



Law Society
of Ontario

Barreau
de l'Ontario

Tab 4.1

Audit and Finance Committee

**Remuneration Policy for
Bencher Adjudicators**

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Motion

1. That Convocation approve amendments to sections 49 and 50 of By-Law 3 (Benchers, Convocation and Committees) to modernize the remuneration structure applicable to benchers who perform adjudication work at the Law Society Tribunal (“Tribunal”), which amendments are discussed in this report, reflected in the policy at [Tab 4.1.4](#), and identified as follows:
 - A. An amendment creating a new defined term of “appearance,” which would include a hearing, a motion, a case conference, a pre-hearing conference, and a proceeding management conference; and
 - B. The following five specific amendments:
 - (1) Making eligible adjudication work performed by elected and *ex officio* benchers no longer subject to the 26-day deductible;
 - (2) Adding a new, lower remuneration rate category for days on which a bencher has performed one hour or less of eligible adjudication work;
 - (3) Making a limited amount of hearing preparation time eligible for remuneration;
 - (4) Making the following three changes regarding decisions and reasons:
 - (4.1) increasing the *deliberation time* with fellow panelists that is eligible for remuneration;
 - (4.2) limiting the amount of time that may be claimed for *reviewing and commenting* on a fellow adjudicator’s reasons; and
 - (4.3) limiting the amount of time that can be claimed for the *writing of reasons*; and
 - (5) Making cancelled appearances eligible for remuneration if a cancellation notice of two “clear” business days is not provided.
2. That Convocation approve the policy at [Tab 4.1.4](#) with an effective date of January 1st, 2019, and direct staff to use this policy as the basis for drafting the required amendments to By-Law 3.

Executive Summary

As a first step to modernize the Law Society’s bencher remuneration and expense reimbursement policies, the Audit and Finance Committee (“Committee”) recommends that Convocation approve a number of amendments to the provisions of By-Law 3 applicable to bencher adjudicators. The

amendments recommended in this report are proposed by the Benchers Remuneration and Expense Reimbursement Working Group (“Working Group”) and have been adopted in their entirety by this Committee on November 7, 2018.

The Committee is of the view that an effective Tribunal with an impartial adjudicative function is crucial to advancing the Law Society’s duty to protect the public interest. Promoting fairness, professionalism and efficiency in the remuneration of benchers adjudicators serves the Law Society’s organizational effectiveness. The recommendations set out below seek to put in place a modernized remuneration structure that recognizes the specialized skills and expertise required of all adjudicators, increases fairness and equal treatment between elected benchers adjudicators and other adjudicators, encourages a diverse bench, improves fiscal responsibility and accountability, and promotes more efficient, timely and focused Tribunal proceedings.

The Committee therefore recommends the following amendments:

- A.** An amendment creating a new defined term of “**appearance**,” which would include a hearing, a motion, a case conference, a pre-hearing conference, and a proceeding management conference
- Rationale: This amendment would make the benchers remuneration policy consistent with the Tribunal’s upcoming new Rules and provide further clarity by recognizing that an “appearance” includes not only a hearing, but also a motion, a case conference, a pre-hearing conference, and a proceeding management conference
- B.** The following five specific amendments:
- (1)** Making eligible adjudication work performed by elected and *ex officio* benchers no longer subject to the **26-day deductible**¹
- Rationale: This amendment would: increase the fairness of the remuneration model for benchers adjudicators; acknowledge the specialized skills and expertise required of Tribunal adjudicators; encourage a diverse bench by reducing barriers to diversity at the Tribunal level; and treat non-adjudicating benchers and adjudicating benchers equally
- (2)** Adding a **new, lower remuneration rate category** for days on which a benchers has performed one hour or less of eligible adjudication work

¹ A benchers subject to the 26-day deductible is required to perform 26 half or full days of unremunerated governance or adjudication work for the Law Society, in each benchers year, before becoming entitled to remuneration for any half or full days of work performed after the first 26 half or full days. See subsection 50(1) of By-Law 3.

- Rationale: This amendment would: serve as an accountability measure; improve fiscal responsibility; and align Law Society policy with the Tribunal's anticipated changes to its remuneration policy
- (3) Making a limited amount of **hearing preparation time** eligible for remuneration
- Rationale: This amendment would promote efficient, timely and focused Tribunal proceedings and align Law Society policy with the Tribunal's anticipated changes to its remuneration policy
- (4) Making the following three changes regarding **decisions and reasons**:
- (4.1) increasing the *deliberation time* with fellow panelists that is eligible for remuneration
- Rationale: This amendment would allow for adequate remunerated time for adjudicators to reach sound decisions and align Law Society policy with the Tribunal's anticipated changes to its remuneration policy
- (4.2) limiting the amount of time that may be claimed for *reviewing and commenting* on a fellow adjudicator's reasons
- Rationale: This amendment would: serve as an accountability measure; improve fiscal responsibility; and align Law Society policy with the Tribunal's anticipated changes to its remuneration policy
- (4.3) limiting the amount of time that can be claimed for the *writing of reasons*
- Rationale: This amendment would: improve fiscal responsibility; increase adjudicative efficiency; advance the Tribunal's core value of timeliness; and align Law Society policy with the Tribunal's anticipated changes to its remuneration policy
- (5) Making **cancelled appearances** eligible for remuneration if a cancellation notice of two "clear" business days is not provided
- Rationale: Compensating for potential losses incurred as a result of the cancellation would: promote adjudicator retention; respect benchers' professional obligations; promote efficiency, timeliness, professionalism and fiscal responsibility; and align Law Society policy with the Tribunal's anticipated changes to its remuneration policy

Background

Based on a recognition that the current benchers remuneration model should be updated to reflect current realities,² in May 2017 the Committee established the Working Group to facilitate the review of the benchers remuneration and expense reimbursement policies in support of the Committee's mandate and objectives. The Working Group was established against the backdrop of the Law Society's Strategic Plan for 2015-19, whose relevant strategic priorities include: to lead as a professional regulator and to increase organizational effectiveness.

From its inception, the Working Group's overall objective has been to improve transparency, fairness and accountability in accordance with the following guiding principles:

- seek to facilitate practical processes for benchers and staff;
- have deliberations premised upon research and consultation;
- incorporate budget implications into recommendations; and
- through the Committee, make recommendations to Convocation for amendments to the current by-law, policies and processes to improve this aspect of the Law Society's corporate governance.³

During the course of its work the Working Group has considered proposals with the objectives that these proposals would:

- encourage a diverse bench;
- preserve a tangible element of volunteerism; and
- be based on specific criteria and are straightforward to understand and administer.⁴

On April 10, 2018, the Working Group decided that more work was needed before advancing a report with recommendations to the Committee. At its October 15, 2018 meeting, the Working Group decided to adopt a staged approach whereby:

- a report recommending changes to the remuneration policy for benchers adjudicators would be the first of several steps to modernize the Law Society's benchers remuneration and expense reimbursement policies; and
- other aspects of the policies would be the subject of further work over the coming months and would be introduced to Convocation upon completion of the work.

The tasks of the Working Group run in parallel with the work of the Tribunal, which is seeking to make a number of changes to its remuneration policy for appointee (non-benchers) adjudicators. Together, the establishment of the Working Group and the anticipated policy changes at the

² Report to Benchers Remuneration & Expense Reimbursement Working Group (June 7, 2017) at paras. 9-11.

³ *Ibid.* at para. 3.

⁴ *Ibid.* at para. 4.

Tribunal have created an opportunity to both modernize and harmonize the policies of the Law Society and the Tribunal.

Analysis

A. Framework

At the Law Society, benchers are entitled under Part III of By-Law 3 (Benchers, Convocation and Committees) to be remunerated for eligible governance and adjudication work performed in support of Law Society business and to be reimbursed for reasonable expenses incurred in the performance of their duties.⁵ The relevant sections of By-Law 3 are supported by policies, procedures and guidelines that provide details about compensation levels, allowable expenses and administrative processes and are collectively referred to as the bencher remuneration and expense reimbursement policies.

Specifically, benchers appointed as members of the Tribunal's Hearing Division or Appeal Division are entitled to be remunerated for eligible adjudication work performed. The relevant provisions of By-Law 3 are provided at [Tab 4.1.1](#) and can be summarized as follows:

- Section 49 sets out relevant definitions and in particular:
 - provides for and defines the following two rate categories for eligible governance and adjudication work:
 - (i) a "full day" means a total of more than three hours in a period of 24 hours; and
 - (ii) a "half day" means a total of not more than three hours in a period of 24 hours (i.e., three hours or less);
 - provides for the governance and adjudication activities eligible for remuneration in its definition of "work,"⁶ which includes the following adjudication activities:
 - [...]
 - 5. Attending a program of education or training required by the Society for payees⁷ as such,
 - 6. Hearing a hearing before the Hearing Division or Appeal Division,
 - 7. Preparing reasons for a decision or order of the Hearing Division or Appeal Division,
 - 8. Conducting a pre-hearing conference in a proceeding before the Hearing Division,

⁵ See By-Law 3 (Benchers, Convocation and Committees).

⁶ These are both governance and adjudication activities.

⁷ Section 49 of By-Law 3 defines a "payee" as a person who is entitled to receive remuneration from the Law Society under section 50 of the By-Law.

- 9. Performing activities, as vice-chair of the Hearing Division or Appeal Division, that are integral to the office of vice-chair of the Hearing Division or Appeal Division,
- 10. Performing activities, as a member of the Hearing Division or Appeal Division, that relate to the management of a proceeding before the Hearing Division or Appeal Division,
[...]⁸
- provides that “reasonable time traveling to or from the activity” is work eligible for remuneration under By-Law 3.⁹
- Section 50 provides for an entitlement structure for benchers remuneration that, in principle, entitles benchers to be remunerated by the Law Society for each half day or full day of eligible governance or adjudication work performed for the Law Society, with the following qualifications:
 - Elected benchers¹⁰ and benchers by virtue of their office (in effect, *ex officio benchers*)¹¹ are subject to the 26-day deductible and are therefore ineligible for remuneration for their first 26 half or full days of work in any given remuneration year;¹²
 - In contrast, emeritus benchers (benchers who have held the office of Treasurer since January 1st, 2010 or who have held the office of elected bencher for at least 12 years)¹³ and lay benchers (non-licensure benchers appointed by government)¹⁴ are not subject to a deductible and are therefore entitled to remuneration starting with their first half or full day of work in any given remuneration year.¹⁵

In addition, the Law Society’s Bencher Remuneration Guidelines (“Law Society Guidelines”—available at [Tab 4.1.2](#)) interpret the definition of work in section 49 of By-Law 3 in a manner that

⁸ Section 49 of By-Law 3.

