



THE LAW SOCIETY OF UPPER CANADA 2018 BUDGET AND THREE YEAR FORECAST

November 2, 2017

THE LAW SOCIETY OF UPPER CANADA 2018 BUDGET AND THREE YEAR FORECAST

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The 2018 budget and 2019-2020 financial projections are intended to ensure operational sustainability and ongoing support of the Law Society’s core functions and the priorities of Convocation. While demonstrating fiscal restraint, the budget focuses on the organization’s core responsibilities of professional regulation, professional development & competence, policy development and facilitating access to justice, while addressing the established priorities for the 2015-2019 bench term.

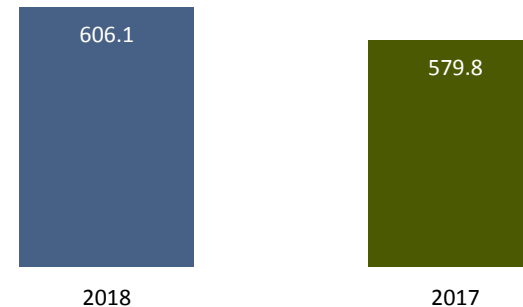
Law Society By-Law 2:

- i. The annual budget shall be presented to Convocation for final approval not later than November 30 each year.
- ii. The budget shall be consistent with the activities planned by Convocation for the next financial year.
- iii. The budget shall include a reasonable projection of all expenses and revenues.
- iv. The use of reserve funds to supplement estimated revenues requires the express approval of Convocation.

Total Budgeted Expenditures

	2018	2017
Salaries & Benefits	66,951,300	62,312,700
Operating Expenses	4,449,500	4,290,200
Program Expenses	65,242,800	54,795,900
Total	136,643,600	121,398,800

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THE LAW SOCIETY OF UPPER CANADA 2018 BUDGET AND THREE YEAR FORECAST

Law Society of Upper Canada 2018 Budget Lawyers and Paralegals

	Approved 2017 Budget	Approved 2018 Budget	Change 2017 vs 2018
1 Annual fee revenue	82,883,000	96,652,200	13,769,200
2 Licensing process	13,198,300	13,268,300	70,000
3 CPD	8,686,000	8,686,000	-
4 Other revenue	10,149,200	10,495,700	346,500
5 Total Funding	114,916,500	129,102,200	14,185,700
6 Salaries and benefits	62,674,700	66,951,300	4,276,600
7 Operating	4,194,800	4,449,500	254,700
8 Program	37,926,100	39,910,500	1,984,400
9 General fund	104,795,600	111,311,300	6,515,700
10 Capital fund	4,777,000	4,304,300	- 472,700
11 LibraryCo	7,815,300	7,993,000	177,700
12 Compensation Fund	4,010,900	13,035,000	9,024,100
13 Total Expenditures	121,398,800	136,643,600	15,244,800
14 Deficit	- 6,482,300	- 7,541,400	- 1,059,100
15 E&O surplus investment income	600,000	600,000	-
16 Fund Balances	5,882,300	6,941,400	1,059,100
17 Total Use of Fund Balances	6,482,300	7,541,400	1,059,100

THE LAW SOCIETY OF UPPER CANADA 2018 BUDGET AND THREE YEAR FORECAST

Law Society of Upper Canada 2018 Budget Lawyers

	Approved 2017 Budget	Approved 2018 Budget	Change 2017 vs 2018
1 Annual fee revenue	77,027,300	89,944,000	12,916,700
2 Licensing process	11,016,700	11,016,700	-
3 CPD	7,817,400	7,648,000	- 169,400
4 Other revenue	9,153,100	9,266,200	113,100
5 Total Funding	105,014,500	117,874,900	12,860,400
6 Salaries and benefits	56,257,100	58,923,800	2,666,700
7 Operating	3,778,100	3,924,200	146,100
8 Program	34,537,600	35,835,400	1,297,800
9 General fund	94,572,800	98,683,400	4,110,600
10 Capital fund	4,194,600	3,749,200	- 445,400
11 LibraryCo	7,815,300	7,993,000	177,700
12 Compensation Fund	3,870,000	12,887,500	9,017,500
13 Total Expenditures	110,452,700	123,313,100	12,860,400
14 Deficit	- 5,438,200	- 5,438,200	-
15 E&O surplus investment income	600,000	600,000	-
16 Fund Balances	4,838,200	4,838,200	-
17 Total Use of Fund Balances	5,438,200	5,438,200	-

THE LAW SOCIETY OF UPPER CANADA 2018 BUDGET AND THREE YEAR FORECAST

Law Society of Upper Canada 2018 Budget Paralegals

	Approved 2017 Budget	Approved 2018 Budget	Change 2017 vs 2018
1 Annual fee revenue	5,855,700	6,708,200	852,500
2 Licensing process	2,181,600	2,251,600	70,000
3 CPD	868,600	1,038,000	169,400
4 Other revenue	996,100	1,229,500	233,400
5 Total Funding	9,902,000	11,227,300	1,325,300
6 Salaries and benefits	6,417,600	8,027,500	1,609,900
7 Operating	416,700	525,300	108,600
8 Program	3,388,500	4,075,100	686,600
9 General fund	10,222,800	12,627,900	2,405,100
10 Capital fund	582,400	555,100	- 27,300
11 Compensation Fund	140,900	147,500	6,600
12 Total Expenditures	10,946,100	13,330,500	2,384,400
13 Deficit	- 1,044,100	- 2,103,200	- 1,059,100
14 Fund Balances	1,044,100	2,103,200	1,059,100
15 Total Use of Fund Balances	1,044,100	2,103,200	1,059,100

Major Budgetary Assumptions

- Increase in Full Fee Paying Equivalent lawyers by 1,000 to 41,200
- Increase in Full Fee Paying Equivalent paralegals by 500 to 6,100
- The 2018 budget includes a salary and benefit provision of 2% or \$1.4 million (2017: 3%) to provide for merit adjustments, increasing employee benefit costs and to be in line with expected market rates for 2018. The Society aims to compensate employees with salaries and benefits that are competitive and consistent with the 50th percentile of the organization's comparator group of companies and organizations that access the same talent pool
- Non-salary expenses projected to increase at 0.6% (2017: 2%)
- Allocation of \$600,000 from the accumulated surplus investment income in the E&O Fund to mitigate fee increase for lawyers (2017: \$600,000)
- \$4.8 million of the lawyer General Fund Balance used to mitigate fee increase (2017: \$4.8 million)
- \$2.1 million of the paralegal General Fund Balance used to mitigate fee increase (2017: \$1 million)
- Contingency maintained at \$1 million
- \$2.1 million maintained for replacement/development of Relationship Management System
- CPD revenues reflect 2017 experience
- Assessments of the lawyer licensing process have not yet been completed and the financial impact of these deliberations is expected to be limited in 2018. The current licensing fees of \$4,710 per lawyer candidate includes the costs of the Law Practice Program, the enhanced Articling Program and all other fees for licensure equalized across all candidates and the 2018 budget maintains the licensing fees at this level. The \$1 million contribution from lawyers to the licensing process has also been retained
- The paralegal licensing examination fees are budgeted to remain at \$1,400

THE LAW SOCIETY OF UPPER CANADA 2018 BUDGET AND THREE YEAR FORECAST

Lawyers	2017	2018	Change
General Fund	1,531	1,598	67
Compensation Fund	87	300	213
Capital Fund	104	91	- 13
LibraryCo	194	194	-
Total	1,916	2,183	267
Full Fee Paying Equivalent Lawyers	40,200	41,200	1,000
Paralegals	2017	2018	Change
General Fund	925	997	72
Compensation Fund	17	12	- 5
Capital Fund	104	91	- 13
Total	1,046	1,100	54
Full Fee Paying Equivalent Lawyers	5,600	6,100	500

Licensees Annual Fee

The budget incorporates an annual fee increase for lawyers of \$267 and paralegals of \$54 for an annual fee of \$2,183 and \$1,100 respectively.

The Society has a three tier annual fee structure. Licensees engaged in the practice of law or the provision of legal services pay 100% of the annual fee. Licensees otherwise employed pay 50% of the annual fee and those on parental leave or unemployed pay 25%. For the purpose of determining the annual fee the total number of licensees is prorated based on the tiers to determine the Full Equivalent total of licensees. The budget projects an increase in the number of lawyers of 1,000 to a Full Fee Paying Equivalent total of 41,200. It also projects an increase in the number of paralegals of 500 to a Full Fee Paying Equivalent total of 6,100. Relevant revenues and expenditures not directly attributable to lawyers or paralegals are allocated proportionately based on the FFE count

Use of Fund Balances to Mitigate The Annual Fee

	A	B	C	D	E
	No Use of Fund Balances	Approved 2018 Budget Lawyers General Fund	Estimated Policy Maximum Requirement	Estimated Policy Mid-point Requirement	Estimated Policy Minimum Requirement
1 Projected Balance December 31, 2017	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
2 Available to mitigate annual fee		4,838,000	-	4,200,000	8,400,000
3 Projected balance after fee mitigation	25,000,000	20,162,000	25,000,000	20,800,000	16,600,000
4 Annual Fee	\$ 2,353	\$ 2,183	\$ 2,300	\$ 2,199	\$ 2,096

	No Use of Fund Balances	Approved 2018 Budget Paralegal General Fund	Estimated Policy Maximum Requirement	Estimated Policy Mid-point Requirement	Estimated Policy Minimum Requirement
5 Projected Balance December 31, 2017	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000
6 Available to mitigate annual fee		2,103,000	2,000,000	2,550,000	3,100,000
7 Projected balance after fee mitigation	5,200,000	3,097,000	3,200,000	2,650,000	2,100,000
8 Annual Fee	\$ 1,489	\$ 1,100	\$ 1,117	\$ 1,027	\$ 937

The budget allocates \$4.8 million from the Lawyer General Fund balance and \$600,000 from the accumulated surplus investment income in the E&O Fund to mitigate the fee increase for lawyers. \$2 million is allocated from the Paralegal General Fund balance to mitigate the fee increase for paralegals. This use of fund balances conforms to the Society's fund balance management policy

THE LAW SOCIETY OF UPPER CANADA 2018 BUDGET AND THREE YEAR FORECAST

Law Society of Upper Canada 2018 - 2020 Forecast Summary Lawyers and Paralegals

	Approved 2018 Budget	Projected 2019 Budget	Projected 2020 Budget
1 Annual fee revenue	96,652,200	106,288,700	112,247,000
2 Licensing process	13,268,300	13,401,000	13,535,000
3 CPD	8,686,000	8,772,900	8,860,600
4 Other revenue	10,495,700	10,600,700	10,706,700
5 Total Funding	129,102,200	139,063,300	145,349,300
6 Salaries and benefits	66,951,300	68,790,400	70,716,200
7 Operating	4,449,500	5,038,500	5,639,300
8 Program	39,910,500	41,208,700	42,532,800
9 General fund	111,311,300	115,037,600	118,888,300
10 Capital fund	4,304,300	4,777,000	5,583,300
11 LibraryCo	7,993,000	8,152,900	8,316,000
12 Compensation Fund	13,035,000	13,295,800	13,561,700
13 Total Expenditures	136,643,600	141,263,300	146,349,300
14 Deficit	- 7,541,400	- 2,200,000	- 1,000,000
15 E&O surplus investment income	600,000	1,200,000	1,000,000
16 Fund Balances	6,941,400	1,000,000	-
17 Total Use of Fund Balances	7,541,400	2,200,000	1,000,000

THE LAW SOCIETY OF UPPER CANADA 2018 BUDGET AND THREE YEAR FORECAST

Law Society of Upper Canada 2018 - 2020 Forecast Summary Lawyers

	Approved 2018 Budget	Projected 2019 Budget	Projected 2020 Budget
1 Annual fee revenue	89,944,000	98,130,600	102,676,200
2 Licensing process	11,016,700	11,126,900	11,238,200
3 CPD	7,648,000	7,724,500	7,801,700
4 Other revenue	9,266,200	9,358,900	9,452,500
5 Total Funding	117,874,900	126,340,900	131,168,600
6 Salaries and benefits	58,923,800	60,552,300	62,263,300
7 Operating	3,924,200	4,502,700	5,092,800
8 Program	35,835,400	37,052,100	38,293,100
9 General fund	98,683,400	102,107,100	105,649,200
10 Capital fund	3,749,200	4,135,600	4,795,200
11 LibraryCo	7,993,000	8,152,900	8,316,000
12 Compensation Fund	12,887,500	13,145,300	13,408,200
13 Total Expenditures	123,313,100	127,540,900	132,168,600
14 Deficit	- 5,438,200	- 1,200,000	- 1,000,000
15 E&O surplus investment income	600,000	1,200,000	1,000,000
16 Fund Balances	4,838,200	-	-
17 Total Use of Fund Balances	5,438,200	1,200,000	1,000,000

THE LAW SOCIETY OF UPPER CANADA 2018 BUDGET AND THREE YEAR FORECAST

Law Society of Upper Canada 2018 - 2020 Forecast Summary Paralegals

	Approved 2018 Budget	Projected 2019 Budget	Projected 2020 Budget
1 Annual fee revenue	6,708,200	8,158,100	9,570,800
2 Licensing process	2,251,600	2,274,100	2,296,800
3 CPD	1,038,000	1,048,400	1,058,900
4 Other revenue	1,229,500	1,241,800	1,254,200
5 Total Funding	11,227,300	12,722,400	14,180,700
6 Salaries and benefits	8,027,500	8,238,100	8,452,900
7 Operating	525,300	535,800	546,500
8 Program	4,075,100	4,156,600	4,239,700
9 General fund	12,627,900	12,930,500	13,239,100
10 Capital fund	555,100	641,400	788,100
11 Compensation Fund	147,500	150,500	153,500
12 Total Expenditures	13,330,500	13,722,400	14,180,700
13 Deficit	- 2,103,200	- 1,000,000	-
14 Fund Balances	2,103,200	1,000,000	-
15 Total Use of Fund Balances	2,103,200	1,000,000	-

