

■ CIVIL LEGAL SERVICES SOA	■ 2004/05 ANNUAL REPORT	■
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LETTER TO THE LIEUTENANT GOVERNOR



ATTORNEY GENERAL
MINISTER OF JUSTICE

Room 104
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

The Honourable John Harvard
Lieutenant Governor of Manitoba
Room 235 Legislative Building
450 Broadway
Winnipeg MB R3C 0V8

May It Please Your Honour:

I have the honour of presenting the Tenth Annual Report of the Civil Legal Services Special Operating Agency for the fiscal year ended March 31, 2005.

Respectfully submitted,

Original signed by

Gord Mackintosh
Minister of Justice
Attorney General

LETTER TO THE MINISTER

Manitoba



**Deputy Minister of Justice
and Deputy Attorney General**

Room 110
Legislative Building
Winnipeg MB R3C 0V8

July 29, 2005

The Honourable Gord Mackintosh
Minister of Justice
Attorney General
Room 104 Legislative Building
450 Broadway
Winnipeg MB R3C 0V8

Dear Minister:

I am pleased to submit for your consideration the Tenth Annual Report of the Civil Legal Services Special Operating Agency for the fiscal year ending March 31, 2005.

The results of the 2004/05 fiscal year indicate that Civil Legal Services (CLS) has operated successfully and effectively by focusing on client service. The results also indicate that the advantages of SOA status, including the flexibility to hire staff as required to provide service levels appropriate to client demand, the ability to plan on a long term basis, and the ability to acquire equipment and supplies that support effective operation and promote a good working environment, are essential to CLS sustaining the provision of high quality legal services to its clients and in recovering the full cost of its operations.

The Advisory Board is pleased with the continued success of CLS and encouraged by the commitment of its employees and the support of its clients.

All of which is respectfully submitted,

Original signed by

Bruce A. MacFarlane, Q.C.
Deputy Minister of Justice
Deputy Attorney General

DIRECTOR'S REPORT

Manitoba



Justice

Civil Legal Services
SOA

Room 730
Woodsworth Building
405 Broadway
Winnipeg MB R3C 3L6
CANADA

July 29, 2005

Foreward

It is with great pleasure that I present the Tenth Annual Report of the Civil Legal Services (CLS) Special Operating Agency.

This report provides an overview of CLS and outlines its accomplishments during its tenth year (2004/05) as a Special Operating Agency (SOA).

The members of CLS are committed to providing timely, quality, helpful, efficient and cost effective legal services that meet the needs of its clients.

The results described in this annual report reflect the commitment and cooperation of all members of CLS.

Original signed by

Tom G. Hague
Director

PROFILE OF CIVIL LEGAL SERVICES

Civil Legal Services

The role of Civil Legal Services (“CLS”) flows from the constitutional and statutory¹ responsibilities of the Minister of Justice as the Chief Legal Advisor to government and the guardian of the public interest. Acting pursuant to government policy, Civil Legal Services is responsible for providing a full range of high quality legal services, on a cost recovery basis, to its clients, namely the Government of Manitoba, the government’s agencies, boards and committees and some Crown corporations.

Special Operating Agency Status

CLS remains a branch within the Department of Justice of the Province of Manitoba and is accountable to the Deputy Minister and Minister for operational and financial performance. As a special operating agency, CLS operates outside of the Consolidated Fund and under the Special Operating Agencies Financing Authority (“SOAFA”), which holds title to CLS’s assets, provides financing for operations and is responsible for CLS’s liabilities. Accountability is supported by CLS’s compliance with its Operating Charter, transfer agreement, management agreement, applicable General Manual of Administration policies and *The Special Operating Agencies Financing Authority Act* (“*The SOAFA Act*”).

The increased management authority and more rigorous planning and reporting requirements afforded by special operating agency (“SOA”) status have assisted CLS in sustaining the provision of high quality legal services to its clients.

¹The statutory basis for the Minister’s responsibility is set out in sections 2 and 2.1 of *The Department of Justice Act*, C.C.S.M. c. J35.

MISSION, OPERATING PRINCIPLES AND CRITICAL SUCCESS FACTORS

Mission of CLS

CLS's mission is to provide timely, high quality, helpful, efficient and cost-effective legal services that meet the needs of its clients, namely, the Government of Manitoba and the government's agencies, boards, committees and those Crown corporations to which CLS provides legal services.

Operating Principles

CLS's mission and goals are supported by the following operating principles:

- service is customer focused
- service is cost-effective
- a commitment to the highest standards of service

Critical Success Factors of CLS

Factors critical to the success of CLS are:

- providing timely, high quality, helpful, efficient, cost-effective legal services that meet the needs of its clients;
- determining its effectiveness in meeting its clients' needs;
- identifying better ways to meet its clients' needs for legal services;
- improving communication between CLS and its clients and communication within CLS;
- improving job satisfaction; and
- developing means to assist staff to work as effectively as possible to satisfy changing client needs and to make adjustments to deal with increasing work loads, deadlines and the pressure of reduced resources.

COST RECOVERY BY CIVIL LEGAL SERVICES

On April 1, 1992, CLS became the first government legal services office in Canada to recover the cost of providing legal services to its clients.

On April 1, 1995, CLS commenced operation as a special operating agency.