⁹ *Id.*

¹⁰ See definition of elected bencher in subsection 1(1) of the *Law Society Act*.

¹¹ For the purposes of remuneration under subsection 50(1) of By-Law 3, a bencher by virtue of their office is a bencher who holds office under subsections 12(1) or 12(2), or section 14 of the *Law Society Act*. Practically speaking these benchers are ***ex officio benchers***, namely: (a) **life benchers** (benchers who held the office of elected bencher for at least 16 years prior to June 1st, 2015); (b) **former Attorneys General for Ontario** (who held that office prior to January 1st, 2010); and (c) **former Treasurers** (who held that office prior to January 1st, 2010).

¹² See footnote 1, above.

¹³ See definition of emeritus bencher in subsection 48.1(2) of By-Law 3. Subsection 48.1(3) of By-Law 3 provides that despite the definition of emeritus bencher in the by-law, “any person who is a bencher by virtue of office is not an emeritus bencher.”

¹⁴ See definition of lay bencher in subsection 1(1) of the *Law Society Act*.

¹⁵ See subsection 50(1.1) of By-Law 3 (for emeritus benchers) and subsections 50(3) to 50(5) of By-Law 3 (for lay benchers).

treats deliberating with fellow panelists and commenting on reasons authored by a fellow panelist as eligible adjudication activities.¹⁶ The Tribunal's remuneration policy also treats these two adjudication activities as eligible for remuneration. However, preparation time and hearing cancellations with short notice are not eligible adjudication activities under the Law Society Guidelines¹⁷ or By-Law 3.

Marked differences also exist between the remuneration structure that By-Law 3 prescribes for elected benchers and *ex officio* benchers, and the Tribunal's own remuneration policy for non-bencher adjudicators appointed by the Tribunal. The former are currently subject to the 26-day deductible. The latter are eligible for remuneration from the Tribunal from the moment they start performing adjudication work. Further, while the Tribunal's remuneration policy currently provides that the daily rate includes preparation time for a hearing, appointee adjudicators may apply to the Tribunal Chair for approval to claim remuneration for hearing preparation in cases involving an unusually extensive amount of time and effort. In contrast, no bencher adjudicator is ever eligible for hearing preparation time under By-Law 3 or the Law Society Guidelines, not even in extraordinary circumstances.

B. History of Remuneration Policy

The Law Society's first bencher remuneration policy was introduced in September 2005, following extensive consideration by the Committee and Convocation dating back to 2003. Although elements of the remuneration policy have been revised from time to time, the basic framework (including the 26-day deductible) has not changed since 2005. A chronology summarizing key changes to the bencher remuneration policy can be consulted at [Tab 4.1.3](#).

Since the adoption in 2005 of the policy principles underlying Part III of By-Law 3, there has been a major shift in the operation of the Tribunal. On March 12, 2014, the former Law Society Hearing Panel and Appeal Panel were replaced, via legislative amendment, by an independent Law Society Tribunal. The amendment introduced a modernized adjudicative structure with an independent Chair, among many other enhancements. This significant shift built on an earlier legislative amendment in 2006 which for the first time permitted non-benchers (both licensees and lay appointees) to sit on panels as adjudicators, alongside benchers.

As a result of this major evolution which culminated in the creation of the Tribunal, benchers now perform adjudication work in a different context than when the current remuneration policies were first introduced in 2005. The changes to the Tribunal as a modern, professional body have resulted in greater expectations on all of its adjudicators. The Tribunal has focused on increasing

¹⁶ The Law Society's "Bencher Remuneration Guidelines" is an operational document that further articulates and provides interpretive guidance on the provisions of By-Law 3. See section 7 of the Law Society's "Bencher Remuneration Guidelines."

¹⁷ *Ibid.* at sections 17 and 18.

efficiencies and ongoing skills training for adjudicators, including with respect to the writing of reasons.

The Working Group worked closely with the Tribunal Chair, who believes it is essential to update and harmonize the remuneration structure not only for benchers but for all adjudicators hired by the Tribunal. The Tribunal Chair believes that it would be appropriate both for the Tribunal and the Law Society to align their respective remuneration policies. The proposed changes to the Law Society's remuneration policy for bencher adjudicators, if approved, would be coordinated with the changes proposed by the Tribunal.

C. Analysis and Recommendations

The Committee has concluded that the Law Society's remuneration policy for bencher adjudicators should be modernized through the adoption of the recommended amendments set out below.

In reaching its conclusions and recommendations, the Committee considered the Law Society's Strategic Plan, the Working Group's mandate and guiding principles, the different remuneration rules that currently apply to different types of Tribunal adjudicators, the evolved context in which benchers perform adjudicative work at the Tribunal, the Tribunal's anticipated changes to its own remuneration policy, and the Tribunal Chair's advice. In addition, the Committee considered how the recommended amendments could achieve objectives of fairness, professionalism and efficiency with respect to Tribunal adjudicators and the adjudication work they perform:

- **Fairness:** The recommended amendments would promote fairness by ensuring that elected benchers and *ex officio* benchers receive the same remuneration as all other Tribunal adjudicators, namely emeritus benchers, lay benchers and appointee (non-bencher) adjudicators.
- **Professionalism:** The recommended amendments would enhance professionalism through rules that: (i) acknowledge that the role of an adjudicator is one requiring good judgment and a high level of skill and training; and (ii) impose expectations regarding how adjudicative activities are to be carried out and how compensation for those activities is to be claimed in a professional, accountable and fiscally-responsible environment.
- **Efficiency:** The recommended amendments would promote more efficient, timely and focused tribunal proceedings in support of the Tribunal's core values of fairness, quality, transparency and timeliness.¹⁸

The Committee is of the view that an effective Tribunal with an impartial adjudicative function is crucial to advancing the Law Society's duty to protect the public interest. Promoting fairness, professionalism and efficiency in the remuneration of bencher adjudicators serves the Law

¹⁸ Law Society Tribunal, "Mission and Core Values," online at: <https://lawsocietytribunal.ca/Pages/Mainpage.aspx#112>

Society's organizational effectiveness. The recommendations set out below seek to put in place a modernized remuneration structure that recognizes the specialized skills and expertise required of all adjudicators, increases fairness and equal treatment between elected benchers adjudicators and other adjudicators, encourages a diverse bench, improves fiscal responsibility and accountability, and promotes more efficient, timely and focused Tribunal proceedings.

The Committee therefore recommends that Convocation approve six amendments to the Law Society's remuneration policy—all of which are reflected in the policy at [Tab 4.1.4](#).¹⁹

First, the Committee recommends that Convocation approve an amendment creating a new defined term of "appearance," which would include a hearing, a motion, a case conference, a pre-hearing conference, and a proceeding management conference. This amendment would help achieve consistency with the Tribunal's upcoming new Rules while recognizing that the term "appearance" is more inclusive than "hearing."

Second, the Committee recommends that Convocation approve the following five specific amendments or sets of amendments:

(1) Making eligible adjudication work performed by elected and *ex officio* benchers no longer subject to the 26-day deductible

- **Current policy:** By-Law 3 provides that no remuneration will be paid to an elected bencher or an *ex officio* bencher for the first 26 half or full days of eligible governance or adjudication work in any given remuneration year.²⁰
- **Recommended amendment:** The Committee recommends that the 26-day deductible no longer apply to the eligible adjudication work of elected and *ex officio* benchers, so that they are entitled to receive remuneration starting with their first hour or less of eligible adjudication work (see recommended amendment #2, below). The Committee notes that the 26-day deductible would continue to apply to all eligible governance work—including that performed by bencher adjudicators—unless Convocation approves further amendments to the remuneration policy.
- **Rationale:** In the Committee's view, it is no longer appropriate to subject adjudication work by benchers to a policy of voluntary service contribution. The Committee's rationale is fourfold:
 - (a) Increasing the fairness of the remuneration model for bencher adjudicators: The recommended policy establishes a fairer model whereby benchers' adjudication work will now be remunerated on the same basis as that performed by

¹⁹ This draft policy is provided as a means to obtain Convocation's direction and instructions regarding amendments to By-Law 3. Please note that the language of the draft policy may be subject to change as a result of the by-law drafting process. See discussion at A.1) below, under "Implementation."

²⁰ See subsection 50(1) of By-Law 3.

appointee adjudicators to the same Tribunal. The recommended amendment would harmonize the remuneration structure for Tribunal adjudication work by ensuring that elected and *ex officio* benchers who are working side by side with other Tribunal adjudicators and performing the same adjudication work are not remunerated differently simply because of their specific bencher status.

- (b) Acknowledging the specialized skills and expertise required of Tribunal adjudicators: By allowing all Tribunal adjudicators to be remunerated from the moment they start performing eligible adjudication work, the Law Society would support the Tribunal's interest in attracting and retaining highly skilled, expert bencher and professional adjudicators.
- (c) Encouraging a diverse bench by reducing barriers to diversity at the Tribunal level: The 26-day deductible imposes a heavy financial burden on bencher adjudicators whose practices are less capable of supporting a loss of income. Licensees who are in an early stage of their career, work in a less financially rewarding practice area, or practise in a solo or small firm setting are most likely to be negatively impacted. Frequently, licensees from equity-seeking groups are practising in these circumstances. Making the 26-day deductible inapplicable to adjudication work may be conducive to enhancing the diversity of Tribunal adjudicators drawn from the ranks of elected benchers.
- (d) Treating non-adjudicating benchers and adjudicating benchers equally: While the 26-day deductible currently applies to all benchers performing eligible governance and adjudication work, non-adjudicating benchers are subject to the deductible only with respect to eligible governance work as that is the only work they perform. By making the 26-day deductible inapplicable to adjudication work, non-adjudicating benchers and bencher adjudicators will be treated equally from a voluntary contribution perspective as their entire deductible will be applied toward their eligible governance work.

