used to partially fund the increase in operating budgets of Courthouse Libraries BC and the Federation of

Law Societies of Canada, as the allocation of the practice fee to these organizations will remain the same.

- With the projected deficit of \$640,000 budgeted for 2024, net asset reserves will decrease, representing 5.9 months of operating expenses. Anticipating further allocations of net asset reserves in the future for one-time costs relating to SLR, lawyer development and online courses.

Budget Risks

Number of Lawyers – The revenue received from the practice fee and registration and licensing fees is over 80% of the budgeted revenues. As such, any variation in the actual number of lawyers from the budget projection could result in a need to draw further on net assets reserves.

Inflation – As staff salaries and benefits comprise 74% of the total expenses, salary market levels may cause unpredictability in costs.

External Counsel Fees – External counsel fees represent 7% of total expenses. While these costs are managed and tracked rigorously, they can be unpredictable in nature. These costs are typically driven by three factors: conflicts, work load, and the requirement of special skills. The complexity and number of new cases can have an impact on costs and resource demand.

Anti-Money Laundering Efforts (AML) – The additional costs relating to AML efforts, identifying misuse of trust accounts, and file costs related to investigations and discipline are hard to predict. The actual costs incurred could vary from what has been estimated.

Staff Vacancy Savings – In any given year, there are staff vacancies due to staff turnover. The time to recruit, and other factors, result in vacancy savings against expected staff costs and we develop an estimate of the vacancy savings each year based on past experience. If there are lower or higher vacancies than estimated, staff costs will be different than budgeted.

Electronic Filing Revenues and Trust Administration Fees – These revenues correlate closely with real estate unit sales in BC. Expected revenue from these sources has been set based on available forecasts from the British Columbia Real Estate Association and actual results could vary from these forecasts.

2024 Operating Revenue Summary

General Fund revenues are projected to be \$35.0 million, \$2.6 million (8.0%) higher than the 2023 budget, primarily due to an increase in the number of practising lawyers year over year and an increase in interest revenue. The budgeted revenue is based on estimates of 14,807 full-time equivalent practising lawyers and 603 PLTC students. Interest income will be much higher than previous years due to the steep increase in interest rates over the past year and electronic filing revenue is projected to be higher than past years. Registration and licensing revenue, along with fines and penalties, are budgeted to increase based on historical trends.

2024 Operating Expense Summary

General Fund operational expenses are expected to be \$35.6 million, a 7.4% increase in expenses over 2023 budget, or an increase of 5.3%, not including one-time expenses related to projects (\$450,000) and contributions to external organization funding (\$263,000). Expense increases are primarily related to general wage increases and the addition of select staff positions. Other areas that have increased include costs for course development and practice support for lawyers, computer technology, and travel, meetings, and events.

Net Assets - General Fund Working Capital

The 2024 budget proposes a General Fund deficit of \$640,000, which includes \$450,000 of one-time costs related to the lawyer development project, principal training course development, SLR activities, and \$263,000 of external organization funding support. The projected net asset working capital position based on the current 2023 forecast is shown below.

Use of Working Capital Reserves	
Current Year and Budget Year	
<u>2023</u>	
Working Capital Balance - per 2022 audited financial statements	\$ 17,765,000
Forecasted 2023 Results	\$ 301,000
Projected 2023 Working Capital Closing Balance	\$ 18,066,000
<u>2024</u>	
Budgeted Deficit	\$ (640,000)
Projected 2024 Working Capital Closing Balance	\$ 17,426,000
Number of months of expenses	5.9

Appendix A and B contain the General Fund operating budgets.

2024 Practice Fee

The 2024 practice fee will be as noted below:

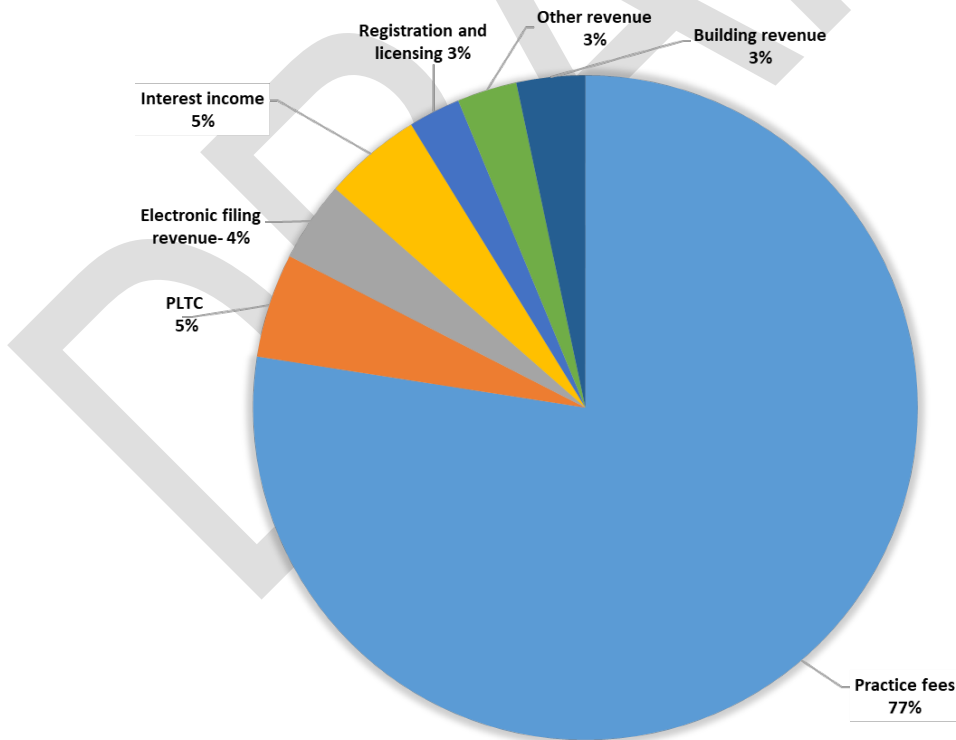
The Law Society of BC
2024 Fee Recommendation

	Funding (in 000's)				Per Lawyer			
	2024	2023	Change (\$)	Change (%)	2024	2023	Change (\$)	Change (%)
Law Society Operating Expenses	\$ 35,374	\$ 33,166	2,208	6.7%	\$ 1,904.00	\$ 1,904.00	\$ -	0.0%
Federation of Law Societies ³	448	343	105	30.6%	24.00	24.00	-	0.0%
CanLII ¹	585	585	-	0.0%	42.00	42.00	-	0.0%
CLBC ^{1,3}	3,191	2,985	206	6.9%	204.00	204.00	-	0.0%
The Advocate ²	440	431	9	2.1%	25.00	25.00	-	0.0%
LAP ¹	1,140	1,140	-	0.0%	77.00	77.00	-	0.0%
Pro bono/Access ¹	404	378	26	6.9%	27.00	27.00	-	0.0%
Annual Practice Fee					\$ 2,303.00	\$ 2,303.00	\$ -	0.0%
Indemnity Fee					\$ 1,800.00	\$ 1,800.00	-	-
Total Mandatory Fee					\$ 4,103.00	\$ 4,103.00	\$ -	0.0%

- 1 - 2024 full fee paying equivalent members projected at 14,807
- 2 - 2024 practicing, non-practicing, and retired members projected at 17,475
- 3 - 2024 total funding is being provided by a combination of member fees and from the net assets of LSBC

2024 Operating Revenues

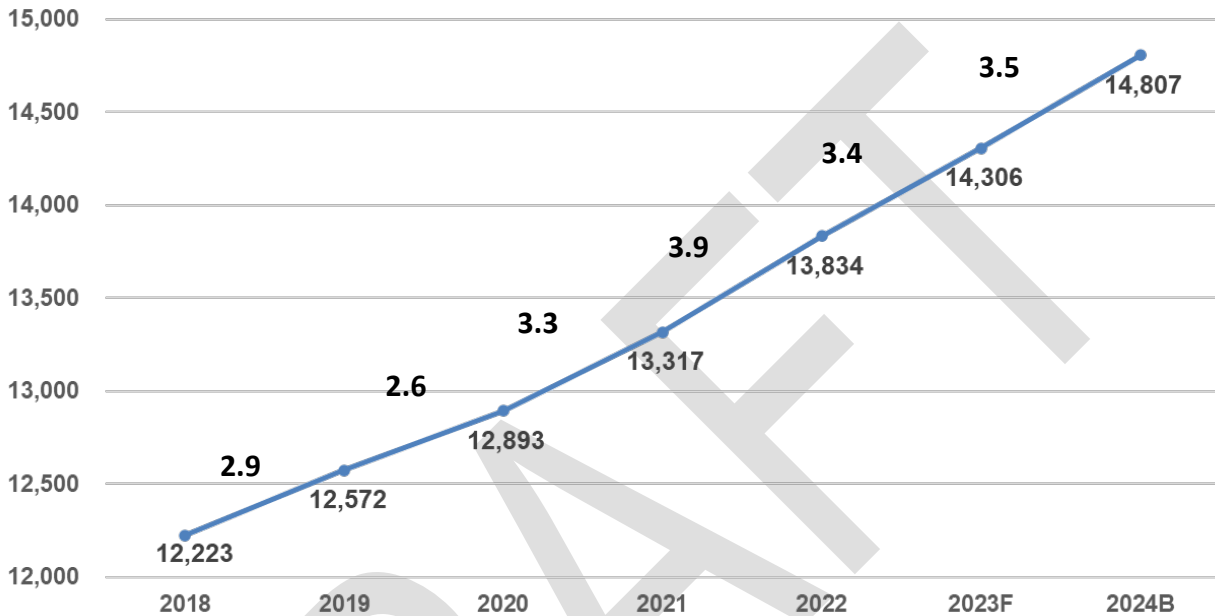
The chart below provides details by type of operating revenue for the General Fund.



Practice fee revenues are budgeted at \$27.1 million, a 4.9% increase over the 2023 budget. From 2020 to 2022, the number of practising lawyers has risen an average of

3.3% annually, and increased 3.9% in 2022, the highest increase ever. Given this, it is projected that the number of practising lawyers will increase 3.4% in 2023, and another 3.5% increase in 2024. The 2024 budget assumes an estimate of 14,807 full-time equivalent lawyers.

Practising Lawyer History



PLTC revenues are budgeted at \$1.8 million, based on 603 students, slightly lower than the 2023 budget. The 2023 forecast of 603 students projects a decrease from the last few years based on lower student numbers in the fall of 2023. A chart showing the history of the number of PLTC students can be found in Appendix G.

Electronic filing revenues are budgeted at \$1.4 million, a similar level to 2022 revenue levels, adjusted for real estate projections over 2023 and 2024. Electronic filing revenue also includes Land Owner Transparency Registry (LOTA) transactions for which we do not have forecasting trends, so some variability in results is possible.

Other revenues, which include registration and licensing fees, fines, penalties and cost recoveries, and interest income are budgeted at \$3.6 million, \$1.0 million more than 2023, due mainly to higher interest revenue from higher interest rates, higher fines and penalties and higher registration and licensing revenue.

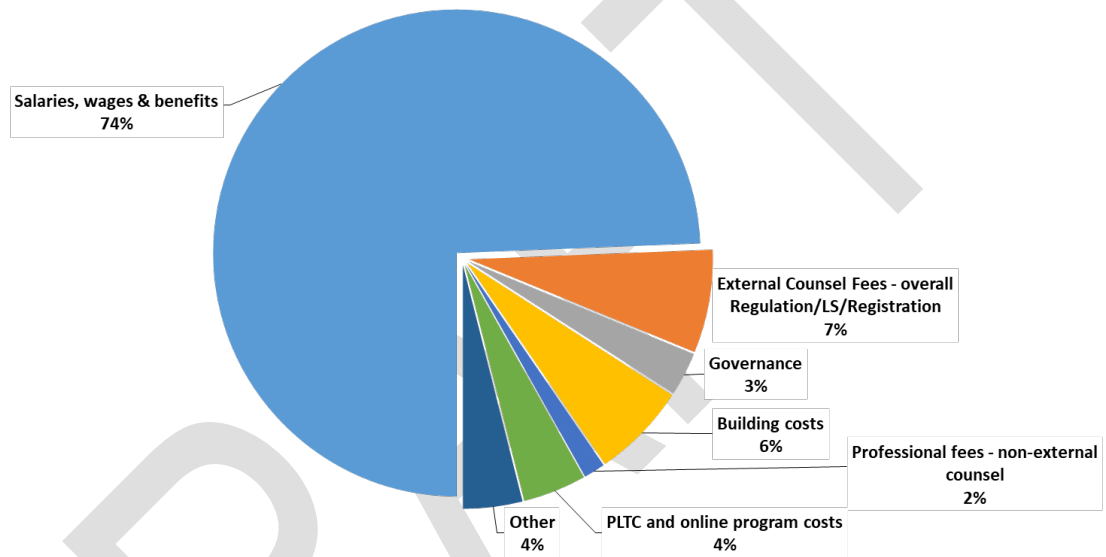
Building revenue and recoveries are budgeted at \$1.2 million in 2024, \$200,000 less than the 2023 budget, with lower lease revenue. The Law Society owns the 839/845 Cambie building and occupies the majority of space, and has additional space requirements for 2024 and forward. The space that is not occupied by the Law Society

is leased out to external tenants. In 2024, external lease revenues are budgeted at \$650,000. Also included in lease revenues is an inter-fund market rent allocation of \$526,000 charged for space occupied at 845 Cambie by the Lawyers Indemnity Fund and the Trust Assurance Program.

