

# Civil Legal Services

Special Operating Agency

2005/06  
Annual Report





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# LETTER TO THE LIEUTENANT GOVERNOR



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ATTORNEY GENERAL  
MINISTER OF JUSTICE

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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 Eleventh Annual Report of the Civil Legal Services Special Operating Agency for the fiscal year ended March 31, 2006.

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 31, 2006

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 Eleventh Annual Report of the Civil Legal Services Special Operating Agency for the fiscal year ending March 31, 2006.

The results of the 2005/06 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

Ron Perozzo, 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 31, 2006

Foreward

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

This report provides an overview of CLS and outlines its accomplishments during its eleventh year (2005/06) 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

C. Lynn Romeo  
A/Director





## PROFILE OF CIVIL LEGAL SERVICES

### Civil Legal Services

The role of Civil Legal Services (“CLS”) flows from the constitutional and statutory<sup>1</sup> 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.

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<sup>1</sup>The 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 2005/06, clients were billed at the rate of \$137.00 per hour<sup>2</sup> 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 2005/06, clients were provided with detailed statements of account showing the services provided on each file on a monthly basis.

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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
04/05	\$133

\*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, 2006, 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 2005/06, two legal counsel and eight 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.

As of March 31, 2006, 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*

- W. Glenn McFetridge  
General Counsel

## CIVIL LEGAL SERVICES CONTACTS

Civil Legal Services SOA  
 Manitoba Justice  
 730 – 405 Broadway  
 Winnipeg MB R3C 3L6  
 Phone: (204) 945-2832  
 Fax: (204) 945-2041

C. Lynn Romeo  
 A/Director  
 (204) 945-2845

Gord E. Hannon  
 Team Leader & General Counsel  
 (204) 945-0242

Maria Ducharme  
 Financial Officer  
 (204) 945-2956

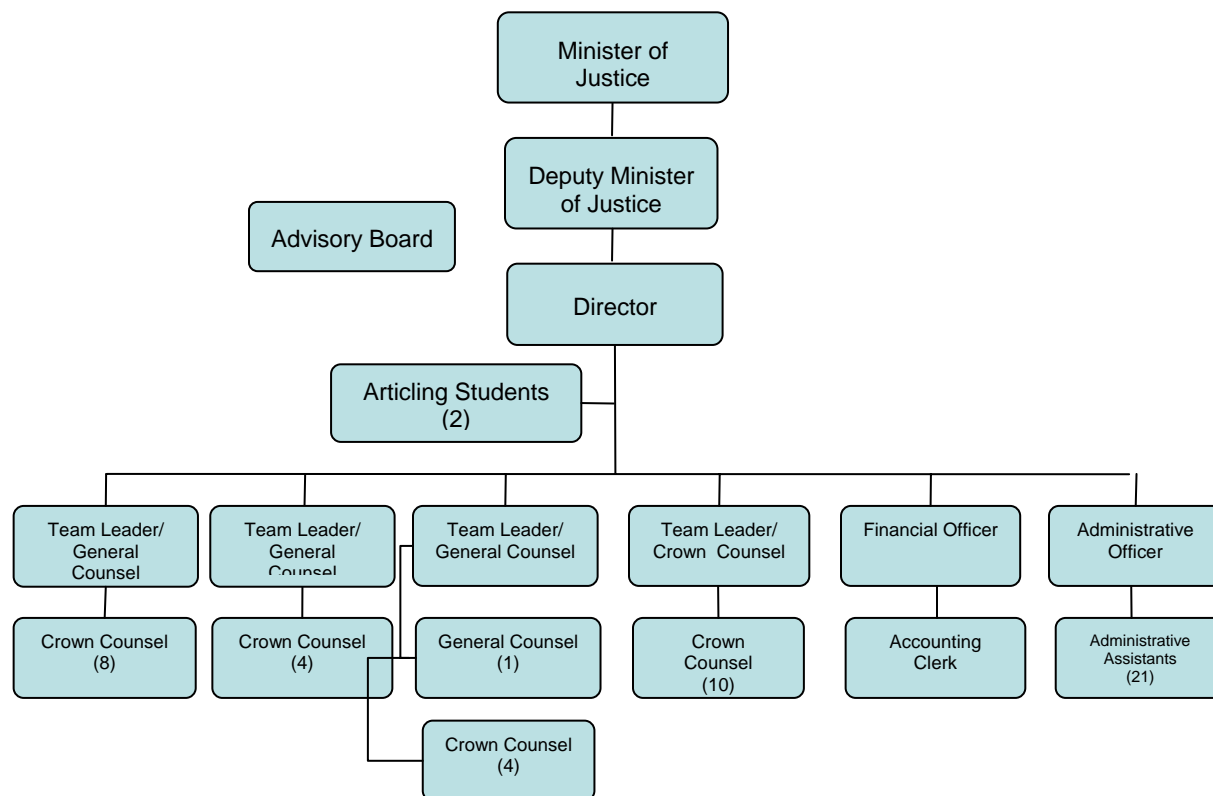
W. Glenn McFetridge  
 Team Leader & General Counsel  
 (204) 945-2843