In fiscal year 2004/05, clients were billed at the rate of \$133.00 per hour² for services provided by CLS counsel, being the amount required to cover all of CLS's costs and break even. All of CLS's costs are covered by this hourly rate, including salaries, operating costs (including rent) and employee benefits (including pension benefits).

The CLS cost recovery system operates in a fashion similar to billing systems used by private law firms. Time spent by counsel in providing services is billed in increments of one-tenth of an hour. Each counsel keeps a daily record of time for services provided, indicating the client for whom the work was performed, the file on which work was performed, a brief description of the service provided and the amount of time expended. In fiscal year 2004/05, clients were provided with detailed statements of account showing the services provided on each file on a monthly basis.

2

Year	Hourly Rate
95/96	\$97
96/97	\$97
97/98	\$97
98/99	\$97
99/00	\$101
00/01	\$105
01/02	\$123*
02/03	\$126
03/04	\$129

*In 2001/02, CLS increased its hourly rate by \$4.00 to \$109.00 per hour for services provided by CLS counsel. The rate of \$109.00 per hour made no provision for increased salary costs. The Manitoba Association of Crown Attorneys (MACA), which represents CLS counsel and other Crown counsel and Crown attorneys, had not signed a collective agreement for the period commencing April 1, 2000. The matter was submitted to a Board of Arbitration. The salary increase that resulted from the arbitration went beyond the general salary increase provided in the collective agreement with MGEU and resulted in CLS incurring added salary and benefit costs. Upon the settlement of the new collective agreement between MACA and the Province, CLS returned to Treasury Board with a financial plan to address the implications of the increase in salary and benefit costs. Effective November 1, 2001, CLS increased its hourly rate to \$123.00 per hour to cover the increased salary and benefit costs resulting from the arbitration award.

LEGAL SERVICES

CLS Services

CLS provides a full range of legal services in the following areas:

- Aboriginal Law
- Access to Information and Privacy Law
- Administrative Law
- Civil Litigation
- Constitutional Law
 - assisting the Constitutional Law Branch in some cases involving the application of the *Canadian Charter of Rights and Freedoms* and in Aboriginal self-government issues
 - providing advice on the constitutional division of powers and taxation issues
- Contracts and Agreements
- Conveyancing
- Corporate and Commercial
- Information Technology Law
- International Law
- Legal Opinions
- Legislative Review and Policy Development (which occasionally includes drafting legislation)
- Training and Education

Use of Outside Counsel

CLS provides most, but not all, civil legal services to government and its agencies. In appropriate circumstances, at the request of a client, outside counsel is retained by the Department of Justice, through CLS.

The current policy respecting the circumstances when outside counsel are retained provides considerable flexibility in meeting the clients' needs. At the request of a client, the Department of Justice, through CLS, will continue to retain outside counsel on a case by case basis where:

- (a) the type of legal service required involves a degree of specialization which is not ordinarily available within CLS;
- (b) the nature of the matter creates a conflict of interest for government legal counsel;
- (c) it is more cost-effective to retain outside counsel; or
- (d) the matter is of such magnitude that it would not be possible for CLS to provide the services while continuing to meet the needs of other clients.

STRUCTURE OF CIVIL LEGAL SERVICES

Staff

As of March 31, 2005, CLS staff consisted of:

- 1 director
- 31 legal counsel
- 1 administrative officer
- 21 administrative assistants (*15 in regular positions and 6 in term positions*)
- 1 financial officer
- 1 accounting clerk
- 2 articling students

CLS supports flexible work arrangements, including job sharing, part-time work arrangements and flexible hours, to accommodate the balancing of career and family. During 2004/05, five legal counsel and thirteen administrative assistants worked in varied work arrangements.

Key Personnel

All members of CLS are key personnel and are committed to using their best efforts to advance the CLS mission of providing timely, high quality, helpful, efficient and cost-effective client-focused services. The provision of legal services requires a strong knowledge of the law and government issues as well as a high degree of collaboration, cooperation and consultation among members of CLS and with other counsel in the Department of Justice. All members have demonstrated these skills. They have also worked extremely hard to meet the service and operational goals of CLS.

Members of CLS are encouraged and given support to upgrade their skills.

Organization of Counsel

Legal counsel are divided into four teams, each headed by a team leader.

One team is designated as the litigation team and the members of this team perform most of the CLS litigation work. Litigation coming into the office is generally assigned to counsel by the litigation team leader. The second team consists of counsel whose area of practice is primarily corporate, commercial and information technology law. The third team, the Crown law team, consists of counsel who provide a wide range of legal services, including in the area of access to information and privacy. The fourth team of counsel practice primarily, but not exclusively, in the field of Aboriginal law and resource law.

The only legal position dedicated to management is that of Director. All counsel, including the Director, provide legal services to clients. Most counsel are assigned to provide legal services to one or more client departments or agencies. The larger clients are served by more than one counsel.

Administration

The day to day operations of CLS are managed by the Director, who reports directly to the Deputy Minister of Justice.

Within CLS, the "Action Committee" deals with administrative and other matters affecting its operations. The Action Committee consists of the Director, six legal counsel, the Financial Officer, the Administrative Officer and two administrative assistants and generally meets on a monthly basis.

All members of CLS are expected to do what is necessary to meet client needs. They are given information and authority needed to provide clients with timely and appropriate services.

