

The cover features a dark blue background with a fine, light blue diagonal line pattern. A solid black rectangular box is positioned in the lower right quadrant, containing the title text. The text 'ANNUAL REPORT' is in white, and '2013' is in a yellow-green color.

ANNUAL  
REPORT  
2013

Legal Services **BOARD + COMMISSIONER**

# Legal Services BOARD Legal Services COMMISSIONER

19 September 2013

Dear Attorney-General

We are pleased to provide you with the 2012-13 Annual Report of the Legal Services Board and Legal Services Commissioner. This is the first year a consolidated report has been prepared for the two organisations, and this report provides an overview of the operations and financial status of both the Board and Commissioner for the reporting year. It has been prepared in accordance with the *Financial Management Act 1994*.

Yours sincerely



**Fiona Bennett**  
Chairperson, Legal Services Board



**Michael McGarvie**  
CEO, Legal Services Board  
Legal Services Commissioner

## LEGAL SERVICES BOARD AND LEGAL SERVICES COMMISSIONER ANNUAL REPORT

Ordered to be printed  
VICTORIAN GOVERNMENT PRINTER  
2013 PP No. 255, Session 2010-13

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# Introduction

The Legal Services Board (the Board) and the Legal Services Commissioner (the Commissioner) are independent statutory authorities responsible for the regulation of the legal profession in Victoria. The Board and Commissioner are accountable to the Victorian Parliament.

The Board and Commissioner were established on 12 December 2005 under the *Legal Profession Act 2004* (the Act). The responsible minister is the Attorney-General, The Hon. Robert Clark MP.

On 25 May 2013, at the request of the Attorney-General, the Minister for Finance (the Hon. Robert Clark MP) determined that the Board and Commissioner should submit a consolidated annual report of operations and financial statements for the 2012-13 reporting year, and for all subsequent reporting years.

The following report comprises the inaugural consolidated annual report of operations and financial statements for the Board and Commissioner.

## ABBREVIATIONS AND ACRONYMS USED IN THIS REPORT

<b>the Act</b>	<i>the Legal Profession Act 2004</i>
<b>Bar</b>	Victorian Bar Inc
<b>Board</b>	the Legal Services Board
<b>Commissioner</b>	the Legal Services Commissioner, (refers to both the office of the Commissioner and the individual, Michael McGarvie)
<b>CORO</b>	Conference of Regulatory Officers
<b>CPD</b>	continuing professional development
<b>DRT</b>	Dispute Resolution Team
<b>EMP</b>	environment management plan
<b>FTE</b>	full time equivalent
<b>ILP</b>	incorporated legal practice
<b>LIV</b>	Law Institute of Victoria Ltd
<b>LPLC</b>	Legal Practitioner's Liability Committee
<b>MP</b>	Member of Parliament
<b>OPP</b>	Office of Public Prosecutions
<b>PC</b>	practising certificate
<b>PPF</b>	the Public Purpose Fund
<b>PIB</b>	prescribed investigatory body
<b>RODA</b>	the Register of Disciplinary Action
<b>RRT</b>	Rapid Resolution Team
<b>SDA</b>	statutory deposit account
<b>SGI</b>	sustainable government initiative
<b>VCAT</b>	Victorian Civil and Administrative Tribunal



## ABOUT THE LEGAL SERVICES BOARD

The Board is a body corporate with perpetual succession. It is a public entity, but does not represent the Crown.

The Board is responsible for a broad range of functions, including:

- issuing, renewing, suspending, cancelling and imposing conditions upon practising certificates (PCs)
- maintaining the Register of Legal Practitioners and Law Practices, and the Register of Disciplinary Action (RODA)
- administering funds set out under the Act
- monitoring, inspecting and investigating lawyers' trust accounts
- investigating and determining claims against the Fidelity Fund
- appointing law practice supervisors and managers and applying to the Supreme Court for the appointment of receivers, and/or conducting external interventions of law practices
- making and approving legal profession rules
- prosecuting breaches of the Act, including applying for removal of lawyers' names from the Supreme Court roll where necessary, and
- making grants to enhance the legal system, legal services and legal education.

