



Law Society of Alberta
2017 Business Plan & Budget

Approved by the Benchers December 1, 2016

Table of Contents

Introduction 1

Business Plan 2

 Regulation 7

 Professionalism and Policy 9

 Governance 12

 Organizational Support 13

Budget 16

 Budget Structure 16

 Budget Assumptions 18

General Fund Budget 19

Assurance Fund Budget 20

Viscount Bennett Fund Budget 21

Capital Budget 22

Appendix 1 - Contingency Reserve Balances 23

Appendix 2 - Active Membership Growth Analysis 24

Appendix 3 - Inactive Membership Growth Analysis 25

Appendix 4 - Wage Cost of Market Increase Data 26

Appendix 5 – Detailed Fee Schedule 27

Introduction

The Business Plan and Budget contained in this document represents management's plan and funding proposal to carry out the first year of the 2017 – 2019 Strategic Plan. The Business Plan describes the focus of Law Society activities in 2017 in alignment with the Strategic Plan and an overview of how the core functional areas of the Law Society accomplish and support our regulatory work. The budget is driven by the Business Plan and represents the financial requirements to perform the work outlined in the plan.

In line with a continuing challenging economic outlook for Alberta in 2017, this budget reflects expenditure levels unchanged from the 2016 budget. While we remain committed to exploring alternate ways to fund our regulatory operations in order to bring down the annual practice fee, this budget assumes that an alternate revenue stream will not be in place in 2017. Until consultations with the profession about the trust safety funding issue are complete and a sustainable revised funding model is determined, this budget assumes the majority of our funding will come from the Practice Fee. Consequently, this budget reflects a practice fee of \$2,600 (up from \$2,520 in 2016). As outlined in Appendix 1, this level of revenue will sustain the proposed expenditure budget and maintain a contingency reserve within the targeted range.

We will continue to look for ways to rationalize our cost structure in 2017. Our decision in late 2015 to wind down our Edmonton office will help over the longer term, particularly once we are able to sub-lease our Edmonton office space. That decision has allowed us to reduce staff levels by five full time equivalents relative to the 2016 plan. Our investments in business process and technology enhancements made through 2014 to 2016 will continue to show benefits in 2017 and beyond in terms of process simplification, cost reduction and enhanced customer service.

Since complexity drives cost, we will continue to explore ways to reduce complexity in our regulatory and administrative processes. The *Legal Profession Act* and the Rules are major drivers of complexity in our processes. In 2017, we will begin to prepare for statutory changes recognizing this process is subject to the sitting government's appetite for such change. Even without a change in the statute, we will continue our ongoing work of identifying unnecessary complexities in our Rules and endeavour to simplify related processes. Consequently, we plan to begin a comprehensive review of the Rules in 2017.

Building on the work completed through the 2014 – 2016 Strategic Plan cycle and in alignment with the 2017 – 2019 Strategic Plan, the following themes will drive our activities in 2017:

1. Become a more sophisticated and nuanced regulator;
2. Become more resourceful and efficient in how we manage our regulatory work; and
3. Execute a series of special projects that will support the aspirations of the Strategic Plan.

The document that follows describes the initiatives we plan to address within these themes and the resources required to successfully move along the path set out in the new Strategic Plan.

This plan does not include the indemnity program. The business plans and budgets for ALIA and ALIEX will be approved by the ALIEX Advisory Board.

Business Plan

The Business Plan is the vehicle through which the Strategic Plan adopted by the Benchers is converted into practical work. It takes the aspirations in the Strategic Plan, turns them into concrete plans to be implemented and uses those plans as the foundation for the budget.

The Law Society Comprehensive Governance Plan includes this process diagram:

Law Society Planning Cycle



In formulating the Business Plan, we considered the aspirations in the Strategic Plan. Because one of the Law Society's strategic goals is to be a model regulator, we also considered what is taking place in the world of professional regulation. We can then test our planned work against the work being carried out by leading regulators in Canada and the rest of the world to determine if we are achieving the aspirational goal of being a model regulator.

The Business Plan describes the proposed new or developmental work to be carried out in 2017, in addition to the continuing work of delivering all of our core programs. We will also respond to emergent situations as they arise.

The following three key themes and the underlying areas of activity arose from our business planning process leading up to the development of the budget:

- 1. Become a more sophisticated and nuanced regulator by:**
 - a. Intensifying our efforts to become more proactive in our regulatory approach;
 - b. Continuing to explore ways to reconceptualise how we regulate to facilitate innovation in the delivery of legal services;
 - c. Changing the relationship and conversation with the profession through regular consultation with lawyers about issues of importance to them; and
 - d. Further enhancing our trust safety program to better manage risk to the public and by providing more support to lawyers in the safe operation of their trust accounts
- 2. Become more resourceful and efficient in how we manage our regulatory work by:**
 - a. Improving our ability to make decisions based on sound data through enhancements to our business processes and technology infrastructure;
 - b. Reducing complexity in our regulatory and related processes to further rationalize our cost structure and to enhance our responsiveness;
 - c. Reducing the Bencher adjudication workload through the deployment of the expanded pool of adjudicators; and
 - d. Continuing to introduce new ways to fund our operations, commencing with trust safety funding.
- 3. Execute the following special projects that will support the aspirations of the Strategic Plan:**
 - a. Begin the work required to make the necessary changes to the long-standing design and structure of the CPLED bar admission program and consider the intersection of CPLED with law school education;
 - b. Begin the discussion about challenges with the articling process;
 - c. Determine the appropriate process to address the recommendations of the Truth and Reconciliation Commission; and
 - d. Continue to take steps necessary to facilitate the ultimate wind up of the legacy Assurance Fund.