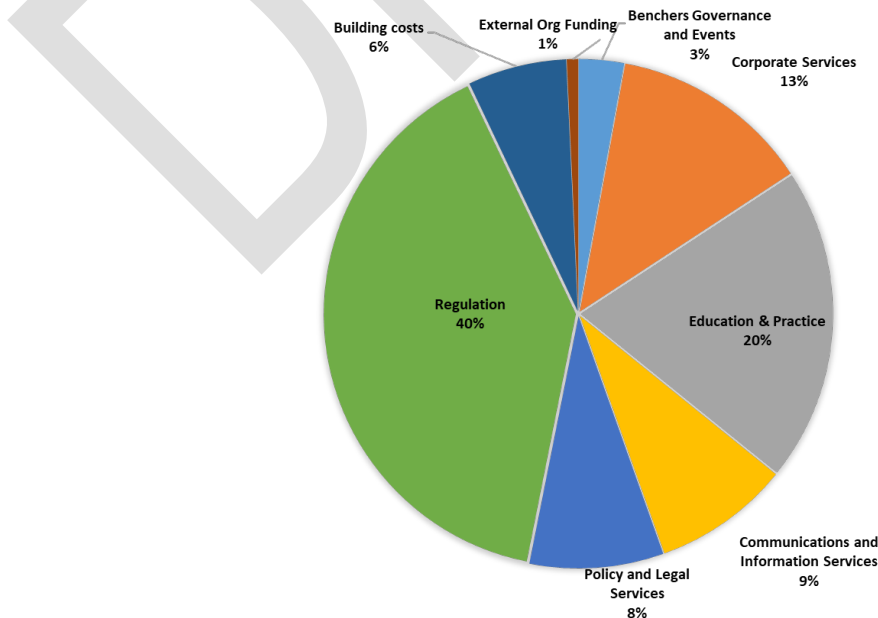
2024 Operating Expenses

The majority of operating expenses (74%) are related to staffing costs to provide the programs and services to both the public and lawyers.

The chart below provides information on type of operating expenses for General Fund.



The operating costs by program area as a percentage of the 2024 budget are:



Departmental Summaries

Governance and Board Relations

Governance and Board Relations includes the costs of the Bencher and committee meetings, the associated travel and meeting costs, Law Society meetings and events and the costs of new initiatives related to the Bencher Strategic Plan. This also includes the Board Relations and Events department that coordinates and organizes the Bencher and Executive meetings, coordinates external appointments, and plans and provides administrative and logistical support for Law Society events, the annual general meeting and Bencher elections.

The 2024 Governance and Board Relations operating expense budget is \$1,036,000, an increase of \$141,000 (16%) from the 2023 budget. This increase is mainly due to the allocation of staff resources to the Single Legal Regulator project. In addition, it is planned that Bencher and committee meetings will be held half in-person hybrid and half fully virtual during 2024.

Corporate Services

Corporate Services includes General Administration, Office of the CEO, Finance, Human Resources, and Records Management.

General Administration includes the Office of the CEO and the Operations department which provides general administrative services, such as reception, office services, office renovation services and building management oversight.

Finance provides oversight over all the financial affairs of the Law Society, including financial reporting, operating and capital budgeting, audit, payroll and benefits administration, cash and investment management, and internal controls.

Human Resources develops and maintains the human resource policies and procedures, and provides services related to recruiting, compensation, performance management, employee and labor relations, and training.

Records Management is responsible for the records management, library and archives program, including the oversight of the electronic document management system.

The 2024 Corporate Services operating expense budget is \$4.6 million, \$572,000 (14%) higher than the 2023 budget, with increases primarily related to market-based salary adjustments, general counsel costs, insurance premium increases, and costs associated with the implementation of a new payroll and HRIS system.

Education & Practice

Education and Practice includes Registration and Licensee Services, Credentials, PLTC, Practice Support, Practice Standards and Practice Advice.

Registration and Licensee Services provides registration and licensing services to lawyers, including lawyer status changes, fee billings, unclaimed trust funds, and Juricert registration. This department also administers the annual continuing professional development program for all lawyers and the law student admission program.

Credentials ensures new and transferring lawyers are properly qualified to practice law in BC by preparing and assessing applicants for call and admission to the Law Society, licensing them to practice, and call ceremonies.

PLTC & Education includes PLTC, Education and Practice Support. PLTC helps articulated students make the transition from law school to legal practice. Education and Practice Support provides lawyer resources and online courses for the profession. A chart showing the historical levels of PLTC students is shown in Appendix G.

Practice Standards is a remedial program that assists lawyers who have difficulty in meeting core competencies and who exhibit practice concerns, which may include issues of client management, office management, personal matters, and substantive law. The Practice Standards department conducts practice reviews of lawyers whose competence is in question, recommends and monitors remedial programs, and performs proactive practice assessments.

Practice Advice helps lawyers serve the public effectively by providing advice and assistance on ethical, practice and office management issues. The majority of the costs of this department are allocated to LIF.

The total 2024 Education & Practice operating expense budget is \$7.2 million, an increase of \$836,000 (13%) from the 2023 budget. Increases in this area are related to market-based salary increases, additional staff to support educational standards, the development of an online principal training course, and the implementation of proactive practice assessments to assist lawyers in the early years of their practice. These cost increases are partially offset by lower external counsel fees and lower travel, events, and facility costs for PLTC.

Communications and Information Services

Communications is responsible for all lawyer, government and public relations and provides strategic communication advice to all areas of the Law Society. The

department also manages and maintains the Law Society website, electronic communications and regular publications.

Information Services is responsible for all technical services relating to computer business systems and databases, networks, websites, cyber security and data storage and information technology.

The 2024 Communications and Information Services operating expense budget is \$3.1 million, an increase of \$392,000 (14%). This increase is related market-based salary increases along with additional computer technology, services, and cyber security needs. With the increasing digitization of workflows, new software and services are required for cyber security systems, cloud-based data storage, network security testing, and other enabling software and services. Increasingly, software costs are moving to subscription-based models which adds operating costs.

Policy & Legal Services

Policy & Legal Services includes policy, legal services, external litigation and interventions, ethics, tribunal and legislation, information and privacy, and unauthorized practice.

Policy and Legal Services develops policy advice, legal research and rules drafting, and monitors developments involving professional regulation, independence of the Bar and Judiciary, access to justice, and equity and diversity in the legal profession, and supports the Ethics Committee. It also includes external counsel fees providing services for legal defence cases and interventions on behalf of the Law Society, and drafts new rules and proposed amendments to the *Legal Profession Act*.

Tribunals and Legislation supports the work of Law Society hearing and review tribunals.

Information & Privacy handles requests made of the Law Society and maintains compliance of the Law Society data and training under the *Freedom of Information and Protection of Privacy Act* (FOIPPA).

Unauthorized Practice (UAP) investigates complaints of unauthorized practice of law.

The 2024 Policy and Legal Services operating expense budget is \$2.9 million, a decrease of \$24,000 (1%) from the 2023 budget. This is mainly due to the reallocation of staffing costs to other departments.

Professional Conduct, Investigations & Discipline

The main program areas included in this area are: CLO Department, Professional Conduct, Discipline, Forensic Accounting and Custodianships.

The CLO department is responsible for providing oversight of all of the programs in Professional Regulation, which include: intake, early resolution, investigation, discipline, monitoring and enforcement, custodianships, litigation management, unauthorized practice and practice standards. Additionally, the CLO department provides support to the Discipline Committee and conducts reviews of the professional regulation programs in order to ensure the effective utilization of Law Society resources.

Professional Conduct includes the Intake and Early Resolution and the Investigations, Monitoring and Enforcement groups, which receive and investigate complaints about lawyers' conduct and recommend disciplinary action where appropriate.

Discipline manages the conduct meeting and conduct review processes, represents the Law Society at discipline hearings and provides legal advice on investigations.

Forensic Accounting provides forensic investigation services to support the regulatory process.

Custodianships provides for the arrangement of locum agreements or custodians to manage and, where appropriate, wind-up legal practices when lawyers cannot continue to practice due to illness, death, or disciplinary actions.

The 2024 Professional Conduct, Investigations and Discipline operating expense budget is \$14.2 million, an increase of \$254,000 (2%) from the 2023 budget. This is primarily related to market-based salary increases.

Building Costs

The Law Society owns the 839/845 Cambie Street building and occupies 85% of the available space. The cost of occupying and maintaining the building is partially offset by lease revenues from tenants.

The property management department provides services in relation to tenant relations, leasing, building maintenance and preservation, fire and safety, energy management, and minor and major capital project management.

The 2024 building operating expense budget is \$2.3 million, an increase of \$32,000 (1.4%) over the 2023 budget. Market-based salary increases, and increased repairs and

maintenance, and recoverable amortization, were offset by decreases in janitorial services, utilities, and other building costs.

Capital Plan

The Law Society maintains a rolling 10 year capital plan to ensure that capital funding is available for capital projects required to maintain the 839/845 Cambie building and to provide capital for operational requirements, including computer hardware and software, furniture and workspace improvements. The amount of the practice fee allocated to the capital plan is set at \$125 per lawyer.

In the 2024 capital plan, \$2.0 million is budgeted for capital projects (Appendix C). Building projects include website updates, core system programming updates, phone system replacement, future window and cladding repairs, and the building water system update. In addition, the operational capital includes replacing computer hardware and software, furniture, and office renovations.

External Organization Funding

The Law Society collects money for a number of external programs, which are included in the annual practice fee.

Federation of Law Societies – Over the past three years, Law Society funding to the Federation has been at a lower level as the Federation utilized net asset reserves to fund operations. As the Federation is returning to normal activity and expenditure levels after curtailing events and costs during COVID, and net asset reserves have returned to normal levels, the funding to the Federation will increase to regular levels. For 2024, the allocation in the practice fee will remain at \$24 per lawyer and \$93,000 of Law Society net asset reserves will fund the remainder of the increased Federation costs.

CanLII – The CanLII fee will remain at \$42 per lawyer. CanLII is a not-for-profit organization initiated by the Federation of Law Societies of Canada. CanLII's goal is to make primary sources of Canadian Law accessible for free on its website at www.canlii.org. All provincial and territorial law societies have committed to provide funding to CanLII.

Courthouse Libraries of B.C. (CLBC) – With the support from the Law Society of British Columbia, the Law Foundation of British Columbia, and the Ministry of Attorney General, CLBC provides lawyers and the public in BC with access to legal information, as well as training and support in accessing and using legal information. Through its information services, curation of print and digital collections, website content and training, the library provides practice support for lawyers and access to justice support

to the public across the province, through its 31 physical locations. CLBC has requested \$3,191,000, an increase to support increasing costs and information technology needs. The allocation of the practice fee will remain at \$204 per lawyer in 2024, and \$170,000 of Law Society net asset reserves will fund the remainder of the increase in the CLBC operating cost budget.

The Advocate – The Advocate per lawyer funding will remain at \$25 per lawyer to fund \$440,000 for the 2024-2025 operating budget. The Advocate publication is distributed bi-monthly to all BC lawyers, including practising, non-practising and retired lawyers.

Lawyer’s Assistance Program (LAP) – LAP provides confidential outreach, education, support and referrals to lawyers and other members of British Columbia’s legal community. LAP’s requested funding of \$1,140,000 for 2024 is the same as 2023 and the allocation of the practice fee per lawyer will remain at \$77.

Pro bono and access to justice funding – With an increase for CPI, the contribution to pro bono and access to legal services funding will be set at \$404,000 for 2024, and the per lawyer fee will remain at \$27. This funding is sent to the Law Foundation for distribution to pro bono and access to justice organizations.

Trust Assurance Program and Fee

The goal of the Trust Assurance program is to ensure that law firms comply with the rules regarding proper handling of clients’ trust funds and trust accounting records. This is achieved by conducting trust accounting compliance audits at law firms, reviewing annual trust reports, and providing lawyer advice and resources.

The Trust Administration Fee (TAF) is currently set at \$15 per transaction. The 2024 TAF revenue is budgeted at \$4.5 million, assuming a 7% decrease in the real estate market in 2023 projected from 2022 levels and then a 19% increase in 2024 based on current BCREA forecasts.

The Trust Assurance operating expense budget is \$3.8 million, an increase of \$31,000 (1%) from 2023. Increases are primarily related to market-based salary adjustments.