Through its role as the peak regulator of the legal profession in Victoria, the Board aims to preserve the profession's own high standards by working with the Legal Services Commissioner, the Law Institute of Victoria (LIV), the Victorian Bar (Bar) and a range of other organisations to promote these standards.

## ABOUT THE LEGAL SERVICES COMMISSIONER

The Commissioner is responsible for the receipt and handling of complaints about lawyers in Victoria. The Commissioner also has a responsibility for educating lawyers and consumers of legal services about issues which affect them.

Michael McGarvie was appointed as the Commissioner in December 2009, and by virtue of that appointment, also became the Chief Executive Officer of the Board. The Commissioner is the employer of all staff who support the operations of both the Commissioner and the Board.

## STATUTORY OBJECTIVES AND VALUES OF THE BOARD AND COMMISSIONER

The Board's statutory objectives are to:

- ensure the effective regulation of the legal profession and the maintenance of professional standards
- address the concerns of clients of law practices and lawyers through the regulatory system and provide for the protection of consumers of legal services
- ensure the adequate management of trust accounts, and
- ensure that the Victorian system is at the forefront of regulation of lawyers.

The Commissioner's statutory objectives are to:

- ensure that complaints against lawyers and disputes between law practices, or lawyers and clients, are dealt with in a timely and effective manner
- educate the legal profession about issues of concern to the profession and to consumers of legal services, and
- educate the community about legal issues and the rights and obligations that flow from the lawyer-client relationship.

Our corporate values mirror the Victorian Public Sector values:

- Impartiality: Making decisions objectively
- Integrity: Earning and sustaining public trust
- Accountability: Taking responsibility for results
- Responsive service: Demonstrating a spirit of service
- Human rights: Ensuring a fair go for everyone
- Respect: Providing fair and objective treatment
- Leadership: Leading by example.

# Significant achievements and events in 2012-13

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The Board released guidelines to assist law firms and their staff to understand relevant disclosure requirements for prohibited lay associates (page 21).

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550

LAWYERS  
AUDITED FOR CPD  
(PAGE 16)

452

TRUST ACCOUNT  
INVESTIGATIONS  
(PAGE 19)

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The Board awarded over  
**\$2.27**  
million  
in grants (page 28).

---

10 MAJOR  
GRANTS

4 PROJECT  
GRANTS

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Five submissions were made to various court and public sector reviews and enquiries (page 21).

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The Board initiated nine external interventions of law practices (page 18).

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APPROXIMATELY

96%

OF LAWYERS HAD RENEWED THEIR PCS FOR 2013-14 BY 30 JUNE, WITH 83% OF LAWYERS HAVING RENEWED USING THE BOARD'S ONLINE RENEWAL FACILITY, LSB ONLINE (PAGE 21).

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Two new fact sheets were prepared for consumers covering non-legal services and meeting a lawyer for the first time (page 28).

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Multilingual resources were expanded with the Working with your lawyer brochure translated into 12 additional community languages, and a new poster to explain the role of the Commissioner was published in 22 languages other than English (page 28).

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2,039  
COMPLAINTS  
RECEIVED  
(PAGE 23)

2,040  
COMPLAINTS  
FINALISED  
(PAGE 25)

31%

OF THE 2,040 COMPLAINTS  
WERE CLOSED BY  
THE COMMISSIONER'S  
RAPID RESOLUTION TEAM  
DURING THE YEAR  
(PAGE 23)

74%

OF ALL CIVIL COMPLAINTS  
WHICH THE COMMISSIONER  
HAD THE JURISDICTION  
TO HANDLE WERE  
RESOLVED BY THE DISPUTE  
RESOLUTION TEAM  
(PAGE 23)

The number of open complaints older than 120 days continued to fall, demonstrating the effectiveness of investigation and resolution processes. Figure 1 illustrates the change over time in the number and age of open complaints.