The table below depicts how the above 2017 Business Plan themes support the achievement of the 2017 – 2019 Strategic Plan:

2017 Business Plan Focus	2017 - 2019 Strategic Goals			
	Model Regulator	Stakeholder Confidence	Access to Justice and the Rule of Law	Governance & Culture
1. More sophisticated and nuanced regulator	✓	✓	✓	
2. More resourceful and efficient management	✓	✓		✓
3. Special projects	✓	✓	✓	

The Budget

The budget pursues the initiatives outlined above – both the strategic ones and the statutory ones – within a context in which we recognize our continuing need to balance our obligation to be the steward of the funds raised through lawyer fees and our obligation to protect the public interest. This year’s budget preparation began with developing a business plan, which forms the foundation for this budget.

In organizing the business plan, we broke down our work into four core areas of the Law Society:

1. Regulation

Regulation consists of our Membership, Conduct, Investigations, Counsel, Trust Safety and Custodianship teams.

The Membership team deals with all aspects of applications for entry into the profession and for Professional Corporations and Limited Liability Partnerships. This team also deals with all changes in membership and annual renewals. The bar admission program (Canadian Centre for Professional Legal Education - CPLED) is funded through this department.

The Conduct, Investigations and Counsel teams work in concert to review, resolve (where possible), and investigate complaints, refer matters to Practice Review where appropriate, and prosecute when necessary.

Our Trust Safety team supports lawyers in the proper management of client trust accounts and operates a trust audit program to mitigate the risk of misappropriation of trust funds.

Custodians protect members of the public in the event their lawyer is unable or not allowed to continue the practice of law.

2. Professionalism and Policy (P & P)

P & P bundles together all of our proactive programs that support the professional work of lawyers, including Continuing Professional Development (CPD), early intervention, practice advice, practice review, pro bono, law libraries, Assist, CanLII, equity ombudsperson, and equity programs. Policy development work is also centered in this core area.

3. Governance

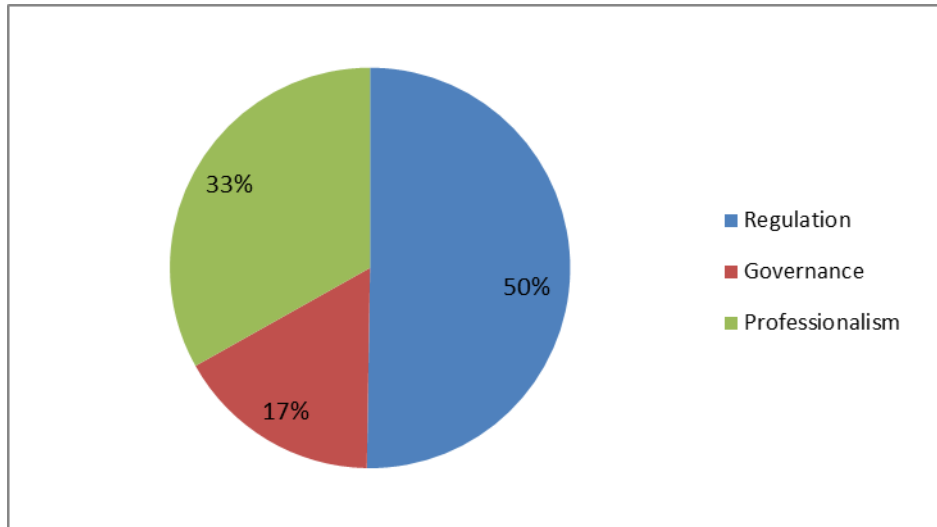
Governance includes our Secretariat and Governance teams designed to support the Benchers and the ALIEX Advisory Board in their governance role.

4. Organizational Support

This core area provides the supports necessary to carry out all our regulatory work including Corporate Services (consisting of Accounting, Communications and Office Services), Business Technology (including Information Management), Human Resources and the Tribunals Office.