ADVISORY BOARD

The Director provides plans and reports to the Advisory Board, established under the CLS Operating Charter, for review and consultation. The Advisory Board members are appointed by the Minister of Justice and the Board is chaired by the Deputy Minister. The Board's role is to provide advice to CLS on its direction, the provision of services, its structure and on its mandate, business practices and financial reporting requirements.

In fiscal year 2004/05, the members of the Advisory Board were:

Ex officio

- Deputy Minister of Justice
Chairperson
- Assistant Deputy Minister of Justice
- Director of CLS

External Representatives

- Richard Olfert
Managing Partner
Deloitte & Touche
- Don Martin
President
Don N. Martin Financial Services

Client Representatives

- Hugh Eliasson
Deputy Minister
Industry, Economic Development and
Mines
- Marlene Zyluk
Registrar of Motor Vehicles
Transportation and Government
Services

Representative of the Members of CLS

- C. Lynn Romeo
General Counsel

CIVIL LEGAL SERVICES CONTACTS

Civil Legal Services SOA
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 Fax: (204) 945-2041

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 Director
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Maria Ducharme
 Financial Officer
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Kim Nicholson
 Administrative Officer
 (204) 945-0303

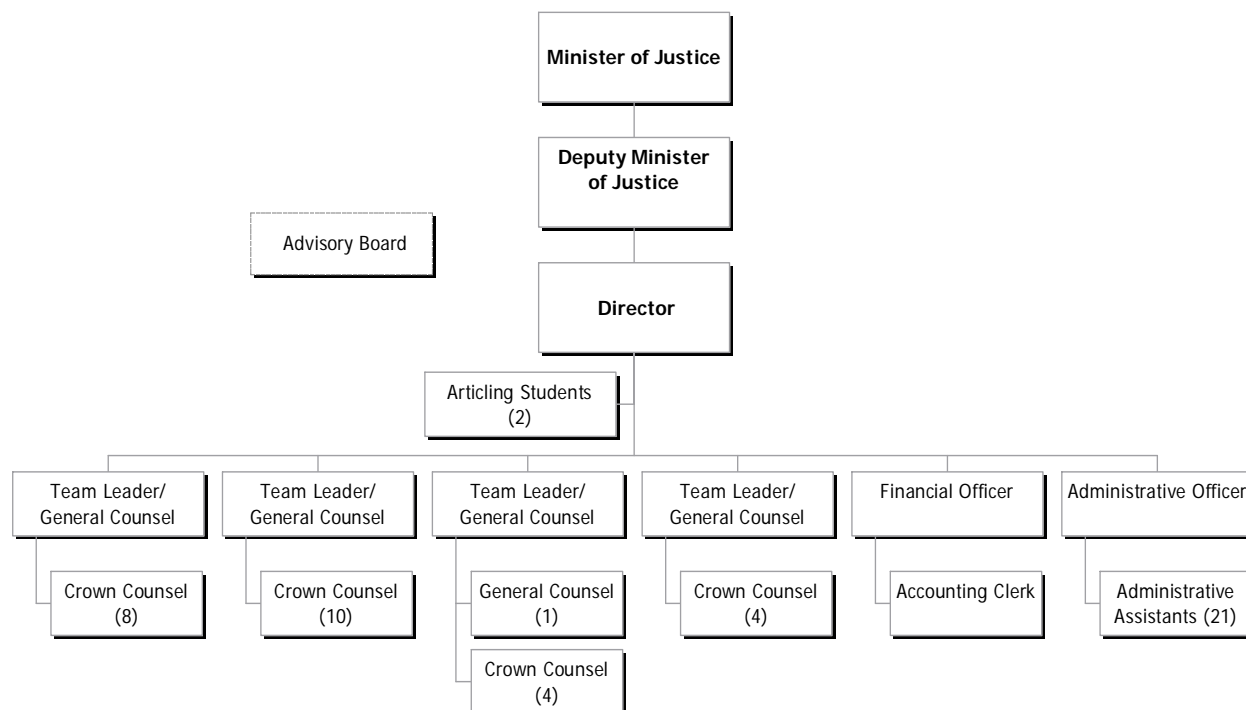
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Gail E. Mildren
 Team Leader & General Counsel
 (204) 945-2844

C. Lynn Romeo
 Team Leader & General Counsel
 (204) 945-2845

CIVIL LEGAL SERVICES ORGANIZATION CHART 2004/05



SUSTAINABLE DEVELOPMENT

In December 2002, in accordance with Manitoba's Sustainable Development Procurement Guidelines, an Organizational Action Plan for the Department of Justice was developed. CLS adopted the Action Plan of Justice and implemented the goals that were applicable to its operation.

All CLS employees have worked toward the common objective of realizing the Province's sustainable development goals. The use of duplex printing and double-sided photocopying to reduce paper consumption, and participation in recycling programs were common practice in 2004/05. When feasible, CLS purchased and used environmentally preferable products and services, e.g. recycled paper and recycled toner cartridges for printers and fax machines.

PERFORMANCE INDICATORS AND ACHIEVEMENTS

In the 2004/05 CLS Business Plan, CLS established the following performance indicators for the year which set achievement levels for CLS.