(2) Adding a new, lower remuneration rate category for days on which a bencher has performed one hour or less of eligible adjudication work

- Current policy: By-Law 3 provides for two rate categories for governance and adjudication work—one for half days (“not more than 3 hours”) and the other for full days (“more than 3 hours”).²¹
- Recommended amendment: The Committee recommends that a new rate category of one hour or less be introduced for eligible adjudication work. Benchers appointed to the Tribunal would now have three rate categories for the performance of adjudication work. The Committee notes that a bencher's governance work would

²¹ See definitions of “full day” and “half day” in subsection 49(1) of By-Law 3.

continue to be remunerated in half or full days unless Convocation approves further amendments to the remuneration policy.

- **Rationale:** The Committee notes that an additional rate category for work taking one hour or less would serve as an accountability measure. It also would improve fiscal responsibility as compared to the current half-day rate that would otherwise apply. It also would align Law Society policy with the Tribunal's anticipated changes to its remuneration policy.

(3) Making a limited amount of hearing preparation time eligible for remuneration

- **Current policy:** Preparation for a Tribunal hearing is not an eligible adjudication activity under By-Law 3²² or the Law Society Guidelines.²³
- **Recommended amendments:** The Committee recommends that a limited amount of hearing preparation time be made eligible for remuneration for all bencher adjudicators. Specifically, the Committee recommends adding the following as eligible adjudication activities:
 - (a) Preparing for a hearing of the Hearing Division:
 - a limit of up to a half day for the first day of a hearing or for a written hearing; and
 - an additional hour for each incremental hearing day;
 - (b) Preparing for a hearing of the Appeal Division:
 - a limit of up to a full day per hearing;
 - (c) A bencher adjudicator may seek prior written approval from the Tribunal Chair to exceed the established time limits in extraordinary circumstances, due to the complexity or nature of the hearing.
- **Rationale:** The Committee is of the view that remunerating bencher adjudicators for a limited amount of hearing preparation time is essential for the promotion of more efficient, timely, and focused Tribunal proceedings. For instance, time spent preparing for a hearing enables adjudicators to identify any preliminary issues that should be dealt with prior to the hearing, together with any steps required to manage the issues efficiently. The Tribunal has recognized the importance of preparation time in its own policy, which currently allows appointee adjudicators to apply to the Tribunal Chair for approval to claim remuneration for hearing preparation in cases involving an unusually extensive amount of time and effort. It also would align Law Society policy with the Tribunal's anticipated changes to its remuneration policy.

²² See definition of "work" in subsection 49(1) of By-Law 3.

²³ See section 17 of the Law Society's "Bencher Remuneration Guidelines."

(4) Making the following three changes regarding decisions and reasons:

(4.1) Increasing the deliberation time with fellow panelists that is eligible for remuneration

- Current policy: Under existing Law Society Guidelines, “deliberating with fellow panelists for up to two hours on each decision that leads to written reasons” is an eligible adjudication expense.²⁴
- Recommended amendments: The Committee recommends the following amendments:
 - (a) The eligible deliberation time with fellow panelists would be increased to up to a half a day per decision that leads to written reasons;
 - (b) A bencher adjudicator may seek prior written approval from the Tribunal Chair to exceed the established time limits in extraordinary circumstances, due to the complexity or nature of an appearance.
- Rationale: The Committee takes the view that this increase is appropriate not only to align Law Society policy with the Tribunal’s anticipated policy changes, but also to attempt to ensure that Tribunal adjudicators have adequate remunerated time to reach sound reasons in increasingly complex cases through a deliberative process involving their fellow panelists.

(4.2) Limiting the amount of time that may be claimed for reviewing and commenting on a fellow adjudicator’s reasons

- Current policy: Under existing Law Society Guidelines, “reasonable time commenting on reasons authored by a fellow panel member” constitutes an eligible adjudication activity.²⁵
- Recommended amendments: The Committee recommends the following amendments:
 - (a) The amount of time that may be claimed for reviewing and commenting on reasons authored by a fellow panel member would be limited to a half day per set of reasons;
 - (b) A bencher adjudicator may seek prior written approval from the Tribunal Chair to exceed the established time limits in extraordinary circumstances, due to the complexity or nature of an appearance.
- Rationale: The Committee is of the view that this change would serve as an accountability measure and improve fiscal responsibility by providing guidance with respect to the exact amount of review and comment time eligible for

²⁴ See section 8 of the Law Society’s “Bencher Remuneration Guidelines.”

²⁵ *Id.*

remuneration. The term “reasonable” in the current Guidelines is subjective and could be the source of misunderstandings. By setting a limit of half a day per set of reasons, the Law Society would provide clarity to benchers adjudicators while aligning its remuneration policy with the Tribunal’s anticipated changes in this regard.

(4.3) Limiting the amount of time that can be claimed for the writing of reasons

- **Current policy:** Under By-Law 3, the preparation (or writing) of reasons for a decision or order of the Tribunal’s Hearing Division or Appeal Division is an eligible adjudication activity not currently subject to any time limits.²⁶
- **Recommended amendments:** The Committee recommends limiting the amount of time that can be claimed for the writing of reasons as follows:
 - (a) For a hearing of the Hearing Division:
 - If the hearing had a duration of up to a day or if it was a written hearing, a limit of up to 2 full days for reason writing;
 - If the hearing exceeded a day, a limit of a full day per hearing day for reason writing;
 - An overall maximum of 10 full days may be claimed for reason writing related to a given hearing;
 - (b) For a hearing of the Appeal Division, a limit of up to a total of two full days per hearing;
 - (c) A benchers adjudicator may seek prior written approval from the Tribunal Chair to exceed the established time limits in extraordinary circumstances, due to the complexity or nature of the hearing.
- **Rationale:** In the Committee’s view, these amendments would not only improve fiscal responsibility, they would help standardize the time spent writing reasons and potentially increase adjudicative efficiency. Most importantly, by creating a financial disincentive to protracted reason-writing, they would help advance the Tribunal’s core value of timeliness and ultimately protect and enhance its reputation. Guided by the importance of timely resolution of all matters, the Tribunal is committed to completing written reasons promptly.²⁷ The timeliness of reasons is an important objective in the broader administrative law context and a distinguishing feature of the best administrative tribunals. As recently observed by the Federal Court of Appeal:

[T]he best administrative decision-makers—the ones that have the strongest reputations and command public confidence—go beyond the

²⁶ See paragraph 7 of the definition of “work” in subsection 49(1) of By-Law 3.

²⁷ Law Society Tribunal, “Mission and Core Values,” online at: <https://lawsocietytribunal.ca/Pages/Mainpage.aspx#112>

minimum... [and] strive to fulfil the many important substantive and procedural purposes of reasons for decision...They do so without any sacrifice of timeliness, efficiency, brevity, and practicality.²⁸

These amendments would align Law Society policy with the Tribunal's anticipated changes to its remuneration policy.

(5) Making cancelled appearances eligible for remuneration if cancellation notice of two "clear" business days is not provided

- Current policy: Appearances cancelled with short notice are not an eligible adjudication activity under By-Law 3²⁹ or the Law Society Guidelines.³⁰
- Recommended amendments: The Committee recommends that if an appearance is cancelled without providing two "clear" business days' notice, that the adjudicator be eligible for remuneration in accordance with the following two scenarios:
 - (a) Where an appearance has started but was adjourned or settled on the same day (*this applies to appearances scheduled to take place on the cancellation date*):
 - The bencher adjudicator would be remunerated for time scheduled on the cancellation date.
 - For example, the bencher adjudicator would be able to claim a full day if that day's appearance was scheduled for a full day, or a half day if that day's appearance was scheduled for a half day;
 - (b) Where an appearance is cancelled with less than two "clear" business days'³¹ notice (*this applies to appearances scheduled to take place after the cancellation date*):
 - The bencher adjudicator would be able to claim a half day for each appearance scheduled within the two clear business day period immediately following the date of notification of the cancellation, to compensate for potential losses incurred as a result of the cancellation;
 - A "clear" notice excludes the day on which the notice is given (i.e., the cancellation date) and the day of the appearance.

In addition, the following two qualifications would apply:

- (c) The cancellation fee would be inapplicable to scheduled appearances of less than three hours;

²⁸ *Maple Lodge Farms Ltd. v. Canadian Food Inspection Agency*, 2017 FCA 45 (CanLII) at para. 28, online: <http://canlii.ca/t/h0prs>

²⁹ See definition of "work" in subsection 49(1) of By-Law 3.

³⁰ See section 18 of the Law Society's "Bencher Remuneration Guidelines."

³¹ The maximum is a full day, which includes any other eligible activities that may occur on the given date, such as travel.

- (d) A bencher adjudicator would not be eligible for remuneration in the event of a cancellation if the bencher has outstanding reasons to write. Any remuneration paid in this situation would be for the writing of reasons.

The following two examples illustrate how these recommended changes would operate in practice:

- If an appearance is scheduled for Monday (full day), Tuesday (full day), Wednesday (full day) and Thursday (full day) of the same week, and the matter gets settled or adjourned an hour into the appearance on Monday morning, the bencher adjudicator would receive a cancellation fee of one full day for the Monday, a half day for the Tuesday, and a half day for the Wednesday, with no cancellation fee for the Thursday.
- If an appearance is scheduled for Monday, Tuesday and Wednesday of the same week, and the matter is cancelled on Wednesday of the previous week, the bencher adjudicator would not be entitled to remuneration as notice of two clear business days was provided (i.e., the Thursday and Friday immediately following the cancellation date constitute two clear days).
- **Rationale:** The Committee believes that the recommended amendments are not only conducive to adjudicator retention, they are respectful of bencher adjudicators' professional obligations. Bencher adjudicators set aside their professional business activities to adjudicate matters for the Tribunal at remuneration rates lower than what most benchers could otherwise earn on an hourly basis from their professional work. While remunerating an adjudicator for losses incurred as a result of a cancellation with short notice is a principle consistent with other tribunals' remuneration policies,³² partial (as opposed to full) remuneration is recommended in these circumstances as a matter of fiscal responsibility. By proposing that a cancellation fee not apply to scheduled appearances of less than three hours, the Committee recognizes that certain appearances can be quite short and may even take place by telephone, in

³² For instance, the 19 adjudicative tribunals comprising the Social Justice Tribunals Ontario ("SJTO"), the Environment and Land Tribunals Ontario ("ELTO"), and the Safety, Licensing Appeals and Standards Tribunals Ontario ("SLASTO") are all subject to remuneration policies containing provisions that allow their part-time appointees to receive full remuneration for each scheduled full-day or half-day (as the case may be) that is cancelled without two clear business days' notice (i.e., not including the day on which the notice is given and the day of the hearing or mediation). For example, if a cancellation is received on Monday for a half-day hearing scheduled for Tuesday, a full-day hearing scheduled for Wednesday and a full-day hearing scheduled for Thursday, the adjudicator may claim remuneration for Tuesday's half-day and Wednesday's full day, but not for Thursday's full day.