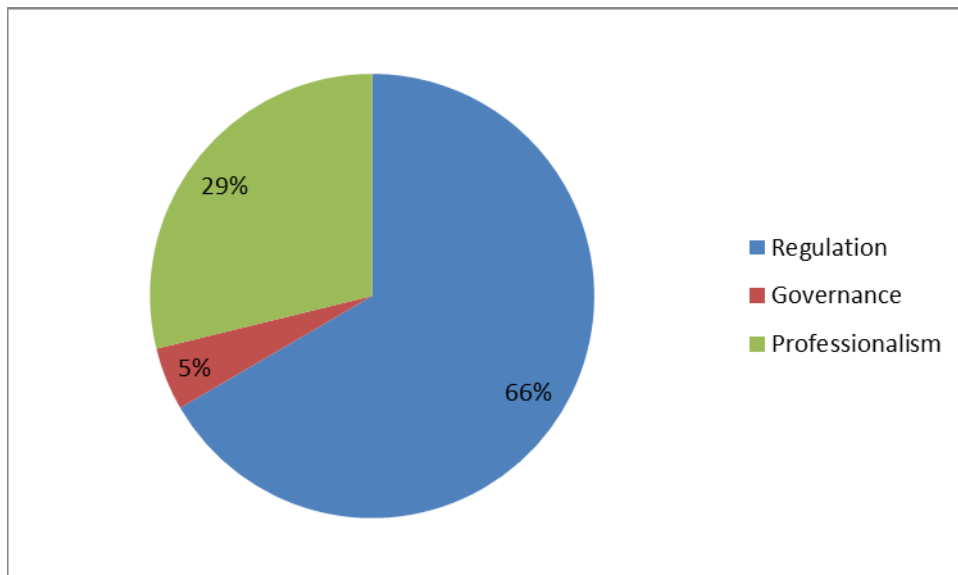
Budget Resource Allocation

While we organize our work in the above areas, the following chart illustrates where our budget resources are focused. In this analysis, organizational support costs are allocated to each of these activity areas based on relative cost.



Staff Resource Allocation

The 2017 budget provides for 124 full-time equivalent (FTE) staff relative to 131 in 2016. The reduction in FTE's has been realized primarily through the consolidation of regulatory and organizational support functions previously housed in our Edmonton office.



Core Area Plans

In our strategic planning the Benchers made it clear we must do a first class job of our core regulatory work. That encompasses credentials and education, complaints and hearings processes, and ensuring that lawyers are professionally competent. We also include the operation of the Assurance Fund in this work. The business plan that follows includes work in all of these areas and reflects the following operational goals:

- Be highly trusted;
- Be recognized for excellence in management and leadership in service;
- Manage risk and stand up for the public interest and the principles of justice; and
- Be a leader organization of choice for staff and volunteers.

The following analysis describes the activities of our four core areas, area goals and significant initiatives planned in each area.

Regulation

Core Activities:

This area consists of the following inter-related groups that work in close coordination to deliver the core regulatory services of the Law Society designed to protect the public:

Membership

This group is responsible for the administration of various applications including students-at-law, enrolment and reinstatement of members, the transfer of inter-jurisdictional members, Professional Corporations and Limited Liability Partnerships. The Membership department also manages inquiries regarding membership status and address changes, insurance changes, and membership renewals. The bar admission program (CPLED) is funded through this department.

On an annual basis, this team consisting of 10 FTE's processes renewals for approximately 9,600 active, 2,000 inactive and 6,500 insured lawyers. Over 450 applications for students-at-law are handled by this group. In addition, the Membership department processes annual renewals for about 2,700 Professional Corporations and 190 Limited Liability Partnerships.

Conduct and Investigations

The Conduct and Investigations teams consisting of 19 FTE's reviews and investigates complaints, refers to Practice Review where appropriate, and prosecutes as necessary. Of the roughly 4,000 contacts annually with the public regarding concerns about lawyer conduct, about 15% relate to complaints that are serious enough to require formal investigation and review by Law Society staff. Of these serious (or formal) complaints, about 10% (roughly 50) ultimately result in a conduct hearing.

Counsel

This department combines an active litigation role with corporate counsel responsibilities. With 9 FTE's and contract counsel, the Counsel department acts as litigators and counsel on behalf of the Law Society for all types of internal hearings and appeals, including disciplinary hearings. This department monitors challenges and threats to solicitor-client privilege and takes targeted action. The Privacy Officer is contained in this area.

Trust Safety

The Trust Safety team supports lawyers in the proper management of client trust accounts and works to mitigate the risk of lawyer misappropriation of client trust funds. This group consists of 17 FTE's and is supported by the Investigations team.

Custodianships

The Custodianship program is designed to protect members of the public in the event their lawyer is unable or not allowed to continue the practice of law. In these circumstances, our custodians (lawyers contracted by the Law Society) protect the interests of the client and their trust property until the client is able to arrange appropriate representation. The number of active custodianships is typically around 50. This area consists of 2 FTE's and contract custodians.

Goals:

- Serve the public interest by ensuring high standards of competence and good character for applicants seeking admission to and practicing law in our jurisdiction.
- Provide service to lawyers while facilitating annual regulatory requirements, such as annual renewal of membership, insurance, Professional Corporation and LLP registrations.
- Continue to enhance risk assessment management within the department as well as in conjunction with the Law Society as a whole.
- Continue to evolve business practices, policies and documentation to accommodate expectations of our customers and to operate as a model regulator.
- Enhance our corporate departmental image and knowledge about our services to our customers (lawyers, students, etc.). This includes improvements to the website, forms and an increased number of presentations to our customers.
- Enhance our relationship and productivity with the CPLED team in order to provide a more cohesive service to students-at-law.
- Deal with every complaint to ensure it is investigated in an effective and timely manner.
- Prosecute matters in an effective and timely manner.

- Maintain a risk assessment program that supports and furthers the goals and objectives identified in the strategic plan.
- Through our activities designed to monitor the safe operation of lawyer's trust accounts, effectively protect the public interest with respect to the safety of trust property.

2017 Initiatives:

- Continually improve and monitor our regulatory processes to ensure we meet or exceed National Disciplinary Standards.
- Continue to identify unnecessary complexities in the Rules and endeavour to simplify related processes.
- Transition to an online process for the bar admission program.
- Migrate to a fully online trust safety reporting system.

