



2020-2021  
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September 16<sup>th</sup>, 2020

Dear Presidents:

On Thursday, September 10, 2020 you may have received an email from "Defund LSO" seeking support for a motion to reduce fees by a minimum of 25%. The underlying rationale for this motion appears to be to provide some financial relief for practitioners who have been adversely affected by the Covid-19 pandemic.

I am writing to you today to comment upon the information contained within the email and also the unintended consequences that such a cut might have.

It is suggested that the 2019 LSO expenses were \$230,993,000.00. While this is technically correct a review of the Annual Financial Statements reveals that \$119,679,000.00 of this amount relates to restricted funds such as the Compensation Fund, the Errors and Omissions Insurance Fund, the County Libraries Fund and the Parental Leave Assistance Fund to name a few. The expense related to lawyers amounts to \$99,574,000.00.

(<http://annualreport.lso.ca/pdf/AnnualFinancialStatements2019-EN.pdf>)

Although, a budget is prepared annually and forms the basis for the setting of licensing fees, it does not appear that any meaningful plan or review of spending has been conducted to determine where savings could be achieved in order to accommodate such a reduction. The current Practice Resource Centre (County Libraries) budget is approximately \$8 million and most local associations are struggling to maintain their collections by supplementing LIRN funding with local association dues. A 25% cut in current funding would have a devastating impact on the delivery of legal resources and also have an adverse impact on professional competency.

It should also be noted that our fees decreased by \$135.00 this year or approximately 6% without cutting any current services. This was achieved by reducing amounts for the Contingency Fund, eliminating its advertising campaign and not changing the basis upon which benchers are compensated.

As noted by former Treasurer Malcolm Mercer, a substantial portion of the annual fees are expended on the Professional Regulation Division and Tribunal and Professional Development and Competence with the support provided to them by Corporate Services. Mr. Mercer provided a concise overview of the Cost of Regulation in 2019 (<http://www.slaw.ca/2019/07/10/the-costs-of-regulation/>) and notes that when adjusting for inflation, fees have remained essentially unchanged.



Our concern at this stage is that there does not appear to be any critical thought or plan suggested, nor any specific areas of expenditure that have been identified to absorb such a reduction in revenue. There is no question that some members will be feeling the financial impact of the current pandemic; however, to take a wholesale approach without consideration of the overall impact of such a measure appears ill-advised.

To quote Mr. Mercer: "for those who suggest that there should be radical reduction in the costs borne by lawyers, the key question is what, if anything, should no longer be done. This is always a legitimate question but one which requires focus on what is actually being done, looking both at purpose and efficacy of the work?"

We agree with Mr. Mercer that focus must be placed on where savings and efficiencies can be achieved and what, if any programs should be cut or eliminated as opposed to an across the board reduction of fees without consideration of its impact.

Yours truly,

WILLIAM WOODWARD  
FOLA Chair