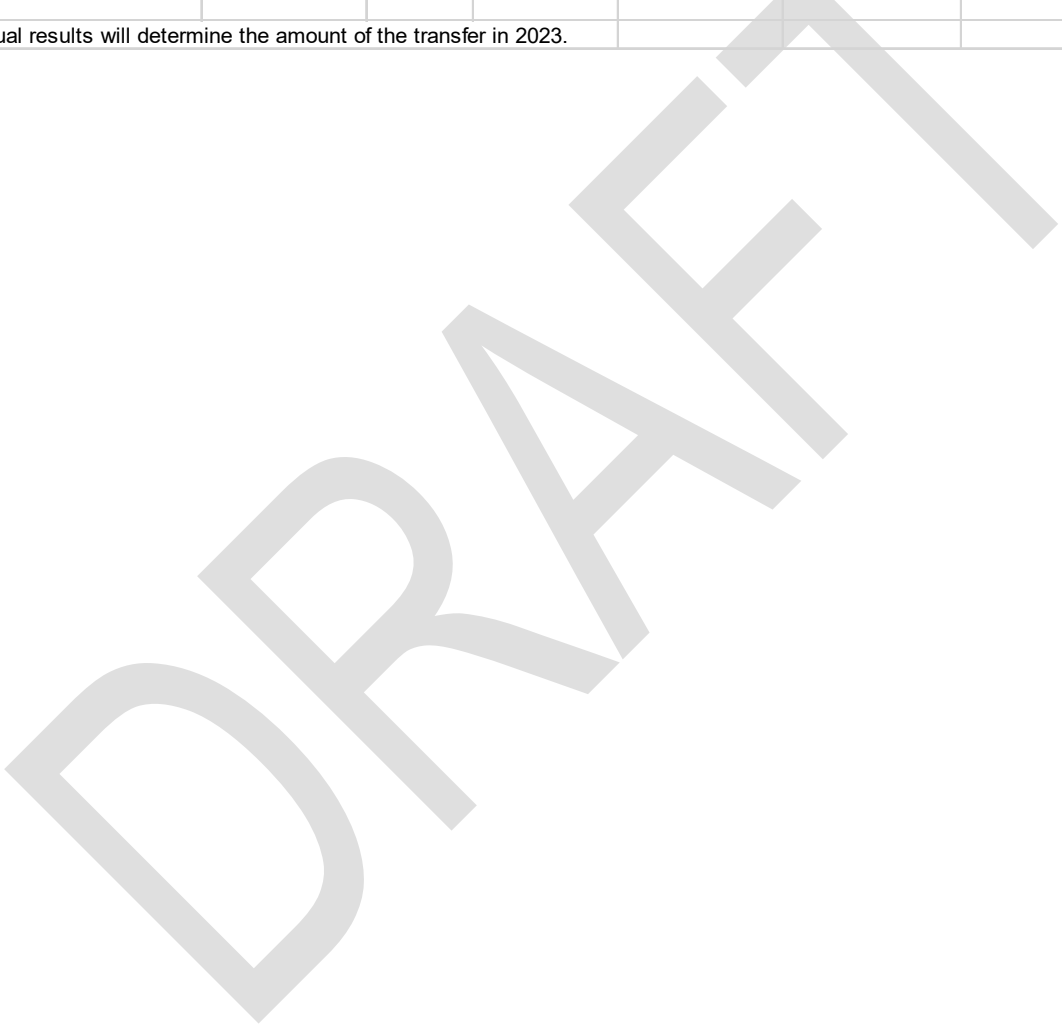
The compliance audit program ensures that all firms are audited at least once within a six year cycle. In addition, real estate and wills & estate firms are audited every four years, along with more frequent audits in higher risk practices. The program also develops and delivers webinars and trust accounting courses, and other resources for the profession.

The TAF reserve at December 31, 2022 was \$1.9 million. The Benchers recommend the TAF reserve be set at 6 months of operating expenses, with any excess transferred to Part B indemnity funding.

Trust Assurance Program Projections

	TAF		Total	Total	Net	Transfer to	Net Asset Balance
	Matters	Rate	Revenue	Expense	Income/ (Deficit)	LIF	
2022 Actuals	270,019	\$ 15	\$ 4,050,288	\$ 2,953,641	\$ 1,096,647	\$ (770,000)	\$ 1,867,000
2023 Projections*	236,667	\$ 15	\$ 3,550,000	\$ 3,722,000	\$ (172,000)	\$ -	\$ 1,695,000
2024 Budget	302,067	\$ 15	\$ 4,531,000	\$ 3,753,000	\$ 778,000	\$ -	\$ 2,473,000

Actual results will determine the amount of the transfer in 2023.



Lawyers Indemnity Fund

Overview and Recommendation

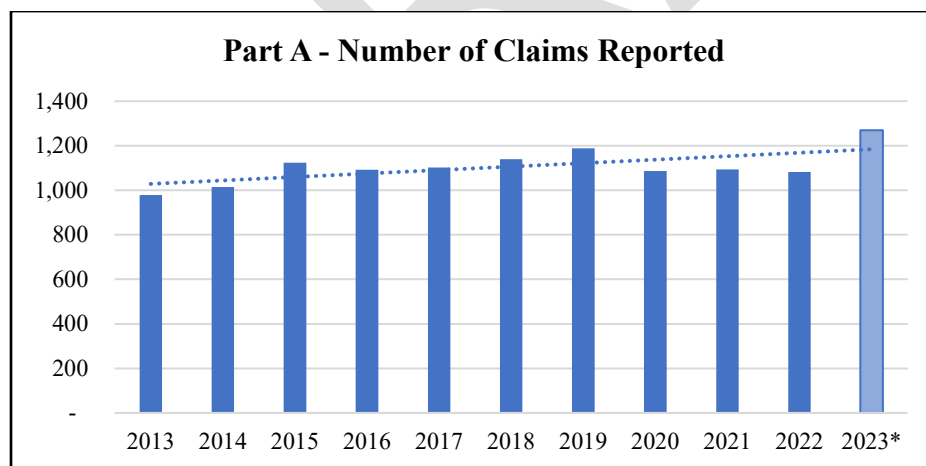
The goal of the Lawyers Indemnity Fund (LIF) is to maintain a professional liability indemnification program for BC lawyers that provides exceptional service and reasonable limits of coverage for the protection of both lawyers and their clients, all delivered at an affordable cost to lawyers. This is within an overarching objective of maintaining a financially stable program over the long term, grounded in the interests of the public and the profession.

A number of factors influence the financial performance of our indemnification program and we will review each in the pages that follow. Overall, the number of claims reported remains steady year-to-year, with a slightly increasing trend. Amounts incurred for indemnity payments and expenses correspond to expectations and there are no trends apparent that we anticipate will be unmanageable within the normal course of business. Taking all elements into account, it is recommended that the annual indemnity fee be maintained at \$1,800 for 2024.

Frequency and Severity of Claims – Parts A, B, and C

Part A (errors & omissions)

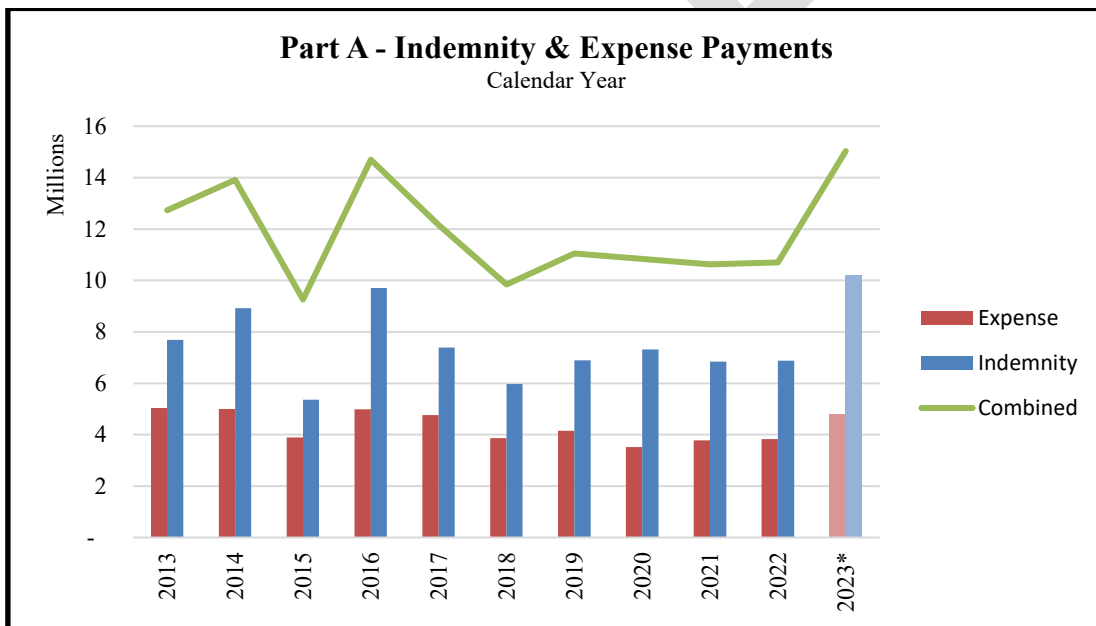
The number of actual and potential claims reported in 2022 was the lowest since 2014, however the year-to-year variation is not noteworthy, which is positive in its own right. To mid-June of 2023, however, we’ve received 589 new reports, which projects to 1,289 for a full year, which would be the highest number of reports since the program’s inception in 1986.



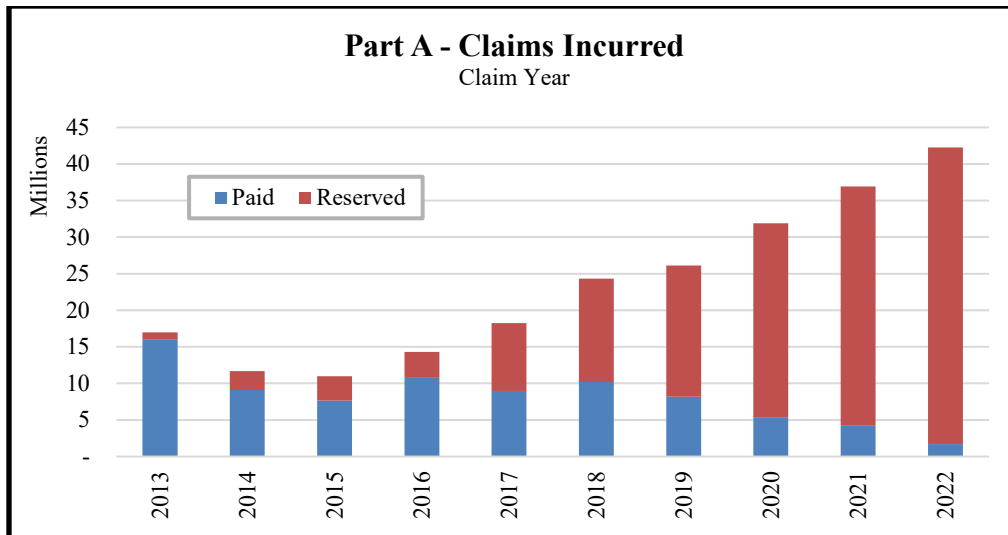
Part A reporting frequencies for the 10-year period ending 2022 (and projecting to the end of 2023) are as follows:

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
# of Claims	978	1,014	1,124	1,092	1,102	1,140	1,188	1,086	1,093	1,082	1,289
# of FTE Indemnified Lawyers	7,685	7,799	7,967	8,111	8,280	8,475	8,711	9,352	9,292	9,548	9,766
Frequency	12.7	13.0	14.1	13.5	13.3	13.5	13.6	11.6	11.8	11.3	13.2

A more significant factor is the severity, which is the amount paid to defend and resolve claims. As illustrated by the green line on the graph below, the aggregate payments on a *calendar year* basis – when payments are made, regardless of when the claim was opened – are subject to variability but have generally fallen in a range between \$10 million and \$14 million. This graph is valuable to demonstrate the cash flow relating to Part A claims and highlights the long-tail nature of professional liability claims – development profiles can differ substantially from reporting trends. If projections to year-end 2023 prove up, we expect total payments at \$14.6 million, exceeding every other year but one in the program’s history.