Professionalism and Policy**Core Activities:**

This group, consisting of 25 FTE's, bundles together all of our proactive programs that support the professional work of lawyers including practice advice, practice review, early intervention, the equity ombudsperson and equity programs and the Continuing Professional Development program.

The Practice Advisor program is delivered by three lawyers who are supported by an administrative assistant. These individuals provide confidential advice to Alberta lawyers with respect to ethical, practice management, and stress-of-practice issues. This group also advises and assists the Benchers and Law Society staff on professionalism issues generally and the Code of Professional Conduct in particular. On an annual basis, the Practice Advisors handle in the neighbourhood of 5,000 inquiries from lawyers seeking advice.

The focus of the Practice Review team continues to evolve to include more proactive early intervention programs. Through initiatives such as the Responsible Lawyer program, the Practice Review team will work through 2017 to develop effective ways to assist lawyers in deploying good practice and client management skills.

Launched in 2016, the Early Intervention team develops and delivers programs that identify practitioners in risky situations and streams them into remedial programs before more serious conduct situations arise. The Early Intervention program also directly supports loss prevention initiatives undertaken in the indemnity program (ALIA and ALIEX).

Professionalism and Policy also undertakes the policy work of the Law Society including:

- Maintenance of the policy development inventory which sets out the Benchers priorities on strategic, process, and potential policy projects;
- Maintenance of the administrative policy inventory which sets out administrative policy projects; and
- Monitoring of the local, national, and international regulatory environment to identify potential policy issues, questions, and future policy projects to further the strategic goals of the Law Society.

This area also funds programs and initiatives designed to enhance lawyer competence and the public's access to legal services including:

- Alberta Law Libraries;
- Assist;
- The Lawyer Referral Service;
- Pro Bono Law Alberta;
- The Alberta Law Review;
- CanLII; and
- The CBA's Legislative Review.

Goals:

- Support the professionalism and competence of lawyers from licensing through to retirement through the work of the Practice Advisors, Practice Review and Early Intervention teams as well as the CPD program and the Alberta Lawyer Assistance Program.
- Enhance and support Access to Justice for Albertans.
- Enhance and support equity and diversity initiatives through the office of the Equity Ombudsperson.
- Support and facilitate access to legal resources for lawyers and the public through support of the Alberta Law Review and CanLII.
- Identify, research and report on key policy issues for the organization.

2017 Initiatives:

- Continue to explore ways to increase consumer access to legal services through refinements to our regulatory structure to facilitate innovation in the delivery of legal services.
- Intensify our efforts to become a more pro-active regulator through expanded use of early intervention programs utilizing resources from across the organization. These programs are being developed in conjunction with ALIA and will bring focus to our loss prevention and risk management initiatives.
- Explore our approach to responding to the recommendations of the Truth and Reconciliation Commission.
- Collaborate with CPLED and LESA to make the required changes to the long-standing design of the bar admission program and consider the intersection of CPLED and law school training.
- Begin to explore how we address challenges with the articling process.

Governance

Core Activities:

The governance of the Law Society and ALIEX is the focus of this core area. This business unit consists of 6 FTE's and includes the office of the Executive Director (who is also the CEO of ALIEX), the Director of Regulation and Deputy Executive Director and the Governance department.

The cost of the Law Society's membership in the Federation of Law Societies of Canada and funding for the Legal Archives Society of Alberta are contained in this core area.

Goals:

- Sustain effective governance of the Law Society and ALIEX through the Benchers, the ALIEX Advisory Board and related committees.
- Provide governance training and information to assist the Benchers and the ALIEX Advisory Board in their work.
- Be an active participant in national governance of the profession (primarily through the Federation of Law Societies of Canada).

2017 Initiatives:

- Plan and execute the November 2017 Bencher election.
- Begin to prepare for modernization of the *Legal Profession Act* recognizing this process is subject to the current government's appetite for such change.
- Continue to explore refinement to our governance model as identified at the 2016 Jasper retreat.

Organizational Support

Corporate Services

Core Activities:

This group provides accounting, communications and general office services to the Law Society and ALIA staff, Benchers, the ALIEX Advisory Board and volunteers. This organizational support group consists of 18 FTE's. The teams that comprise Corporate Services are:

- The Accounting team handles the financial reporting, budgeting, payroll and cash management of the Law Society, ALIA and ALIEX.
- Our Communications group develops communications tools and techniques to inform key external and internal stakeholders. In addition, this group provides strategic communications advice to the Benchers and Law Society and ALIA management.
- The Office Services group manages our leased office premises, including our very busy meeting facilities. This team also operates our document production facility that produces information materials, particularly for our regulatory and adjudication activities.

Goals:

- Provide accounting services to the Law Society, ALIA, ALIEX and CPLED.
- Provide effective support for communications to the public, the profession, stakeholders and staff.
- Provide office services support including leased premises management and document production services.

Business Technology

Core Activities:

This group of 12 FTE's and an outsourced technology support team design and maintain the information technology infrastructure required to carry out the regulatory work of the Law Society and ALIA. This includes our membership and financial business applications, data/video/voice links between our two offices, remote access, electronic collaboration tools, computer hardware and overall systems security. This team also provides project management and business process expertise to the many change projects currently underway at the Law Society. The Information Management team contained within this group securely manages all of the information that is collected and generated by the organization. This includes internally-generated records and records the Law Society collects from lawyers through our regulatory processes.