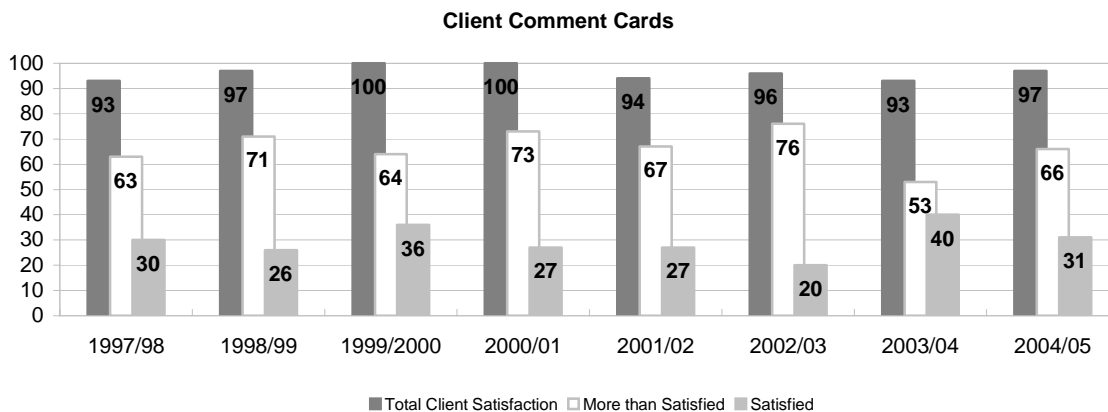
Client Satisfaction

Performance Indicator: *Meetings with clients to discuss service.*
Performance: *Meetings completed.*

Over the 2004/05 fiscal year, the Director of CLS met with the Deputy Ministers and/or representatives of CLS's client departments and representatives of its Crown corporation clients to discuss the commitment of CLS to providing client-focused, high quality services; the services provided and the benefit of those services to the client; the cost-effective nature of the services; and client concerns and issues.

Performance Indicator: *Use Client Comment Cards to regularly solicit client feedback as to their level of satisfaction.*
Performance: *Client Comment Cards distributed.*

Since March 1997 CLS has been sending out Client Comment Cards on a quarterly basis to clients in order to obtain ongoing feedback. The feedback continues to be very positive with 97% of clients responding to the Client Comments Cards in 2004/05 indicating that they were satisfied or more than satisfied with the services provided.



***Performance Indicator: Review of Service Standards.
Performance: Service Standards reviewed.***

The CLS Service Standards were established in 1995/96, and have been reviewed regularly. Service standards are needed to ensure client satisfaction with the services provided and to assure the ongoing maintenance of a high standard of service delivery. CLS Service Standards are designed to ensure that CLS will continue to provide clients with a service which they value by providing a measure by which the quality of the legal services provided by CLS may be judged by those receiving the services (the client) and others, and by providing the staff of CLS with objective standards to be observed in carrying out their responsibilities.

There was nothing in the feedback from clients in 2004/05 to suggest that any amendment was required in the CLS Service Standards. Accordingly, CLS determined that no change to the Standards was necessary.

***Performance Indicator: Publish three information bulletins.
Performance: Three information bulletins published.***

In order to inform its clients on significant legal issues and related matters of interest, CLS published three Information Bulletins in 2004/05:

- *The Tort of Misfeasance in a Public Office*
- *The Crown's Duty to Consult Aboriginal Peoples About Decisions That Might Affect Aboriginal or Treaty Rights*
- *E-mail: Be Careful - It Matters (Part 1)*

To achieve the widest possible distribution of its Information Bulletins across government, CLS posted these and other recently published bulletins on the Justice Intranet.

Performance Indicator: Educational seminars for clients on current legal issues and developments.

Performance: Members of CLS were directly involved in providing or presenting at a variety of seminars.

CLS counsel were involved in providing a number of seminars, presentations and training sessions, including the following:

Seminars/Presentations and Workshops/Training Sessions	
Client/Participant	Topic/Issue
Association of Assessing Officers of Manitoba	Legal issues for assessing officers
Government Access & Privacy Coordinators	<ul style="list-style-type: none"> • Privacy update re <ul style="list-style-type: none"> ▪ British Columbia Information and Privacy Commissioner's Report on Government Contracting with US linked companies, protection of personal information and USA <i>PATRIOT Act</i> implications ▪ "Use" of personal information and personal health information; legal relationship with contractors for services; internal program evaluations, research, etc. • Presentations re <ul style="list-style-type: none"> ▪ Research agreements ▪ E-mail – record keeping, access and privacy issues, metadata, etc.
Canadian Association of Gaming Regulatory Authorities	<i>The Gaming Control Amendment Act (Manitoba)</i>
Clean Environment Commission	Hearing Procedures and Issues
Conservation – Survey Services (Manitoba Land Surveyors Conference)	<ul style="list-style-type: none"> ▪ Intellectual property law ▪ Legislation, limitation issues and liability issues
Conservation & Water Stewardship	Government liability in regulatory permitting/licencing situations
Justice – Aboriginal Justice Group	The International Human Rights Process and the steps towards a draft Declaration on the Rights of Indigenous People
Justice – Manitoba Human Rights Commission	<ul style="list-style-type: none"> ▪ Workplace accommodation ▪ Complaint drafting
Labour – Office of the Fire Commissioner	<ul style="list-style-type: none"> ▪ Legal liability issues for building inspectors ▪ Legal liability issues for fire inspectors ▪ Fire Inspector Course
Law Society of Manitoba	Accommodation v. Discrimination: An Update on Workplace Human Rights Law
Manitoba Bar Association	<ul style="list-style-type: none"> ▪ The Most Important Constitutional and Human Rights Cases of 2003 ▪ Privacy: The New Snail in the Ginger Beer
Manitoba Provincial Court Judges	Urban Reserves – Provincial Court Education Forum
Medical Review Committee	Q&A session
University of Manitoba – Faculty of Law	Legal Methods Moot Court Exercise
Winnipeg Police Services – Hate Crimes Unit	"Hate crimes" and related activity in Manitoba – activities of the Hate Crimes Unit, Human Rights and International Human Rights response

Job Satisfaction

Performance Indicator: Focus on use of CLS Annual Staff Review Process.
Performance: Staff reviews conducted.