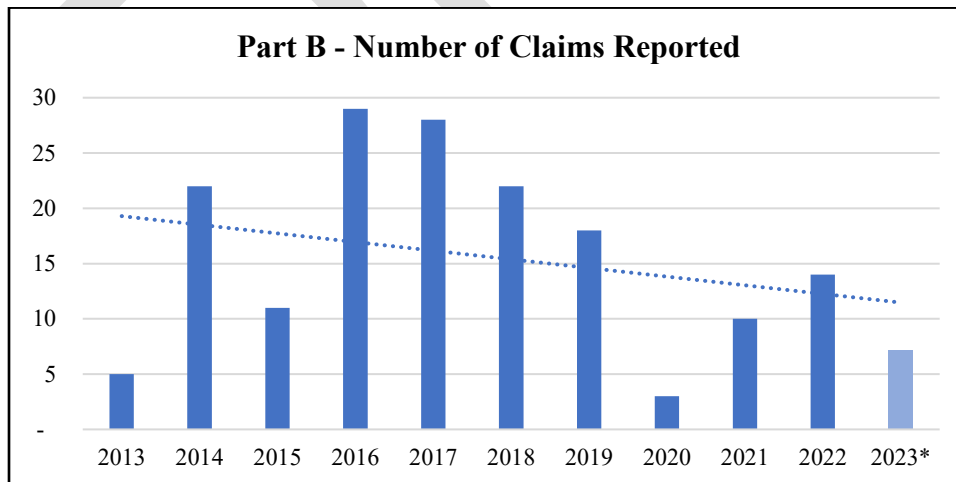
On a *claim year* basis, the total incurred implies a strongly upward trend. However, the following chart is influenced by LIF’s conservative reserving practices and the effect of time on claims development. While we anticipate inflationary pressures on expenses and indemnity payments over time, we fully expect ultimate claims to be considerably less than inferred by the graph. The graph’s red components will shrink and the blue will expand as claims are closed and final values are realized. Typically, this graph is useful to show any unusual instances of claims severity, which are not observed here.



Our goal is to settle claims quickly and fairly, but do so with an eye to avoiding setting bad precedents that may come back to haunt BC lawyers. Sound legal principles are not overlooked for purely economic convenience. Claims counsel are skilled at repairing errors before they become greater problems, earn excellent service ratings from lawyers, and have very favourable results in court actions. Accordingly, we have a high degree of confidence that our processes are appropriate for effective and efficient stewardship of the indemnity program.

Part B (trust protection for lawyer theft)

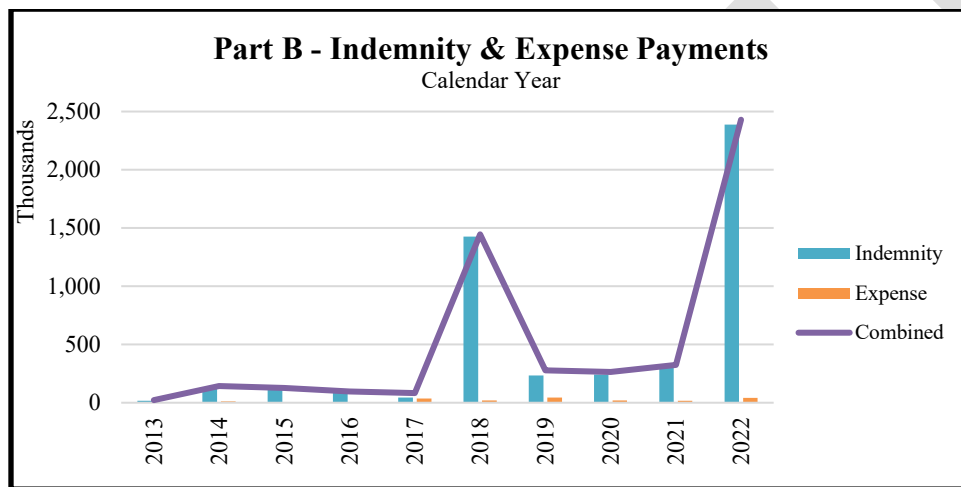
As one would expect, there are relatively few Part B claims compared to Part A. The average annual number of claims in the previous 10 years is only 16. Accordingly, volatility is greater and apparent trends drawn on sparse statistics are less informative. As shown in the next graph, the number of new claims reported in recent years, including the current year projections, has been below average.



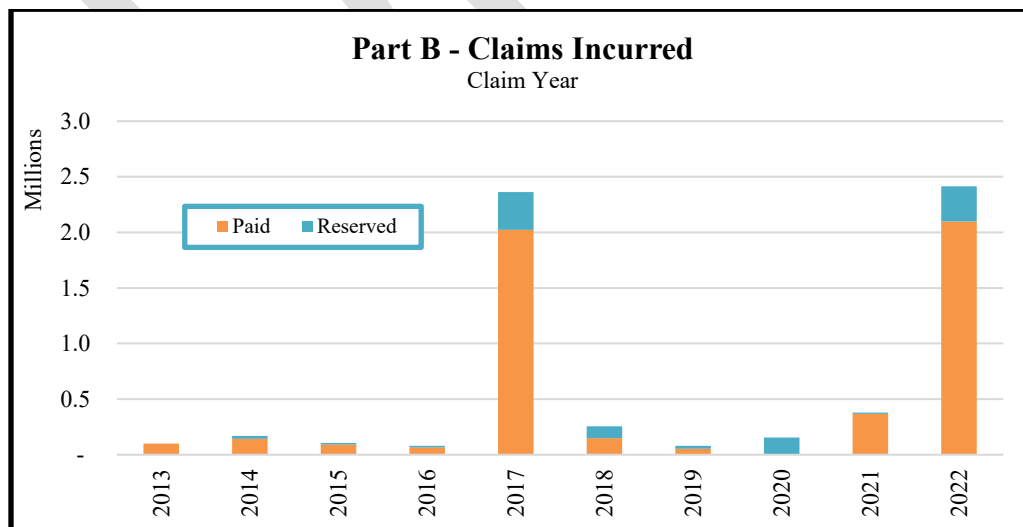
Of the 14 claims reported in 2022, only 6 lawyers were involved, so the numbers are significantly and sometimes arbitrarily impacted by how many clients happen to fall into DM4073335

a particular lawyer’s misappropriation pattern. While the frequency is nominally low, we are cognizant of the potential for substantially higher levels of Part B claims activity and unnervingly large severities.

The typical experience for Part B appears as an unpredictable boom or bust model. In 2022, the amount paid for Part B claims was just over \$2.4 million, an amount far in excess of normal, and included two particularly expensive defalcation events. In one, the \$300,000 per-claimant limit was exceeded by payments on behalf of several individual claimants. These results pulled the 10-year annual average of Part B claims paid up from \$301,086 to \$521,446, and serve as a reminder that it may be unwise to make Part B claim predictions. The results do not show a cause for concern, but rather a convincing argument against complacency.



Payment patterns can differ significantly between calendar and claim year analysis for Part A. This is much less the case for Part B, as theft claims are less uncertain on quantum and settle more quickly.

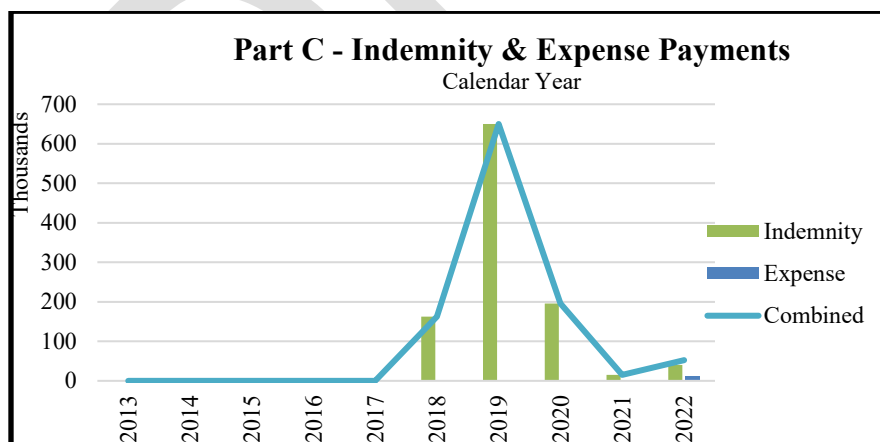
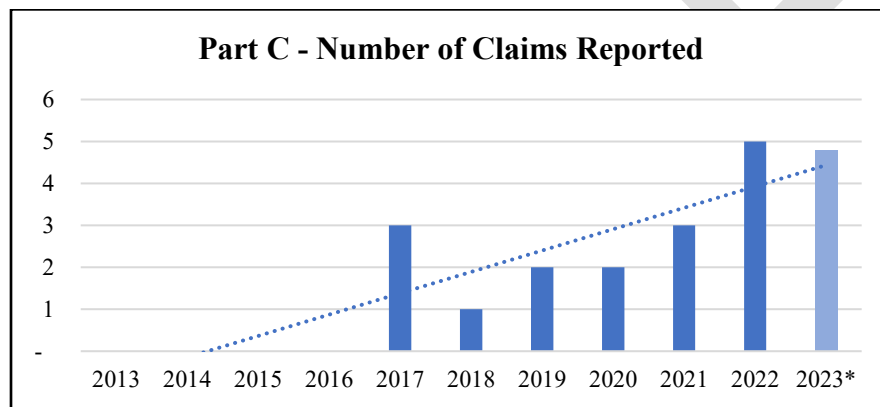


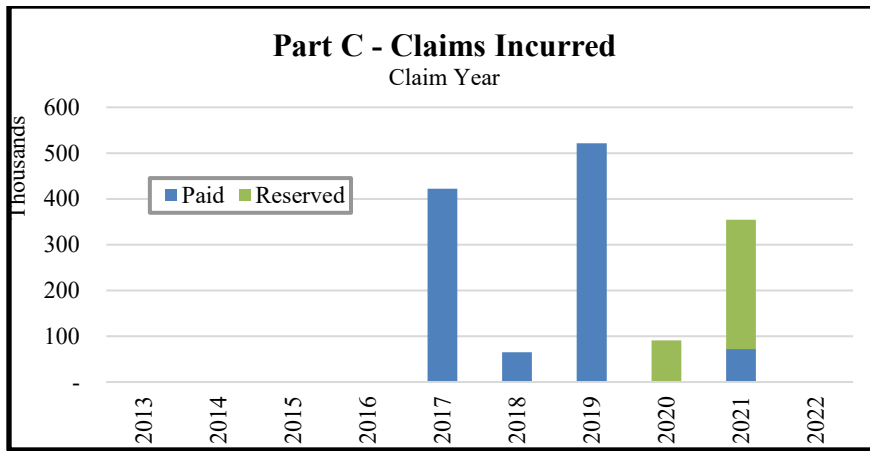
Part C (trust shortages for social engineering frauds)

Part C coverage for trust shortages caused by bad cheques came into effect in 2012. Coverage for additional social engineering scams was added in 2017. The number of claims reported is on an upward trend, but the volume is too small to allow a credible analysis.

We expect to occasionally incur losses resulting from social engineering frauds, potentially up to \$425,000 per claim (after deductible). To increase awareness and help lawyers mitigate these preventable losses, we have produced multiple risk management resources, including a practical Funds Transfer Verification Checklist that can easily be implemented in every firm.

Of the 16 reported Part C claims, 8 have resulted in payments – and 2 of those were paid the limits. 3 remain open with reserves. All 5 reported in 2022 have been closed without any payment; similarly, the 2 we received to date in 2023. Fortunately, in those cases, the banks were able to claw back the funds.

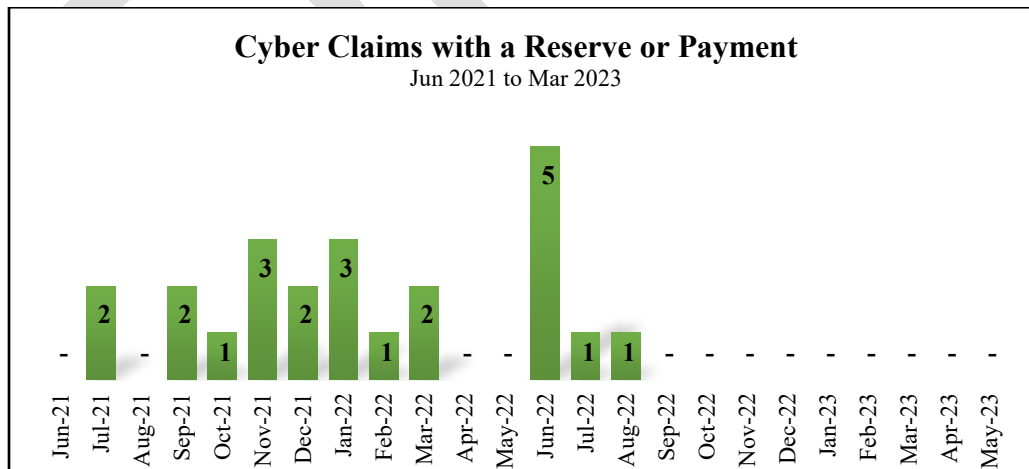


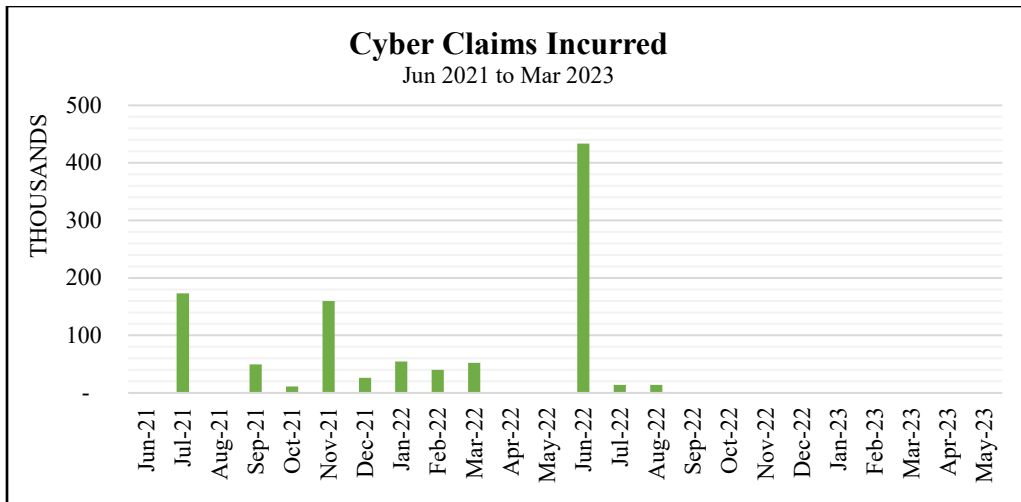


Cyber Insurance and Claims

Effective June 1, 2021, insurance was arranged with Coalition Inc. to provide BC lawyers with protection against a broad range of cyber risks. The premium for this policy is fully funded by the annual indemnity fee but LIF does not have any indemnity obligations under the policy. Firms are encouraged to arrange excess or complementary coverage on their own. With the exception of the relatively few firms that do not meet the insurer’s qualifications, all BC firms are covered by the policy.