SJTO is made up of the following eight tribunals: Child and Family Services Review Board, Criminal Injuries Compensation Board, Custody Review Board, Human Rights Tribunal of Ontario, Landlord and Tenant Board, Ontario Special Education (English) Tribunal, Ontario Special Education (French) Tribunal and Social Benefits Tribunal. ELTO is comprised of the following six tribunals: Assessment Review Board, Board of Negotiation, Conservation Review Board, Environmental Review Tribunal, Mining and Lands Tribunal and Local Planning Appeal Tribunal. SLASTO is comprised of the following five tribunals: Animal Care Review Board, Fire Safety Commission, Licence Appeal Tribunal, Ontario Civilian Police Commission, and Ontario Parole Board.

which case the bencher adjudicator knows in advance that they will be free after a short appearance. Requiring a bencher adjudicator to use cancelled time to write any outstanding reasons would promote efficiency, timeliness, and professionalism. Finally, this recommended change also would align Law Society policy with the Tribunal's anticipated changes to its remuneration policy.

Based on the rationales provided above, the Committee recommends that Convocation approve the amendments set out above as well as the policy at [Tab 4.1.4](#).

D. Financial Implications

Law Society staff expects the financial impacts of the recommended amendments to be nominal for the following reasons:

- 1) Making the 26-day deductible inapplicable to adjudication work only shifts the timing of the deductible as the deductible would likely still be exhausted (recommended amendment #1)**
 - As benchers' adjudication work is over and above the approximately 25-30 governance attendances per year that typically appear in the Bencher Calendar,³³ making the 26-day deductible inapplicable to adjudication work will likely have little to no financial impact on the Law Society's budget.
- 2) The remainder of the amendments proposed may potentially offset each other (recommended amendments #2-5)**
 - While three of the recommended amendments contemplate that certain adjudication work be made eligible for remuneration subject to some limits or that its eligibility be increased (i.e., hearing preparation, deliberation time with fellow panelists, and appearance cancellations with short notice), the increased cost of those changes may be potentially offset by the remainder of the recommended changes, which seek to improve accountability and fiscal responsibility (i.e., new rate category of one hour or less, and limits to both the writing of reasons and the review and comment on a fellow adjudicator's reasons).

Implementation

A. Policy Implementation

1) Steps Required for Implementation

³³ These attendances are: 6 Call to the Bar ceremonies, 8 Convocations, 8 committee meetings, 2 paralegal receptions, the Law Society Awards, and other miscellaneous attendances. This is a conservative estimate that assumes only one committee attendance per committee week.

If Convocation approves the recommended changes to the remuneration policy for benchers adjudicators set out in this report and reflected in the policy at [Tab 4.1.4](#), those changes will need to be implemented through amendments to By-Law 3. The amendments to By-Law 3 would be brought to Convocation for final approval in due course.

The Law Society Guideline as it relates to benchers adjudicator remuneration would be replaced by the policy at [Tab 4.1.4](#).

Operationalization of any approved amendments would be carried out in coordination with the Tribunal Chair, as the Tribunal will be making and operationalizing its own changes to its remuneration policy for appointee adjudicators. The manner and timing of implementation would need to be coordinated with the Tribunal Chair. For instance, from the Law Society's perspective, new forms for submission of remuneration claims would need to be developed and circulated.

2) Timeline for Implementation

If approved, the recommended amendments will be effective on January 1st, 2019.

B. Follow Up

If Convocation approves the above recommendations, the Committee will monitor the changes' financial impacts on an annual basis, as part of the overall Law Society budget process.

**Relevant Excerpts from
By-Law 3 (Benchers, Convocation and Committees)
Regarding Bencher Remuneration**

BY-LAW 3

Made: May 1, 2007
Amended: June 28, 2007
September 20, 2007
November 22, 2007
June 26, 2008
April 30, 2009
September 24, 2009
September 24, 2009 (editorial changes)
February 25, 2010
May 27, 2010
June 8, 2010 (editorial changes)
October 28, 2010
November 9, 2010 (editorial changes)
November 25, 2010
January 27, 2011
November 24, 2011
April 26, 2012
September 27, 2012
September 25, 2013
February 27, 2014
March 4, 2014
September 24, 2014
April 23, 2015
February 23, 2017
April 26, 2018
September 27, 2018
September 27, 2018 (editorial changes)

BENCHERS, CONVOCATION AND COMMITTEES

[...]

PART III

BENCHERS: ADMINISTRATION

REMUNERATION

Interpretation

49. (1) In this section and in sections 50 and 51,

“election of benchers” means an election of benchers under Part I or an election of benchers under Part I.1;

“full day” means a total of more than 3 hours in a period of 24 hours;

“half day” means a total of not more than 3 hours in a period of 24 hours;

“payee” means a person who is entitled to receive remuneration from the Society under section 50;

“remuneration year” means,

- (a) the period beginning on the day, in one calendar year, on which Convocation has its first regular meeting after an election of benchers and ending, in the following calendar year, on May 31,
- (b) the twelve-month period beginning on June 1 in one calendar year and ending on May 31 in the following calendar year, and
- (c) the period beginning on June 1 in one calendar year and ending, in the following calendar year, on the day before the day on which Convocation has its first regular meeting after an election of benchers;

“work” means any of the following activities and includes reasonable time traveling to or from the activity:

1. Attending a Convocation,
2. Attending a meeting of a standing or other committee, including the Proceedings Authorization Committee and any subcommittee of a standing or other committee or the Proceedings Authorization Committee, of which the payee is a member,

3. Attending a meeting of a standing or other committee, including the Proceedings Authorization Committee and any subcommittee of a standing or other committee or the Proceedings Authorization Committee, of which the payee is not a member, at the request of the chair of the committee,
4. Attending an information session organized by the Society exclusively for all or any group of payees,
5. Attending a program of education or training required by the Society for payees as such,
6. Hearing a hearing before the Hearing Division or Appeal Division,
7. Preparing reasons for a decision or order of the Hearing Division or Appeal Division,
8. Conducting a pre-hearing conference in a proceeding before the Hearing Division,
9. Performing activities, as vice-chair of the Hearing Division or Appeal Division, that are integral to the office of vice-chair of the Hearing Division or Appeal Division,
10. Performing activities, as a member of the Hearing Division or Appeal Division, that relate to the management of a proceeding before the Hearing Division or Appeal Division,
11. Performing activities, as a person appointed by Convocation for the purpose of making orders under sections 46, 47, 47.1, 48 and 49 of the Act, that are integral to the role of that person under sections 46, 47, 47.1, 48 and 49 of the Act,
12. Attending a meeting, other than a Convocation or a meeting of a standing or other committee, at the direction of the Treasurer or Convocation,
13. Performing activities as a director of an organization, to which position the payee was appointed, or nominated for appointment, by Convocation, provided that the performing of the activities would entitle any other director of the organization to be remunerated by the organization for performing the activities.

Entitlement

50. (1) Subject to subsection (2), every elected bencher, every bencher who holds office under subsection 12 (1) of the Act, every bencher who holds office under subsection 12 (2) of the Act and every bencher who holds office under section 14 of the Act is entitled to receive from the Society remuneration,

- (a) for each half day of work performed for the Society in a remuneration year, after the first 26 half or full days of work performed for the Society in that remuneration year, in an amount determined by Convocation from time to time; and
- (b) for each full day of work performed for the Society in a remuneration year, after the first 26 half or full days of work performed for the Society in that remuneration year, in an amount determined by Convocation from time to time.

Entitlement

(1.1) Subject to subsection (2), every emeritus bencher is entitled to receive from the Society remuneration,

- (a) for each half day of work performed for the Society in a remuneration year, in an amount determined by Convocation from time to time; and
- (b) for each full day of work performed for the Society in a remuneration year, in an amount determined by Convocation from time to time.

Limits on remuneration: performing activities as director of another organization

(2) A payee is not entitled to receive from the Society remuneration for performing activities as a director of an organization if the payee is remunerated, directly or indirectly, by the organization for performing the activities.

Entitlement

(3) Subject to subsections (4) and (5), every lay bencher is entitled to receive from the Society remuneration,

- (a) for each half day of work performed for the Society in a remuneration year, in an amount determined by Convocation from time to time; and
- (b) for each full day of work performed for the Society in a remuneration year, in an amount determined by Convocation from time to time.

Limits on remuneration: lay benchers

- (4) A lay bencher is not entitled to receive from the Society remuneration for performing an activity mentioned in paragraphs 1 to 5 and 11 to 13 of the definition of “work” contained in subsection 49 (1) unless it is,
- (a) the reasonable time traveling to or from the activity; or
 - (b) in the case of the activity mentioned in paragraph 5 of the definition of “work” contained in subsection 49 (1), a program of education or training required by the Society for the lay bencher as a member of the Hearing Division or Appeal Division.

Limits on remuneration: lay bencher remunerated by the Government of Ontario

(5) If, under subsections (3) and (4), a lay bencher is entitled to receive from the Society remuneration for performing an activity, if the lay bencher is also entitled to receive from the Government of Ontario remuneration for performing the same activity, the lay bencher is only entitled to receive from the Society remuneration for performing the activity in an amount that equals the amount, if any, by which the amount that the Society would ordinarily pay the lay bencher exceeds the amount that the Government of Ontario would pay the laybencher.

Claiming remuneration

51. (1) Subject to subsection (2), a payee may claim remuneration by submitting to the Society a claim for remuneration in a form provided by the Society.