Wendy Roche  
 A/Administrative Officer  
 (204) 945-0303

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

Eleanor Andres  
 A/Team Leader  
 (204) 945-0250

## CIVIL LEGAL SERVICES ORGANIZATION CHART 2005/06



## 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 2005/06. 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 2005/06 CLS Business Plan, CLS established the following performance indicators for the year which set achievement levels for CLS.

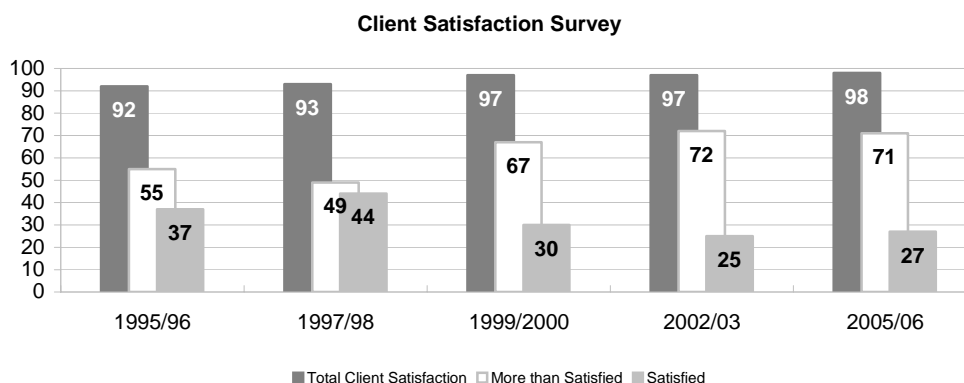
### Client Satisfaction

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

Over the 2005/06 fiscal year, the Director of CLS met with 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: Conduct Fifth Client Satisfaction Survey.**  
**Performance: Survey completed.**

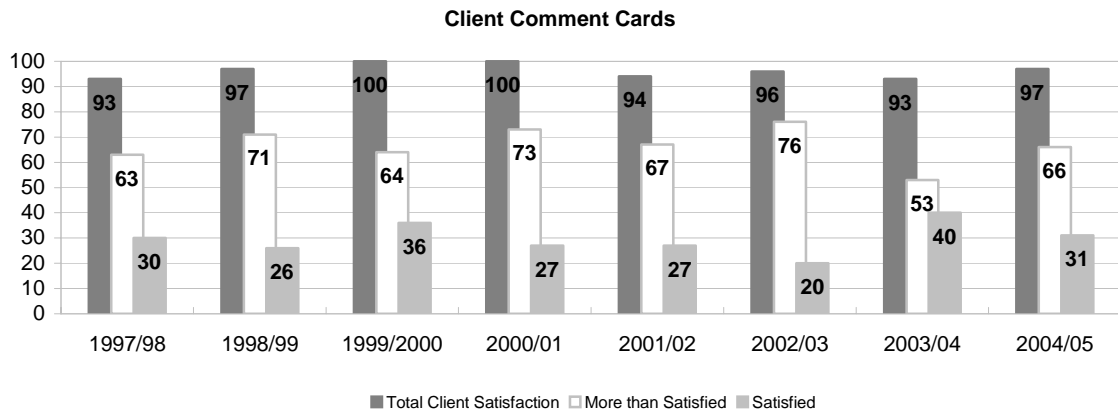
In the second quarter of 2005/06, Service Manitoba conducted a fifth Client Satisfaction Survey on behalf of CLS. The results of this survey were very positive, with 98% of the respondents indicating that they were satisfied or more than satisfied with the services provided by CLS. The results compare favorably to the results of the four previous Client Satisfaction Surveys conducted on behalf of CLS.