The first policy term had poor loss experience relative to Coalition’s expectations. The result was a substantial premium increase at renewal, materially reduced by the removal of funds transfer fraud cover and a deductible increase. The second year has proved to be better and allowed a 10% rate increase for 2023-2024 with no reduction in coverage. The most frequent claims reported under the policy have been privacy breaches and email compromises while the most severe claims arise from ransomware events. Most reports do not develop into paid claims.





LIF continues to believe the Coalition policy is a reasonable and appropriate base-coverage for BC law firms, and that delivery through a group plan is the most cost-effective method.

Future Practice Risks

Another factor we consider is the risk of increased future claims.

The Pandemic

LIF successfully navigated the operational challenges of the pandemic, and has adapted to the new realities of a post-Covid world. We do not expect this to change.

Revenue

On the revenue side, we saw increases in the indemnity fee revenue in 2022 and expect this to increase further in 2023. In 2024, we are budgeting a 3% increase over the forecasted fee revenue in 2023, based on the recommended fee. On the investment revenue side, projections are less certain as a result of inflation and recession headwinds, however, volatility is expected to be moderated by our diverse portfolio and our recent investments in two different infrastructure funds. Overall for 2024, we project investment returns of 5.5% based on advice from our investment advisors, George & Bell.

Payments

On the payment side, we have received a total of 40 reports of claims to date caused by the pandemic, of which 8 remain open. We received only 2 reports in 2022 and 1 to date in 2023. We anticipate receiving a handful more claims this year by lawyers who will have missed the final suspension of limitation deadlines of March 26, 2023. Due to extensive reminders, these should be relatively few. To date, we have made payments on only 3 COVID-related claims for a total of approximately \$260,000. The guidelines to calculate limitation periods that we developed with the Ministry of the Attorney General appear to have been effective in reducing the key risk caused by the pandemic –

missed limitation periods. The suspension of limitation periods also served to avoid many claims.

Although we did not experience a material increase in commercial lending, borrowing, or real estate claims as a result of the short-lived 2020 recession, we may yet receive these as we face a recession predicted for late this year or early in 2024.

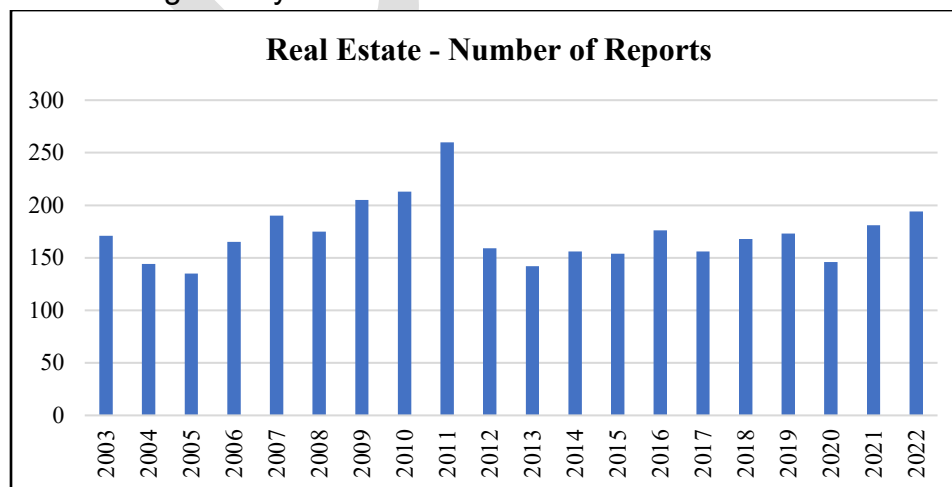
Real estate

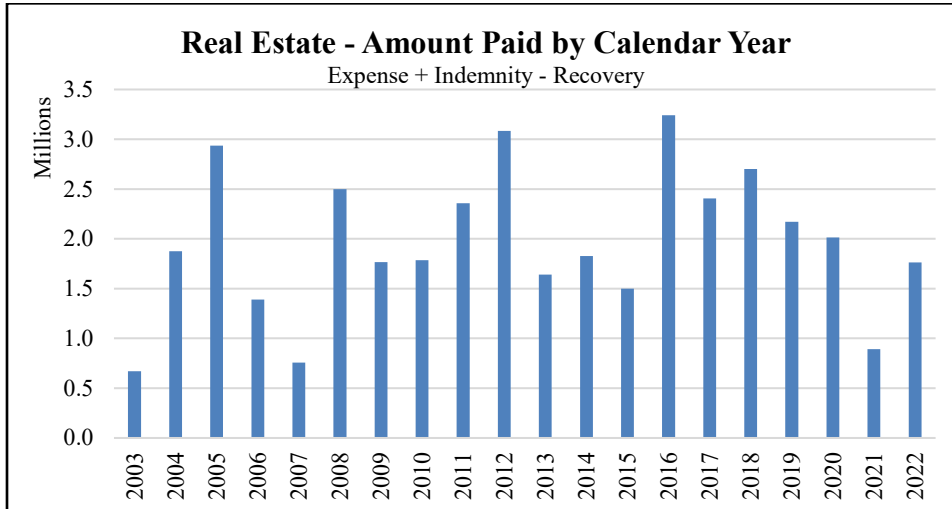
The BC government's tax on foreign purchases of Vancouver real estate has given rise to 51 claims against lawyers, with a total incurred of \$9.1 million. We hit a high in 2019 with 12 claims, and through extensive risk management initiatives, reduced that number by about half in successive years.

In addition, the government's new land ownership registry, which imposed heightened obligations on lawyers acting for purchasers to disclose beneficial interests, has resulted in 13 potential claims to date. However, these claims may not result in much loss as the land ownership registry appears not to be taking enforcement steps in circumstances of inadvertence – at least not yet.

More broadly, as illustrated in the graph below, the overall frequency of reports arising from commercial and residential real estate practice, combined, has remained relatively consistent since the end of the impact of the 2008-9 recession. The number of real estate claims has risen slightly due to the overheated residential property market which began in 2021, the increase in foreign buyer's tax claims, and the increase in missed land owner transparency filing requirement claims.

We do expect further increases in real estate claims in 2023 for two main reasons. First, the Property Taxation Branch of the Ministry of Finance has recently applied the anti-avoidance rule under the *Property Transfer Tax Act* (the "Act") to certain transactions that has given rise to a series of claims and will result in losses. Second, there will likely be claims in 2023 from lawyers overlooking the Canadian foreign buyer ban legislation when acting for buyers.

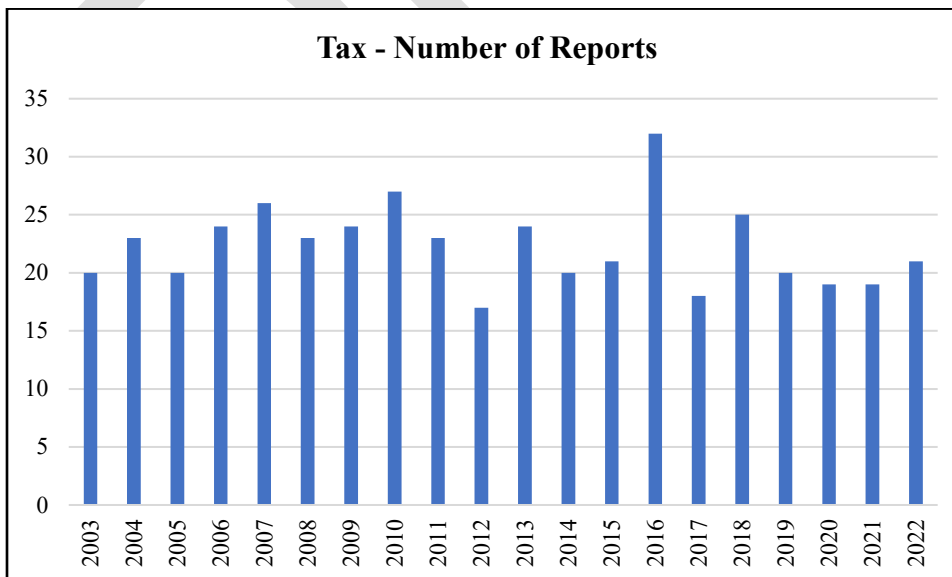


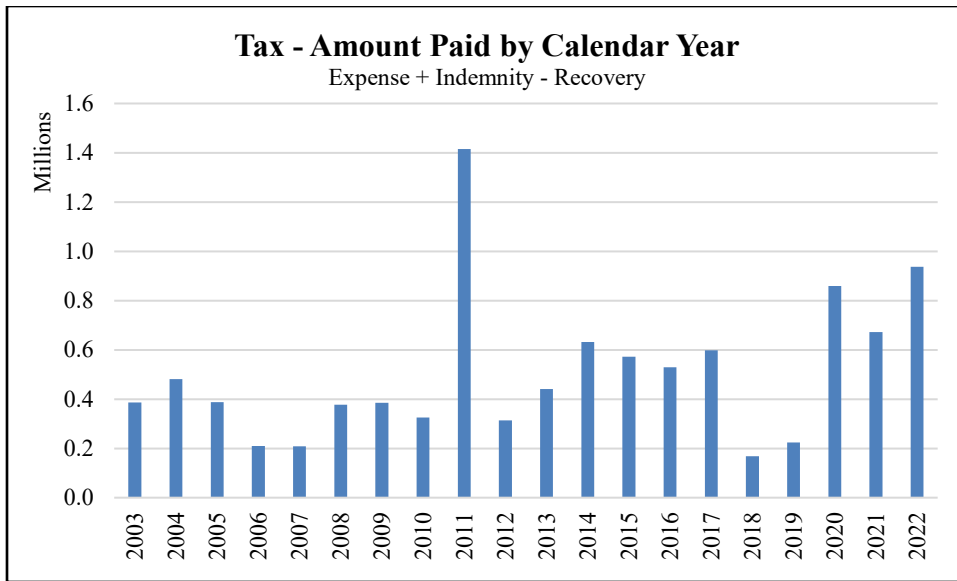


Tax

As mentioned last year, we have historically had great success in tax repairs, avoiding the payment of millions of dollars in indemnity to taxpayer clients by successfully obtaining rectification and rescission orders for corporate reorganizations involving significant tax implications. The graphs below illustrate this phenomenon.

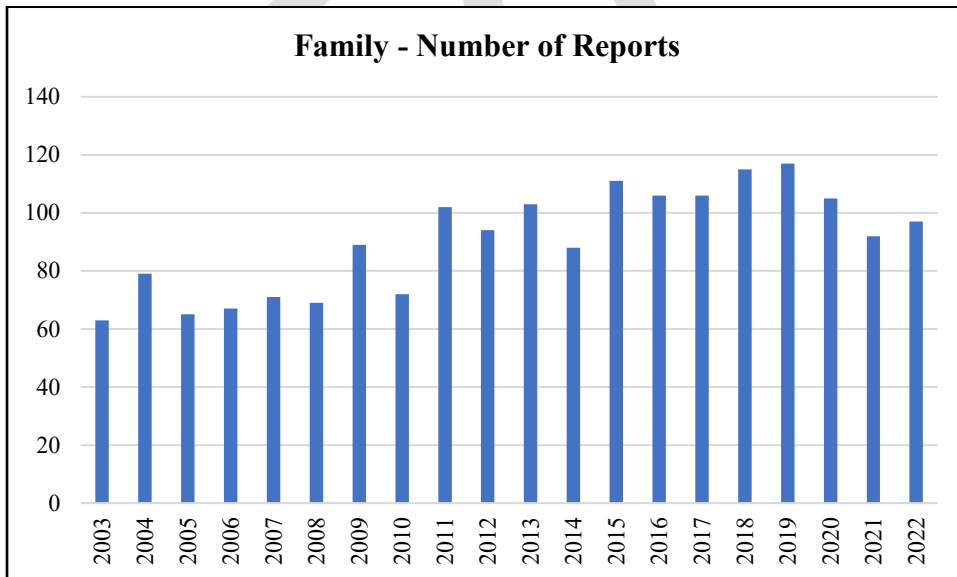
Unfortunately, these repair avenues were effectively shut down by the Supreme Court of Canada’s 2022 decision in *Canada (Attorney General) v. Collins Family Trust*. While we fully expect to pay individual tax claims of hundreds of thousands of dollars or more going forward, we recently released a video on common mistakes in tax law to bring awareness to lawyers about how to avoid claims.