Implemented in 1997/98, the review process with respect to the members of CLS is intended to facilitate achieving the Mission of CLS and to contribute to the benefits identified as flowing from the Review Process, including: improving communication within CLS, clarifying roles and expectations, improving job satisfaction, assisting with career planning and training, and assisting the members of CLS to work as effectively as possible.

Fiscal Performance

Performance Indicator: Break even on operations.
Performance: CLS recovered the cost of operations with a larger surplus than was budgeted for.

Performance Indicator: To meet daily average billable hour target of 6.0 hours per billable day over the year.
Performance: Target exceeded.

The daily average billable hour target per lawyer of 6.0 hours per billable day during 2004/05 was exceeded and CLS recovered the cost of its operations. These results reflect a high level of productivity on the part of the members of CLS.

PERFORMANCE MEASUREMENT

Performance measurement outcomes for staffing, client service, client satisfaction and cost savings are attached as Appendix A.

Cost Effectiveness

(In Thousands)

Annual Cost Savings

The cost recovery for legal services was introduced as a budget reduction measure. Unlike the approach taken with respect to the recovery of rental costs by Government Services, the client departments of CLS were not given any additional funding to cover the cost of legal services. This means that the amount charged each year to each client represents a net reduction in the client budget and an on-going budgetary savings to government.

Following this approach, the total savings from April 1, 1995, to March 31, 2005, are \$38,317.

Net Income

As CLS operates very cost effectively, such that each year it has recovered an amount that exceeds its annual operating costs, the difference between the dollar value of service provided each year and the cost to government of CLS's operations in that year in effect is another way of calculating a cost savings as those funds are collected by CLS from clients but not expended. Looking at savings in this fashion, the annual net income of CLS each year could be considered to be a government cost saving.

Total savings to March 31, 2005, are \$2,707.

Revenue Sharing

A third way of calculating cost savings to government would be to include revenue sharing payments from the retained earnings of CLS paid to government. In 1998/99, CLS made a \$400 revenue sharing payment to the government and in 1999/2000, CLS contributed \$500. In 2000/01, CLS was directed to budget for a \$500 payment towards revenue sharing. No revenue sharing payment was required for 2001/02. CLS was directed to submit revenue sharing payments in 2002/03, 2003/04 and 2004/05 in the amount of \$200 each fiscal year.

Total savings to March 31, 2005, are \$2,000.

FINANCIAL

(In Thousands)

Summary

Financial highlights from the 2004/05 fiscal year are given below:

(\$ Thousands)	Actual 2003/04	Actual 2004/05	Budget 2004/05	% Variance
Recoveries	\$ 4,668	\$ 5,011	\$5,234	-4.3
Other Income	6	17	7	142.9
Income before Expenses	\$ 4,674	\$ 5,028	\$5,241	-4.1
Expenses				
Advertising and Promotion	4	1	4	-75.0
Amortization	52	48	49	-2.0
Communications	38	35	42	-16.7
Computer	37	32	37	-13.5
Desktop Management Initiative	203	196	223	-12.1
Equipment Rental	4	6	5	20.0
Government Records Centre	16	18	16	12.5
Law Society Fees	35	43	40	7.5
Major Law Cases Disbursement Fund	22	0	0	0.0
Miscellaneous	7	8	6	33.3
Occupancy	173	216	217	-0.5
Office	46	48	42	14.3
Postage and Deliveries	8	10	10	0.0
Professional Fees and Services	42	38	49	-22.4
Publications	28	29	30	-3.3
Travel	27	22	38	-42.1
Wages and Benefits	3,786	4,085	4,352	-6.1
Total Expenses	\$ 4,528	\$ 4,835	\$5,160	-6.3
Net Income	\$ 146	\$ 193	\$ 81	138.3
Retained Earnings, beginning of year	768	714	703	
Revenue Sharing	(200)	(200)	(200)	
Retained Earnings, end of year	\$ 714	\$ 707	\$ 584	

As a special operating agency, the financial statements of CLS and the results of its operations and cash flow have been prepared in accordance with Canadian generally accepted accounting principles using the accrual method.

Income

CLS's net income for the 2004/05 fiscal year is \$112 (138.3%) over budget, which is attributable to:

- (a) CLS's ability to use its staffing flexibility to provide a level of service appropriate to client demand; and
- (b) a high level of productivity on the part of the members of CLS.

Expenses

Total expenses for CLS to March 31, 2005, are \$325 (6.3%) under budget. This is attributable to:

Desktop Management Initiative

Desktop Management Initiative is \$27 (12.1%) below budget.