Goals:

- Provide business technology services to allow the organization to track relevant information and permit effective management of key business processes.
- Support the Law Society's record keeping and knowledge management processes.

Human Resources**Core Activities:**

This team, consisting of 3 FTE's, provides advice and guidance in the effective recruitment and retention of employees who ultimately possess the necessary skills, characteristics and qualifications needed to achieve the Law Society's strategic and operational objectives. This team supports the human resource needs of approximately 143 Law Society and ALIA employees.

Goals:

- Operate a model HR business unit to ensure HR policies and practices are integrated and aligned with our organizational mission, vision, goals, objectives, and strategic initiatives.
- Support all departments in meeting their goals, objectives, and strategic initiatives as they relate to human resources.
- Provide timely and efficient service to our customers.
- Support our organization in realizing our goal of becoming a model regulator and to be a leader organization of choice for staff by continuing to build and focus on strategic recruiting, hiring, developing, and retaining a competent and dedicated workforce.

Tribunals Office**Core Activities:**

This team of 3 FTE's coordinates and supports adjudication proceedings and provides adjudicator training.

Goals:

- Effective support and coordination of adjudicative proceedings.
- Design and provision of adjudicator training.

2017 Organizational Support Initiatives:

- Implement an enhanced Human Resource Information System designed to streamline processes and improve staff performance management and development.
- Develop a formal Enterprise Risk Management program.
- Commence the planning for new premises for the Calgary office in advance of the December 31, 2019 expiration of the current lease.
- Further refine training and performance management related to core competencies for Law Society management and front line staff.
- Implement a series of business system upgrades to introduce additional online self-service transactions for lawyers and the public designed to enhance customer service and improve internal efficiencies.
- Introduce more collaborative technologies and implement changes to business process, data management and storage systems to increase staff effectiveness and productivity.
- Refine processes to support the recently expanded pool of adjudicators and deliver the required training.

Budget

Budget Structure

The Law Society budget includes three operating funds and a capital budget:

- The **General Fund**, which covers the general operating costs of the regulatory function and other work of the Law Society;
- The **Assurance Fund**, which covers the costs of compensating clients and others who are the victims of trust defalcations occurring prior to July 1, 2014 (claims for trust defalcations occurring after July 1, 2014 are covered under the Trust Safety Insurance program in ALIA/ALIEX);
- The **Viscount Bennett Fund**, a donated sum, the income from which funds scholarships for law graduates, articling students and Alberta lawyers pursuing post-graduate legal studies; and
- The **Capital Budget**, which funds investments in assets with an economic life over one year including business technology items, leasehold improvements and furniture.

In discussing the budget structure, we refer to:

- **Budget 2017**, which means the fiscal year beginning January 1, 2017 and ending December 31, 2017;
- **Budget 2016**, which means the fiscal year beginning January 1, 2016 and ending at December 31, 2016; and
- **Forecast 2016**, which is our forecast of revenue and expenses for the fiscal year beginning January 1, 2016 and ending December 31, 2016 based management's current estimate of anticipated results to December 31, 2016.

Summary budgets for the General, Assurance and Viscount Bennett funds and capital spending are provided in the following pages.

The Law Society's General Fund budget includes management fee revenue of \$3,492,000. There are two components to the management fee:

1. The Alberta Lawyers Insurance Association (ALIA)

The Law Society provides a number of services and facilities to its wholly-owned subsidiary, ALIA, including office space, accounting, information technology, human resources and governance services. The cost of these facilities and services are recovered through the management fee based on estimates of actual use of these services by ALIA. Management estimates that if ALIA sourced these services independently, the cost would be significantly higher. The budgeted 2017 management fee for ALIA is \$3,348,000. The management fee is accounted for in the budgeted operating costs of ALIA and is factored into the determination of the annual insurance levy paid by Alberta lawyers in private practice.

2. The Law Society Assurance Fund

The cost of misappropriation claims and related activities is budgeted in the Assurance Fund. The cost of the Law Society's Investigations team is budgeted in the General Fund. A portion of that team's time is spent investigating trust misappropriation claims. Consequently, the General Fund budget includes management fee revenue of \$144,000 charged to the Assurance Fund to recover the estimated portion of investigation costs dedicated to trust fund misappropriation claims. A corresponding amount is reflected in the Assurance Fund operating expense budget entitled Administration.

The business plans and budgets for the indemnity program (ALIA and ALIEX) are not included in this document. Those plans are presented to and approved by the Advisory Board of ALIEX. The Professional Liability and Trust Safety Insurance levies will be approved by the Advisory Board in the spring of 2017 in advance of the insurance policy year commencing July 1, 2017.