Annual Fee Forecast

Lawyers	2018	2019	2020
General Fund	1,598	1,734	1,773
Compensation Fund	300	300	300
Capital Fund	91	98	111
LibraryCo	194	193	193
Total	2,183	2,325	2,377
Full Fee Paying Equivalent Lawyers	41,200	42,200	43,200
Paralegals	2018	2019	2020
General Fund	997	1,158	1,254
Compensation Fund	12	14	16
Capital Fund	91	98	111
Total	1,100	1,271	1,381
Full Fee Paying Equivalent Paralegals	6,100	6,600	7,100

Use of General Fund Balances to Mitigate Annual Fee

	A	B	C
	2018 Approved Budget Lawyers General Fund	Projected 2019 Budget Lawyers General Fund	Projected 2020 Budget Lawyers General Fund
1 Projected Balance January 1	25,000,000	20,162,000	16,662,000
2 Available to mitigate annual fee	4,838,000	3,500,000	-
3 Projected balance after fee mitigation	20,162,000	16,662,000	16,662,000
4 Annual Fee	\$ 2,183	\$ 2,325	\$ 2,377

	2018 Approved Budget Paralegal General Fund	Projected 2019 Budget Paralegal General Fund	Projected 2020 Budget Paralegal General Fund
5 Projected Balance January 1	5,200,000	3,097,000	2,097,000
6 Available to mitigate annual fee	2,103,000	1,000,000	
7 Projected balance after fee mitigation	3,097,000	2,097,000	2,097,000
8 Annual Fee	\$ 1,100	\$ 1,271	\$ 1,381

Expenditures by Operational Area

	2018	2017
Professional Regulation incl. Comp Fund	41,181,500	29,624,600
Professional Development & Competence	29,805,200	29,012,500
Policy and Legal	3,355,200	3,178,400
External Relations and Communications	4,234,200	3,622,100
Tribunal	2,184,100	2,078,500
Client Service Centre	7,353,300	6,900,400
Convocation, Equity and Agencies	15,335,800	15,221,300
Corporate and Administration	28,890,000	26,984,000
Capital Allocation Fund	4,304,300	4,777,000
Total	136,643,600	121,398,800

Salary Administration

The Society aims to compensate employees with salaries and benefits that are competitive and fair in exchange for their contribution to the organization at a rate that is consistent with the 50th percentile of the organization's comparator group of companies and organizations that access the same talent pool.

The Society salary administration budget contains a provision of 2% for market and merit adjustments as well as all other compensation, such as promotions and job reclassifications.

Space Requirements

Operationally, the expansion of existing activities and the introduction of new activities in 2017, 2018 and forecast for 2019 make it necessary for the Society to seek additional space for the staff being added. The Society has obtained additional rental space in 2017 with payments commencing 2018. The costs of relocating staff and operations from Osgoode Hall to this new space and reconfiguring the existing space they occupy in Osgoode Hall was provided for in 2017 with additional reconfiguration costs included in the facilities capital budget for 2018.

Support of Other Organizations

The budget includes support for a number of other organizations as summarized below:

	2018 (\$)	2017 (\$)
LibraryCo	7,993,000	7,815,000
CanLII	1,520,000	1,540,000
Federation of Law Societies	1,100,000	1,120,000
Federation of Ontario Law Associations	261,700	260,000
Law Commission of Ontario	145,900	145,000
Lawyers Feed the Hungry	100,000	100,000
Ontario Justice Education Network	40,000	50,000
Pro Bono Ontario	50,000	50,000

LibraryCo funding has been increased 2% from the 2017 amount of \$7.8 million while LibraryCo’s transition planning progresses.

Parental Leave Assistance Plan

Funding of the Parental Leave Assistance Plan remains at zero in the budget. Use of the Parental Leave Assistance Plan continues to be low with expenses of \$91,000 in the first half of 2017 compared to \$61,000 in 2016. At the end of July 2017, the PLAP Fund balance was \$361,000.

Licensee Database Development

The Society’s capital budgets for facilities and information systems are discussed in the detailed section below. However, the main issue faced by the Society is the storage and access of the Society’s core business data - its licensee data base. The Society is currently relying on an IBM platform released in 1988 for this purpose. The platform has served the Society’s needs for over 25 years. However, the underlying data base application is no longer suited to best support the ever changing needs of the Society.

The Society began the process of replacing the existing licensee data base with a modern, more robust database application that will serve the Society’s needs for the coming decades.

The budget for 2018 includes a provision of \$2.1 million to fund the development and implementation phase of the system. This phase is expected to be completed in 2019 with additional funding of approximately \$3 million required.

Compensation Fund

The provision for grant claims in the Lawyer Compensation Fund has been set at \$7.7 million, increased by \$4,000,000 from 2017. The provision has increased from 2017 based on recent claims incurred data. In addition a provision of \$5,000,000 to restore the fund balance to its policy approved level within three years has been included.

The lawyer's fund has experienced two consecutive years of unusually high claims experience. This has depleted the fund balance and current projections are for the fund to be very low by the end of 2017. The \$5 million provision will be sufficient to restore the fund balance to its policy approved minimum (approximately \$15 million) within three years. The increase in the general provision to \$7 million reflects the recent experience of the fund. If this experience is in fact an anomaly, the resulting surplus will hasten the restoration of the fund balance. If this experience is not anomaly future analysis will be required to determine the appropriate fund balance sufficient to withstand a 1 in 200 year event.

The provision for grant claims in the Paralegal Compensation Fund has been set at \$122,000, the same as 2017.

The fund balance for lawyers is projected to end 2017 with an estimated balance of zero and the paralegal fund balance is estimated to be \$500,000.

THE LAW SOCIETY OF UPPER CANADA 2018 BUDGET AND THREE YEAR FORECAST

	2018	2017
Licensing Process	13,268,300	13,198,300
CPD	8,686,000	8,686,000
Investment Income	1,750,000	1,750,000
Catering	1,735,000	1,735,000
Lexis Nexis	1,500,000	1,500,000
Regulatory Recoveries	950,600	950,600
Late Fees	1,300,000	800,000
Professional Corporations	500,000	500,000
PAP Admin Fees	422,000	406,000
LFO Access to Justice	-	400,000
LSRS	325,000	325,000
LibraryCo	305,000	305,000
Certified Specialists	270,000	270,000
Other	1,438,100	1,207,600
Total	32,450,000	32,033,500

Non- Annual Fee Revenue

Annual fees continue to provide the bulk of the Society's revenue. For 2018, annual fees totaling \$96.7 million will represent approximately 75% of total revenues.

Licensing process fees total \$13.3 million followed by Continuing Professional Development revenues totaling \$8.7 million.

Strategic Plan

In the fall of 2015, the Society undertook a comprehensive strategic planning exercise documenting the strategic priorities that will guide the operations of the Society through 2019. Convocation's adopted plan will focus on five priorities and several key initiatives to support them through 2019. These priorities are:

Lead as a professional regulator



- Enhance regulatory effectiveness to advance protection of the public
- Ensure appropriate considerations for mental health and equity are integrated into regulatory processes

Engage stakeholders and the public with responsive communications



- Improve communication with lawyers and paralegals through greater accountability, transparency and collaboration
- Build a better understanding of the Law Society among the public through heightened engagement

Increase organizational effectiveness



- Continue to enhance the public interest in the policy-making process
- Review governance methods and structures to ensure efficiency and effectiveness
- Enhance measurement and assessment of our services and programs

Prioritize life-long competence for lawyers and paralegals



- Evaluate and enhance licensing standards and requirements
- Improve and increase practice supports
- Consider comprehensive mentoring services

Enhance access to justice across Ontario



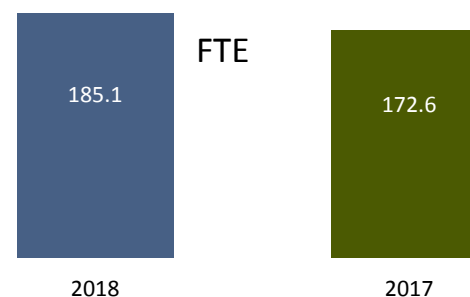
- Increase collaboration with access to justice partners and other stakeholders
- Develop and implement a more concrete access to justice action plan

In 2017, the implementation of initiatives supporting the Society's strategic direction continued, with undertakings to enhance the paralegal licensing process, increased practice supports for practitioners, coaches and advisors, recommendations from the Mental Health Task Force, engagement of a consultant to review

and make recommendations to enhance public communications and awareness, including public awareness on legal service issues and improved communications with practitioners by revising the Society's website to be more focused and responsive to practitioner needs and preferences. Additional resources were also allocated to support the investigative activities of the Society's professional regulation division.

PROFESSIONAL REGULATION

	2018	2017
Salaries & Benefits	23,066,800	21,184,100
Operating Expenses	1,634,100	1,557,300
Program Expenses	16,480,600	6,883,200
Total	41,181,500	29,624,600



As part of its mandate to protect the public interest, the Society addresses issues of capacity, conduct and competence of lawyers and licensed paralegals. For the Division this includes responding to complaints, investigations, discipline prosecutions, trusteeships, management of the Compensation Fund and related activities.

The mandate of the Division is to identify and manage risk, to respond to complaints based on good standards, to ensure a fair, accessible, transparent and effective investigation and prosecutorial process, to identify and bring forward issues concerning regulation, and to manage relationships with the communities and individuals related to the regulatory work of the Society.

The number of new cases referred to the Division through the Intake & Resolution department has remained relatively constant over the past few years at approximately 4,800 per year. From a high of 5,040 complaints received in 2013, the number of new complaints declined in 2014 (by 5%) and 2015 (by a further 2.8%). In 2016, the number of new complaints received in the Division increased to 4,833. With the number of new complaints received to date, it is anticipated that the input in 2017 will be slightly higher than 2016's input and that the input for 2018 will be slightly higher than 2017's input. It is also anticipated that the increase in input will mostly be due to complaints involving lawyers.

Re-organization of the Division

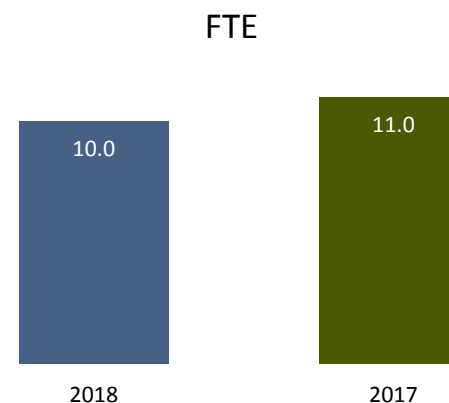
This budget continues the response to the review of Professional Regulation initiated by the CEO (the “CEO Report”). In February 2017, a new organizational structure was implemented in the Division. The key changes can be summarized as:

- more robust, early triage and resolution carried out by a larger Intake & Resolution department.
- creation of new multi-functional Enforcement teams with different types of Investigators and Discipline Counsel/Paralegals working together in teams.
- creation of a Technology & Evidence Control Unit to enhance the Division’s ability to receive, produce, manage and control electronic data.

The Division has also set a goal of meeting the National Discipline Standards obligations promulgated by the Federation of Law Societies for all files commenced as of November 2017.

Executive Director’s Office

	2018	2017
Salaries & Benefits	1,789,600	1,590,100
Operating Expenses	259,000	220,300
Program Expenses	2,328,100	1,916,600
Total	4,376,700	3,727,000



The responsibility of the Executive Director is to oversee all departments within the Division including budget, staffing, technology, issue management and case process including an effective and timely complaints process, and appropriate risk management. This includes coordination and liaison with other divisions of the Society and external parties, communications both within and outside the division, development of policy and rule amendment proposals, oversight of case process including the management of significant investigations and prosecutions, and resource management.

The Executive Director supports the Professional Regulation Committee and supports Bencher work on strategic initiatives in licensee regulation.

Significant changes in resources in the Executive Director's office included in the 2018 budget are:

a) Manager for a new Intelligence Unit

The creation of this unit was a recommendation in the CEO Report. The function of this unit will be to gather information related to the Society's regulatory function, using a variety of investigation techniques, in circumstances where traditional investigative methods would not be as effective. The Division has already commenced using sensitive investigation techniques in some of its investigations. It is conceivable that the unit would be utilized for addressing unauthorized practice and the unit would also build on recent experience dealing with complaints about advertising and fees. Filling the Manager position in 2018 would be the precursor to the likely expansion of the unit in future years.

b) Increase in the Outside Counsel budget

This will assist with timely investigations and to address the prosecution backlog. Outside counsel continue to support the work of Professional Regulation while new Discipline Counsel are recruited and trained, and to deal with licensees facing mental health issues as well as an increased need for interlocutory suspensions.

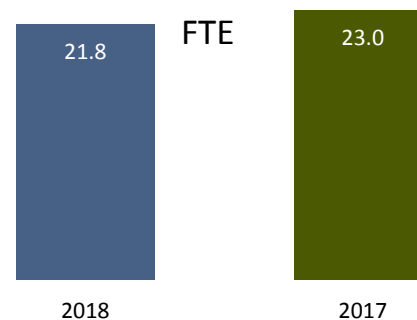
The 2017 Outside Counsel budget was \$1.5 million, and it is certain to be fully expended. This is partly because of delays in filling vacant positions, but also reflects a growing demand for specialized expertise in dealing with complex discipline matters. The 2018 Outside Counsel has been set at \$1.9 million.