Professional Fees and Services

Professional Fees and Services are \$11 (22.4%) below budget due mainly to a decrease in training and education expenses in support of the government's expenditure management exercise.

Travel

Travel costs are \$16 (42.1%) below budget, attributable to a decrease in out of province travel and a proportionate decline in the costs associated with travel including air fare, hotel, and food and beverage costs.

Wages and Benefits

Wages and Benefits are \$267 (6.1%) below budget. Savings in wages and benefits resulted from:

- (a) CLS staff participating in the Voluntary Reduced Work Week Program;
- (b) the secondment from CLS of three Crown counsel; and
- (c) various leaves, including, five Crown counsel and three administrative assistants on maternity leave for varying lengths during the fiscal year;

APPENDIX A

Performance Measurement

	Objective	Baseline 1995/96*	1996/97*	1997/98*	1998/99*
Input Measures	To provide timely, high quality, helpful, efficient and cost-effective legal services that meet the needs of its clients, namely, the Government of Manitoba and the government's agencies, boards, committees and those Crown corporations to which CLS provides legal services	32 Full time employees (FTE) 20 counsel 1 articling student 9 admin assistants 1 admin officer 1 director	35 FTE 21 counsel 1 articling student 11 admin assistants 1 admin officer 1 director	42 FTE 24 counsel 2 articling student 14 admin assistants 1 admin/financial officer 1 director	46 FTE 26 counsel 2 articling student 16 admin assistants 1 admin/financial officer 1 director
Output Measures	Number of hours of service provided	27,860 hours	27,454 hours	32,455 hours	38,206 hours
Activity Measures	Average billable hour target per billable day per counsel	6.5 hours	6.5 hours	6.5 hours	6.5 hours
	Average actual billable hours per billable day per counsel	Achieved	Achieved	Achieved	Achieved
Outcome Measures					
Client Satisfaction	General Client Survey	92% of respondents satisfied or more than satisfied**	No survey	93% of respondents satisfied or more than satisfied	No survey
	Client Comment Cards Introduced in February 1997			93% of respondents satisfied or more than satisfied	97% of respondents satisfied or more than satisfied
Cost Effectiveness Cost Savings (000's)	Annual Cost Savings	\$2,702	\$2,657	\$3,138	\$3,281
	The amount charged each year to each client represents a net reduction in the client budget and an on-going budgetary savings to government. The total savings to March 31, 2005, are \$38,317				
	Net Income	CLS Net Income \$524	CLS Net Income \$323	CLS Net Income \$252 (Restated)	CLS Net Income \$258
	The difference between the dollar value of service provided each year and the cost to government of CLS's operations in that year. Total savings to March 31, 2005, are \$2,707				
Revenue Sharing				Revenue Sharing Payment \$400	
Total savings to March 31, 2005, are \$2,000					

* Figures are taken from the Annual Report for each applicable year.

**CLS uses the results of the 1996 Client Satisfaction Survey as an ongoing baseline and target for client satisfaction.

1999/2000*	2000/01*	2001/02*	2002/03*	2003/04*	2004/05
53	56	59	57	58	58
31 counsel* 2 articling students 16 admin assistants 1 admin officer 1 accounting clerk 1 financial officer 1 director	30 counsel* 2 articling students 20 admin assistants 1 admin officer 1 accounting clerk 1 financial officer 1 director	31 counsel* 2 articling students 22 admin assistants* 1 admin officer 1 accounting clerk 1 financial officer 1 director	30 counsel* 2 articling students 21 admin assistants* 1 admin officer 1 accounting clerk 1 financial officer 1 director	31 counsel* 2 articling students 20 admin assistants* 1 admin officer 1 accounting clerk 1 financial officer 1 director 1 law student	31 counsel* 2 articling students 21 admin assistants* 1 admin officer 1 accounting clerk 1 financial officer 1 director
*includes four counsel on maternity leave each for six months of 1999/2000	*includes four counsel and three admin assistants on maternity leave in 2000/01	*includes four counsel and two admin assistants on maternity and extended leave for varying lengths	*includes four counsel and four admin assistants on maternity and extended leave for varying lengths	*includes six counsel and five admin assistants on maternity and extended leave for varying lengths	*includes five counsel and three admin assistants on maternity and extended leave for varying lengths
39,455 hours	41,716 hours	40,328 hours	40,886 hours	38,567 hours	40,394 hours
6.5 hours	6.1 hours	6.0 hours	6.0 hours	6.0 hours	6.0 hours
Achieved	Achieved	Achieved	Achieved	Achieved	Achieved
97% of respondents satisfied or more than satisfied	No survey	Survey deferred to 2002/03	97% of respondents satisfied or more than satisfied	No survey	No survey
64% of respondents more than satisfied and 36% of respondents satisfied	73% of respondents more than satisfied and 27% of respondents satisfied	94% of respondents satisfied or more than satisfied	96% of respondents satisfied or more than satisfied	93% of respondents satisfied or more than satisfied	97% of respondents satisfied or more than satisfied
\$3,600	\$4,155	\$4,316	\$4,789	\$4,668	\$5,011
CLS Net Income \$44	CLS Net Income \$445	CLS Net Income \$159	CLS Net Income \$363	CLS Net Income \$146	CLS Net Income \$193
Revenue Sharing Payment \$500	Revenue Sharing Payment \$500	Revenue Sharing Payment \$0	Revenue Sharing Payment \$200	Revenue Sharing Payment \$200	Revenue Sharing Payment \$200

FINANCIAL STATEMENTS
for the year ending March 31, 2005
(In Thousands)

MANAGEMENT REPORT

Manitoba



Justice

Civil Legal Services
SOA

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FAX: (204) 948-2041

File No.