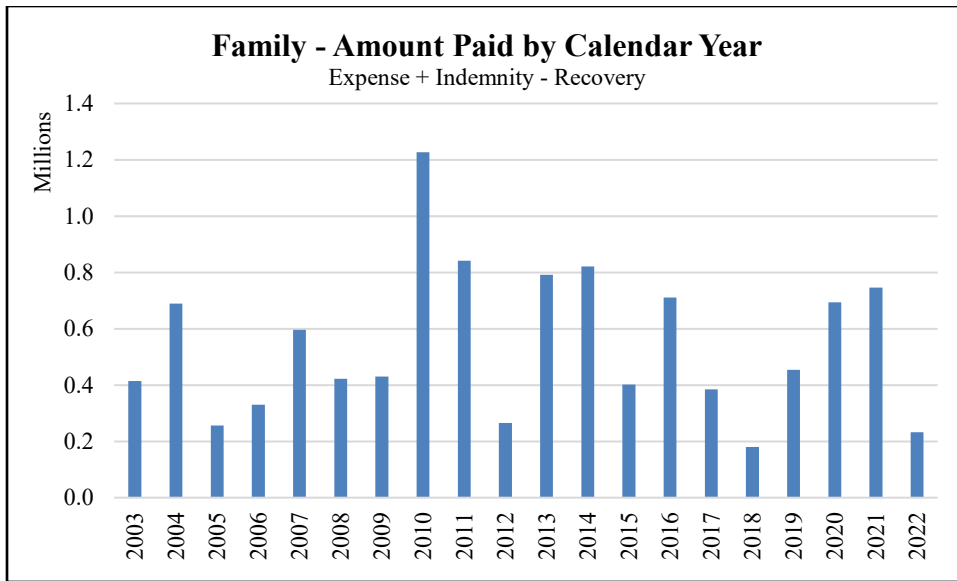




Family Law

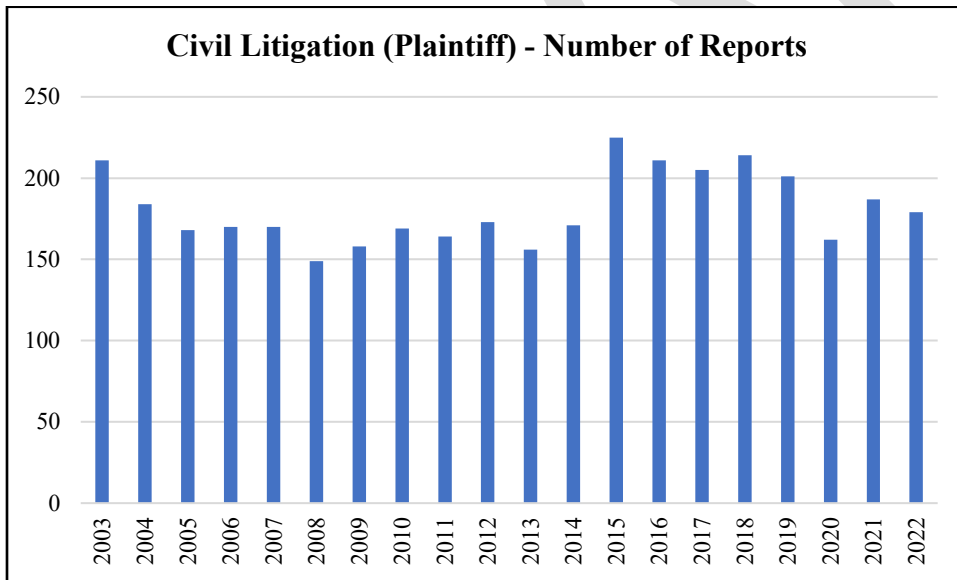
We expect a slight increase in family law claims in 2023 stemming mainly from the increased volume of work that family lawyers undertook during COVID-19. During COVID, families were under significant stress due to closures, physical distancing measures, financial and employment insecurity, and health concerns, and family law lawyers were extremely busy due to the increase in disputes and divorces.

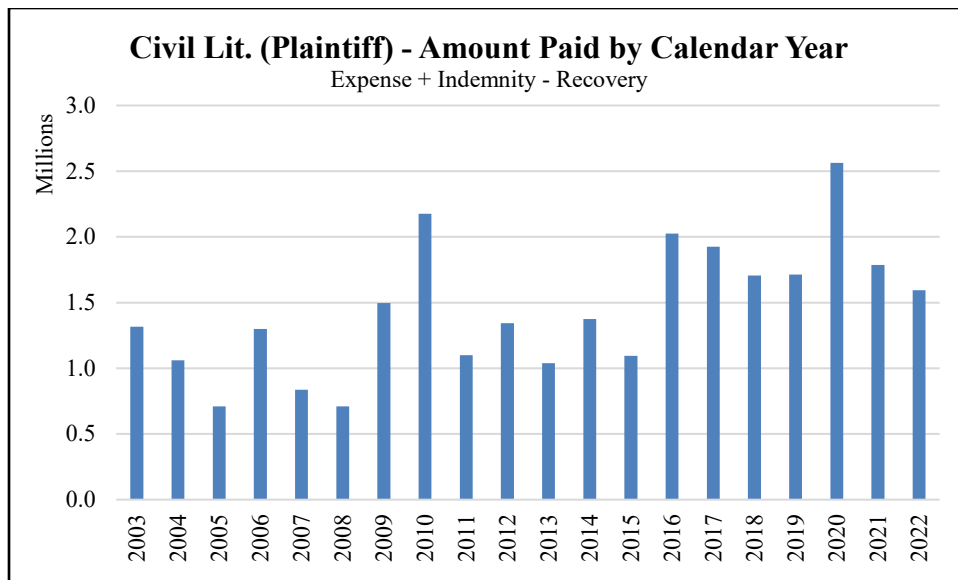




Civil Litigation - Plaintiff

Plaintiff-side civil litigation continues to be a significant cause of claims and payments – 17% of all claims – as demonstrated by the graphs below. The decline in the number of claims in 2020 as a result of court closures was not repeated in 2021 and 2022.



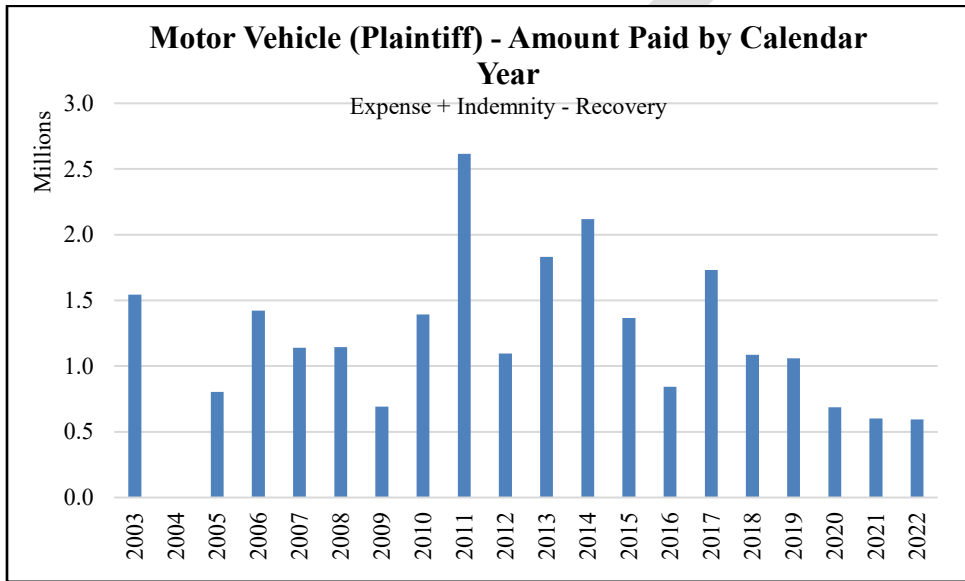
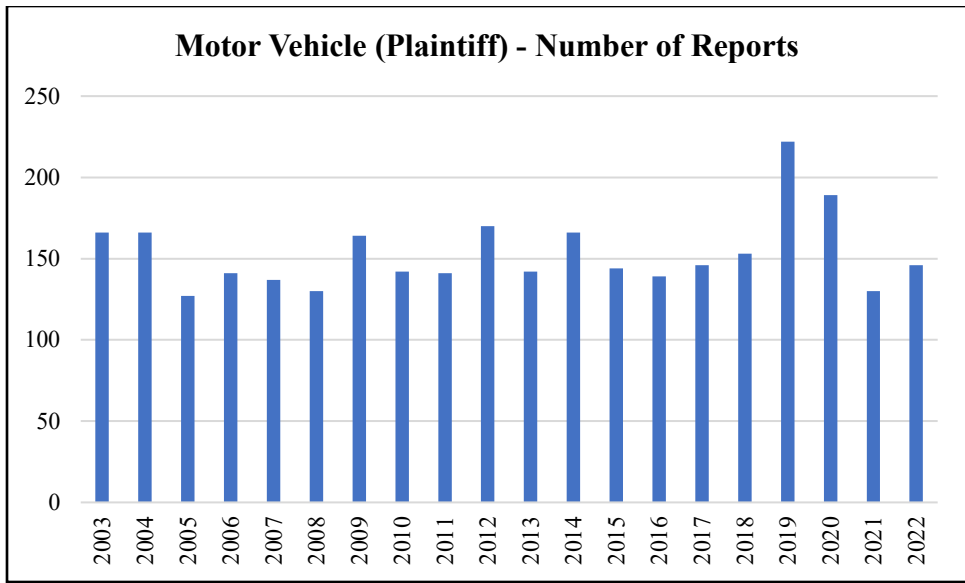


Motor Vehicle - Plaintiff

Claims from MVA practice on the plaintiff's side have decreased (see graph below), and we will continue to see declines over the longer-term given the reality of no-fault insurance in BC as of May 2021.

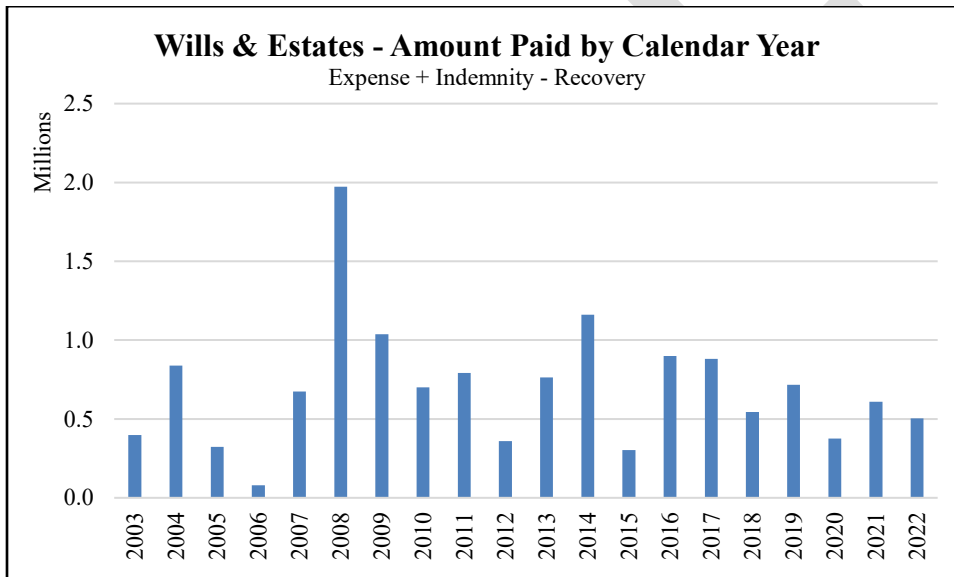
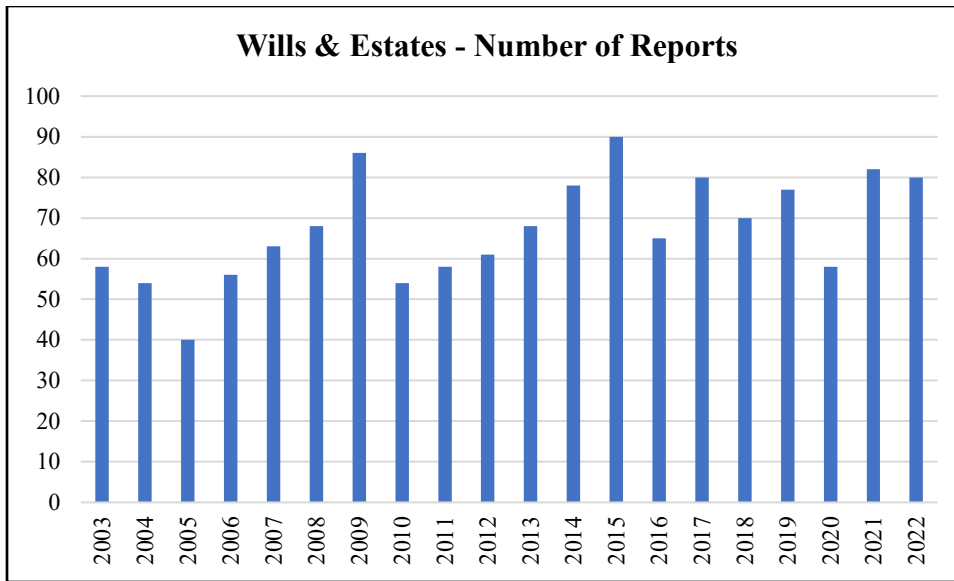
Moreover, the TLABC's leave to appeal the BC Court of Appeal decision that upheld legislation giving the Civil Resolution Tribunal exclusive jurisdiction over all "minor injury" claims and personal injury actions up to \$50,000 was denied. However, that legislative change resulted in some lawyers incorrectly filing actions in BCSC when they should have filed in the CRT and the reporting of 7 claims in 2022. We expect relatively few claims next year, again, as a result of our risk management notices on these changes.