PR Executive Director's Office 2018 Budget

The Executive Director's Office has total expenses of \$4.4 million with significant changes discussed above.

Intake & Resolution

	2018	2017
Salaries & Benefits	2,435,000	2,559,400
Operating Expenses	129,000	128,200
Program Expenses	50,000	49,700
Total	2,614,000	2,737,300



As the division's regulatory gatekeeper, the Intake & Resolution department provides early complaint assessment through triaging, identifying regulatory and risk issues, resolving complaints where possible, reviewing and substantiating complaints and identifying and obtaining required instructions for complaints requiring investigation. It is expected that the department will receive a slightly higher number of complaints in 2017 and 2018 than in 2016.

A major component of the Division's re-structure is more robust, early triage and resolution carried out by a larger Intake & Resolution department. In the latter part of 2016, the former Intake department began working towards this goal, reducing the number of complaints transferred for investigation by 24% from the number transferred in 2015 and increasing the number of complaints that were closed in 2016 (by 11%) than were closed in 2015. The Intake & Resolution department continues to focus on reducing the number of complaints transferred for investigation to those that raise serious regulatory and public risk issues and increasing the number of complaints that can be resolved or effectively addressed by a lesser regulatory response, such as best practices advice or a staff caution¹.

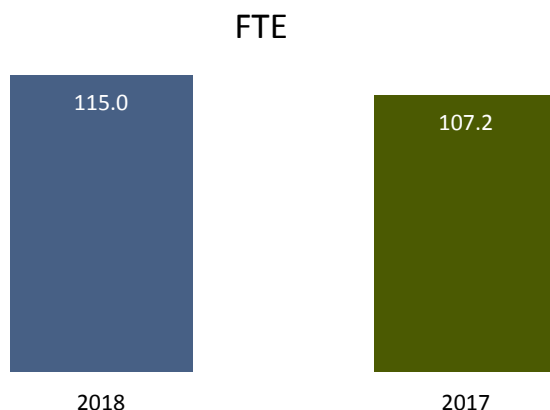
¹ In the first half of 2017, the number of cases closed by Intake & Resolution (1521) increased by 48% from the number closed in the same period in 2016 (1028) and by 52% from the number closed in the same period in 2015 (1002). The number of cases transferred for investigation in the first half of 2017 (603) decreased by 56% from the number transferred in the same period in 2016 (1360) and by 58% from the number transferred in the same period in 2015 (1436).

Intake & Resolution will also continue to work on balancing its inventory in the next 2-3 years. It is anticipated that the increase in inventory noted in 2016 will continue in 2017 and level out in 2018. It is anticipated that the inventory will then start to decrease with staff working towards an optimal caseload of 1,000 to 1,200 cases.

Intake & Resolution 2018 Budget

Intake & Resolution has total expenses of \$2.6 million only changed by inflationary-type increases.

Enforcement Units



	2018	2017
Salaries & Benefits	14,764,200	13,478,900
Operating Expenses	1,071,300	1,047,500
Program Expenses	431,700	429,000
Total	16,267,200	14,955,400

1. Enforcement - Investigations

Based on the experience in the first half of 2017, the input of cases instructed for investigation and transferred from the Intake & Resolution department to the Enforcement Department - Investigations in 2017 is expected to be approximately 1,220. This is a significant decrease from the total number of complaints instructed and transferred for investigation in previous years². The number for 2018 is projected to be similar.

There have been a number of staff vacancies due to the departmental reorganization. As a result, caseloads are high but the number of cases under investigation have decreased by 19% since the restructure. It is not anticipated that this rate of completions will continue. However, with a full complement of investigative staff it is anticipated that the caseload will continue to decrease.

2. Enforcement - Discipline

Discipline Counsel/Paralegals represent the Society before the Law Society Tribunals and in the courts. In addition to prosecuting a variety of matters including those concerning licensee conduct, capacity and competency as well as applications for reinstatement and licensing, Discipline Counsel/Paralegals are becoming involved at an early stage in investigations that are slated to proceed for prosecution.

² Prior to 2017, investigations were conducted in 2 departments, the former CR and the former Investigations departments. In the re-structured Division, many of the complaints that would have gone to the CR department are now addressed in Intake and Resolution.

The trend in the number of authorizations by the Proceedings Authorization Committee (PAC) for matters to proceed to a hearing is set out below.

With respect to the number of Notices issued in 2017, it is anticipated that, with a full complement of Discipline Counsel/Paralegals, the total number will be comparable to the total number issued in 2016. However, there have been 17 Notices of Motion for interlocutory suspension/restrictions brought in the first half of 2017 compared to 11 in the first half of 2016. While essential to ensure the protection of the public, these motions are extremely labour intensive, requiring Discipline Counsel/Paralegals as well as the investigator to devote significant time in a short period to the preparation of the materials for the PAC and for the hearing. This does impact the Discipline Counsel/Paralegals ability to address other matters at the time they are addressing the interlocutory motion.

A key feature of the creation of the newly created Enforcement Units is an emphasis on earlier involvement of Discipline Counsel/Paralegals in investigations. The total effect of this involvement is not yet fully determined, however, currently Discipline Counsel/ Paralegals are assigned to assist in the investigations of over 300 cases involving over 160 licensees/applicants.

To date, the re-structured department has shown success in reducing the inventory of complaints under investigation and in implementing efficiencies to assist staff in their investigative work. In the new model, embedded Discipline Counsel now work alongside investigators to help ensure that an appropriate and defensible evidentiary record is developed prior to the stage where PAC authorization is sought.

The budget envisages one Investigations Counsel and one Discipline Counsel would be filled on a contract basis, starting in 2017 and continuing to the end of the 2018.

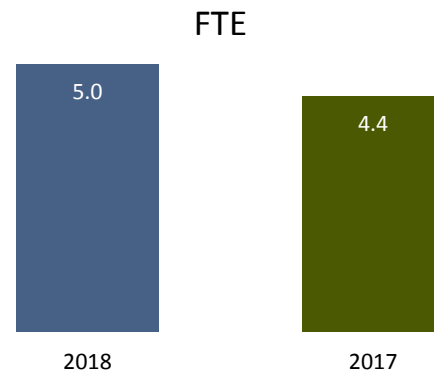
Enforcement Units 2018 Budget

The combined Enforcement units budgets have total expenses of \$16.3 million. In response to the factors noted above, the 2018 budget proposes to add 7 additional positions to the three Enforcement units and reduce one forensic auditor position. The additions are:

- 3 Associate Discipline Counsel
- 1 contract Investigation Counsel and 1 contract Discipline Counsel. The function of these two specialized positions will be to deal with an existing inventory of complaints emerging from the Indigenous community, including those related to the handling of settlements to victims of the Indian Residential Schools. Those recruited to fill these positions will be familiar with the specific cultural requirements and sensitivities of this historically disadvantaged population.
- 2 additional articling/summer students

Regulatory Compliance

	2018	2017
Salaries & Benefits	594,200	541,100
Operating Expenses	22,400	22,300
Program Expenses	42,900	42,600
Total	659,500	606,000



The Regulatory Compliance department (formerly the Monitoring & Enforcement department) monitors Law Society Tribunal orders against licensees and undertakings given by licensees, as well as bankruptcies. Additional functions include judicial appointment clearances, reporting Tribunal decisions to the police, reporting on Regulatory Meetings and Invitations to Attend and responding to regulatory inquiries from the public.³

The number of undertakings increased significantly in 2016 and it is anticipated that a similar number will be obtained in 2017 and 2018. Also, given the increased number of Orders made by the Law Society Tribunal Hearing and Appeal Tribunals in the first half of the year, it is anticipated that a significantly higher number of Orders to be monitored will be received in the department in 2017 and 2018 than in 2016. It is anticipated that the inventory will continue to increase, adding to already high caseloads.

The 2018 budget includes an additional law clerk position to support the work of Regulatory Compliance and the Compensation Fund. Both departments are dealing with large file loads. To illustrate, the number of orders requiring enforcement has increased sharply in 2017 over 2016 (predicting 180 as opposed to 157 the year before). Moreover, Compensation Fund claims in the first half of 2017 are up 32% over the same period in 2016.

³ With the re-structure of the Division, all alleged breaches of Orders and Undertakings that were formerly investigated by Monitoring & Enforcement under its "Enforcement" branch, are now referred to and addressed by an investigations team in one of the Enforcement Departments.

Regulatory Compliance 2018 Budget

Regulatory Compliance has revenues of \$400,000 and total expenses of \$660,000. As noted above, the only significant change is the proposal to add a shared clerical position.

Trustee Services

	2018	2017
Salaries & Benefits	1,448,300	1,161,800
Operating Expenses	54,000	53,700
Program Expenses	151,100	150,200
Total	1,653,400	1,365,700



Trustee Services responds in situations where a licensee has abandoned his/her practice or is unable to practice due to serious health problems, or where there are regulatory issues such as a suspension or revocation of licence. Trustee Services may provide informal support, or may apply for a formal trusteeship of the practice under the *Law Society Act*. The department also:

- Provides information and assistance to licensees and their personal representatives who are closing their practices
- Is responsible for the administration of the Unclaimed Trust Fund Program
- Indexes all client files, wills and other property from licensee practices recovered by the department

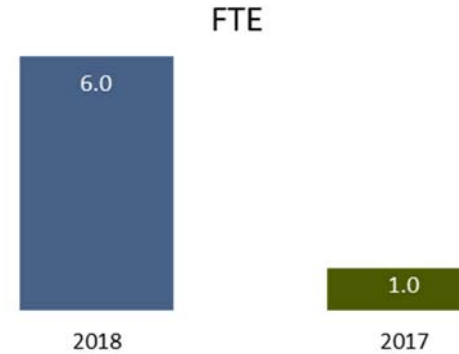
The current staff complement has been constant for several years. Trustee Services has seen growth in the various activities involved in formal trusteeships and the informal support provided by the department. As well, the department has noted an increase in the complexity of the work performed. At least some of this is attributable to an aging profession, in which some licensees have not made adequate provision for succession planning.

The major change in the 2018 budget is an additional clerical position to support the work of the Trustee Services department, especially with respect to indexing of client files recovered from licensee practices as a result of formal trusteeships and recovery agreements with licensees and/or their successors.

Trustee Services 2018 Budget - Trustee Services budget has total expenses of \$1.7 million. As noted above, the only significant change is the proposal to add a clerical position.

Technology & Evidence Control Unit (TEC)

	2018	2017
Salaries & Benefits	487,000	150,000
Operating Expenses	17,100	9,000
Program Expenses	260,600	104,100
Total	764,700	263,100



The 2018 budget includes 5.0 new FTEs and other resources for an expanded TEC Unit.

Some portion of the practices of the vast majority of licensees is now electronic. Establishing a modern TEC Unit will promote efficiencies, ensure more effective and defensible evidence control, respond to the increased reliance on electronic recordkeeping and reduce the use of paper in our regulatory work.

The TEC Unit was created in 2017, with the hiring of a Manager. Budgetary approval is now sought to ensure that the department is appropriately staffed and resourced.

Currently, documents received by staff at the intake stage are largely paper-based but all parties involved in regulatory processes will increasingly use electronic data. The Law Society Tribunal is already in the process of implementing electronic workflow, with the goal of having paperless and fully electronic hearings within the next few years. The Division is following this development, to ensure full compatibility with the Tribunal’s electronic systems.

The TEC Unit is responsible for the software applications that support electronic data management systems. It oversees the warehousing of physical and digital evidence obtained during an investigation. A fully staffed TEC Unit will give the Division the ability to receive, produce, manage and control electronic data and develop, implement and maintain an electronic data management system.

To become fully operational, the 2018 budget adds the following staff to the TEC Unit:

- One Senior Digital Forensics Examiner, responsible for the software applications that support electronic data management systems and digital forensics investigations.
- One Digital Forensics Examiner responsible for the digital forensics and eDiscovery investigations. In conjunction with the Senior Digital Forensics Examiner, this role is also essential for supporting the implementation of the electronic systems and electronic workflow.
- One Administrative Assistant
- Two Evidence Specialists providing custodial control and maintenance of security for digital and physical evidence and other properties. Responsibilities will include the receipt, storage, control, and custody of all evidence and other property.

The TEC Unit will require a variety of hardware tools (such as computer equipment, high speed scanners and specialized forensic equipment) and forensic and e-Discovery software. The anticipated cost of these items, and miscellaneous allocations for items such as purpose-built lab furniture in 2018 is approximately \$260,000.

A further business case is being developed for the implementation of an Electronic Data Management System (EDMS) which will impact the capital and IT budgets. The EDMS is key to the implementation of an electronic workflow system that is also responsive to the needs of the Tribunal.

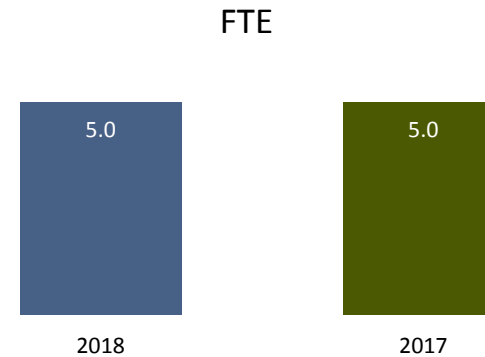
The implementation of the TEC and EDMS Units should result in savings. As processes become increasingly electronic, there will be less photocopying and binding and electronic access to evidence is expected to improve staff efficiency and reduce the need for storage.