In reply please refer to:

Tom Hague

Chief Operating Officer

**Civil Legal Services
An Agency of the
Special Operating Agencies Financing Authority
Province of Manitoba
Responsibility of Financial Reporting**

The Agency's management is responsible for the financial statements and other financial information in the annual report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of the Agency's financial position and the results of operations in accordance with generally accepted accounting principles. The financial statements have been audited by Magnus & Buffie, Chartered Accountants, independent external auditors.

The Agency maintains a system of internal controls throughout its operation that provides reasonable assurance that the transactions are authorized, properly recorded and reported and that the assets are safeguarded.

The Advisory Board meets regularly with management to review accounting practices, financial reporting and to discuss audit results. The auditors have free and full access to this Board, and to discuss the results of their audit and their views on the adequacy of internal controls and the quality of the financial reporting.

Original signed by

Tom Hague
Chief Operating Officer

May 12, 2005

**CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA**

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MARCH 31, 2005**

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AUDITORS' REPORT

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of Civil Legal Services, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba as at March 31, 2005 and the statements of earnings and retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2005 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

May 12, 2005

CHARTERED ACCOUNTANTS

**CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA**

**BALANCE SHEET
(in thousands)
MARCH 31, 2005**

	2005	2004
ASSETS		
CURRENT ASSETS		
Cash and short term deposits	\$ 814	\$ 810
Accounts receivable	450	390
	1,264	1,200
RECEIVABLE FROM PROVINCE OF MANITOBA (Note 4)	379	379
CAPITAL ASSETS (Note 5)	46	85
TRUST ASSET	8	8
	\$ 1,697	\$ 1,672
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 165	\$ 128
Vacation payable	360	408
	525	536
SEVERANCE LIABILITY (Note 6)	457	414
TRUST LIABILITY	8	8
	990	958
EQUITY		
RETAINED EARNINGS	707	714
	\$ 1,697	\$ 1,672

**CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA**

STATEMENT OF EARNINGS AND RETAINED EARNINGS

(in thousands)

FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
REVENUE		
Recoveries	\$ 5,011	\$ 4,668
Interest and other	17	6
	<u>5,028</u>	<u>4,674</u>
EXPENSES		
Advertising and promotion	1	4
Amortization	48	52
Communications	35	38
Computer	32	37
Desktop management initiative	196	203
Equipment rental	6	4
Government records centre	18	16
Law Society fees	43	35
Law cases disbursement fund	-	22
Miscellaneous	8	7
Occupancy	216	173
Office	48	46
Postage and deliveries	10	8
Professional fees and services	38	42
Publications	29	28
Travel	22	27
Wages and benefits	4,085	3,786
	<u>4,835</u>	<u>4,528</u>
NET EARNINGS FOR THE YEAR	193	146
RETAINED EARNINGS, beginning of year	714	768
	907	914
REVENUE SHARING - PROVINCE OF MANITOBA	200	200
RETAINED EARNINGS, end of year	<u>\$ 707</u>	<u>\$ 714</u>

**CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA**

**STATEMENT OF CASH FLOW
(in thousands)**

FOR THE YEAR ENDED MARCH 31, 2005

2005

2004

CASH FLOW FROM (USED IN)

OPERATING ACTIVITIES

Net earnings for the year	\$	193	\$	146
Adjustment for Amortization		48		52

	241	198
--	-----	-----

Changes in the following

Accounts receivable	(60)	(66)
Accounts payable and accrued liabilities	37	28
Vacation payable	(48)	46

	170	206
--	-----	-----

FINANCING ACTIVITIES

Change in severance liability	43	29
Revenue sharing - Province of Manitoba	(200)	(200)

	(157)	(171)
--	-------	-------

INVESTING ACTIVITY

Capital asset additions	(9)	(9)
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CHANGE IN CASH AND SHORT TERM DEPOSITS

	4	26
--	---	----

CASH AND SHORT TERM DEPOSITS, beginning of year

	810	784
--	-----	-----

CASH AND SHORT TERM DEPOSITS, end of year

\$	814	\$	810
----	-----	----	-----

**CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA**

**NOTES TO FINANCIAL STATEMENTS
(in thousands)
MARCH 31, 2005**

1. NATURE OF ORGANIZATION

The role of Civil Legal Services (the "Agency") flows from the constitutional and statutory responsibilities of the Minister of Justice as the Chief Legal Advisor to government and the guardian of the public interest. Acting pursuant to government policy, the Agency is responsible for providing a full range of high quality legal services, on a cost recovery basis, to its clients, namely the Province of Manitoba, the province's agencies, boards and commissions and some Crown organizations.

Effective April 1, 1995, the Agency was designated as a Special Operating Agency pursuant to The Special Operating Agencies Financing Authority Act, Cap. s185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). The Financing Authority has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the Agency through repayable loans and working capital advances. The financial framework provides increased management authority which, coupled with more rigorous planning and reporting requirements afforded by Special Operating status, assists the Agency to sustain the provision of high quality legal services to its clients.