We are also watching for an increase in claims elsewhere due to lawyers moving from MVA practices to other areas where they lack experience. We anticipate that over the next few years, a large number of personal injury lawyers will pivot to family, wills & estates, class actions, medical malpractice, employment law, builders liens, general insurance defence, and general litigation.



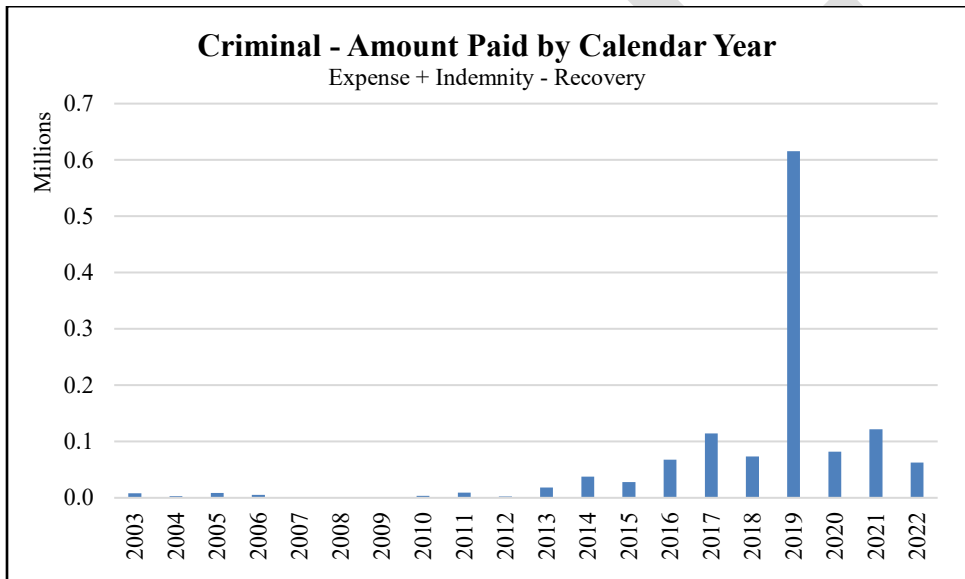
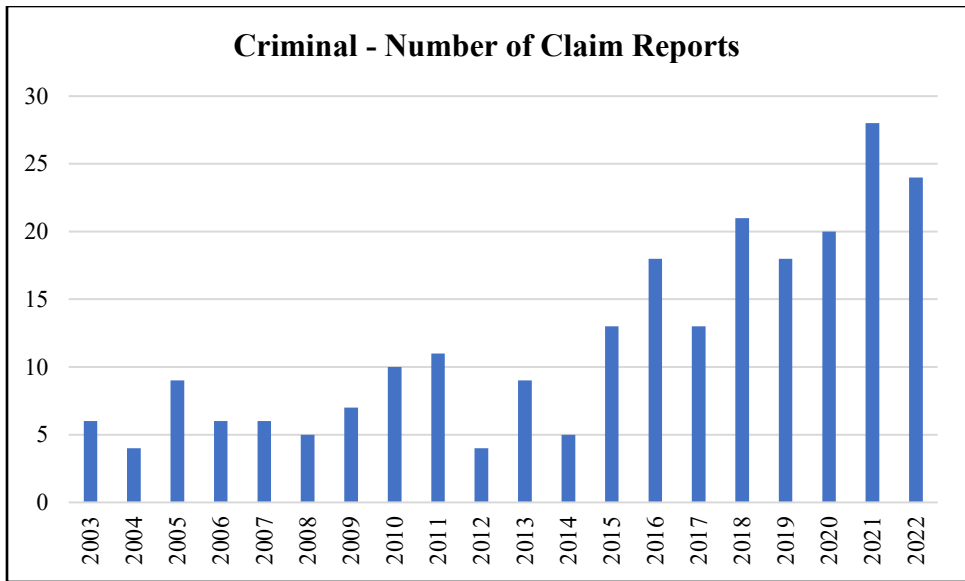
Wills and Estates

The *Wills, Estates and Succession Act* and rules that came into effect in March, 2014 continue to be a net positive for claims. This is due to the expanded opportunities to repair faulty wills, which has led to fewer losses for drafting and execution errors (see second graph below). The first graph below illustrates that claims have increased very slightly over the last 10 years, which, given our aging demographic, is better than expected. Nevertheless, we foresee the wills and estates practice area generating increasing numbers of future claims as the population ages and passes on substantial wealth to beneficiaries.



Criminal

One area whose numbers have grown over the last 10 years is criminal defence law, for “ineffective assistance of counsel” claims. Overall, criminal practice generates relatively few reports and for the most part, modest indemnity payments, as demonstrated in the two graphs below.



Apart from the risks noted above, we are not aware of significant new covered areas of exposure for lawyers.

Investment Returns – 2022 actual

The fourth factor is the return on investments available to fund the program. The downturn in both the equity and bond markets last year resulted in investment losses of \$3.8 million. Overall investment returns after fees were -2.2%, compared to a benchmark of -3.2% and budgeted returns of 5.0%.

Minimum Capital (Net Asset) Requirements

LIF must maintain an amount of capital for both known liabilities and allowances for adverse developments. The Minimum Capital Test (MCT) ratio, a solvency benchmark for insurers, was calculated by the Fund's Actuary to be 260% at December 31, 2022, well above the minimum required by OSFI, the federal regulatory body for insurance companies.

The Actuary also suggests an MCT operating range for LIF of 225% to 275%. At 260%, our MCT ratio falls within the range.

While using the MCT as a gauge for our capital requirements is useful, it should not be interpreted in isolation as a measure of too much or too little capital. Accordingly, our fee recommendation is consistent with both the findings of the Actuary and the business risks for LIF that we have identified in this report.

Net Assets

The LIF net assets as at December 31, 2022 were \$127 million, down from \$143 million the previous year, including \$17.5 million set aside for trust protection claims under Part B. The *unrestricted* net asset position of the fund was therefore \$110 million.

Revenue – 2024 budget

Looking ahead to 2024, the total LIF assessment revenues are budgeted at \$18.7 million. This is 3% higher than the 2023 projected fee revenue.

Investment income for 2024 is budgeted at \$13.7 million, based on an estimated return of 5.5% (see Appendix D).

Expenses – 2024 budget

Operating expenses for 2024, *excluding* the claims provision, are budgeted at \$12.0 million, an increase of \$.22 million, and 2.0% more than the 2023 budget (Appendix D). The increase is largely attributed to higher investment management expenses, administrative costs, and market-based salary increases.

Annual Practice Fee and Indemnity Fee

The 2024 annual practice fee is set at \$2,303.00 and the indemnity fee is set at \$1,800.00. These fees are the same as 2023, and over the last five years, annual mandatory fees have risen an average of less than 0.5% per year. A comparison to other Canadian law societies is provided in Appendix F.

The 2024 mandatory fees for practising, covered lawyers consists of the following:

The Law Society of BC
2024 Fee Recommendation

	Funding (in 000's)				Per Lawyer			
	2024	2023	Change (\$)	Change (%)	2024	2023	Change (\$)	Change (%)
Law Society Operating Expenses	\$ 35,374	\$ 33,166	2,208	6.7%	\$ 1,904.00	\$ 1,904.00	\$ -	0.0%
Federation of Law Societies ³	448	343	105	30.6%	24.00	24.00	-	0.0%
CanLII ¹	585	585	-	0.0%	42.00	42.00	-	0.0%
CLBC ^{1,3}	3,191	2,985	206	6.9%	204.00	204.00	-	0.0%
The Advocate ²	440	431	9	2.1%	25.00	25.00	-	0.0%
LAP ¹	1,140	1,140	-	0.0%	77.00	77.00	-	0.0%
Pro bono/Access ¹	404	378	26	6.9%	27.00	27.00	-	0.0%
Annual Practice Fee					\$ 2,303.00	\$ 2,303.00	\$ -	0.0%
Indemnity Fee					\$ 1,800.00	\$ 1,800.00	-	-
Total Mandatory Fee					\$ 4,103.00	\$ 4,103.00	\$ -	0.0%

1 - 2024 full fee paying equivalent members projected at 14,807

2 - 2024 practicing, non-practicing, and retired members projected at 17,475

3 - 2024 total funding is being provided by a combination of member fees and from the net assets of LSBC

Resolutions for Practice Fee and Indemnity Fee

Be it resolved that the Finance and Audit Committee recommend to the Benchers that:

- Effective January 1, 2024, the practice fee be set at \$2,303.00, pursuant to section 23(1)(a) of the *Legal Profession Act*.

Be it resolved that the Finance and Audit Committee recommend to the Benchers that:

- the indemnity fee for 2024 pursuant to section 30(3) of the *Legal Profession Act* be set at \$1,800;
- the part-time indemnity fee for 2024 pursuant to Rule 3-40(2) be set at \$900; and
- the indemnity surcharge for 2024 pursuant to Rule 3-44(2) be set at \$1,000.

APPENDIX A – GENERAL FUND – OPERATING BUDGET

**THE LAW SOCIETY OF BRITISH COLUMBIA
OPERATING BUDGET (excluding capital/depreciation)
For the Year ended December 31, 2024
GENERAL FUND SUMMARY**

	2024 Budget	2023 Budget	2022 Actual	2024B vs 2023B Variance	%	2024B vs 2022A Variance	%
GENERAL FUND REVENUES							
Practice fees	27,108,846	25,838,058	25,261,173				
PLTC and enrolment fees	1,774,250	1,855,650	2,076,175				
Electronic filing revenue	1,372,000	966,364	1,232,147				
Interest income	1,668,000	684,925	796,535				
Registration and licensing	886,208	843,600	857,193				
Fines & penalties	638,135	453,700	558,231				
Program cost recoveries	141,000	125,600	131,432				
Insurance recoveries	20,000	20,000	-				
Other revenue	220,500	206,925	245,271				
Building revenue and recoveries	1,168,317	1,396,615	1,381,054				
TOTAL GENERAL FUND REVENUES	34,997,256	32,391,437	32,539,211	2,605,819	8.0%	2,458,045	7.6%
GENERAL FUND EXPENSES							
Governance and Events	1,035,984	894,498	911,113				
Corporate Services	4,602,297	4,029,597	3,658,214				
Education & Practice	7,167,767	6,331,253	5,201,009				
Communications and Information Services	3,122,937	2,730,483	2,525,781				
Policy and Legal Services	2,947,157	2,971,222	2,817,548				
Regulation	14,233,183	13,976,791	13,065,184				
Building costs	2,264,701	2,232,594	2,105,905				
External Organization Funding	263,231	-	-				
TOTAL GENERAL FUND EXPENSES	35,637,256	33,166,437	30,284,754	2,470,819	7.4%	5,352,502	17.7%
GENERAL FUND NET CONTRIBUTION	(640,000)	(775,000)	2,254,457	135,000		(2,894,457)	
Trust Assurance Program							
Trust Administration Fee Revenue	4,531,000	3,822,000	4,050,288				
Trust Administration Department	3,753,000	3,722,000	3,254,681				
Net Trust Assurance Program	778,000	100,000	795,607	678,000		(17,607)	
TOTAL NET GENERAL FUND & TAP CONTRIBUTION	138,000	(675,000)	3,050,064	813,000		(2,912,064)	