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

**Performance: Client Comment Cards not distributed.**

Since March 1997 CLS has been sending out Client Comment Cards on a quarterly basis to clients in order to obtain ongoing feedback. Client Comment Cards were not sent out in 2005/06 as the fifth Client Satisfaction Survey was conducted. CLS has determined, in consultation with its Advisory Board, that by conducting the Client Satisfaction Survey, holding regular meetings with clients and sending out Client Comment Cards, CLS is over-surveying its clients. In previous years feedback provided by the Client Comment Cards has been very positive.



**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 2005/06 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: Two information bulletins published.***

In order to inform its clients on significant legal issues and related matters of interest, CLS published two Information Bulletins in 2005/06:

- *E-mail: Be Careful - It Matters (Part 2)*
- *Contacting Civil Legal Services (CLS) for Advice and Assistance*

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
Government Access & Privacy Coordinators	<ul style="list-style-type: none"> <li>• Privacy update re               <ul style="list-style-type: none"> <li>▪ New legislation impacting on access or privacy; new government policies; security of information issues (especially E-mail and fax issues); privacy issues generally; Question and Answer session</li> <li>▪ Events in Ontario, B.C. and Alberta (private sector policy); recent Bills affecting access and privacy; government policies re security of information; privacy issues generally; Question and Answer Session</li> </ul> </li> <li>• Training session on Access to Information and Privacy for new Access and Privacy Coordinators</li> </ul>
Criminal Code Review Board (Manitoba)	New <i>Criminal Code</i> amendments
Clean Environment Commission	Legal and ethical obligations of commissioners
Intergovernmental Affairs	Seminar and Workshop on: <ul style="list-style-type: none"> <li>• Examination of the various bodies charged with responsibilities under <i>The Planning Act</i></li> <li>• Update on recent municipal law cases</li> </ul>
Education/School Division	Legal consequences for schools of bullying and harassment
Justice – Aboriginal Justice Group; Corrections Aboriginal & Northern Affairs Health	<ul style="list-style-type: none"> <li>▪ History of the <i>Indian Act</i></li> <li>▪ Interpreting historical Aboriginal texts</li> </ul>
Justice – Manitoba Human Rights Commission	Recent and relevant human rights decisions from other jurisdictions
Manitoba Bar Association – Environmental Law Subsection	History of <i>The Contaminated Sites Remediation Act</i>
Manitoba Lotteries Corporation	<ul style="list-style-type: none"> <li>▪ Officers' and Directors' Liability</li> <li>▪ Government policy concerning indemnification of officers and directors</li> </ul>
Manitoba Association of Crown Attorneys	<ul style="list-style-type: none"> <li>▪ Manitoba's Official Representative on the Federal/Provincial/Territorial Continuing Committee of Officials on Human Rights</li> <li>▪ E-Contracting: Recent Developments</li> </ul>
Chairs/Board Members of Manitoba Administrative Tribunals	<ul style="list-style-type: none"> <li>▪ Being Board: Training Session for Board Members of Administrative Tribunals</li> <li>▪ Top Ten Mistakes Tribunals Make Which May Lead to Review/Appeal</li> <li>▪ Decision Writing Seminar for Administrative Tribunals</li> </ul>
Transportation & Government Services	Privacy Issues and Concerns in the Human Resource Context
Regional Health Authorities	The U.S. Patriot Act – Contracting with U.S. Vendors

## 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 2005/06 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, 2006, are \$43,722.