Budget Assumptions

This budget is built on the following assumptions:

- a) This budget reflects a Practice Fee of \$2,600 compared to \$2,520 in 2016. While we are committed to introducing an alternate way of funding our regulatory in order to reduce the Practice Fee, this budget assumes that we will not have a revised funding model in place in 2017.
- b) Practice Fee revenue is based on active and inactive membership growth rates of 1.9% and 2.1% respectively as described in Appendices 2 and 3.
- c) Excluding staffing level changes and merit increases, we have assumed a 1% increase in wage costs. This increase is designed to keep our compensation levels on pace with labour market trends in Alberta. These labour market trends are depicted in Appendix 4.
- d) While we are actively pursuing a sub-tenant for our Edmonton office premises, this budget assumes no cost recovery on this space through a sub-lease.
- e) The cost of changes to the CPLED program and structure are not included in the 2017 General Fund operating or capital budget. The Law Society's share of the design and start-up costs of the renewed program is yet to be determined. Those costs may be funded through alternate sources and may ultimately be recovered through student tuition fees over a number of years of delivering the new program.
- f) Unrealized gains or losses on changes in the market value of investments related to the Assurance and Viscount Bennett funds have not been budgeted for as these amounts are virtually impossible to predict and are non-cash items by nature.
- g) The Assurance Fund budget reflects no provision for claims. At this point in time and as we wind up the legacy Assurance Fund, it is unlikely that we will receive new claims for trust misappropriations that occurred prior to July 1, 2014 (the date the fund was closed with subsequent claims addressed under the Trust Safety Insurance program in ALIA/ALIEX). All existing claims have been provided for in previous years' provisions.

General Fund Budget

Rounded to the nearest thousand \$

	2017 Budget	2016 Forecast	2016 Budget	Variance 2017 Budget to 2016 Budget	Variance 2016 Forecast to 2016 Budget
Revenue					
Practice fees	\$ 26,777	\$ 25,809	\$ 25,754	\$ 1,023	56
Trust Transaction fees	-	-	1,200	(1,200)	(1,200)
Management fees	3,492	3,040	3,288	204	(248)
Investment income	92	88	88	4	-
Recovered costs	100	100	200	(100)	(100)
Other	142	111	90	52	21
Total revenue	30,603	29,148	30,620	(17)	(1,471)
Expenses					
Regulation	9,949	11,444	10,875	(926)	569
Professionalism and Policy	6,006	4,438	5,013	992	(575)
Governance	2,333	2,282	2,245	88	36
Organizational support	12,166	12,237	12,416	(250)	(179)
Total expenses	30,454	30,401	30,549	(95)	(148)
Net Income (loss)	\$ 148	\$ (1,253)	\$ 70	\$ 78	\$ (1,323)

Assurance Fund Budget

Rounded to the nearest thousand \$

	2017 Budget	2016 Forecast	2016 Budget	Variance 2017 Budget to 2016 Budget	Variance 2016 Forecast to 2016 Budget
Revenue					
Investment income	\$ 201	\$ 241	\$ 740	\$ (539)	\$ (499)
Total revenue	201	241	740	(539)	(499)
Expenses					
Organizational support	46	42	45	1	(3)
Administration	144	180	360	(216)	(180)
Counsel	47	30	-	47	30
Provision for claims and costs	-	-	500	(500)	(500)
Total expenses	237	252	905	(668)	(653)
Net Income (loss)	\$ (36)	\$ (11)	\$ (165)	\$ 129	\$ 154

Viscount Bennett Fund Budget

Rounded to the nearest thousand \$

	2017 Budget	2016 Forecast	2016 Budget	Variance 2017 Budget to 2016 Budget	Variance 2016 Forecast to 2016 Budget
Revenue					
Investment income	\$ 51	\$ 54	\$ 84	\$ (32)	\$ (30)
Total revenue	<u>51</u>	<u>54</u>	<u>84</u>	<u>(32)</u>	<u>(30)</u>
Expenses					
Organizational support	5	5	5	-	-
Scholarships	40	20	60	(20)	(40)
Total expenses	<u>45</u>	<u>25</u>	<u>65</u>	<u>(20)</u>	<u>(40)</u>
Net Income (loss)	<u>\$ 6</u>	<u>\$ 29</u>	<u>\$ 19</u>	<u>\$ (12)</u>	<u>\$ 10</u>

Capital Budget

	<u>Budget 2017</u>	<u>Forecast 2016</u>	<u>Budget 2016</u>
Leased Premises			
Edmonton:			
Furniture and Equipment	\$ -	\$ -	\$ 5,000
Calgary:			
Furniture and Equipment	65,000	66,300	135,000
Leasehold Improvements	-	60,000	70,000
	<u>65,000</u>	<u>126,300</u>	<u>210,000</u>
Business Systems and Technology			
E-Business	150,000	150,000	150,000
Enterprise Content Management	200,000	200,000	200,000
HR Information System	-	50,000	50,000
Collaborative Technologies	50,000	50,000	50,000
Equipment refresh and Upgrades	50,000	50,000	50,000
	<u>450,000</u>	<u>500,000</u>	<u>500,000</u>
Adjudicator Training Program Materials	<u>67,000</u>	<u>200,000</u>	<u>-</u>
	<u>\$ 582,000</u>	<u>\$ 826,300</u>	<u>\$ 710,000</u>

Appendix 1 - Contingency Reserve Balances

General Fund

Our research indicates that most not-for-profit organizations target between one and two months of operating expenses as a financial reserve for contingencies. For the Law Society's General Fund, this represents between \$2.5 million to \$5 million of contingency reserve.

As shown below, the reserve is forecast to decline to \$3.4 million by the end of 2016 due to the loss anticipated as a result of the delay in implementation of alternate funding sources. The 2017 draft budget restores the reserve to pre-2016 levels and closer to the higher end of the target range.