APPENDIX B – GENERAL FUND – REVENUES AND EXPENSES

THE LAW SOCIETY OF BRITISH COLUMBIA
OPERATING BUDGET (excluding capital/depreciation)
For the Year ended December 31, 2024
GENERAL FUND SUMMARY

	2024 Budget	2023 Budget	2022 Actual	2024 vs 2023 Budget Var	2024 vs 2022 Actual Var
REVENUES					
Practice fees	27,108,846	25,838,058	25,261,173	1,270,788	1,847,673
PLTC and enrolment fees	1,774,250	1,855,650	2,076,175	(81,400)	(301,925)
Electronic filing revenue	1,372,000	966,364	1,232,147	405,636	139,853
Interest income	1,668,000	684,925	796,535	983,075	871,465
Registration and Licensing	886,208	843,600	857,193	42,608	29,016
Fines & penalties	288,135	278,700	288,300	9,435	(165)
Program cost recoveries	491,000	300,600	401,363	190,400	89,637
Subscriptions	2,000	2,000	4,882	-	(2,882)
Insurance recoveries	20,000	20,000	-	-	20,000
Other cost recoveries	7,000	12,000	24,425	(5,000)	(17,425)
Other revenue	211,500	192,925	215,964	18,575	(4,464)
Building revenue and recoveries	1,168,317	1,396,615	1,381,054	(228,299)	(212,738)
TOTAL GENERAL FUND REVENUES	34,997,256	32,391,437	32,539,211	2,605,819	2,458,045
EXPENSES					
Governance Meetings	168,800	167,010	210,959	1,790	(42,159)
Office of the President	260,850	246,380	221,600	14,470	39,250
Governance Retreat	128,850	150,050	138,984	(21,200)	(10,134)
Life Bencher Dinner	-	34,450	5,250	(34,450)	(5,250)
Certificate Luncheon	-	23,300	4,013	(23,300)	(4,013)
LS Award/Bench & Bar Dinner	2,000	3,150	6,768	(1,150)	(4,768)
Federation of Law Societies Mtgs	30,000	40,000	30,704	(10,000)	(704)
General Meetings	1,600	1,500	334	100	1,266
QC Reception	14,200	16,700	15,087	(2,500)	(887)
Welcome / Farewell Dinner	26,470	25,650	32,240	820	(5,770)
Volunteer Recognition	-	6,000	-	(6,000)	-
Gold Medal Award	10,200	6,950	6,284	3,250	3,916
Single Legal Regulator	192,974	-	26,104	192,974	166,870
Executive Committee	10,200	12,200	6,171	(2,000)	4,029
Finance & Audit Committee	2,500	-	877	2,500	1,623
Equity & Diversity Advisory Committee	1,500	2,500	92	(1,000)	1,408
Access to Justice Advisory Committee (formerly Access to Legal Services Advisory Committee)	2,500	2,500	1,350	-	1,150
Rule of Law & Lawyer Independence Advisory Committee	-	-	4,393	-	(4,393)
Truth and Reconciliation Advisory Committee	1,500	2,500	3,811	(1,000)	(2,311)
Rule of Law and Lawyer Independence Lecture	17,500	10,000	19,462	7,500	(1,962)
Indigenous Engagement In Regulatory Matters Task force	-	-	14,770	-	(14,770)
Executive Support	388,565	383,052	381,368	5,513	7,197
Elections	5,000	5,000	4,273	-	727
Governance allocated funds recovery	(133,756)	(150,793)	(138,215)	17,037	4,459
Board relations and events funds recovery	(95,469)	(93,601)	(85,565)	(1,868)	(9,904)
	1,035,984	894,498	911,113	141,486	124,871

THE LAW SOCIETY OF BRITISH COLUMBIA
OPERATING BUDGET (excluding capital/depreciation)
For the Year ended December 31, 2024
GENERAL FUND SUMMARY CONTINUED

	2024 Budget	2023 Budget	2022 Actual	2024 vs 2023 Budget Var	2024 v 2022 Actual Var
Corporate Services					
General Office	832,938	767,246	612,997	65,693	219,941
Office of the CEO	1,119,146	870,857	870,106	248,289	249,040
Finance	1,335,022	1,239,809	1,220,668	95,213	114,355
Human Resources	963,908	825,994	676,427	137,913	287,480
Records Management	351,283	325,690	278,016	25,593	73,267
	4,602,297	4,029,597	3,658,214	572,701	944,083
Education & Practice					
Licensing and Admissions	2,236,550	2,135,065	1,636,432	101,484	600,117
PLTC and Education	4,069,578	3,637,582	3,158,818	431,996	910,760
Practice Standards	861,639	558,605	405,758	303,034	455,881
Practice Support	-	0	-	-	-
	7,167,767	6,331,253	5,201,009	836,514	1,966,758
Communications and Information Services					
Communications	641,296	609,633	664,574	31,663	(23,278)
Information Services	2,481,641	2,120,850	1,861,207	360,791	620,434
	3,122,937	2,730,483	2,525,781	392,454	597,155
Policy and Legal Services					
Policy and Legal Services	1,751,619	1,814,052	1,727,099	(62,433)	24,520
Tribunal & Legislative Counsel	866,844	800,140	767,749	66,704	99,095
External litigation & Interventions	24,377	24,386	-	(9)	24,377
Unauthorized Practice	304,315	332,643	322,700	(28,327)	(18,384)
	2,947,157	2,971,222	2,817,548	(24,065)	129,609
Regulation					
CLO Department	989,102	1,136,820	588,966	(147,718)	400,136
Intake & Early Assessment	2,716,771	2,528,723	2,424,710	188,048	292,061
Discipline	2,972,105	2,912,460	3,408,682	59,645	(436,577)
Forensic Accounting	1,141,999	1,206,617	759,102	(64,618)	382,897
Investigations, Monitoring & Enforcement	4,294,263	4,160,107	3,886,715	134,156	407,548
Custodianships	2,118,942	2,032,064	1,997,009	86,878	121,933
	14,233,183	13,976,791	13,065,184	256,392	1,167,998
Building Occupancy Costs	2,264,701	2,232,594	2,105,905	32,107	158,796
External Organization Funding	263,231	-	-		
TOTAL GENERAL FUND EXPENSES	35,637,256	33,166,437	30,284,754	2,470,819	5,352,502
GENERAL FUND INCOME/(LOSS)	(640,000)	(775,000)	2,254,457	135,000	(2,894,457)
TAF Revenue	4,531,000	3,822,000	4,050,288	709,000	480,712
Trust Administration Department	3,753,000	3,722,000	3,254,681	30,999	498,319
Net Trust Assurance Program	778,000	100,000	795,607	678,001	(17,607)
TOTAL GENERAL FUND & TAP INCOME (LOSS)	138,000	(675,000)	3,050,064	813,001	(2,912,063)

APPENDIX C – CAPITAL PLAN

	<u>2024</u>	<u>2023</u>
Computer hardware – Laptops, docking stations, network scanners, monitors, switches	\$498,000	\$331,790
Computer software	\$10,000	\$115,000
System upgrades – Website updates, LSIS programming	\$278,000	\$144,000
Phone system - virtual phone replacements	\$158,000	\$0
Equipment, furniture and fixtures replacement	\$98,000	\$139,000
Building and workspaces – office renovations	\$990,000	\$1,334,000
Total	\$2,032,000	\$2,063,790

APPENDIX D – LAWYERS INDEMNITY FUND – OPERATING BUDGET

THE LAW SOCIETY OF BRITISH COLUMBIA
Lawyers Indemnity Fund
For the year ended December 31, 2024
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE

	2024 Budget	2023 Budget	Variance	%
REVENUE				
Annual Assessment	18,656,077	17,439,600		
Investment Income	13,738,000	11,640,197	2,097,803	
Other Income	67,500	65,000	2,500	
TOTAL REVENUE	32,461,577	29,144,797	3,316,780	11.4%
INDEMNITY EXPENSE				
Actuaries, consultants and investment management fees	2,044,708	1,844,941	(199,767)	
Allocated office rent	325,505	325,505	-	
Contribution to program and administrative costs of General Fund	1,626,302	1,567,639	(58,663)	
Insurance	2,270,778	2,324,218	53,440	
Office and Legal	649,450	651,701	2,251	
Provision for settlement of claims	15,923,000	15,852,000	(71,000)	
Provision for ULAE	-	-	-	
Salaries, wages and benefits	3,871,018	3,792,571	(78,447)	
	26,710,761	26,358,575	352,186	1.3%
LOSS PREVENTION EXPENSE				
Contribution to co-sponsored program costs of General Fund	1,247,308	1,308,982	61,675	
TOTAL EXPENSE	27,958,069	27,667,557	290,511	1.1%
Net Contribution	4,503,508	1,477,240	3,026,269	

APPENDIX E – PRACTICE FEE COMPARISON



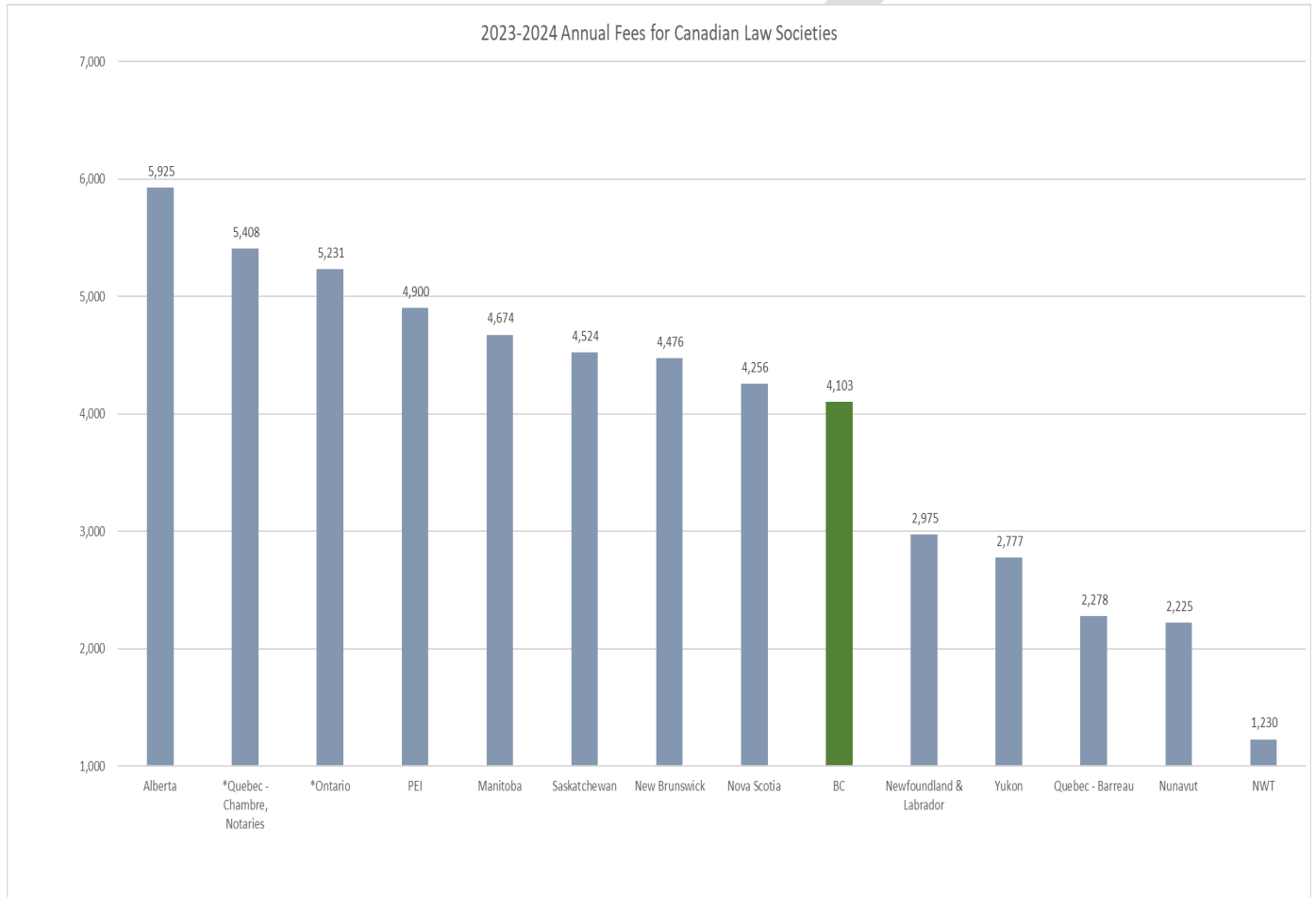
- 2024 LSBC practice fee compared to 2023 LSO & LSA fees as their 2024 fees are not yet available.

*Fees do not include external funding, if applicable, but include capital funding

APPENDIX F – MANDATORY FEE COMPARISON

Mandatory Fee Comparison - 2024 (Full Time Practising Covered Lawyers)

*Fees for Ontario and Quebec- Chambre, Notaries are based on 2023 - 2024 fees since this is the most current data available.



APPENDIX G – PLTC STUDENT HISTORY