Technology & Evidence Control Unit 2018 Budget

The TEC unit has total expenses of \$765,000 with the significant changes discussed above.

Case Management

	2018	2017
Salaries & Benefits	627,000	611,300
Operating Expenses	31,300	26,600
Program Expenses	1,000	1,000
Total	659,300	638,900



This unit oversees the Integrated Regulatory Information System (“IRIS”). Case Management was created to ensure in house control of the quality and integrity of data maintained in IRIS and to allow for ongoing improvements to IRIS. The unit is responsible for: the development of qualitative analysis and recommendations regarding file handling, issue management, work process and procedural improvements; the development of reporting structures and the examination and evaluation of reporting requirements for Professional Regulation; and ongoing monitoring of case files to ensure that the Professional Regulation product continues to support the Society’s mandate.

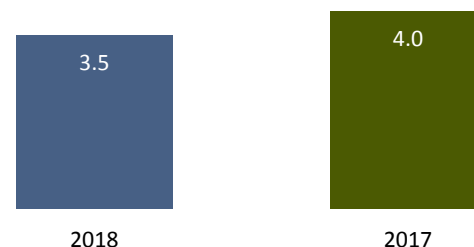
Case Management 2018 Budget

Case Management has total expenses of \$659,000 only changed by inflationary-type increases.

Compensation Fund 2018

	2018	2017
Salaries & Benefits	361,600	558,000
Operating Expenses	25,400	25,200
Program Expenses	13,035,000	4,010,900
Total	13,422,000	4,594,100

FTE



The Compensation Fund receives and processes claims from clients who have lost money because of a lawyer's or paralegal's dishonesty. The Fund depends entirely on the lawyer and paralegal fee levies. Staff receive claims and assess their merits based on a set of Guidelines approved by Convocation. Last year, the maximum compensation payable under the Guidelines for claims involving lawyers was raised to \$500,000 to any one claimant. The maximum compensation payable for claims involving paralegals remains at \$10,000 to any one claimant.

The current inventory of active claims in the Compensation Fund (399 claims) is approximately 10% higher than the inventory at the end of 2016 (364 claims), mainly due to the following:

- There has been an increase in the number of claims received. In the first half of 2017, 133 claims have been received, a 32% increase over the 101 claims received in the same period in 2016.
- Both Counsel positions have been vacant for a significant part of the first six months. Currently, only one Counsel position is filled. If both Counsel positions were filled, each would have in excess of 200 files, a caseload that is higher than at any time in the previous few years.

It is anticipated that both of these factors will continue to influence the Compensation Fund's inventory which will continue to grow in the second half of 2017 and into 2018.

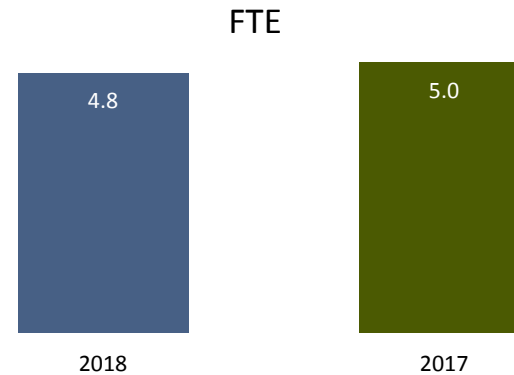
Compensation Fund 2018 Operating Budget

The lawyer and paralegal Compensation Funds have recoveries and investment income of \$1.3 million and total program and operating expenses of \$600,000 excluding the provision for unpaid grants which is addressed separately in the budget material.

Complaints Resolution Commissioner 2018 Budget

Where a complaint is closed by Society staff, the complainant may have the right to a review of that decision by the Complaints Resolution Commissioner (CRC). The role of the Commissioner and the complaints review process is established by the Law Society Act and Law Society By-Law 11. The Commissioner receives all cases where a complainant wishes to bring a complaint and holds meetings with the complainants. At the end of the process, the Commissioner may confirm the Society decision, or recommend further investigation. The Commissioner may also make informal recommendations for improved process.

	2018	2017
Salaries & Benefits	559,900	533,500
Operating Expenses	24,600	24,500
Program Expenses	180,200	179,100
Total	764,700	737,100



Complaints Resolution Commissioner 2018 Budget

The CRC has expenses of \$765,000 primarily changed by inflationary-type increases.

THE TRIBUNAL

The Law Society Tribunal is an independent adjudicative tribunal within the Society, processing regulatory cases about Ontario lawyers and paralegals. The Tribunal is made up of staff and adjudicators, who include benchers and other lawyer, paralegal and lay appointees. An independent, non-bencher Chair sets strategic direction and leads the work and enhancement of the Tribunal.

Tribunal 2018 Budget

The Tribunal has a budget totaling \$2.2 million. The only significant change is the addition of a Communications Officer. This position would take over the developing communication needs of the Tribunal including weekly emails and media relations about tribunal proceedings, preparing and formatting communications such as the annual report, maintaining the Tribunal website and preparing plain language guides to Tribunal processes.

	2018	2017
Salaries & Benefits	1,323,100	1,222,600
Operating Expenses	105,900	105,300
Program Expenses	755,100	750,600
Total	2,184,100	2,078,500



PROFESSIONAL DEVELOPMENT AND COMPETENCE

The Professional Development and Competence (PD&C) Division is responsible for all activities relating to licensing, continuing professional development, practice management support and quality assurance for lawyers and paralegals.

The operating functions related to lawyers include:

- a) Licensing
 - Licensing Examinations
 - Professional Conduct and Practice in Ontario Course
 - Articling and Placement Services
 - Testing Accommodations
 - Financial assistance and tutoring
 - Licensing of Applicants - Calls to the Bar Ceremonies and Administrative Calls
 - Pathways to the Profession Pilot Project

- b) Competence
 - Practice Management Resources and Helpline
 - Coach and Advisor Network
 - Certified Specialist Program
 - Continuing Professional Development (CPD) Program Production
 - CPD Program Accreditation
 - Legal Information and Library Services
 - LibraryCo Board and Administrative Services Agreement support
 - Corporate Records and Archives

- c) Quality Assurance
 - Spot Audit
 - Practice Review – Lawyers (Focused Reviews, Practice Management Reviews, Re-entry Reviews)

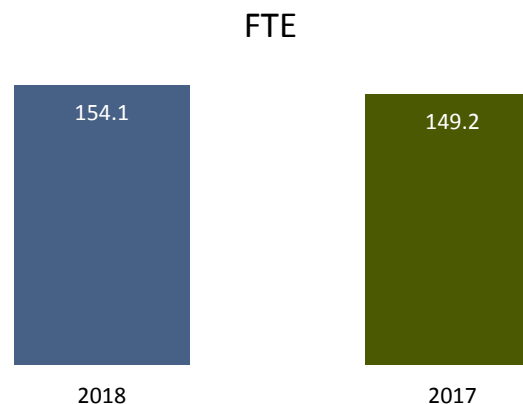
- CPD Completion Audit

The operating functions related to paralegals include:

- a) Licensing
 - Licensing Examinations
 - Testing Accommodations
 - Tutoring
 - Paralegal College Program Accreditation
 - Paralegal College Program Audits
 - Licensing of P1 applicants – Administrative Process and Paralegal Receptions
- b) Competence
 - Practice Management Resources and Helpline
 - Coach and Advisor Network
 - CPD Program Production and Accreditation
 - Legal Information and Library Services
- c) Quality Assurance
 - Practice Audit
 - CPD Completion Audit

Budget Summary

	2018	2017
Salaries & Benefits	16,390,600	15,430,300
Operating Expenses	1,097,600	1,095,200
Program Expenses	12,317,000	12,487,000
Total	29,805,200	29,012,500



The 2017 and 2018 budgets before transfers for the PD&C Division are summarized below.

	Lawyers		Paralegals		Total	
	2017	2018	2017	2018	2017	2018
Departmental Revenues	19,292,100	19,122,700	3,050,200	3,289,600	22,342,300	22,412,300
Departmental Expenditures	26,047,500	26,518,400	2,965,000	3,286,800	29,012,500	29,805,200
Net Expenditure	(6,755,400)	(7,395,700)	85,200	2,800	(6,670,200)	(7,392,900)

Staff complement in the PD&C Division is proposed at 154 full-time equivalent employees in the 2018 budget. This includes an increase of four full-time equivalent staff to support increasing workflows in the division in its core areas of regulatory activity including competence policy development, licensure, quality assurance audits, and member practice supports.

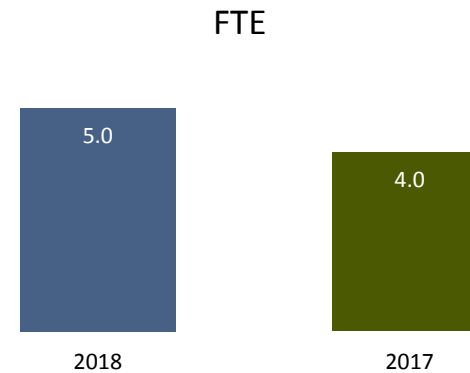
1. Office of the Executive Director

The pace of change in licensure, competence, practice supports and quality assurance for the professions continues to increase, with policy analysis and the development of strategic and operational responses also increasing. These functions are overseen in the Office of the Executive Director. In order to support this increasing workflow and responsibility, an additional Counsel, not included in the budget, was added in 2017.

PD&C Executive Director 2018 Budget

The Executive Directors office has expenses of \$1.2 million with significant changes noted above.

	2018	2017
Salaries & Benefits	1,120,200	866,100
Operating Expenses	58,700	49,300
Program Expenses	33,000	39,100
Total	1,211,900	954,500



2. Licensing Process

There are nearly 2,400 newly registered lawyer candidates in the licensing process annually. Candidates have three years within which to complete all components of licensing. This results in approximately 4,500 lawyer candidates moving through the process each year.

There are nearly 1,400 newly registered paralegal candidates in the licensing process annually. Candidates have three years within which to complete all components of licensing, resulting in approximately 2,500 paralegal candidates moving through the process each year.

The current fee for the lawyer licensing process of \$4,710 per candidate includes the costs of the Law Practice Program, the enhanced Articling Program and all other administrative fees for licensure. The fee supports the continuation of the Law Practice Program as an additional path of transitional training, and the costs of that program are equalized across all candidates in the process. Licensing fees will remain at this level pending outcomes from the PD&C Committee deliberations on potential changes to the lawyer licensing process expected in 2018.

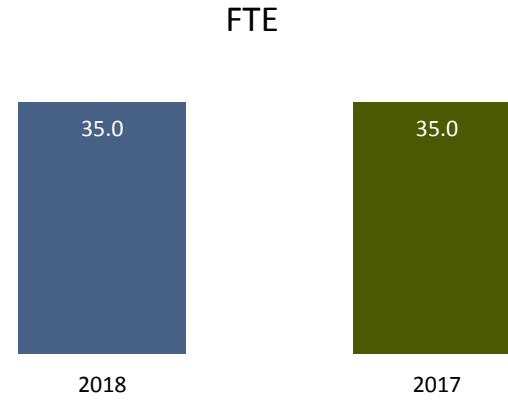
The total expenditures for the lawyer licensing process, a cost recovery process supported by the payment of fees by licensing candidates, continue to be mitigated by a contribution by the profession approved by Convocation in the amount of \$1 million.

The paralegal licensing fees are \$1,400 per candidate and include the costs of applications, licensing examination and licensing fee. The fees will remain the same for 2018.

Licensing Process 2018 Budget

The lawyer and paralegal Licensing Processes have revenues of \$13.3 million and direct expenses of \$12 million with significant changes noted above.

	2018	2017
Salaries & Benefits	3,310,800	3,194,800
Operating Expenses	164,500	161,500
Program Expenses	8,547,000	8,441,300
Total	12,022,300	11,797,600



3. Competence

a) Practice Supports and Resources

The demand for support from the Practice Management Helpline (PMH) continues to increase with Representatives and Counsel responding to approximately 8,000 calls from lawyer and paralegal practitioners annually. The PMH team is currently comprised of one counsel lead, two permanent counsel, and three representatives.

The Practice Management team provides subject matter expertise across the organization on issues relating to the Rules, By-Laws, practice management concerns and related ethical inquiries. In addition to providing support across the organization, the team enhances and creates resources and other content to support lawyers and paralegals in their efforts at compliance.

Having not had a staffing increase for many years, in 2017, one PMH Representative and one PMH counsel were added to the team. Due to the volume of calls and the increasing complexity of the issues being managed by the PMH, program development funds were also transferred to create a 6-month contract position for an additional PMH counsel.

While this assisted with the team's capacity for helpline coverage and contingency planning within the PMH team, one additional permanent PMH Counsel is required in 2018 to address the continued increase in call volumes and complexity, respond to the evolving resource needs of the professions and meet the expectations set out by Convocation under Strategic Priority 4.2 to enhance practice supports and resources.

b) Coach and Advisor Network

The new Coach and Advisor Network (CAN) has been a significant focus of attention in the PD&C Practice Supports and Resources department since it was launched in November 2016. CAN is currently comprised of one counsel lead, one counsel and one administrator.