A Management Agreement between the Financing Authority and the Minister of Justice assigns responsibility to the Agency to manage and account for the Agency related assets and operations on behalf of the Financing Authority.

The Agency continues to be part of Manitoba Justice under the general direction of the Deputy Minister and Minister.

The Agency remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

The Agency is economically dependent on the Province of Manitoba because it derives most of its revenue from the Province and all of its financing requirements through the Financing Authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Reporting: The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are summarized as follows:

Capital Assets: Capital assets are recorded at cost and are amortized over their estimated useful lives as follows:

Computer Equipment and Software	20% straight line (10% in year of acquisition)
Furniture and Fixtures	20% straight line (10% in year of acquisition)
Leasehold Improvements	20% straight line (10% in year of acquisition)

**CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA**

**NOTES TO FINANCIAL STATEMENTS
(in thousands)
MARCH 31, 2005**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The percentage of completion method of accounting is used, whereby revenue is recognized proportionately with the degree of completion of the legal services provided.

Financial instruments

It is management's opinion that the carrying value of the Agency's financial instruments approximates their fair value, except for the receivable from the Province of Manitoba which cannot be reasonably estimated due to the nature of the underlying terms of collection. In addition, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. FINANCING ARRANGEMENTS

The Special Operating Agencies Financing Authority has provided the Agency with an authorized line of working capital of \$500 of which \$nil was used at March 31, 2005.

4. RECEIVABLE FROM PROVINCE OF MANITOBA (Note 6)

The receivable from the Province of Manitoba is for vacation and severance entitlements earned by the employees of the Agency prior to creation of the Special Operating Agency and severance pay benefits prior to April 1, 1998. The balance is comprised of:

	2005	2004
Vacation Entitlements	\$ 140	\$ 140
Severance Pay Benefits	239	239
	\$ 379	\$ 379

The timing of the collection of these receivables will vary. The receivable, or portion thereof, will be collected in the event that there is a cash shortfall. However, this is only likely to happen on the dissolution of the Agency.

**CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA**

**NOTES TO FINANCIAL STATEMENTS
(in thousands)
MARCH 31, 2005**

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2005	2004
Computer Equipment and Software	\$ 78	\$ 51	\$ 27	\$ 37
Furniture and Fixtures	187	170	17	43
Leasehold improvements	53	51	2	5
	\$ 318	\$ 272	\$ 46	\$ 85

6. SEVERANCE LIABILITY

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The estimate of the liability is based on the method of calculation set by the Province.

The Province has accepted responsibility for the severance benefits accumulated by the Agency's employees to March 31, 1998. Accordingly, the opening severance pay liability as at April 1, 1998 calculated at \$248 was completely offset by a receivable from the Province.

An actuarial valuation report of the Agency's severance as at March 31, 2000 was completed in prior years. The receivable from the Province was estimated at \$239 as a result of the actuarial valuation. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the Agency's actuarial liability has been calculated to be \$457 as at March 31, 2005.

7. PENSION BENEFITS

Employees of the Agency are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act, administered by the Civil Service Superannuation Board (CSSB).

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province the pension liability for its employees.

Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2005 was \$199 (2004 - \$181).

8. LEASE COMMITMENTS

The Agency has not entered into a lease agreement with the Province of Manitoba for rental facilities at 405 Broadway. Occupancy charges for the year ending March 31, 2006 are estimated to be \$180.

**CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA**

**SCHEDULE OF PUBLIC SECTOR COMPENSATION DISCLOSURE
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2005**

The Public Sector Compensation Disclosure Act requires all publicly funded bodies to disclose compensation to any employee or board member when such compensation exceeds \$50 per annum. This information follows:

EMPLOYEE	TITLE	COMPENSATION	
		2005	2004
I. Allen	Legal Counsel	\$ 104	\$ 95
E. Andres	Legal Counsel	100	93
J. Barak	Legal Counsel	85	83
A. Berg	Legal Counsel	111	104
T. Bjornson	Legal Counsel	87	75
S. Boyd	Legal Counsel	54	-
T. Brothers	Legal Counsel	-	52
M. Ducharme	Financial Officer	52	-
J. Frederickson	Legal Counsel	75	-
I. Frost	Legal Counsel	106	99
D. Gisser	Legal Counsel	106	99
D. Guenette	Legal Counsel	-	77
T. Hague	Director	106	87
G. Hannon	Legal Counsel	109	99
S. Hoepfner	Legal Counsel	99	98
B. Jones	Legal Counsel	77	69
J. Kapac	Legal Counsel	93	63
A. Ladyka	Legal Counsel	75	67
D. Lofendale	Legal Counsel	102	95
J. Mann	Legal Counsel	-	63
W. McFetridge	Legal Counsel	111	104
M. McGunigal	Legal Counsel	88	-
G. Mildren	Legal Counsel	111	104
K. Nicholson	Administration Officer	50	-
S. Pierce	Legal Counsel	106	99
K. Ranson	Legal Counsel	75	66
C. Romeo	Legal Counsel	111	98
K. Scott	Legal Counsel	90	73
V. Smith	Legal Counsel	53	-
A. Stevens	Legal Counsel	75	-
N. Trenholm	Legal Counsel	105	98
M. Webb	Legal Counsel	106	99
I. Wiebe	Legal Counsel	77	66
R. Winters	Legal Counsel	106	99