Same

- (2) A payee shall,
 - (a) claim remuneration for work performed for the Society within a reasonable period of time after the payee has performed the work; and
 - (b) claim all remuneration in respect of a remuneration year by not later than six months after the end of the remuneration year.

Payment of remuneration to payee

- (3) Remuneration to which a payee is entitled shall be paid by the Society,
 - (a) within a reasonable period of time after the payee submits a claim for remuneration; and

- (b) within the calendar year in which the payee submits a claim for remuneration.

Same

(4) Remuneration shall be paid to the individual payee claiming the remuneration or, at the direction of the individual payee, to a business entity of which the payee is a partner, sole proprietor, shareholder or other owner or of which the payee is an employee.

[...]

BENCHER REMUNERATION GUIDELINES

(July 1, 2009, revised March 25, 2010, November 25, 2010, April 9, 2013, April 4, 2014, January 1, 2015, January 1, 2016, January 1, 2017, January 1, 2018)

Purpose

The following remuneration guidelines apply to elected benchers, former treasurers and ex-officio benchers ("benchers"), but does not include emeritus benchers/treasurers.

Remuneration

Under By-law 3, every bencher is entitled to receive remuneration from the Law Society for work performed for the Law Society subject to a 26 day deductible.

Remuneration Year

1. The bencher year is June 1 – May 31 with the exception of an election year.

In an election year, the bencher year starts on the day on which Convocation has its first regular meeting after an election of benchers licensed to practice law and ends on May 31 of the following year.

The 2016/2017 bencher year starts on June 1, 2016 and ends on May 31, 2017.
The 2017/2018 bencher year starts on June 1, 2017 and ends on May 31, 2018.

Remuneration rates

2. Remuneration for eligible activities is \$355 per half day and \$585 per full day.
3. The definition of half a day is intended to include eligible activity lasting up to 3 hours within a 24-hour period.
4. The definition of a full day is eligible activities in excess of three hours in a 24-hour period.

26 Day Deductible

5. The framework sets a deductible of 26 days before benchers can be remunerated for their time. For purposes of calculating the deductible of 26 days, half days and full days will all count as one day of attendance until the deductible of 26 days is exceeded. This means that 26 half days and not 52 half days will fulfill the 26 attendances required by the deductible.

Emeritus benchers/treasurers do not have a 26-day deductible.

Work Performed

Eligible activities

6. Attendance at Convocation, formal meetings of committees, task forces, working groups, special convocations, calls to the bar, bencher information sessions, mandatory bencher education sessions, adjudicator training sessions and meetings attended as the Law Society's official representative at the request of the Treasurer or Convocation.
7. Participation at a hearing before the Hearing Division or Appeal Division as outlined below:
 - attending a hearing
 - conducting a pre-hearing conference or proceeding management conference
 - deliberating with fellow panelists for up to two hours on each decision that leads to written reasons
 - authoring written reasons for a decision
 - reasonable time commenting on reasons authored by a fellow panel member
 - attending or viewing information, education or training sessions as required by the Tribunal
 - additional activities as approved by the Tribunal Chair
8. Reasonable travel time in attending eligible activities, if the bencher lives outside the Greater Toronto Area, or if the activity is outside Toronto, the place where the activity is held.
9. Multiple days with a short period of less than one hour on each of the dates should be grouped together and claimed as half a day if totalling three hours or less or a full day if totalling more than three hours.
10. A maximum of one full day may be claimed for remuneration on any calendar day, including travel time.
11. Attending a meeting or hearing by telephone qualifies as an eligible activity.

**Bencher acting as the Law Society's appointed representative
(As opposed to the Law Society's official representative – see below)**

12. The Law Society, through Convocation, appoints benchers to the boards of subsidiary and related organizations. These organizations are:

- Alliance for Sustainable Legal Aid
 - Canadian National Exhibition Association
 - Civil Rules Committee
 - E-Reg Committee (Joint LSUC/OBA Committee)
 - Family Rules Committee
 - Federal Judicial Advisory Committee
 - Federation of Law Societies of Canada Council
 - Judicial Appointments Advisory Committee
 - Justices of the Peace Appointments Advisory Committee
 - Justices of the Peace Review Committee Council
 - Law Commission of Ontario
 - Law Foundation of Ontario Board of Trustees
 - LAWPRO Board of Directors
 - Law Society Foundation
 - Legal Aid Ontario Board of Directors
 - LibraryCo Inc. Board of Directors
 - Ontario Bar Association Council
 - Ontario Courts Accessibility Committee
 - Ontario Judicial Council
 - Ontario Justice Education Network (OJEN)
- Benchers appointed to external boards, may not accept director's fees or other remuneration from these other organizations. If performing of the activities would entitle any other director of the organization to be remunerated by the organization for performing the activities, a bencher will be eligible for remuneration by the Law Society for the time spent, and the time spent on the external organization's business will count toward the 26-day deductible.
 - Directors on the boards of charities are not allowed to be remunerated directly or indirectly for their work. The Public Guardian and Trustee takes the position that generally directors of charities cannot be paid to act in the capacity of a director, although directors can receive reimbursement for reasonable expenses.
 - Based on a by-law passed by the LAWPRO Board in November 2005, any director's fees for which a Law Society bencher appointed to the LAWPRO Board would be eligible related to Board activities, are paid directly to the Law Society.

**Official representative of the Law Society
(As opposed to the Law Society's appointed representative – see above)**

13. Where a bencher has been appointed by Convocation or requested by the Treasurer to represent the Law Society at a meeting, occasion or event, then that attendance would be eligible for remuneration as the Law Society's official representative.

- It was agreed in Convocation in October 2004 that “only official representatives of the Law Society who attend meetings are compensated.”
- In certain instances, the Treasurer may request a bencher to attend a meeting, such as a swearing in ceremony, as representative of the Law Society or as a replacement for the Treasurer. Such meetings often require the official Law Society representative to play a role in proceedings. These types of meetings would be eligible for remuneration – whether the meeting takes the form of a business meeting, ceremonial event or swearing-in ceremony.
- In the Treasurer’s remarks, Convocation may be informed either in arrears or in advance, of the events attended by the Law Society’s official representatives. This will confirm the bencher attendance in an official capacity as the Law Society’s representative, assist benchers in their attendance reporting, as well as informing Convocation of ongoing events.

Non-Eligible Activities

14. Benchers will only be remunerated for attending meetings of committees, task forces and working groups where they are members of the committee, task force or working group or where they have been formally invited to participate by the relevant chair.
15. Meetings between benchers and staff are not eligible against the deductible nor for remuneration. This is because these meetings are typically of the nature of pre-meeting or post-meeting work (i.e. preparation time). The only exception to this would be work integral to the offices of Vice-Chairs of the Hearing and Appeal Divisions and the Summary Disposition Bencher.
16. Benchers attending meetings of organizations such as the Osgoode Society, a bencher’s local law association or FOLA, where their role may not be as official Law Society representative and have not been requested by the Treasurer or approved by Convocation, are not eligible for remuneration. Attendance at receptions, dinners, symposia and other like events are not applied to the 26-day deductible nor remunerated.
17. Preparation time for meetings, hearings, etc. is not applied to the 26-day deductible nor remunerated.
18. Benchers may not claim remuneration or travel time when a hearing is cancelled in advance or adjourned early.

Emerging issues and questions on remuneration

19. Questions relating to whether any specific activity is an eligible activity may be directed to the Chief Executive Officer. Any changes to these guidelines must be approved by Convocation, generally, based on a recommendation from the Audit & Finance Committee.

Summarized Chronology of Bencher Remuneration

- **May 2004** – Convocation adopted a motion providing for bencher remuneration subject to a 26-day deductible, and providing that remuneration for travel time and non-sitting time (e.g., preparation for a hearing and writing of reasons) would not be allowed except for one day per hearing for writing of reasons.
- **February 2005** – Convocation’s May 2004 compensation scheme was approved by 58% of respondents in a general referendum of the Law Society’s membership.
- **September 2005** – Convocation adopted the policy principles underlying Part III of By-Law 3.
- **May 2007** – Convocation approved By-Law 3.
- **June 2008** – Convocation amended By-Law 3 to remove the one-day limitation on remuneration for the writing of reasons and to include travel time as an eligible activity.
- **July 2009** – Bencher Remuneration Guidelines adopted.
- **January 2017** – Bencher Remuneration Guidelines expanded to include remuneration for a limited amount of time for panel deliberations on a decision and reasonable time spent commenting on reasons authored by a fellow panel member.

DRAFT BENCHER REMUNERATION POLICY

1 POLICY

- 1.01 A bencher is entitled to be remunerated by the Law Society of Ontario (“Law Society”) for eligible governance and adjudication work performed in support of Law Society business and considered as performance of his or her duties as a bencher.
- 1.02 Each bencher is personally accountable for his/her remuneration submissions and should consult with, and obtain the prior written approval of, the Treasurer and/or the Chief Executive Officer (“CEO”) for any activities which may be considered extraordinary. Each bencher is to seek guidance from the Treasurer and/or CEO if he/she has any doubt as to the appropriateness of a specific activity for remuneration purposes.
- 1.03 Any activity claimed for remuneration purposes must be clearly related to the mandate of the Law Society and be eligible under this policy, and must be properly explained and documented.

2 PURPOSE

- 2.01 Under By-Law 3 (Benchers, Convocation and Committees), every bencher is entitled to receive remuneration from the Law Society for eligible governance and adjudication work performed in support of Law Society business. This Bencher Remuneration Policy (“Policy”) seeks to ensure benchers are appropriately remunerated in recognition of the dedication and responsibility assumed as directors of the Law Society or its subsidiaries.
- 2.02 The Policy is intended to support diverse representation in Convocation and recognize benchers from different geographical locations within Ontario.
- 2.03 The Policy is meant to assist the Audit & Finance Committee in their role of overseeing bencher remuneration by providing timely, accurate and complete reporting to the Committee on a regular basis.

3 SCOPE

- 3.01 The Policy applies to elected benchers, *ex officio* benchers, and emeritus benchers.
- 3.02 This Policy also applies to lay benchers (non-licensee benchers appointed by government) for the purpose of Tribunal related work and travel time, with the Law Society supplementing, to bencher remuneration rates, any per diem a lay bencher may be eligible for from the Province of Ontario.
- 3.03 In this Policy, the individuals identified in 3.01 and 3.02 are collectively referred to as “benchers.”