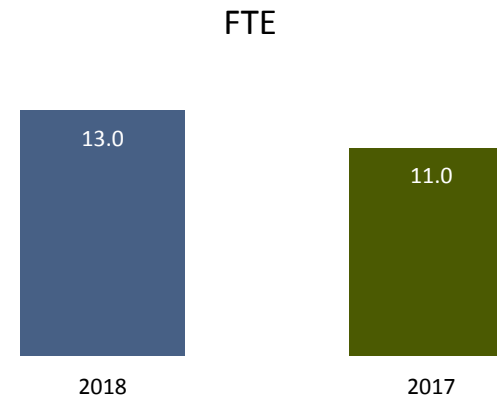
In the first six months' of operations CAN recruited more than 150 volunteers and responded to more than 400 requests from lawyers and paralegals seeking a Coach or Advisor. By year end, CAN will have hosted 10 training events in four cities across Ontario and will have presented its outreach presentation to at least 10 local law associations. CAN continues to actively cultivate relationships with the leadership of Canadian Association of Black Lawyers, Federation of Asian Canadian Lawyers, Southeast Asian Bar Association, Criminal Lawyers' Association, Black Female Lawyers' Network, The Advocates' Society, Legal Aid Ontario and other legal organizations and associations.

In 2018, CAN will maintain an ongoing focus on recruitment, retention, training, technology and outreach.

Practice Supports 2018 Budget

The Practice Support and Practice Management departments, have total expenses of \$1.7 million with significant changes noted above.

	2018	2017
Salaries & Benefits	1,495,500	1,174,800
Operating Expenses	66,900	57,200
Program Expenses	170,000	174,900
Total	1,732,400	1,406,900



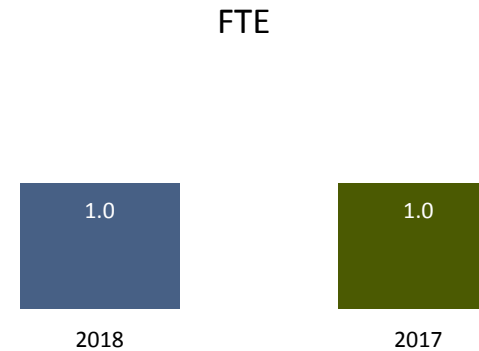
c) Certified Specialist Program

The Certified Specialist Program for lawyers continues to maintain itself as a cost-recovery initiative at this time. The staff allocated to the program will continue at one full-time equivalent for 2018. The development work on the specialty in Indigenous Legal Issues concluded in 2017 and the recently launched application process has resulted in three certified specialists, and one pending application, in this area thus far. The program continues to achieve cost recovery and no increases in budget are required for 2018.

Certified Specialist Budget

The Certified Specialist program has revenues of \$270,000 and direct expenses of \$130,000.

	2018	2017
Salaries & Benefits	69,600	68,100
Operating Expenses	7,300	7,300
Program Expenses	53,100	52,800
Total	130,000	128,200



d) Continuing Professional Development Program Production

Registration results for 2017, to date, are tracking similarly to results from the previous year, and CPD anticipates meeting the budget projection for revenues for the year. For the 2018 budget, projections will also be set to reflect the current status quo of registrations in the range of 50,000 attendees, so there is no change in total revenue.

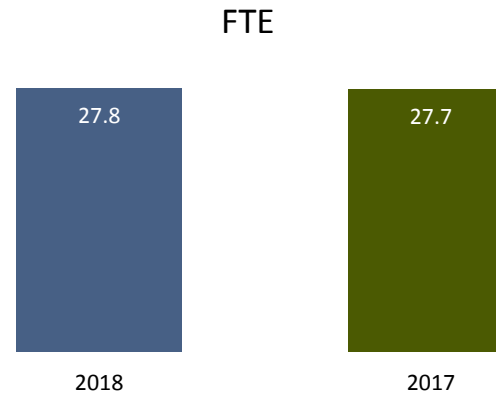
CPD's Production Services team continues to increase its service provision as an internal resource for events - assisting with CPD programs, webcasts and offsite events, and Equity, TAG, Professional Regulation, and most recently Practice Supports and Resources, the Dialogue on Licensing, and Convocation sessions. Demand is forecast to increase in 2018. In addition to the assistance that will be provided for live events from a Production Assistant, it will allow us to capture more requests for video editing, filming vignettes and event production, with potential costs savings from internal departments that will be able to in-source post-production work. In the 2015-16 season, 55 Production Services managed events were held, compared to 71 internal and external events for the 2016-17 season. As a full schedule of Convocation in the Lamont has now also been added for fall 2017 and is expected to continue.

Competencies for four major areas of practice – Civil Litigation, Real Estate, Estates and Trusts, and Family Law – are being reviewed and validated by Competency Advisory Groups of experienced legal practitioners in 2017 under the direction of CPD's planning Counsel. This effort is pursuant to Convocation's strategic initiative to create a competencies-based curriculum for our CPD programming. Additional competencies review and validation sessions for other major practice areas will continue throughout 2018. The results from these sessions will be consolidated into a formalized curriculum for the Society's Professional Development offerings.

CPD 2018 Budget

CPD budget has total revenues of \$8.7 million, unchanged from 2017 and total expenses of \$4 million, only changed by inflationary-type increases.

	2018	2017
Salaries & Benefits	2,391,700	2,373,200
Operating Expenses	108,400	107,800
Program Expenses	1,393,300	1,598,700
Total	3,893,400	4,079,700



e) Legal Information and Library Services

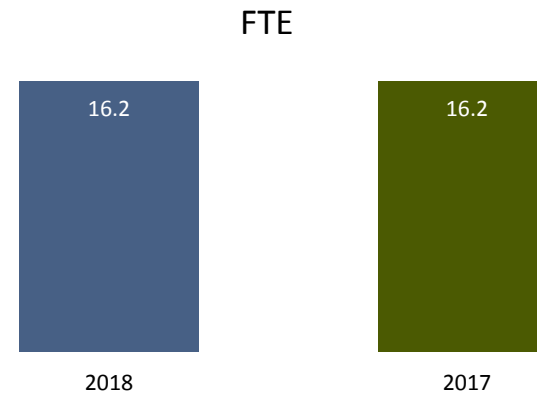
The Great Library continues to provide access to a print and electronic collection that acts as a core practice resource for lawyers and paralegals across the province. The library was unable to acquire a Library Maintenance Agreement with Thomson Reuters for 2017 due to copyright and document delivery restrictions embedded in the contract. This eliminates an opportunity to reduce the growing cost of print materials by means other than simply cancelling them.

The library continues to see collection pricing increases from 5-10% a year. The team continue to balance the need for print access, increasing digital collections that are accessible province wide, and space usage in Osgoode Hall. Multiple collection shifts currently underway will take advantage of new compact shelving and enable additional research space on the Great Library’s main floor in 2018 for use by patrons.

Legal Information and Library Services 2018 Budget

Legal Information and Library Services has total expenses of \$3.5 million only changed by inflationary-type increases.

	2018	2017
Salaries & Benefits	1,445,700	1,425,500
Operating Expenses	63,300	62,900
Program Expenses	2,017,700	2,005,700
Total	3,526,700	3,494,100



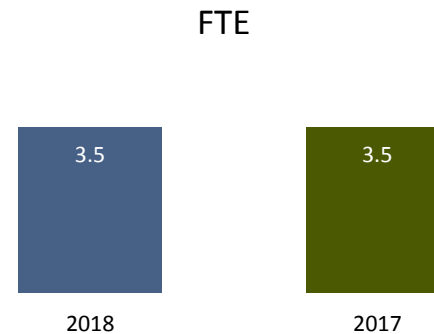
f) Corporate Records and Archives

The Corporate Records and Archives teams continue to collaborate with the Information Technology team (IT) and other internal teams on the SharePoint content management system. At the same time, they have completed a revision of the corporate records retention schedule. The team has identified records management tools for SharePoint and will acquire a software application, to be implemented by IT, in 2018.

Corporate Records and Archives 2018 Budget

Corporate Records and Archives has total expenses of \$364,000 only changed by inflationary-type increases.

	2018	2017
Salaries & Benefits	308,700	222,600
Operating Expenses	14,500	14,400
Program Expenses	41,200	41,000
Total	364,400	278,000



4. Quality Assurance

a) Spot Audit

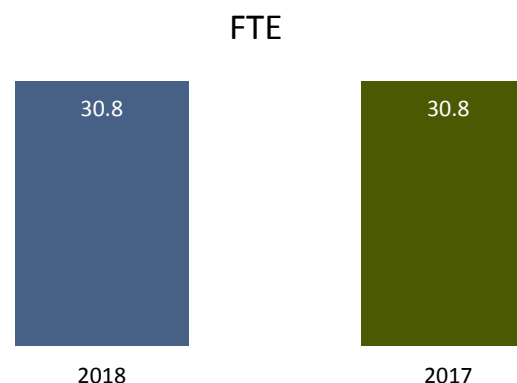
One of this department’s goals is to complete 1,400 law firm audits per year which ensures that all Ontario law firms within the approved risk criteria for selection receive a visit within the specific 5-7-10 year rotation periods, depending on firm size and practice focus. Re-audits of firms (revisits due to serious books and records deficiencies) continue to be required for 8% or more of lawyer law firm audits.

The Spot Audit department is on track to achieve its audit targets, and there will be no change to the staff complement or general expenses for the Spot Audit team for 2018.

Spot Audit Budget

The Spot Audit department has total expenses of \$4.1 million only changed by inflationary-type increases.

	2018	2017
Salaries & Benefits	3,704,900	3,658,200
Operating Expenses	403,900	401,500
Program Expenses	28,700	28,500
Total	4,137,500	4,088,200



b) Practice Review

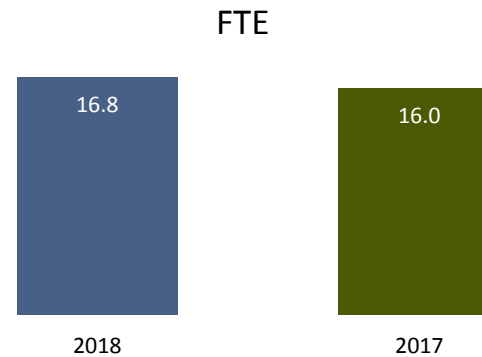
The Practice Review program conducts approximately 560 reviews per year, comprised of random reviews (lawyers who were called within the past 8 years), focused reviews (lawyers selected for a review due to cause) and re-entry reviews (lawyers re-entering private practice after 5 years).

The addition of two full-time equivalent Reviewers in 2017, one for Practice Review and one for Practice Audits, has resulted in a necessary increase in the number of reports and working papers to be reviewed by the Counsel and Assistant Managers in order to meet annual targets for completion. To alleviate this workload, the Practice Review program will add one part-time permanent Quality Reviewer position in 2018.

Practice Review 2018 Budget

The Practice Audit department has total expenses of \$2.2 million with the staffing changes noted above and the elimination of the external reviewer budget of \$72,000 in 2018.

	2018	2017
Salaries & Benefits	2,052,000	1,936,500
Operating Expenses	152,300	175,800
Program Expenses	9,700	81,800
Total	2,214,000	2,194,100



c) Practice Audits

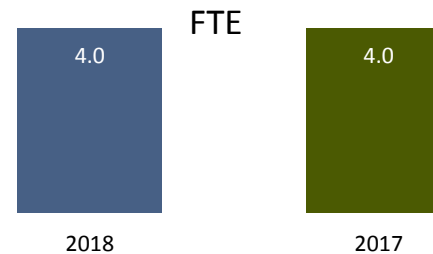
Practice Audits are combined financial audit and practice management reviews conducted on paralegal practices. The Paralegal Audit program conducts approximately 175 audits per year. Since the program’s inception the revisit rate continues to be high with no anticipated reduction. Between 50-55% of practice audits of paralegal practices result in a revisit due to serious practice management deficiencies.

The addition of one full-time equivalent reviewer in 2017 assisted in ensuring that the staffing complement is sufficient to achieve the program’s target of 125 originating audits per year.

Practice Audit 2018 Budget

The Practice Audit department has total expenses of \$573,000 which has only changed by inflationary-type increases.

	2018	2017
Salaries & Benefits	491,500	510,500
Operating Expenses	57,800	57,500
Program Expenses	23,300	23,200
Total	572,600	591,200



Policy

	2018	2017
Salaries & Benefits	1,349,300	1,208,900
Operating Expenses	55,000	51,400
Program Expenses	55,300	55,000
Total	1,459,600	1,315,300

FTE



The Policy department is responsible for providing support for the policy development function of the Society. Over the past few years, a trend has emerged that has the Society looking at more complex policy issues in less time. In the short term, particularly with the evolution in the practice of law that is occurring, this trend will continue. Part of the Society’s Strategic Plan is to benchmark the policy development process. To address these factors, in 2018, the Policy department will be staffed with two groups of counsel: 4 Strategic Policy Counsel and 2 Policy Counsel and also a Director and Administrator.

The Policy Counsel will provide support to the benchers in their ongoing policy work, particularly within the standing committee framework. Policy Counsel will be assigned to the standing committees and will be responsible for the ongoing work of the committees. For example, a Policy Counsel will be assigned to the Professional Regulation Committee and will be responsible for: all policy work that is involved in amendments to the rules of conduct (including drafting); all policy work that is involved in amendments to relevant provisions of the Law Society Act, the regulations and the by-laws; ensuring that the Committee is provided with all the updates that it currently receives with respect to the work of the Professional Regulation Division; with keeping track of the Committee’s agenda of work; and, overall, acting as secretary to the Committee. There are at least four standing committees with extensive agendas and the fulfilment of their mandates to a high standard requires dedicated staff to each committee: Professional Regulation, Paralegal Standing, Professional Development & Competence and Tribunal. In addition to these standing committees, each Policy Counsel would be assigned to the remaining standing committees and be responsible for their ongoing work.