#### 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, 2006, are \$3,163.

#### 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, 2004/05 and 2005/06 in the amount of \$200 each fiscal year. In 2005/06, CLS agreed to make an additional revenue sharing payment of \$50.

Total savings to March 31, 2006, are \$2,250.

**FINANCIAL***(In Thousands)***Summary**

Financial highlights from the 2005/06 fiscal year are given below:

<i>(\$ Thousands)</i>	<b>Actual 2004/05</b>	<b>Actual 2005/06</b>	<b>Budget 2005/06</b>	<b>% Variance</b>
Recoveries	\$ 5,011	\$ 5,405	\$5,4347	-0.6
Other Income	7	19	5	280.0
<b>Income before Expenses</b>	<b>\$ 5,028</b>	<b>\$ 5,424</b>	<b>\$5,442</b>	<b>-0.3</b>
Expenses				
Advertising and Promotion	1	1	2	-50.0
Amortization	48	36	32	12.5
Communications	35	39	40	-2.5
Computer	32	41	37	10.8
Desktop Management Initiative	196	155	188	-17.5
Equipment Rental	6	5	6	-16.7
Government Records Centre	18	21	20	5.0
Law Society Fees	43	45	45	0.0
Miscellaneous	8	9	10	-10.0
Occupancy	216	180	180	0.0
Office	48	48	44	9.1
Postage and Deliveries	10	10	10	0.0
Professional Fees and Services	38	43	49	-12.2
Publications	29	26	30	-13.3
Travel	22	24	38	-36.8
Wages and Benefits	4,085	4,285	4,574	-6.3
<b>Total Expenses</b>	<b>\$ 4,835</b>	<b>\$ 4,968</b>	<b>\$5,305</b>	<b>-6.3</b>
<b>Net Income</b>	<b>\$ 193</b>	<b>\$ 456</b>	<b>\$ 137</b>	<b>232.8</b>
Retained Earnings, beginning of year	714	707	686	
Revenue Sharing	(200)	(250)	(200)	
<b>Retained Earnings, end of year</b>	<b>\$ 707</b>	<b>\$ 913</b>	<b>\$ 623</b>	

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 2005/06 fiscal year is \$319 (232.8%) 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, 2006, are \$337 (6.3%) under budget. This is attributable to:

### Desktop Management Initiative

Desktop Management Initiative is \$33 (17.5%) below budget.

### Travel

Travel costs are \$14 (36.8%) 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 \$289 (6.3%) below budget. Savings in wages and benefits resulted largely from

- (a) CLS staff participating in the Voluntary Reduced Work Week Program,
- (b) secondments of Crown counsel, and
- (c) staff resignations and retirement of Director.

# APPENDIX A

## Performance Measurement

	Objective	Baseline 1995/96*	1996/97*	1997/98*	1998/99*
<b>Input Measures</b>	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
<b>Output Measures</b>	Number of hours of service provided	27,860 hours	27,454 hours	32,455 hours	38,206 hours
<b>Activity Measures</b>	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
<b>Outcome Measures</b>					
<b>Client Satisfaction</b>	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
<b>Cost Effectiveness Cost Savings (000's)</b>	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, 2006, are \$43,722				
	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, 2006, are \$3,163				
	Revenue Sharing				Revenue Sharing Payment \$400
	Total savings to March 31, 2006, are \$2,250				