4 ACCOUNTABILITIES AND RESPONSIBILITIES

- 4.01 Convocation is responsible for:
- reviewing and approving the Policy.
- 4.02 The Audit & Finance Committee is responsible for:
- reviewing and recommending approval of the Policy or amendments to the Policy to Convocation;
 - assisting the CEO and the Executive Director, Finance & Chief Financial Officer (“CFO”) with any issues or exceptions in implementing the Policy; and
 - reviewing summarized remuneration reports by benchers (this shall be done *in camera* on at least an annual basis).
- 4.03 The CEO is responsible for:
- administering the procedures necessary for implementing the Policy;
 - addressing issues and exceptions in implementing the Policy; and
 - providing the Audit & Finance Committee with periodic summarized remuneration reports by benchers (this shall be done at least annually).
- 4.04 Benchers are responsible for:
- ensuring that their time eligible for remuneration is reasonable;
 - maintaining records of their time spent on activities eligible for remuneration;

- promptly submitting claims for bencher remuneration; and
- proactively addressing issues and exceptions with the CEO or the CFO.

5 REMUNERATION RATES

5.01 Effective January 1st, 2019, the remuneration rates for eligible governance activities are:

- \$365 for up to and including three hours of time spent within a given calendar day (“half day”); and
- \$600 for more than three hours of time spent within a given calendar day (“full day”).

5.02 Effective January 1st, 2019, the remuneration rates for eligible adjudication activities are:

- \$125 for an hour or less of time spent within a given calendar day;
- \$365 for more than an hour and up to and including three hours of time spent within a given calendar day (“half day”); and
- \$600 for more than three hours of time spent within a given calendar day (“full day”).

5.03 A maximum of one full day may be claimed for remuneration on any calendar day, including travel time.

6 ELIGIBLE GOVERNANCE ACTIVITIES

6.01 The following activities are governance activities eligible for remuneration under this Policy:

- (a) Attending:
 - meetings of Convocation, special Convocations, or Committees of the Whole;
 - meetings of a committee, task force, working group or similar established by Convocation where participation is either as a member of

- that committee, task force or working group or where the benchers is formally invited to participate by the relevant Chair or Treasurer;
 - board or formal committee meetings of Law Society subsidiaries (e.g., LawPRO or LibraryCo) unless remuneration is prohibited for other directors/trustees of that given organization;
 - Calls to the Bar or Paralegal Receptions;
 - information sessions organized by the Law Society exclusively for benchers;
 - education or training sessions deemed mandatory by the Law Society; and
 - meetings or formal ceremonies attended as the Law Society's official representative at the request of the Treasurer or Convocation; and
- (b) Performing activities as a person appointed by Convocation under the *Law Society Act* for the purpose of making orders suspending a licensee's licence for failure to pay the Law Society annual fee, file reports with the Law Society such as the lawyer's or paralegal's annual report, maintain professional liability insurance or comply with Continuing Professional Development ("CPD") requirements.

7 ELIGIBLE ADJUDICATION ACTIVITIES

7.01 In this Policy, an appearance includes a hearing, a motion, a case conference, a pre-hearing conference, and a proceeding management conference.

7.02 The following activities performed as a member of the Hearing Division or Appeal Division of the Law Society Tribunal ("Tribunal") are adjudication activities eligible for remuneration under this Policy:

- (a) Attending an appearance at the Hearing Division or the Appeal Division;
- (b) Attending or viewing information, education or training sessions as required by the Tribunal;
- (c) Preparing for a hearing in accordance with the following:
 - i. Preparing for a hearing of the Hearing Division:

- a. a limit of up to a half day for the first day of a hearing or for a written hearing will apply;
 - b. an additional hour may be claimed for each incremental hearing day;
 - ii. Preparing for a hearing of the Appeal Division:
 - a. a limit of up to a full day per hearing will apply;
 - iii. A bencher adjudicator may seek prior written approval from the Tribunal Chair to exceed the established time limits in extraordinary circumstances, due to the complexity or nature of the hearing;
- (d) Deliberating with fellow panelists in accordance with the following:
 - i. A limit of up to a half day per decision that leads to written reasons will apply;
 - ii. A bencher adjudicator may seek prior written approval from the Tribunal Chair to exceed the established time limits in extraordinary circumstances, due to the complexity or nature of an appearance;
- (e) Reviewing and commenting on reasons authored by a fellow panel member in accordance with the following:
 - i. A limit of up to a half day per set of reasons will apply;
 - ii. A bencher adjudicator may seek prior written approval from the Tribunal Chair to exceed the established time limits in extraordinary circumstances, due to the complexity or nature of an appearance; and
- (f) Writing reasons in accordance with the following:
 - i. Writing reasons for a hearing of the Hearing Division:
 - a. If the hearing had a duration of up to a day or if it was a written hearing, a limit of up to two full days for reason writing will apply;
 - b. If the hearing exceeded a day, a limit of a full day per hearing day for reason writing will apply;
 - c. An overall maximum of 10 full days may be claimed for reason writing related to a given hearing;
 - ii. For a hearing of the Appeal Division, a limit of up to a total of two full days per hearing will apply;
 - iii. A bencher adjudicator may seek prior written approval from the Tribunal Chair to exceed the established time limits in extraordinary circumstances, due to the complexity or nature of the hearing.

7.03 Subject to 7.04 and 7.05, cancelled appearances are eligible for remuneration if cancellation notice of two “clear” business days is not provided. A “clear” notice excludes the day on which the notice is given (i.e., the cancellation date) and the day of the appearance. A bencher adjudicator is eligible for remuneration in the following two scenarios:

- (a) Where an appearance has started but was adjourned or settled on the same day (*this applies to appearances scheduled to take place on the cancellation date*):
 - The bencher adjudicator would be remunerated for time scheduled on the cancellation date, up to a maximum of one full day.
 - For example, the bencher adjudicator would be able to claim a full day if that day’s appearance was scheduled for a full day, or a half day if that day’s appearance was scheduled for a half day;
- (b) Where an appearance is cancelled with less than two “clear” business days’ notice (*this applies to appearances scheduled to take place after the cancellation date*):
 - The bencher adjudicator would be able to claim a half day for each appearance scheduled within the two clear business day period immediately following the date of notification of the cancellation, to compensate for potential losses incurred as a result of the cancellation. For example:
 - If an appearance is scheduled for Monday (full day), Tuesday (full day), Wednesday (full day) and Thursday (full day) of the same week, and the matter gets settled or adjourned an hour into the appearance on Monday morning, the bencher adjudicator would receive a cancellation fee of one full day for the Monday, a half day for the Tuesday, and a half day for the Wednesday, with no cancellation fee for the Thursday.
 - If an appearance is scheduled for Monday, Tuesday and Wednesday of the same week, and the matter is cancelled on Wednesday of the previous week, the bencher adjudicator would not be entitled to remuneration as notice of two clear business days was provided (i.e., the Thursday and Friday immediately following the cancellation date constitute two clear days).

- 7.04 A bencher adjudicator is not eligible for remuneration under 7.03 for cancelled appearances originally scheduled for less than three hours.
- 7.05 A bencher adjudicator is not eligible for remuneration under 7.03 if the bencher has outstanding reasons to write. Any remuneration paid in this situation would be for the writing of reasons.
- 7.06 Activities performed as vice-chair of the Hearing Division or Appeal Division that are integral to the office of vice-chair are eligible adjudication activities.

8 TRAVEL TIME

- 8.01 Reasonable travel time will be remunerated in performing Law Society business.
- 8.02 Consistent with 10.02, if a bencher travels to Toronto to perform adjudication and governance activities during the same period, the bencher's travel time will be paid in accordance with this Policy and will not count toward the 26-day deductible as it is only one activity.

9 OTHER ACTIVITIES

- 9.01 The Law Society, through Convocation, recommends for appointment or appoints benchers to external boards or committees of other organizations. The organizations are as follows:
- Alliance for Sustainable Legal Aid
 - Canadian National Exhibition Association
 - Civil Rules Committee
 - E-Reg Committee (Joint LSUC/OBA Committee)
 - Family Rules Committee
 - Federal Judicial Advisory Committee
 - Federation of Law Societies of Canada Council
 - Judicial Appointments Advisory Committee
 - Justices of the Peace Appointments Advisory Committee
 - Justices of the Peace Review Council
 - Law Commission of Ontario

- Law Foundation of Ontario Board of Trustees
- Law Society Foundation
- Legal Aid Ontario
- Ontario Bar Association Council
- Ontario Courts Accessibility Committee
- Ontario Judicial Council
- Ontario Justice Education Network (OJEN)

9.02 A bencher appointed to an external board or committee will be eligible for and may claim, for remuneration purposes from the Law Society, attendance at formal meetings of the external board or committee, including related travel time, provided the other directors of the external board or committee are also eligible for remuneration. A bencher should not accept director's fees or other remuneration from these external boards or committees if he/she is claiming remuneration for the given activities from the Law Society.

10 NON-ELIGIBLE ACTIVITIES

10.01 As part of the voluntary contribution to the professions, preparation work in support of a bencher's governance role will not be remunerated.

10.02 As part of the voluntary contribution to the professions, the first 26 attendances on separate calendar dates in a given bencher year, related to eligible governance work as defined in this policy, will be counted towards a voluntary 26-day deductible period. For greater clarity, if on the same calendar day a bencher performs governance activities that count toward the 26-day deductible as well as adjudication activities, the bencher's eligible adjudication activities will be remunerated with their eligible governance activities applied toward the 26-day deductible.

10.03 Meetings between benchers and staff are not eligible for remuneration.

10.04 Benchers attending meetings of organizations such as the Osgoode Society, a bencher's local law association or the Federation of Ontario Law Associations ("FOLA"), where their participation is not as the Law Society's official representative and/or has not been

requested by the Treasurer or approved by Convocation, are not eligible for remuneration.