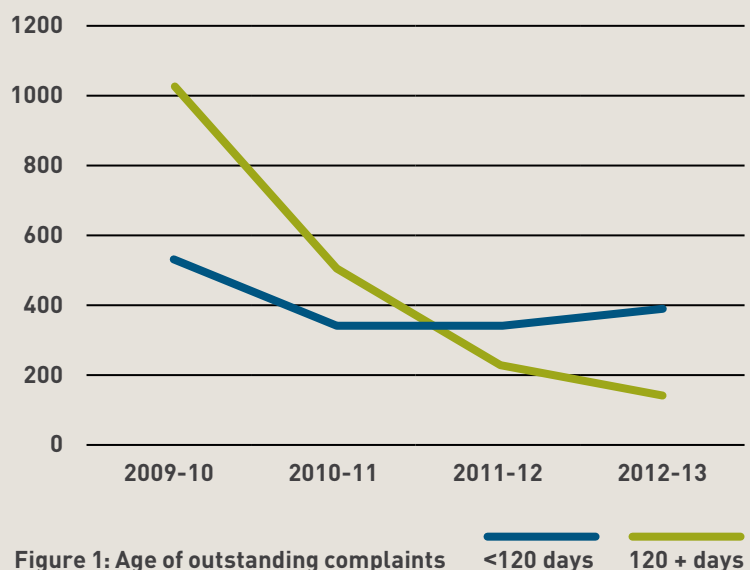


Figure 1: Age of outstanding complaints <120 days 120+ days



# Chairperson's report

I am pleased to present the annual report of both the Legal Services Board and Legal Services Commissioner for 2012-13.

This new consolidated report is just one example of how the Commissioner's staff, who perform the functions for both the Board and Commissioner's office, have been focussed on achieving greater synergies and reducing costs.

Our former Chairperson, Colin Neave AO, was appointed Commonwealth Ombudsman in August 2012 and was unable to continue as Chairperson of the Board. Colin had been Chairman of the Board since its establishment in December 2005 and had steered the Board with great skill through the early years of establishing a new statutory authority and ongoing changes to the regulatory environment.

On 29 January 2013, the Attorney-General confirmed my appointment as Chairperson of the Board. Having been a Board member since 2008, I was honoured to be given the opportunity to lead the legal regulator at a time when great change is expected in the regulation of the legal profession in Victoria and Australia.

2012-13 also saw some movement in the membership of the Board. Melissa Horne concluded her four year term as a member with the Board in July 2012 and Harvey Kalman was appointed in her place. David Faram also left the Board in March 2013, following his appointment to the Magistrates' Court.

On behalf of the Board, I would like to thank Colin, David and Melissa for their hard work and significant contributions to the Board.

The Board has worked closely with the Commissioner as the two organisations were brought closer together, enabling the more efficient administration of our regulatory responsibilities. To help us review our past performance and keep our focus on our priorities coming in to the next reporting period, the Board members participated in a strategic planning session in June 2012. Activities such as this are vital to setting a clear path forward and to ensure that objectives are met.

One of the major projects which the Board had identified for the 2012-13 year was to conduct a review of the banking services which the Board uses. With interest rates falling to record lows, and interest payments being the main source of funding for legal regulation in Victoria, it was crucial to conduct such a review. It is expected that the review will deliver a significant increase in interest revenue and will ensure the Board is benefitting from the latest available electronic banking services. Any changes to current banking arrangements are not expected to be finalised until the 2013-14 year.

The Board's Grants Program is a prime example of the importance of securing our interest revenue-stream. In 2012-13 the Board awarded over \$2.2 million to 14 separate organisations for legal research, legal education and advocacy services on behalf of vulnerable members of the community throughout Victoria. This brings to over \$22 million in grants distributed by the Board since 2007. Without a secure source of revenue the Victorian community may have not have the benefits of these worthy programs. One such example is the Law Handbook, produced by the Fitzroy Legal Service and made into a free online service for the community by a grant from the Board in 2007-08.

The coming year is certain to present more challenges and opportunities for legal regulation in Victoria, particularly as we transition to the uniform legal profession reforms. I am confident that the regulator is well placed to address the needs as they arise.

I would like to sincerely thank my fellow Board members, the Board CEO and all our staff for their hard work and continued commitment throughout the year.