	Rounded to the nearest \$1,000		
	Budget	Forecast	Actual
	2017	2016	2015
Unrestricted funds	(1,514)	(2,402)	(1,719)
Deferred revenue	6,175	5,950	6,141
Contingency reserve	<u>\$ 4,661</u>	<u>\$ 3,548</u>	<u>\$ 4,422</u>

Assurance Fund

The Assurance Fund is in place to fund remaining claims for trust misappropriations that occurred prior to the implementation of the Trust Safety Insurance program administered by ALIA and ALIEX. The fund will be wound up over a period of time required to satisfy legacy claims. Management will assess the fund's adequacy during 2017 as legacy claims experience unfolds.

	Rounded to the nearest \$1,000		
	Budget	Forecast	Actual
	2017	2016	2015
Contingency reserve	<u>\$ 4,307</u>	<u>\$ 4,343</u>	<u>\$ 4,354</u>

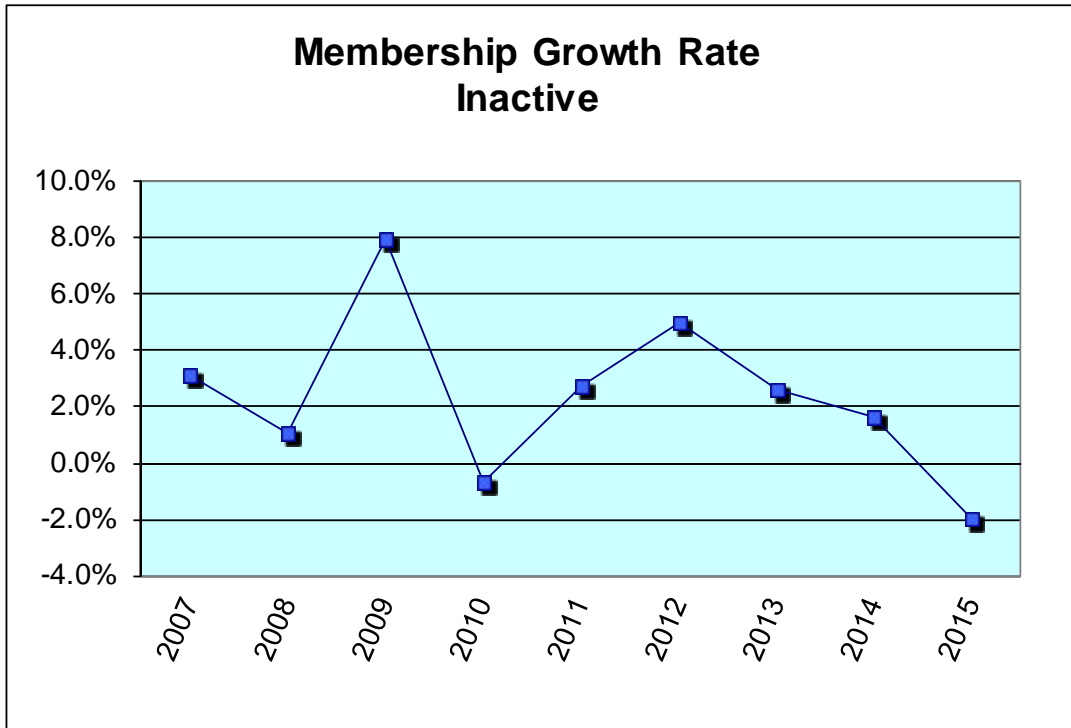
Appendix 2 - Active Membership Growth Analysis



	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Average	7,953	8,131	8,287	8,439	8,588	8,757	8,953	9,189	9,401	9,519
Growth	2.6%	2.2%	1.9%	1.8%	1.8%	2.0%	2.2%	2.6%	2.3%	1.3%
Average Growth Rate over last five years						2.1%				

Projected Annual members (Average 2016 x Average Growth Rate)	9,720	members
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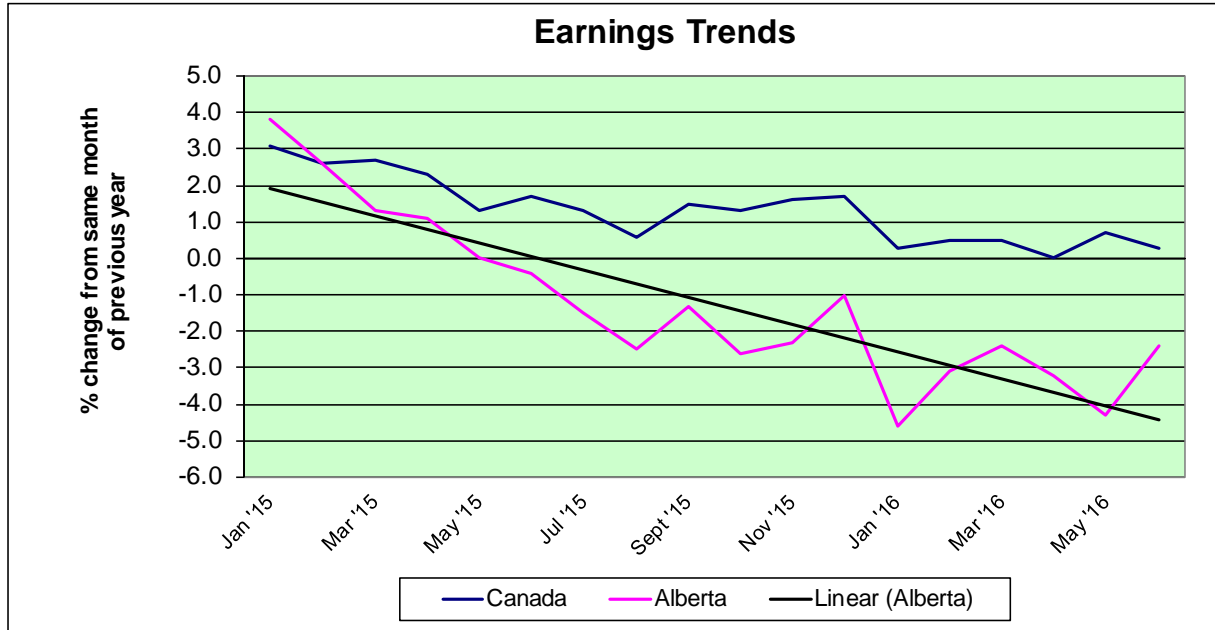
Appendix 3 - Inactive Membership Growth Analysis