10.05 Attendance at receptions, dinners, symposia and other like events are not eligible for remuneration.

11 REMUNERATION ISSUES

11.01 Questions on bencher remuneration should be directed to the CFO.

12 CHANGES TO POLICY

12.01 This Policy may only be changed by Convocation on the specific recommendation of the Audit & Finance Committee.



Barreau
de l'Ontario

Tab 4.2

Audit and Finance Committee

**Third Quarter Law Society Financial
Statements and Other Committee Work**

Committee Members:

Teresa Donnelly (Chair)
Christopher Bredt (Vice-Chair)
Suzanne Clément (Vice-Chair)
Peter Beach
Janis Criger
Seymour Epstein
David Howell
Vern Krishna
Brian Lawrie
Cathy Strosberg
Tanya Walker
Heather Zordel

Authored By:

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November 30, 2018

FOR INFORMATION

LAW SOCIETY OF ONTARIO FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

MOTION

The Convocation receive the third quarter financial statements for the Law Society of Ontario for information.

Financial Statement Highlights

The Lawyer General Fund shows a surplus of \$3.8 million at the end of the third quarter of 2018, compared to a surplus of \$2.3 million for the same period of 2017. The 2018 budget planned a deficit of \$5.4 million for the fiscal year. The planned deficit was to be financed by \$4.8 million from the general fund balance and \$600,000 from surplus investment income in the E&O Fund.

The Paralegal General Fund experienced a deficit of \$627,000 at the end of the third quarter of 2018 compared to a surplus of \$216,000 in the prior year. The 2018 budget planned a deficit of \$2.1 million for the fiscal year. The planned deficit was to be financed by \$2.1 million from the general fund balance.

The main reason for the positive financial performance compared to budget is that all the major expense categories are under budget with staffing vacancies being a common element associated with the variances.

The Law Society's restricted funds report a surplus of \$3.1 million (2017: \$7.3 million deficit) primarily because of a \$6.5 million surplus in the Lawyer Compensation Fund offset by amortization of \$1.6 million in the Invested in Capital and Intangible Assets Fund.

In the 2018 budget, the provision for grant claims in the Lawyer Compensation Fund was set at \$7.7 million, increased by \$4 million from 2017 based on claims incurred data. In addition, a provision of \$5 million was included to restore the fund balance to its policy approved level within three years, sufficient to withstand a 1 in 200 year event. At the end of the third quarter of 2018, this refinancing strategy is working with the fund balance increasing from \$3.3 million at the beginning of the year to \$9.7 million. The latest actuarial report establishes the minimum fund balance required by the Fund Balance Management Policy at \$20.4 million.

Background

The Financial Statements are prepared under Generally Accepted Accounting Principles for Canadian not-for-profit organizations using the restricted fund method of accounting.

The Financial Statements for the nine months ended September 30, 2018 comprise the following statements:

- Balance Sheet
- Statement of Revenues and Expenses and Change in Fund Balances, detailing results of operations for lawyers and paralegals
- Schedule of Restricted Funds
- Supplemental schedules include Schedules of Revenues and Expenses for the Combined General Fund, Lawyer and Paralegal General Funds, the Compensation Fund and the Errors and Omissions Insurance Fund

Statement of Revenues and Expenses and Change in Fund Balances

Revenues

The 2018 budget incorporated an annual fee increase for lawyers of \$267 and paralegals of \$54 and an increase of 1,000 in the number of lawyers and an increase of 500 in the number of paralegals. The actual increase in the number of lawyers is tracking slightly ahead of projections while the number of paralegals are lagging. Annual fees recognized in the first nine months of \$71.6 million have increased by \$10.1 million due to the increase in number of licensees and in the annual fee amount. Annual fee revenue is recognized on a monthly basis.

While most elements of the insurance premium are earned evenly over the year, discounts such as e-filing, early payment and CPD are recognized early in the year which can lead to fluctuations in comparative periods and leads to the appearance of lower premiums initially. Overall, the number of insureds is trending up so far in 2018, with new calls during the year to come into the program. LAWPRO's base premium was unchanged from 2017 and transaction levies have decreased slightly from the first half of 2017, leading to E&O Fund premium and levy revenue of \$75.8 million (2017: \$76.5 million).

Lawyer licensing process revenues of \$9.8 million were slightly more than 2017 (\$9.6 million). The total Licensing Process fee including the fees for the initial application, the Barrister and Solicitor Licensing Examinations and the Call to the Bar, is \$4,710, unchanged from last year.

Paralegal licensing process revenues of \$1.5 million were in line with 2017 levels.

Continuing Professional Development revenue totals \$4.5 million at the end of September 2018, unchanged from 2017.

Other income totaling \$7.5 million exceeds the 2017 amount of \$5.9 million. In September 2017, Convocation approved increases to the reinstatement fee, late payment fees, late filing fees and the service fee for returned cheques.

Expenses

Professional Regulation, Tribunals and Compliance expenses totalling \$21.2 million (2017: \$20.9 million) are unchanged from last year but are \$3.9 million less than budget due to staff vacancies associated with the department's reorganization. The variance is spread across all areas but largely concentrated in salary savings and outside counsel expenses.

Total Professional Development and Competence expenses were \$21.4 million (2017: \$21.2 million) and were under budget. Positive variances are largely concentrated in the Great Library and Spot Audit functions.

Total corporate services expenses of \$19.3 million have increased (2017: \$17.1 million) but are still under budget. The main reasons for the year-on-year-increase are:

- increased costs for the new premises leased at 393 University, Reported lease costs for 2018 are approximately \$1.0 million higher than 2017 at this time.
- increased Information Technology and Human Resource staffing as budgeted
- Increased costs associated with restructuring

All the significant components of convocation, policy and outreach expenses of \$6.7 million (2017: \$4.8 million) are under budget such as the contingency allocated to the period of \$750,000 which has not been used. The increase from 2017 is primarily due to fuller staff complements in areas such as Policy.

Balance Sheet

Most of the increase in the total of cash and short-term investment balances can be attributed to the collection of annual fees by the due date of March 2, 2018 but not yet expended to this point in the year. Contributing to the increase annual fees collected has been the increase in the Compensation Fund levy generating approximately \$12.5 million in cash with only about \$4.0 in million actual cash outflows to the end of September.

This has been the intended outcome of the increase to restore the Compensation Fund balance. Prior to year-end, when we are confident the funds will be available, a transfer to the long term portfolio under management by Foyston Gordon and Payne will be made. The funds are currently residing in a high interest savings accounts approximately equivalent in yield to short term bankers' acceptances.

Most of the prepaid expense balance of \$30.0 million relates to annual E&O insurance premiums paid or payable for the year, which are expensed over the full year.

The investment in subsidiaries represents the 100% ownership of LAWPRO totalling \$35.6 million and the 100% ownership of LibraryCo. totalling \$200.

Portfolio investments are shown at fair value of \$64.0 million, a decrease from September 2017 because of withdrawal of capital in the Compensation Fund in November of 2017 to finance grant payments. Under the Investment Policy, the benchmark Canadian equity component is 30% and the fixed income component is 70%.

The new Investment Loan of \$878,000 represents the Law Society of Ontario's participation in the subordinated loan used to fund CanLII's acquisition of Lexum in 2018 as approved by Convocation. The interest rate is 4.74%. The term of the Loan is 5 years.

Deferred revenue (\$50.3 million) is made up of annual fees, licensing process revenues and insurance premiums which are recognized over the full year. The balance has increased from the same time in 2017 due to the increase in annual fees.

Due to LAWPRO (\$29.7 million) will decline by year-end as insurance premiums and levies collected are paid to LAWPRO.

The provision for unpaid grants of \$26.7 million (2017 - \$24.1 million) represents the estimate for unpaid claims and inquiries against the Compensation Fund, supplemented by the costs for processing these claims. The volume of large scale defalcations has declined markedly and the underlying volume of grant applications has improved compared to the immediately prior years. The paralegal Compensation Fund provision for unpaid grants comprises less than \$300,000 of the total Compensation Fund provision for unpaid grants.

The Law Society Act permits a member who has dormant trust funds, to apply for permission to pay the money to the Law Society. Money paid to the Law Society is held in trust in perpetuity for the purpose of satisfying the claims of the persons who are entitled to the capital amount. At the end of September, unclaimed money held in trust amounts to \$5.4 million.

The operating surplus in the lawyer General Fund has increased the fund balance to \$27.6 million at the high end of the parameters established by Convocation's fund balance administration policy. The paralegal General Fund balance has decreased to \$3.9 million.

The lawyer Compensation Fund results for the nine months have succeeded in refinancing the Fund from its lows of \$3.3 million to \$9.7 million which is still well below the minimum level of approximately \$20.4 million required by Convocation's fund balance administration policy. The fund balance policy requires the minimum benchmark to be restored within three years. These considerations have been incorporated into the drafting of the 2019 budget and if current activity continues the policy objective will be achieved.

Restricted Funds

A supplementary income and expense schedule for the Compensation Fund is provided.

A supplementary income and expense schedule for the Errors and Omissions Insurance (E&O) Fund is also provided. The E&O Fund accounts for the mandatory professional liability insurance program of the Law Society which is administered by LAWPRO. The insurance premium expense, as well as related levies and income from their investment are tracked within this fund. The Law Society is insured for lawyers' professional liability and recovers annual premium costs from lawyers through a combination of annual base levies and additional levies that are charged based on a lawyer's claims history, status, and real estate and litigation levies.