\* 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*	2005/06
53	56	59	57	58	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	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 three counsel on secondment and one admin assistant on maternity leave	*includes two counsel on secondment and one admin assistant on maternity leave
39,455 hours	41,716 hours	40,328 hours	40,886 hours	38,567 hours	40,394 hours	42,729 hours
6.5 hours	6.1 hours	6.0 hours	6.0 hours	6.0 hours	6.0 hours	6.0 hours
Achieved	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	98% of respondents satisfied or more than satisfied
64% of respondents more than satisfied; 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	Client Comment Cards not sent due to Client Survey being conducted
\$3,600	\$4,155	\$4,316	\$4,789	\$4,668	\$5,011	\$5,405
CLS Net Income \$44	CLS Net Income \$445	CLS Net Income \$159	CLS Net Income \$363	CLS Net Income \$146	CLS Net Income \$193	CLS Net Income \$456
Revenue Sharing Payment \$500	Revenue Sharing Payment \$500	Revenue Sharing Payment \$0	Revenue Sharing Payment \$200	Revenue Sharing Payment \$200	Revenue Sharing Payment \$200	Revenue Sharing Payment \$250



**FINANCIAL STATEMENTS**  
for the year ending March 31, 2006  
(In Thousands)

**MANAGEMENT REPORT****Manitoba**

Justice

Civil Legal Services  
SOARoom 730  
Woodsworth Building  
405 Broadway  
Winnipeg, Manitoba CANADA  
R3C 3L6PH: (204) 945-2845  
FAX: (204) 948-2041File No.  
In reply please refer to:  
C. Lynn Romeo  
A/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

C. Lynn Romeo  
A/Chief Operating Officer

May 8, 2006

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

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MARCH 31, 2006**

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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, 2006 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, 2006 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

May 8, 2006

CHARTERED ACCOUNTANTS



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

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**BALANCE SHEET**

(in thousands)

**MARCH 31, 2006**

	2006	2005
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and short term deposits	\$ 1,087	\$ 814
Accounts receivable	208	450
	1,295	1,264
<b>RECEIVABLE FROM PROVINCE OF MANITOBA (Note 4)</b>	379	379
<b>CAPITAL ASSETS (Note 5)</b>	58	46
<b>TRUST ASSET</b>	8	8
	\$ 1,740	\$ 1,697
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 8	\$ 165
Vacation payable	343	360
	351	525
<b>SEVERANCE LIABILITY (Note 6)</b>	468	457
<b>TRUST LIABILITY</b>	8	8
	827	990
<b>EQUITY</b>		
<b>RETAINED EARNINGS</b>	913	707
	\$ 1,740	\$ 1,697

**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, 2006**

	2006	2005
<b>REVENUE</b>		
Recoveries	\$ 5,405	\$ 5,011
Interest and other	19	17
	5,424	5,028
<b>EXPENSES</b>		
Advertising and promotion	1	1
Amortization	36	48
Communications	39	35
Computer	41	32
Desktop management initiative	155	196
Equipment rental	5	6
Government records centre	21	18
Law Society fees	45	43
Miscellaneous	9	8
Occupancy	180	216
Office	48	48
Postage and deliveries	10	10
Professional fees and services	43	38
Publications	26	29
Travel	24	22
Wages and benefits	4,285	4,085
	4,968	4,835
<b>NET EARNINGS FOR THE YEAR</b>	456	193
<b>RETAINED EARNINGS</b> , beginning of year	707	714
	1,163	907
<b>REVENUE SHARING - PROVINCE OF MANITOBA</b>	250	200
<b>RETAINED EARNINGS</b> , end of year	\$ 913	\$ 707

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

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

**FOR THE YEAR ENDED MARCH 31, 2006**

**2006**

**2005**

**CASH FLOW FROM (USED IN)**

**OPERATING ACTIVITIES**

Net earnings for the year \$ 456 \$ 193

Adjustment for

Amortization 36 48

492 241

Changes in the following

Accounts receivable 242 (60)

Accounts payable and accrued liabilities (157) 37

Vacation payable (17) (48)

Severance liability 11 43

571 213

**FINANCING ACTIVITY**

Revenue sharing - Province of Manitoba (250) (200)