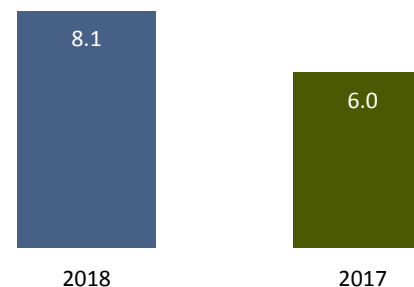
The Strategic Policy Counsel will provide support to the benchers in dealing with discrete policy issues that require strategic and innovative thinking. Strategic Policy Counsel will be assigned to work on emerging issues that require innovative policy development. Where an emerging issue is to be dealt with by a standing committee, the Strategic Policy Counsel will collaborate with Policy Counsel on bringing the work to the committee. The Strategic Policy Counsel will be responsible for all the substantive work on the emerging issue. Where an emerging issue is to be dealt with by a working group or task force, the Strategic Policy Counsel will not only do all the substantive work on the issue, but also act as secretary to the working group or task force. Due to the nature of the issues that Strategic Policy Counsel will be working on, Strategic Policy Counsel will be involved in any relevant stakeholder consultations, including preparing documents for the consultations, attending meetings with stakeholders and reviewing/analyzing submissions. As a group, Strategic Policy Counsel would, for example, be responsible for the work of the Access to Justice Committee with respect to the report of the Family Legal Services Review prepared by Justice Bonkalo, the work of the Professional Development & Competence Committee with respect to licensing, the work of the Advertising and Fee Issues Working Group, the work of the ABS Working Group, the work of the Governance Task Force, the work of the Legal Aid Working Issues Group, the work of the Compliance-Based Entity Regulation Task Force and the work of the Real Estate Issues Working Group.

The Research Counsel will support both the Strategic Policy Counsel and the Policy Counsel and conduct the legal and policy research necessary to give context and background to policy development. The Research Counsel will provide research support for the policy work of the Society. This will be, not only policy research (for example, environmental scans), but also legal research. Research Counsel will also be responsible for monitoring the introduction and progress of legislation at both the provincial and federal levels. Under the previous policy staffing model, much of this work was done by staff within the Society other than policy staff. This is no longer sustainable for a variety of reasons, including increasing demands for the other staff to re-devote their time to their primary responsibilities and ensuring that certain research work is consistently performed (e.g., legislative monitoring).

Legal

	2018	2017
Salaries & Benefits	1,215,800	978,900
Operating Expenses	85,200	80,700
Program Expenses	594,600	803,500
Total	1,895,600	1,863,100

FTE



The office provides in-house counsel services to the Society:

- reviewing and / or drafting legal agreements to be entered into by the Society
- provides legal advice and opinions to other departments of the Society, committees of Benchers and Convocation
- conducts the bulk of the Society's employment and labour law matters and all non-regulatory, non-insured litigation
- monitors the progress of litigation involving the Society that is instructed by the Lawyers' Professional Indemnity Company
- provides legislative drafting services to committees of Benchers and Convocation (i.e., drafts by-laws and regulations) and
- responds to general requests from licensees for access to information about them in the possession of the Society as the Society's designated privacy officer

Two new Research Counsel will be responsible for monitoring the introduction and progress of legislation at provincial and federal levels as well as providing research support for policy work.

Outside Counsel Fees

The budget for outside counsel fees for 2018 has been reduced by \$225,000 from the 2017 level. While the one case (TWU) which was taking the bulk of the outside counsel fees budget in the past few years will be completed by the end of 2017, a new demand for the budget has arisen. Due to initiatives undertaken by the Society to improve its relationship with the police, there has been an increase in the number of production orders being served on the Society. Responding to production orders is resource intensive particularly in assessing the solicitor-client privilege implications. A future decision on whether to hire additional staff to take on the work of responding to production orders will await assessment of whether the increase in production orders is an anomaly or the beginning of a long-term trend.

EXTERNAL RELATIONS AND COMMUNICATIONS

1. OFFICE OF THE EXECUTIVE DIRECTOR

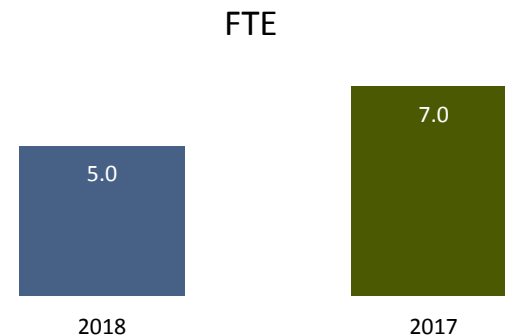
The External Relations and Communications (ERC) division was created in March 2017 effectively merging all of the Society’s relationship and communications functions together. It amalgamated the following four departments: Public Affairs (which was comprised of Government and Stakeholder Relations), Communications and Marketing, The Action Group on Access to Justice (TAG) and Media Relations & Issues Management.

ERC is organized into the following departments:

1. The Office of the Executive Director
2. External Engagement Department
3. Media Relations and Communications Department

The Executive Director (ERC) provides strategic leadership advice on key stakeholder and related engagement initiatives to Convocation, SME and the External Relations and Communications team. ERC is responsible for developing and implementing a strategic communications plan to ensure effective engagement with all of the Society’s internal and external audiences. The Executive Director is responsible for strengthening the Society’s reputation with these audiences through a variety of relationship enhancing activities with the goal of strengthening the Society’s reputation. Modernizing the Society’s communications, supporting the Treasurer and Convocation are key areas of focus. These priorities are approached with an emphasis on transparency and outreach to multiple stakeholders, particularly working in partnership with Indigenous and francophone communities.

	2018	2017
Salaries & Benefits	658,400	732,100
Operating Expenses	109,600	39,900
Program Expenses	324,600	322,700
Total	1,092,600	1,094,700



Executive Director 2018 Budget

The Office of the Executive Director has a budget totaling \$1.1 million, a combination of budgets that were previously attributed to four separate departments.

2. EXTERNAL ENGAGEMENT

The External Engagement department is responsible for the Society's public affairs, government relations, The Action Group on Access to Justice (TAG) and related outreach activities.

The Society is able to respond to and manage critical and emerging issues effectively and appropriately as a result of the leadership provided by the External Engagement department. Working closely with ERC's Office of the Executive Director and Media Relations and Communications departments along with the Office of the Treasurer, the CEO, other Society departments, the External Engagement department coordinates the delivery of strategic advice and support. This department ensures that the Society presents clear and consistent positions that align with the organization's mandate and strategic plan.

The Action Group on Access to Justice

TAG was established by the Society in 2015 to facilitate better coordination and collaboration across the justice sector. TAG provides a platform for justice sector organizations to collaborate on innovative, public-centered and data-informed access to justice solutions. Pilot project funding was provided from 2015 to 2017 by the Law Foundation to launch the initiative. In 2018, the Society will continue to provide backbone support to TAG.

The following activities are planned for 2018: an expansion of the Steps to Justice website and a related public awareness campaign, a third annual Access to Justice Week, a symposium, a second season of TAG's podcast and various public engagement initiatives. TAG underwent evaluation in 2016 and 2017; results from these evaluations will inform a strategic plan for TAG that will be finalized in 2018.

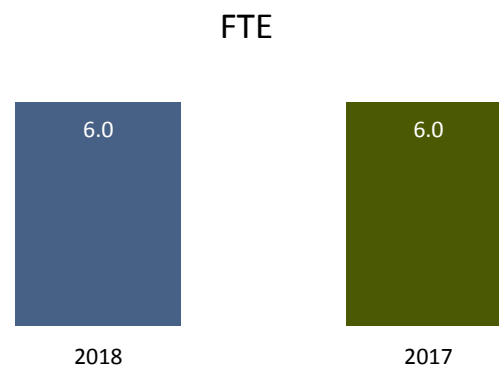
Events

2018 will see a consolidation of Society events within the External Engagement department by bringing together events that were previously organized by TAG, Public Affairs and the Equity department and the coordination of outreach programs.

External Engagement Budget

The External Engagement department 2018 budget totals \$1.1 million which consolidates what was previously presented as budgets from Public Affairs and TAG. The Law Foundation of Ontario funded TAG’s start-up costs from 2015 to 2017, budgeted at \$400,000 which concludes in December 2017.

	2018	2017
Salaries & Benefits	592,800	554,900
Operating Expenses	33,800	59,500
Program Expenses	434,200	531,000
Total	1,060,800	1,145,400



MEDIA RELATIONS AND COMMUNICATIONS

The Media Relations and Communications department is responsible for managing the Society’s communications channels in a manner that engages key stakeholders and enhances the organization’s reputation.

Communications

This department is responsible for modernizing the Society’s communications in service of the strategic plan. A key priority in 2018 is launching and maintaining a new website and related digital communications activities that will enhance engagement with members, the public and staff. Communications tasks can include developing key messages on corporate issues and initiatives and other content for Society websites and social media channels.

Media Relations

This department manages media inquiries and provides timely, thoughtful responses that enhance the Society’s reputation. In addition to responding to inquiries, Media Relations and Communications also pursues positive earned media coverage of Society initiatives. In support of this, media training is provided for key subject matter experts and regular reports on media coverage are provided to the Executive Director of ERC.

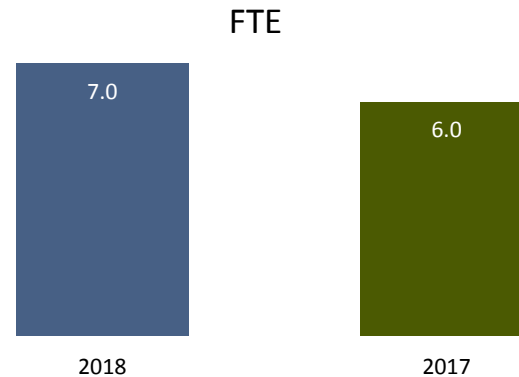
Strategic Plan 2015-2019

As part of its Strategic Plan for 2015-2019, Convocation set the improvement of communications with licensees and the public as one of its key priorities and created the Strategic Communications Steering Group, which is working with staff to provide guidance, input and direction on a comprehensive communications, engagement and outreach strategy for the Society. Benchers were briefed on the results of the work to date in June 2017. The work is focused on structuring communications to create awareness and reinforce the value of regulated legal professionals for the public in the interests of the public and ensuring the effectiveness of communications and engagement and outreach efforts with Society licensees and stakeholder groups and organizations. The campaign is budgeted to cost an additional \$650,000 in 2018 with a total budgeted cost in 2018 of just over \$1 million. An additional \$1 million in related expenses is anticipated in each of 2019 and 2020 to complete the campaign.

Media Relations and Communications Budget

The Media Relations and Communications department 2018 budget totals \$2.1 million which consolidates what was previously presented as Communications & Marketing and Media Relations & Issues Management.

	2018	2017
Salaries & Benefits	666,400	579,900
Operating Expenses	15,800	58,000
Program Expenses	1,398,600	744,100
Total	2,080,800	1,382,000



CORPORATE SERVICES

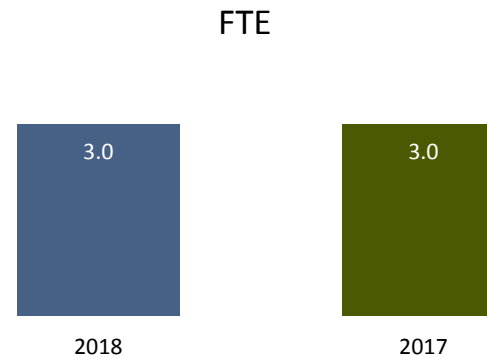
1. Corporate Services Executive Directors Office

The Corporate Services Division is a collection of business units that offer a diverse range of services to both internal and external stakeholders, including: staff, licensees, members of the public and visitors to the building. However, what they all have in common is the provision of shared services that contribute to the effective operations of the Society.

Corporate Services Executive Director 2018 Budget

The Office of the Executive Director has a budget of \$646,000 only changed by inflationary-type increases.

	2018	2017
Salaries & Benefits	576,500	590,200
Operating Expenses	68,300	67,900
Program Expenses	1,200	1,200
Total	646,000	659,300



2. Human Resources

The HR Department meets the needs of employees by providing support and services in the following areas:

- Recruitment and staffing
- Performance management
- Compensation: salary and benefits
- HR related policies and procedures
- Coaching, training and development for staff
- Ensuring compliance with legislative requirements

A request has been made for an additional Recruiting Specialist, a 1-year full time contract, with an assessment to be made of the future needs of the recruitment function. This will meet the increasing demand for hiring.

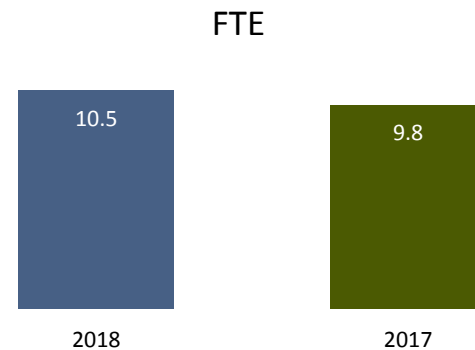
The positions being recruited have also increased in complexity over the years. This is due to increasing turnover at the management level, as well as organizational change resulting in net-new positions aligned with the strategic priorities of the Society.