**Fiona Bennett**  
Chairperson, Legal Services Board



# CEO and Commissioner's report

Over the past few years the Board and Commissioner have steadily worked to bring these two, once largely separate entities, together to operate as a single regulatory body.



While it has involved considerable work in re-designing our management structure and operational processes, the efficiencies this integration has delivered has had tangible benefits for Victoria's legal regulatory regime. A more efficient regulator is more effective at enhancing the protection of both consumer interests and the interests of the legal profession itself. Our continual drive towards improving efficiency is embodied in this document: the first consolidated annual report, presenting the operations of both the Board and Commissioner as a single entity.


The Board and Commissioner have adopted a service-oriented approach to legal regulation. Over the 2012-13 reporting year we have continued to offer guidance to lawyers through the development of policies, guidelines and rules, and in the provision of advice in areas dealing with prohibited lay associates, law firm mergers, legal outsourcing, and financial services and investments. We have also proactively engaged lawyers across the state, having spoken to over 900 lawyers and given 17 guest lectures to university law students.

We have become more active in communicating important information to lawyers across the state. RPA Alerts is a new email news bulletin distributed to over 14,000 lawyers who have opted to receive email communications from the regulator. It is used to highlight emerging issues or significant concerns which the profession should be aware of. I was also fortunate enough to visit Banff, Canada, for the fifth International Legal Ethics Conference, where I delivered a paper entitled "A pragmatic approach to legal regulation". This paper discussed the alternative approaches we have adopted for handling complaints, and the successes such approaches have brought since they were adopted in 2010.

Our strong engagement with consumers has continued this year, both through face to face contact with support services and through the development of new written material in the form of fact sheets and multilingual information. Our use of social media has also expanded with the release of a series of tips for consumers focussing on their rights and responsibilities when working with lawyers, and tips for lawyers as well.

One priority for the Board and Commissioner this year was the further development of our relationships with other prosecution agencies. We worked closely with the Victoria Police to facilitate the sharing of information pertinent to each organisation's investigations, thus helping to minimise the potential for duplication of investigation and prosecution effort. A new set of protocols were also developed with the Office of Public Prosecutions (OPP), which established processes for the OPP to provide input on Board investigations involving serious indictable matters. The protocols also established procedures for prosecutions of lawyers and employees of law practices by the OPP.

Our work on externally intervening into law practices was a clear beneficiary of the closer relationships we have with other regulatory and enforcement agencies. External interventions, like putting a firm into receivership or under management, often require close cooperation with forensic accountants, the Fraud & Extortion Squad of the Victoria Police, bankruptcy trustees, trust account investigators, and the managers or receivers themselves. Our ability to commence and coordinate multiple regulatory and policing activities without one party having to wait for another to make a move or complete an investigation, demonstrates our improved flexibility and effectiveness in our regulatory functions.



Another example of our efficiency is in how quickly complaints are dealt with. While the number of complaints received by the Commissioner remains relatively stable year to year, the number of complaints which remain open at the end of the year continues to fall, thanks to a concerted effort by my investigations, mediation and administration staff. Approximately 64% of complaints open as at 30 June were less than 120 days old, while only 141 complaints were older than 120 days old. This shows that our focus on identifying and addressing the issues at the heart of complaints is leading to the solving of problems between complainants and lawyers much faster.

One of the key factors in our success has been ensuring that we have the appropriate training and tools for staff to do their jobs. A new program was introduced this year to rotate staff, supporting their development and enhancing their understanding of operations of the Board and Commissioner as a whole. A series of upgrades to our business and IT infrastructure, including a new electronic document retention and management system, have further helped streamline administrative processes.

Upgrades to our LSB Online portal also supported a second very successful practising certificate renewal period this year. 83% of lawyers who renewed by 30 June did so using the online facility. Not only does online renewal save time for lawyers, but with such a high percentage using the online system, the need to manually process thousands of paper applications was eliminated, saving many hundreds of hours of work. LSB Online is now recognised by the profession as being a highly efficient way to renew their certificates. Next year we plan to offer BPAY as a payment method for all lawyers after it was successfully trialled for barristers this year.