	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	
Average	1,748	1,766	1,907	1,894	1,946	2,044	2,097	2,131	2,089	2,134	
Growth	3.1%	1.1%	7.9%	-0.7%	2.7%	5.0%	2.6%	1.6%	-2.0%	2.1%	
<i>Average Growth Rate over last five years</i>							1.9%				

Projected Inactive members (Average 2016 x Average Growth Rate)	2,170 members
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Appendix 4 - Wage Cost of Market Increase Data



	<u>Canada</u> ¹	<u>Alberta</u> ²
2015 Jan '15	3.1	3.8
February	2.6	2.6
Mar '15	2.7	1.3
April	2.3	1.1
May '15	1.3	-
June	1.7	(0.4)
Jul '15	1.3	(1.5)
August	0.6	(2.5)
Sept '15	1.5	(1.3)
October	1.3	(2.6)
Nov '15	1.6	(2.3)
December	1.7	(1.0)
2016 Jan '16	0.3	(4.6)
February	0.5	(3.1)
Mar '16	0.5	(2.4)
April	-	(3.2)
May '16	0.7	(4.3)
June	0.3	(2.4)
18 month average	<u>1.33</u>	<u>(1.27)</u>
12 month average	<u>0.86</u>	<u>(2.60)</u>
Budget 2017 use	1.00	

¹ Average weekly earnings for all employees - Industrial aggregate, <http://www.statcan.ca>, % change from same month of previous year

² Average weekly earnings for all employees - provinces and territories, <http://www.statcan.ca>, % change from same month of previous year

Appendix 5 – Detailed Fee Schedule

	Budget 2017	Budget 2016	Budget 2015
<u>Annual Fees</u>			
Annual fee, active member (effective March 15, 2017)	\$ 2,600	\$ 2,520	\$ 2,620
Annual fee, active member practising in Lloydminster, AB and SK (effective March 15, 2017)	\$ 1,300	\$ 1,260	\$ 1,310
Annual fee, active member for pro bono services only (effective March 15, 2017)	\$ 200	\$ 200	\$ 190
Annual fee, inactive (effective March 15, 2017)	\$ 200	\$ 200	\$ 190
<u>Professional Corporation Fees</u>			
Professional Corporation application fee	\$ 410	\$ 410	\$ 400
Professional Corporation annual renewal fee	\$ 200	\$ 190	\$ 190
<u>Limited Liability Partnership Fees</u>			
Limited Liability Partnership (LLP) registration fee (per partner)	\$ 130	\$ 120	\$ 120
Limited Liability Partnership (LLP) renewal fee (per partner)	\$ 70	\$ 60	\$ 60
<u>Student Fees</u>			
Application fee, Student	\$ 180	\$ 180	\$ 175
Admission fee, Student	\$ 440	\$ 440	\$ 430
Filing Assignment of Articles fee	\$ 90	\$ 90	\$ 90
<u>Transfer Fees</u>			
Transfer exam fee	\$ 1,220	\$ 1,210	\$ 1,190
Application fee, Out of Province transfer	\$ 220	\$ 220	\$ 220
Enrolment as a member, Out of Province transfer	\$ 1,120	\$ 1,110	\$ 1,090
<u>Reinstatement Fees</u>			
Reinstatement, suspended member	\$ 790	\$ 780	\$ 770
Reinstatement, retired Judge	\$ 590	\$ 580	\$ 570
Reinstatement, suspension transaction fee <small>(returning active within 3 months)</small>	\$ 225	\$ 225	\$ -
Reinstatement, suspension transaction fee <small>(returning inactive within 3 months)</small>	\$ 100	\$ -	\$ -
Reinstatement, inactive member with matters open	\$ 790	\$ 780	\$ 770
Reinstatement, inactive member with no matters open	\$ 400	\$ -	\$ -
Reinstatement, resigned member	\$ 1,610	\$ 1,590	\$ 1,560
Application for reinstatement, disbarred member	\$ 10,000	\$ 7,900	\$ 7,770
<u>Foreign Legal Consultant Fees</u>			
Foreign Legal Consultants initial permit	\$ 790	\$ 780	\$ 770
Foreign Legal Consultants annual renewal	\$ 160	\$ 150	\$ 150
<u>Document Fees</u>			
Issuing a document	\$ 60	\$ 50	\$ 50
Items returned by the bank	\$ 50	\$ 40	\$ 40
Certificate of Standing	\$ 130	\$ 120	\$ 120
Notarial Certificates	\$ 40	\$ 30	\$ 30