LAW SOCIETY OF ONTARIO**Balance Sheet***Unaudited**Stated in thousands of dollars**As at September 30*

	2018	2017
Assets		
Current Assets		
1 Cash	29,727	13,617
2 Short-term investments	38,719	43,668
3 Accounts receivable	28,927	25,827
4 Prepaid expenses	30,112	28,769
5 Total current assets	127,485	111,881
6 Investment in subsidiaries	35,642	35,642
7 Portfolio investments	63,985	67,433
8 Investment loan	878	-
9 Capital assets	8,107	7,692
10 Intangible assets	1,088	376
11 Total Assets	237,185	223,024
Liabilities and Fund Balances		
Current Liabilities		
12 Accounts payable and accrued liabilities	12,872	11,130
13 Deferred revenue	50,293	46,243
14 Due to LAWPRO	29,659	26,323
15 Total current liabilities	92,824	83,696
16 Provision for unpaid grants/claims	26,693	24,136
17 Unclaimed trust funds	5,372	5,042
18 Total Liabilities	124,889	112,874
Fund Balances		
General funds		
19 Lawyers	27,636	25,812
20 Paralegals	3,850	5,281
Restricted funds		
21 Compensation - lawyers	9,746	6,141
22 Compensation - paralegals	713	559
23 Errors and omissions insurance	55,313	55,842
24 Capital allocation	4,928	7,650
25 Invested in capital and intangible assets	9,195	8,069
26 County libraries	81	(14)
27 Other	834	810
28 Total Fund Balances	112,296	110,150
29 Total Liabilities and Fund Balances	237,185	223,024

LAW SOCIETY OF ONTARIO**Statement of Revenues and Expenses and Change in Fund Balances***Unaudited**Stated in thousands of dollars**For the nine months ended September 30*

	2018	2017	2018	2017	2018	2017	2018	2017
	General Fund Lawyer		General Fund Paralegal		Restricted Funds		Total	
Revenues								
1 Annual fees	48,699	45,516	4,298	3,797	18,564	12,071	71,561	61,384
2 Insurance premiums and levies	-	-	-	-	75,782	76,520	75,782	76,520
3 Professional development and competence	13,752	13,448	2,022	2,337	-	-	15,774	15,785
4 Investment income	654	436	83	48	923	948	1,660	1,432
5 Change in fair value of investments	(85)	(46)	(11)	(5)	(303)	(163)	(399)	(214)
6 Other	6,426	5,060	966	722	119	71	7,511	5,853
7 Total revenues	69,446	64,414	7,358	6,899	95,085	89,447	171,889	160,760
Expenses								
8 Professional regulation, tribunals and compliance	18,868	18,678	2,392	2,254	-	-	21,260	20,932
9 Professional development and competence	19,087	19,259	2,297	1,958	-	-	21,384	21,217
10 Corporate services	17,102	15,395	2,233	1,736	-	-	19,335	17,131
11 Convocation, policy and outreach	6,012	4,396	659	396	-	-	6,671	4,792
12 Services to members and public	4,602	4,346	404	339	-	-	5,006	4,685
13 Restricted	-	-	-	-	92,028	96,734	92,028	96,734
14 Total expenses	65,671	62,074	7,985	6,683	92,028	96,734	165,684	165,491
15 Surplus (Deficit)	3,775	2,340	(627)	216	3,057	(7,287)	6,205	(4,731)
16 Fund balances, beginning of year	23,239	23,602	4,477	5,065	78,375	86,214	106,091	114,881
17 Interfund transfers	622	(130)	-	-	(622)	130	-	-
18 Fund balances, end of period	27,636	25,812	3,850	5,281	80,810	79,057	112,296	110,150

Convocation - Audit & Finance Committee Report

LAW SOCIETY OF ONTARIO

Schedule of Restricted Funds

Unaudited

Stated in thousands of dollars

For the nine months ended September 30

	2018							2017	
	Compensation Fund		Errors and omissions insurance	Capital allocation	Invested in capital and intangible assets	County libraries	Other restricted	Total Restricted funds	Total
	Lawyer	Paralegal							
1 Fund balances, beginning of year	3,285	717	55,716	6,684	10,838	-	1,135	78,375	86,214
Revenues									
2 Annual fees	9,288	53	-	3,217	-	6,006	-	18,564	12,071
3 Insurance premiums and levies	-	-	75,782	-	-	-	-	75,782	76,520
4 Investment income	512	70	341	-	-	-	-	923	948
5 Change in fair value of investments	(140)	(19)	(144)	-	-	-	-	(303)	(163)
6 Other	48	5	-	66	-	-	-	119	71
7 Total revenues	9,708	109	75,979	3,283	-	6,006	-	95,085	89,447
8 Total expenses	3,247	113	75,782	5,079	1,643	5,925	239	92,028	96,734
9 (Deficit) Surplus	6,461	(4)	197	(1,796)	(1,643)	81	(239)	3,057	(7,287)
10 Interfund transfers	-	-	(600)	40	-	-	(62)	(622)	130
11 Fund balances, end of period	9,746	713	55,313	4,928	9,195	81	834	80,810	79,057

LAW SOCIETY OF ONTARIO
Lawyers and Paralegals General Fund
Schedule of Revenues and Expenses

Unaudited

Stated in thousands of dollars

For the nine months ended September 30

	2017 Actual	2018 Actual	Budget YTD	Variance
REVENUES				
1 Annual fees	49,313	52,997	52,793	204
2 Professional development and competence	15,785	15,774	15,835	(61)
3 Investment income	484	737	582	155
4 Change in fair value of investments	(51)	(96)	-	(96)
5 Other	5,782	7,392	6,193	1,199
6 Total revenues	71,313	76,804	75,403	1,401
EXPENSES				
7 Professional regulation, tribunals and compliance	20,932	21,260	25,154	3,894
8 Professional development and competence	21,217	21,384	22,662	1,278
9 Corporate services	17,131	19,335	20,083	748
10 Convocation, policy and outreach	4,792	6,671	9,226	2,555
11 Services to members and public	4,685	5,006	5,258	252
12 Total expenses	68,757	73,656	82,383	8,727
13 Surplus (Deficit)	2,556	3,148	(6,980)	10,128

LAW SOCIETY OF ONTARIO
General Fund - Lawyers
Schedule of Revenues and Expenses

Unaudited

Stated in thousands of dollars

For the nine months ended September 30

	2017 Actual	2018 Actual	Budget YTD	Variance
REVENUES				
1 Annual fees	45,516	48,699	48,336	363
2 Professional development and competence	13,448	13,752	13,622	130
3 Investment income	436	654	512	142
4 Change in fair value of investments	(46)	(85)	-	(85)
5 Other	5,060	6,426	5,334	1,092
6 Total revenues	64,414	69,446	67,804	1,642
EXPENSES				
7 Professional regulation, tribunals and compliance	18,678	18,868	22,177	3,309
8 Professional development and competence	19,259	19,087	20,190	1,103
9 Corporate services	15,395	17,102	17,584	482
10 Convocation, policy and outreach	4,396	6,012	8,330	2,318
11 Services to members and public	4,346	4,602	4,786	184
12 Total expenses	62,074	65,671	73,067	7,396
13 Surplus (Deficit)	2,340	3,775	(5,263)	9,038

LAW SOCIETY OF ONTARIO
General Fund - Paralegals
Schedule of Revenues and Expenses

Unaudited

Stated in thousands of dollars

For the nine months ended September 30

	2017 Actual	2018 Actual	Budget YTD	Variance
REVENUES				
1 Annual fees	3,797	4,298	4,457	(159)
2 Professional development and competence	2,337	2,022	2,213	(191)
3 Investment income	48	83	70	13
4 Change in fair value of investments	(5)	(11)	-	(11)
5 Other	722	966	859	107
6 Total revenues	6,899	7,358	7,599	(241)
EXPENSES				
7 Professional regulation, tribunals and compliance	2,254	2,392	2,977	585
8 Professional development and competence	1,958	2,297	2,472	175
9 Corporate services	1,736	2,233	2,499	266
10 Convocation, policy and outreach	396	659	896	237
11 Services to members and public	339	404	472	68
12 Total expenses	6,683	7,985	9,316	1,331
13 (Deficit) Surplus	216	(627)	(1,717)	1,090

LAW SOCIETY OF ONTARIO**Compensation Fund****Schedule of Revenues and Expenses and Change in Fund Balances***Unaudited**Stated in thousands of dollars**For the nine months ended September 30*

	2018			2017		
	Lawyers	Paralegals	Total	Lawyers	Paralegals	Total
Revenues						
1 Annual fees	9,288	53	9,341	2,586	70	2,656
2 Investment income	512	70	582	552	61	613
3 Change in fair value of investments	(140)	(19)	(159)	(90)	(10)	(100)
4 Recoveries	48	5	53	28	(31)	(3)
5 Total Revenues	9,708	109	9,817	3,076	90	3,166
Expenses						
6 Provision for unpaid grants	2,724	48	2,772	9,368	86	9,454
7 Spot audit	-	-	-	-	-	-
8 Share of investigation and discipline	-	-	-	-	-	-
9 Administrative	523	65	588	392	42	434
10 Total Expenses	3,247	113	3,360	9,760	128	9,888
11 Surplus (Deficit)	6,461	(4)	6,457	(6,684)	(38)	(6,722)
12 Fund balances, beginning of year	3,285	717	4,002	12,825	597	13,422
14 Fund Balances, end of period	9,746	713	10,459	6,141	559	6,700

LAW SOCIETY OF ONTARIO
Errors and Omissions Insurance Fund
Schedule of Revenues and Expenses and Change in Fund Balance

Unaudited

Stated in thousands of dollars

For the nine months ended September 30

	2018 Actual	2017 Actual
REVENUES		
1 Insurance premiums and levies	75,782	76,520
2 Investment income	341	335
3 Change in fair value of investments	(144)	(63)
4 Other income	-	-
5 Total revenues	75,979	76,792
EXPENSES		
6 Administrative	-	-
7 Claims	-	14
8 Insurance	75,782	76,520
9 Total expenses	75,782	76,534
10 Surplus	197	258
10 Interfund transfers	(600)	-
11 Change in fund balance	(403)	258
12 Fund balance, beginning of year	55,716	55,584
13 Fund balance, end of period	55,313	55,842

FOR INFORMATION

Other Committee Work

The Committee approved the updated Pension Plan Governance Structure and Guidelines to reflect:

- i. amendments of the Statement of Investment Policies and Procedures (“SIP&P”)
- ii. the change in the name from “The Law Society of Upper Canada” to “Law Society of Ontario”
- iii. related revisions to the Roles and Responsibilities Table

The Committee received pension plan fiduciary and governance training and received the triennial assessment of the governance of the Pension Plan and the governance structure and guidelines.

The Committee received the audit plan for the Law Society and the fund of the pension plan of the employees of the Law Society for the 2018 financial year.

The Committee received a report from the Law Society’s General Counsel reporting no matters brought to the attention of the Law Society’s whistleblowing intermediary.

The Committee received a report from the Law Society’s General Counsel on the Tax Court of Canada decision in the matter of the Lawyers’ Professional Indemnity Company v. Her Majesty the Queen