HR 2018 Budget

Human Resources has a total budget of \$2.9 million in 2018. The significant changes are the new recruiter and:

- Training expenses will increase from \$312,000 to \$412,000 for a succession planning program
- Performance Management expenses will increase from \$57,000 to \$200,000 for an Employee Engagement Survey and Diversity Census and Inclusion Survey

	2018	2017
Salaries & Benefits	1,250,400	1,135,900
Operating Expenses	139,900	117,100
Program Expenses	1,502,500	1,246,000
Total	2,892,800	2,499,000



3. Information Technology

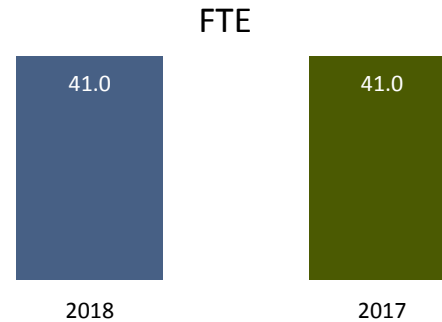
Information Technology (“IT”) is responsible for designing, implementing, and maintaining the organization’s technology systems, business applications, and data management systems, according to professional standards and best practices, while ensuring their confidentiality, integrity, and availability. There are five core areas of responsibility within the IT department:

- Business Integration
- Helpdesk and User Support
- Application Development and Data Management
- Infrastructure and Security
- Project Management Office

IT 2018 Operating Budget

IT has a total operating budget of \$6.4 million in 2018. The only significant changes are re-allocations with Software Licenses increasing from \$900,000 to \$1 million to incorporate the start of a three-year subscription-based Microsoft Enterprise Agreement as well as other software increases. Consulting fees will be reduced from \$290,000 to \$167,000 as these funds are no longer needed to support contract helpdesk staff, and consulting fees are often built into capital projects, which are funded separately.

	2018	2017
Salaries & Benefits	4,389,700	4,317,600
Operating Expenses	125,100	124,400
Program Expenses	1,866,400	1,955,300
Total	6,381,200	6,397,300



IT 2018 Capital Budget

The capital budget envelope for 2018 is \$1.6 million, which is a portion of the \$8 million capital allocation to IT in 2014. Originally a three-year allocation, in 2015 the time period was extended by two years, making it a five-year allocation (including 2017 and 2018). Starting in 2017 for three years, the Relationship Management System project (RMS), is being managed as a standalone capital project - separate from the five-year capital IT allocation. The required capital funding for the RMS for 2018 is \$2.1 million.

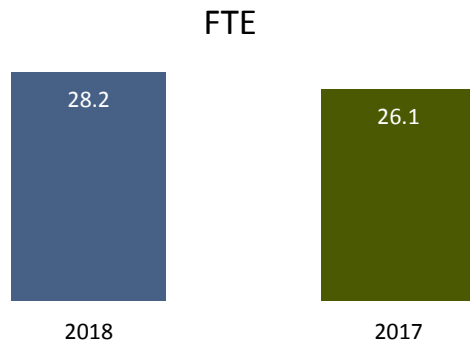
4. Facilities

The Facilities Services operational budget is developed to allow for an optimal environment for the Society’s primary functions. The proposed resources take into account historical data of common expenditures and anticipated costs resulting from new factors such as: increased number of users in the facility, an aging heritage building that requires specialty products and services, best practices related to furniture and ergonomics in the working environment, changing codes related to health and safety, as well as market conditions impacting general costs for materials and labour.

Facilities 2018 Operating Budget

Facilities Services has 29 staff and a total operating budget of \$6.9 million in 2018. The significant changes are:

	2018	2017
Salaries & Benefits	2,068,200	1,891,500
Operating Expenses	82,500	77,500
Program Expenses	4,770,000	3,779,900
Total	6,920,700	5,748,900



- Facilities requested an additional Senior Building Projects Lead. The Senior Building Projects Lead function at the Society provides full service for all projects occurring at Osgoode Hall. There is a growing demand for projects, as the building age increases and a Senior Building Projects lead will assist in ensuring projects are completed efficiently
- Based on the recommendations from the Risk Assessment Report, Security Services is requesting an additional FTE Security Guard, primarily to ensure coverage of the new locations at 393 University Ave. is appropriate.
- Additional accommodation space is required because of the increase in Society staff in recent years, a move away from the working-from-home model in certain departments and changes in accommodation arrangements at 130 Queen Street. The Society has taken over the 11th and 12th floors of 393 University Ave and given up the lease of the 5th floor, with the exception of the CRC space on this floor. Lease payments will commence in March 2018 and this has increased leasing expenses by \$900,000 to \$1.9 million in 2018.
- Cleaning Service Contracts will increase from \$580,000 to \$655,000 in order to reflect the increase in the second year of the contract, projected salary increase due to minimum wage going up to \$14 in 2017, extra cleaning fees to cover two new floors at 393 University Ave, and general increase in events volume.

Facilities 2018 Capital Budget

The planned Facilities Capital budget for 2018 is \$2,665,000.

2018 New Facilities Capital Projects	Budget (\$)
Space consolidation / relocation	350,000
Workstation replacement of obsolete systems furniture	325,000
Carpet replacement- north wing	250,000
Carpet replacement- south wing	300,000
New boardrooms, furniture & equipment	50,000
Exterior windows restoration and replacement	100,000
Washroom upgrades	100,000
Exterior heritage door replacement	30,000
Benchers and East Entrance steps and walkways	180,000
Asbestos abatement	200,000
New cafeteria tables and seating	180,000
Fire alarm system replacement	350,000
Building additional offices for Professional Regulation, 393 University	<u>250,000</u>
TOTAL	<u>2,665,000</u>

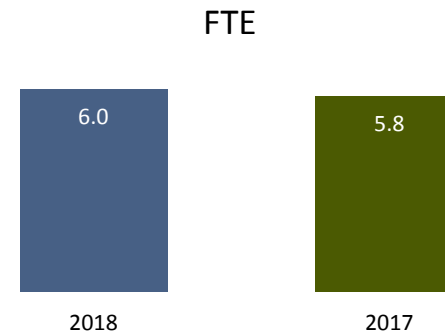
5. Corporate Resource and Training Centre (“CRTC”)

The Corporate Resource and Training Centre develops and delivers baseline corporate training such as new employee introductions, mandatory training modules, including AODA and Violence in the Workplace, as well as other types of training solutions in a variety of formats.

CRTC 2018 Budget

The CRTC has total expenses of \$759,000 in 2018 with the only change being inflation type increases.

	2018	2017
Salaries & Benefits	692,300	662,400
Operating Expenses	27,600	27,000
Program Expenses	38,700	38,500
Total	758,600	727,900



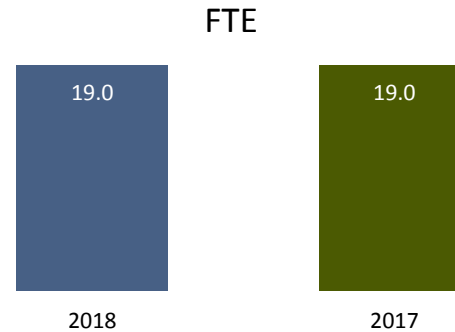
6. Catering

The Society’s Catering Department provides food services for internal and external meetings and events. The department caters a variety of internal functions such as Continuing Professional Development programs, stakeholder education and outreach events as well as bench functions and staff meetings, averaging 1,500 catered events per year. In addition, Catering contributes to the operations of Toronto Lawyers Feed the Hungry program. Responsibilities of the Catering Department also extend to the management of Osgoode Hall Restaurant.

Catering 2018 Budget

Catering has revenues of \$1.7 million and expenses of \$2.2 million in 2018, all unchanged apart from inflationary-type increases.

	2018	2017
Salaries & Benefits	1,331,400	1,258,000
Operating Expenses	45,200	44,900
Program Expenses	809,100	799,300
Total	2,185,700	2,102,200



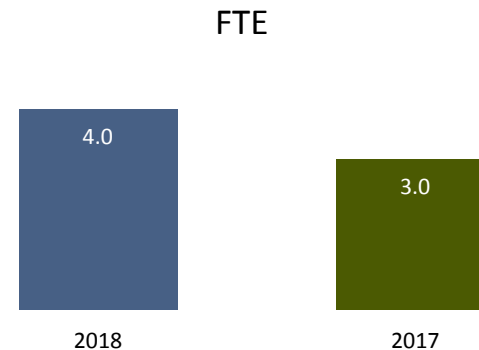
7. Client Service Centre (“CSC”) Administration

The CSC consolidates the various intake channels of the Society, handling most of the incoming calls and emails from licensees and from the general public. It is typically a person’s first point of contact with the Society. The CSC consists of six business units, and is the largest area within Corporate Services. The CSC Administration supports and coordinates activities amongst the various business units; supporting the business units from a technology perspective; and processing licensee data and statistical requests.

CSC Administration 2018 Budget

CSC Administration has expenses of \$491,000 in 2018. The only significant change from 2017 is the addition of a Document/Accessibility Specialist. The position would be a resource for Corporate Services and other divisions on the issue of accessible documents and applications. The objective is to hire someone who can prepare accessible versions of documents and applications, and who can work with IT to transition many of our paper based applications to on-line versions.

	2018	2017
Salaries & Benefits	456,700	374,700
Operating Expenses	34,100	28,600
Program Expenses	-	-
Total	490,800	403,300



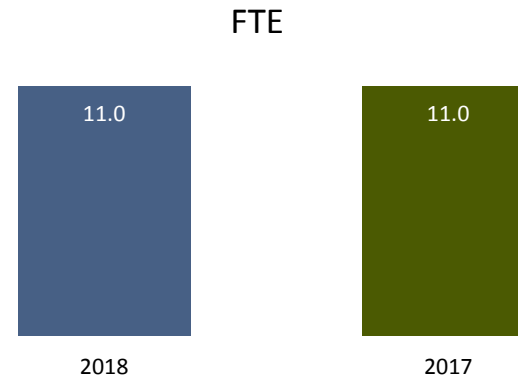
8. Call Centre

The Call Centre is the primary intake area for inbound phone calls to the Society. There are three main call streams, depending on the nature of the call: Reception; Complaints Reception and the Resource Centre.

Call Centre 2018 Budget

The Call Centre has expenses of \$855,000 in 2018, unchanged from 2017 apart from inflation-type increases.

	2018	2017
Salaries & Benefits	811,200	802,400
Operating Expenses	23,900	23,100
Program Expenses	19,400	19,300
Total	854,500	844,800



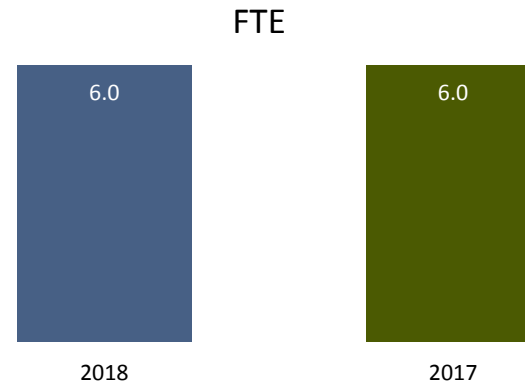
9. Law Society Referral Service (“LSRS”)

The Law Society Referral Service connects people looking for legal assistance with a lawyer or paralegal who will provide a free consultation of up to 30 minutes to help determine rights and options. LSRS is typically an online service unless a member of the public is in crisis, for example if in custody.

LSRS 2018 Budget

LSRS has revenues of \$325,000 and expenses of \$721,000 in 2018, all unchanged apart from inflationary-type increases.

	2018	2017
Salaries & Benefits	636,500	594,000
Operating Expenses	59,900	59,500
Program Expenses	24,600	24,500
Total	721,000	678,000



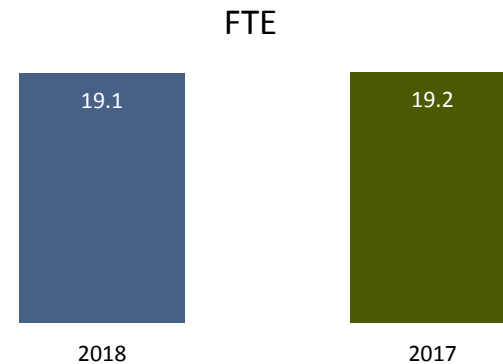
10. Membership Services

Membership Services is responsible for processing a significant volume of transactional work originating in the LSUC Portal, the Call Centre, and elsewhere. These transactions included requests related to database changes, adjusted billings and refunds, in-person transactions at the membership window, and other miscellaneous requests. In addition to being responsible for the maintenance of most of the database changes (name, address, mailing information, status changes, etc.) for lawyers and paralegals, they create and mail adjusted billings. Staff also assist licensees by phone, relating to various issues, including reporting CPD Hours. Their responsibilities extend to the ongoing maintenance of a member file room for storage of hardcopy & scanned electronic licensee records, a service desk for payments and general inquiries, and a front desk providing reception services.

Membership Services 2018 Budget

Membership Services has revenues of \$103,000 and expenses of \$1.5 million in 2018, all unchanged apart from inflationary-type increases.

	2018	2017
Salaries & Benefits	1,406,100	1,304,200
Operating Expenses	72,800	65,400
Program Expenses	20,100	20,000
Total	1,499,000	1,389,600



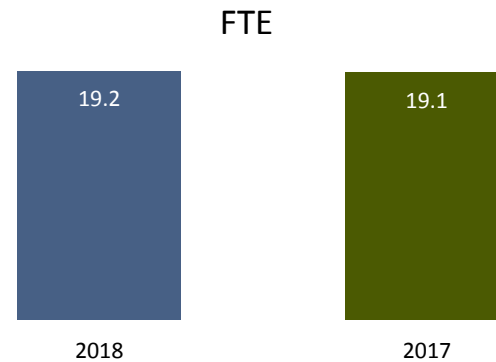
11. Complaints & Compliance

Complaints & Compliance opens mail, acknowledges receipt, and assesses whether a written complaint is outside the jurisdiction of the Society. If it is, the department will respond directly and explain the reasons for closing the file. Allegations within our jurisdiction, are streamed to the Intake area of Professional Regulation. Complaints Services deals with a variety of general inquiries to the Society.