**INVESTING ACTIVITY**

Capital asset additions (48) (9)

**CHANGE IN CASH AND SHORT TERM DEPOSITS**

273 4

**CASH AND SHORT TERM DEPOSITS, beginning of year**

814 810

**CASH AND SHORT TERM DEPOSITS, end of year**

\$ 1,087 \$ 814

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

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**NOTES TO FINANCIAL STATEMENTS  
(in thousands)  
MARCH 31, 2006**

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**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**

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**NOTES TO FINANCIAL STATEMENTS  
(in thousands)  
MARCH 31, 2006**

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**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, 2006.

**4. RECEIVABLE FROM PROVINCE OF MANITOBA**

The receivable from the Province of Manitoba is for vacation 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:

	2006	2005
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**

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**NOTES TO FINANCIAL STATEMENTS  
(in thousands)  
MARCH 31, 2006**

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**5. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	
			<b>2006</b>	<b>2005</b>
Computer Equipment and Software	\$ 123	\$ 71	\$ 52	\$ 27
Furniture and Fixtures	191	185	6	17
Leasehold Improvements	53	53	-	2
	<b>\$ 367</b>	<b>\$ 309</b>	<b>\$ 58</b>	<b>\$ 46</b>

**6. SEVERANCE LIABILITY**

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2005. The report provides a formula to update the liability on an annual basis. The Agency's actuarially determined net liability for accounting purposes as at March 31, 2006 was \$468 (2005 - \$457). Commencing in the 2006 fiscal year the actuarial loss of \$87 is being amortized over the 15 year expected average remaining service life of the employee group.

**7. PENSION BENEFITS**

Employees of the Agency are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the Agency, through the Civil Service Superannuation Fund.

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 2006 was \$208 (2005 - \$199). Under this agreement the Agency has no further pension liability.

**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, 2007 are estimated to be \$232.

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

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**SCHEDULE OF PUBLIC SECTOR COMPENSATION DISCLOSURE  
(in thousands)  
FOR THE YEAR ENDED MARCH 31, 2006**

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Pursuant to the disclosure required by the Public Sector Compensation Disclosure Act, no remuneration or other benefits were paid to the Advisory Board members. The following employees or officers received compensation of \$50 or more.

EMPLOYEE	TITLE	COMPENSATION	
		2006	2005
I. Allen	Legal Counsel	\$ 111	\$ 104
E. Andres	Legal Counsel	108	100
J. Barak	Legal Counsel	91	85
A. Berg	Legal Counsel	120	111
T. Bjornson	Legal Counsel	95	87
S. Boyd	Legal Counsel	60	54
T. Brothers	Legal Counsel	86	-
M. Ducharme	Financial Officer	55	52
J. Frederickson	Legal Counsel	93	75
I. Frost	Legal Counsel	110	106
D. Gisser	Legal Counsel	114	106
D. Guenette	Legal Counsel	93	-
T. Hague	Director	177	106
G. Hannon	Legal Counsel	119	109
S. Hoepfner	Legal Counsel	110	99
B. Jones	Legal Counsel	86	77
J. Kapac	Legal Counsel	114	93
A. Ladyka	Legal Counsel	82	75
D. Lofendale	Legal Counsel	112	102
J. Mann	Legal Counsel	67	-
W. McFetridge	Legal Counsel	120	111
M. McGunigal	Legal Counsel	95	88
G. Mildren	Legal Counsel	120	111
K. Nicholson	Administration Officer	-	50
S. Pierce	Legal Counsel	114	106
K. Ranson	Legal Counsel	84	75
C. Romeo	Legal Counsel	119	111
K. Scott	Legal Counsel	94	90
V. Smith	Legal Counsel	56	53
A. Stevens	Legal Counsel	84	75
N. Trenholm	Legal Counsel	114	105
M. Webb	Legal Counsel	114	106
I. Wiebe	Legal Counsel	86	77
R. Winters	Legal Counsel	115	106