Complaints & Compliance 2018 Budget

Complaints & Compliance has revenues of \$180,000 and expenses of \$1.9 million in 2018, all unchanged apart from inflationary-type increases.

	2018	2017
Salaries & Benefits	1,781,200	1,771,000
Operating Expenses	95,600	95,000
Program Expenses	18,700	18,600
Total	1,895,500	1,884,600



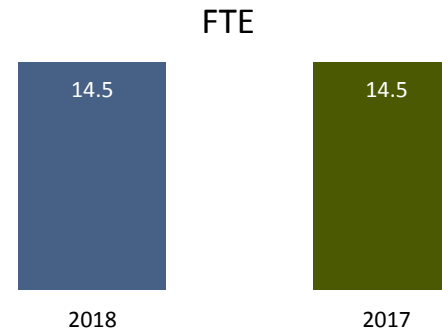
12. By-Law Administration Services (“BAS”)

BAS is responsible for all aspects of the Lawyer and Paralegal Annual Report, the administrative suspension process, and the fulfilment of some types of licensee-driven requests, such as clearance checks, Status Letters, Certificates of Standing, name changes and Diploma/Certificate replacements. It also manages the paralegal insurance process.

By-Law Administration Services 2018 Budget

BAS has revenues of \$500,000 and expenses of \$1.4 million in 2018, all unchanged apart from inflationary-type increases.

	2018	2017
Salaries & Benefits	1,209,300	1,141,200
Operating Expenses	143,400	139,200
Program Expenses	19,800	19,700
Total	1,372,500	1,300,100



CHIEF EXECUTIVE OFFICER

The main activities that come under the Chief Executive Officer (“CEO”) are the operation of the office of the CEO, governance support activities and Equity Initiatives. The CEO’s office oversees the implementation of policy decisions made by Convocation and is responsible to Convocation for the implementation of its strategic plan. The CEO leads the operations of the Society, which includes managing the day-to-day activities of the Society and its various operational divisions. The CEO manages the operational divisions’ Senior Management Executives as direct reports to the CEO. The CEO is accountable to Convocation for fulfilling Convocation’s policy objectives and its priorities, and also fulfills an advisory role to the Treasurer and Convocation.

The CEO provides reports at regular intervals to Convocation on the status of Society operations, including challenges and opportunities that arise, progress in achieving the Society’s strategic priorities and the manner in which the Society’s operations support its mandate to regulate in the public interest.

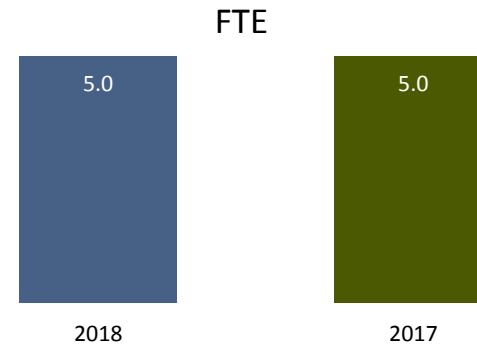
The CEO participates as the Society’s most senior executive in the work of the Federation of Law Societies of Canada. The CEO also represents the Society, when called upon, as its senior executive in various provincial, national and international fora centered on the legal profession and its regulation, and ensures the appropriate management of various stakeholder relationships. The CEO is also a member of the Board of Directors of LAWPRO.

The responsibilities of the Director, Office of the CEO and Corporate Secretary include managing governance functions such as the conduct of Bencher and Treasurer elections, the conduct of the Annual General Meeting, Convocation and other general Corporate Secretary functions. The Director also oversees the management of the Equity Initiatives department. The CEO’s office also provides project and event planning, protocol, and logistic support to the Treasurer and the Treasurer’s office.

CEO 2018 Budget

The Office of the CEO has total expenses of \$1.9 million in 2018. Convocation expenses are increasing by \$70,000 primarily associated with holding Convocation in the Lamont Centre on a more consistent basis and Convocation education sessions. The Consulting Fee budget has increased by \$25,000 to \$450,000 and is intended to primarily fund Governance Task Force work, the Program Review project and \$250,000 for the work of the Treasurer’s Review Panel on Indigenous Issues.

	2018	2017
Salaries & Benefits	1,162,500	1,148,600
Operating Expenses	86,100	63,400
Program Expenses	609,300	482,900
Total	1,857,900	1,694,900

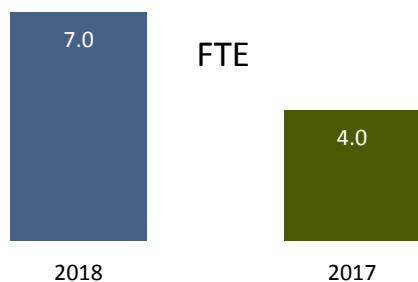


Equity Initiatives 2018 Budget

The Equity Initiatives Department undertakes activities to enhance

- the accessibility of the Society’s services, programs and decision-making to diverse communities
- equality and diversity within the legal professions in Ontario and at the governance level
- access to justice for the public

The Department’s focus on equity, diversity and inclusion includes legal education and outreach, research and support for policy development, and design of initiatives to implement positive measures. The functions include:



- Public Education and Outreach - the Department coordinates legal education events
- Research in Demographic Analysis - demographic analysis is undertaken each year to provide insights into the demographic profile of the profession
- Professional Development Initiatives - aimed at imparting knowledge related to equality and diversity
- Equity and Diversity at the Society - professional development activities are also delivered within the Society
- Women in Private Practice - the Department continues to monitor the ongoing implementation of the Justicia Project, manages the Contract Lawyers’ Registry and conducts a change of status survey
- Challenges Faced by Racialized Licensees Working Group – the Department is responsible for overseeing the implementation of the recommendations of the Challenges Faced by Racialized Licensees Working Group report
- Indigenous Initiatives – the Department supports the Indigenous Framework approved by Convocation and works closely with the Indigenous Advisory Group

	2018	2017
Salaries & Benefits	827,000	437,800
Operating Expenses	54,900	50,600
Program Expenses	738,900	704,700
Total	1,620,800	1,193,100

- Discrimination and Harassment Counsel (DHC) – the Department supports the Office of the DHC
- Francophone Initiatives – the department supports the ongoing implementation of the Society’s French language services policy and the relationship with the Ontario French Language Services Commissioner

Equity Initiatives has total expenses of \$1.6 million. The primary increase is the addition of two new Counsel positions. The first is a Counsel to the Equity Advisor who will support the overall mandate and activities of Equity Initiatives. The second is a Senior Indigenous Counsel who will provide support for indigenous issues and the implementation of the Indigenous Framework adopted by Convocation in June 2017.

FINANCE

The Finance department provides services for the Society in the areas of financial reporting, general accounting, purchasing, cash and investment management, payroll, financial policy development, insurance, government filings/returns, central purchasing and the billing of all member and student related fees. The department is responsible for ensuring the adequacy of internal financial controls intended to safeguard the financial assets of the Society and for ensuring the Society's books and records are in compliance with generally accepted accounting principles. The administration of the printing and mail services contract is carried out by the Finance department. Staff manage the Society's annual process for the lawyer, paralegal and capital budgets, develop budget policy options, track expenditures to budget throughout the year and provide assistance to departments in managing their individual budgets. The department supports the Audit and Finance Committee.

Under a Management Services Agreement signed between the Law Society of Upper Canada and LAWPRO, LAWPRO provides services with respect to the management of the Law Society's Errors and Omissions Insurance Fund which accounts for insurance-related transactions between LAWPRO, the Society and insured lawyers. The Finance department works closely with LAWPRO'S management team on financial reporting and audit matters.

Under the Administrative Services Agreement (ASA) between the Law Society and LibraryCo Inc., the Finance department provides administrative services to LibraryCo.

The Finance department also provides administrative, accounting and other support services to the Law Society Foundation.

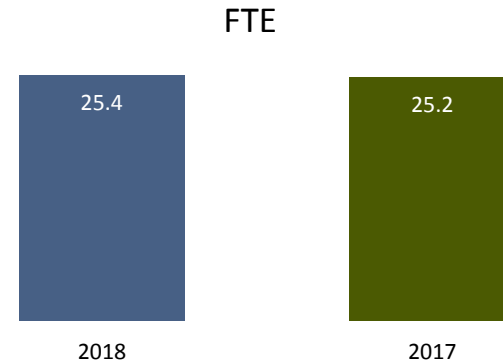
Other Finance department responsibilities include:

- Bencher expense reimbursement and Bencher remuneration administration
- Secretariat support to the Society's Audit and Finance Committee, LibraryCo's Audit and Finance Committee and the Foundation's Board of Trustees
- Administration of the Parental Leave Assistance Program
- Coordinating the annual external audit and preparing annual audited financial statements for the Law Society, the Law Society Pension Fund, LibraryCo and the Foundation.

Finance 2018 Budget

The Finance department has revenues of \$422,000 and expenses of \$3.4 million in 2018, all unchanged apart from inflationary-type increases.

	2018	2017
Salaries & Benefits	2,989,400	2,890,800
Operating Expenses	169,100	175,700
Program Expenses	279,600	279,000
Total	3,438,100	3,345,500



BENCHER AND TREASURER EXPENSES

The budget for Bencher and Treasurer expenses includes reimbursement of expenses, bencher functions, bencher remuneration and the Treasurer's honorarium. The total budget for these expenses is decreasing by \$460,000 to \$2.6 million, reflecting the experience in recent years of functions and remuneration. Bencher per diems are unchanged for the second year at \$585 per day / \$355 per half day.

CORPORATE REVENUES AND EXPENSES

Corporate revenues total \$4.6 million and Corporate expenses total \$3.8 million with significant balances and changes summarized below:

Revenues	2017 Budget (\$)	2018 Budget (\$)
Investment income	775,000	775,000
Ontario Reports revenues	1,500,000	1,490,000
LibraryCo admin fee	305,000	305,000
Late fees	800,000	1,300,000
Miscellaneous revenue	325,000	505,000
Expenses		
Contingency	1,000,000	1,000,000
Severance	500,000	500,000
Credit Card Discounts, increasing based on experience	929,000	1,329,000
Pre-Authorized Annual Payment Plan Discounts, decreasing based on experience	500,000	100,000
Other (including licenses and insurance)	870,000	880,000

SUPPORT OF EXTERNAL ORGANIZATIONS

The budget includes support for a number of other organizations as summarized below:

	2017 Budget (\$)	2018 Budget (\$)
LibraryCo Manages the Ontario county courthouse library system	7,815,000	7,993,000
CanLII A virtual library of Canadian legal information	1,540,000	1,520,000
Federation of Law Societies The national coordinating body of Canada's law societies	1,120,000	1,100,000
Federation of Ontario Law Associations An association of county & district law presidents', FOLA advocates on behalf of its members and the legal industry	260,000	261,700
Law Commission of Ontario Recommends law reform measures to make the law accessible in Ontario	145,000	145,900
Lawyers Feed the Hungry Charity providing food for Ontarians in need	100,000	100,000
Ontario Justice Education Network Develops educational tools to build the legal capability of youth	50,000	40,000
Pro Bono Ontario Bridging the gap between lawyers who want to donate their services, and low-income Ontarians	50,000	50,000

ASSISTANCE PLANS

Parental Leave Assistance Plan

Funding of the Parental Leave Assistance Plan has been maintained at zero in the budget. Use of the Parental Leave Assistance Plan continues at low levels with expenses of \$97,000 in the first half of 2017. At the end of June 2017, the PLAP Fund balance was \$360,500.

Member Assistance Plan

This confidential assistance program funded by the Society and LAWPRO, provides support to lawyers and paralegals in Ontario who are experiencing a professional or personal crisis. The program provides peer-to-peer counseling and other support services.

In 2018, our proposed operational budget for the program is \$520,000, increased by \$120,000 from 2017 to reflect increased use of the program. LAWPRO funds approximately 46% of this amount.

THE LAW SOCIETY OF UPPER CANADA 2018 BUDGET AND THREE YEAR FORECAST

THE LAW SOCIETY OF UPPER CANADA
Budget History 2009-2018

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	Approved	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted
	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures
1 Total Expenditures (000's)	\$ 136,643	\$ 121,399	\$ 110,690	\$ 109,014	\$ 106,273	\$ 103,444	\$ 99,482	\$ 92,514	\$ 86,615	\$ 81,918
2 Full Time Equivalent Employees (FTE)	606.1	579.8	554.9	545.9	552.2	558.6	552.2	523.7	493.1	466.0
3 FTE Annual Change	26.3	24.9	9.0	(6.3)	(6.4)	6.4	28.5	30.6	27.1	31.7
4 FTE Accumulated Change	171.8	145.5	120.6	111.6	117.9	124.3	117.9	89.4	58.8	31.7
5 Full Fee Equivalent (FFE) Lawyers	41,200	40,200	39,500	38,100	37,200	36,600	36,000	35,000	34,000	33,600
6 FFE Paralegals	6,100	5,600	5,050	4,700	4,350	4,050	3,400	3,200	2,800	2,400
7 Total FFE Licencees	47,300	45,800	44,550	42,800	41,550	40,650	39,400	38,200	36,800	36,000
8 Total Lawyer Fee	\$ 2,183	\$ 1,916	\$ 1,866	\$ 1,866	\$ 1,866	\$ 1,851	\$ 1,826	\$ 1,785	\$ 1,736	\$ 1,703
9 Total Paralegal Fee	\$ 1,100	\$ 1,046	\$ 996	\$ 996	\$ 996	\$ 996	\$ 982	\$ 957	\$ 933	\$ 900