We continued to work towards the anticipated uniform legal profession reforms, scheduled to commence in the 2013-14 reporting year. While the reorganisation of internal operations to prepare for these reforms was largely undertaken in the 2011-12 year, this past year the Board and Commissioner continued to prepare for the reforms by streamlining administrative practices and coordinating with our NSW counterparts to facilitate a smooth transition to the new arrangements.

I would like to thank my staff for their tireless efforts and innovative approaches to problem solving. I would also like to thank the Board Chairperson, Fiona Bennett, and the Board members for their guidance and support throughout the last 12 months. Together, the Board and Commissioner have had an extremely productive and successful year of which we can all be justifiably proud.

**Michael McGarvie**

CEO, Legal Services Board  
Legal Services Commissioner

# Board Membership and Functions

The Board consists of a Chairperson, three non-lawyer members and three lawyer members.

The Chairperson and the non-lawyer members are appointed by the Governor in Council on the recommendation of the Attorney-General. Non-lawyer members bring with them extensive experience in governance processes, consumer protection accounting and financial practices.

The lawyer members (one barrister and two solicitors) are elected by a formal election held within the legal profession.



### MS FIONA BENNETT

**Chairperson  
Non-lawyer member**

Fiona is a director of a number of entities including Beach Energy Ltd, Hills Holdings Ltd and Boom Logistics Ltd. She is a Chartered Accountant with extensive experience in commercial and financial management, governance, risk management and auditing. She has held senior executive positions at BHP Billiton Ltd and Coles Group Ltd, and has been Chief Financial Officer of several organisations in the health sector. Fiona is a Fellow of the Institute of Chartered Accountants, the Australian Institute of Company Directors and the Australian Institute of Management. Fiona was appointed to the Board in January 2008. After the departure in August 2012 of the then Chairperson, Colin Neave AM, Fiona was appointed Interim Chairperson for five months before being appointed Chairperson by the Attorney-General in January 2013.

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### MS CAROLYN BOND AO

**Non-lawyer member**

Carolyn is a consumer advocate who has worked on a range of consumer policy issues including credit regulation, debt collection and consumer dispute resolution. She has represented consumer interests on a number of bodies and is a former Co-CEO of the Consumer Action Law Centre; a specialist community legal centre which provides legal assistance to consumers and campaigns on consumer issues. Carolyn is currently a member of the Commonwealth Consumer Affairs Advisory Committee and the National Legal Assistance Advisory Body. Carolyn was also a member of the National Legal Profession Reform Consultative Group.

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### MR JOHN CORCORAN

**Lawyer (non-advocate) member**

John is Chairman of Russell Kennedy in Melbourne where he practices in the area of commercial property, with particular emphasis on the health and aged care sector. He has been a principal of the firm since 1986. A former President of the LIV, John also spent seven years on the LIV Council, including four years on the Executive. John was the President of the Law Council of Australia in 2009 and was a member of the Management Board of the International Bar Association for four years until December 2012. He joined the Legal Services Board as an appointee of the Attorney-General in December 2005, and was subsequently elected as a lawyer member in May 2006. John's original four-year term concluded in 2010. In April 2013 the Governor in Council appointed John as an acting non-advocate Board member for a period of three months to fill a vacancy left by the departure of Mr David Faram, prior to an election being held to determine a permanent non-advocate Board member.

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### MR RICHARD FLEMING

**Lawyer (non-advocate) member**

Richard is a commercial and technology lawyer with over 20 years' experience. Formerly a partner of a national law firm, Richard subsequently established his own boutique firm, Benelex. Richard is Chairman of the LIV Ethics Committee and a former LIV Council member. He is also an active member of the Australian Corporate Lawyers Association.

## MR PETER JOPLING QC

### Lawyer (advocate) member

Peter is a Queen's Counsel specialising in commercial law and trade practices law. He was admitted to practice in 1978 and signed the Victorian roll in 1980. Peter served as an Associate to High Court Justices Sir Keith Aickin and Sir Ninian Stephen. He was appointed QC in 1996. Peter has held positions as director, member and chair for a range of organisations and committees. He is currently a member of the Board of Examiners, director of the Melbourne Business School, deputy chair of the Australian Centre for Contemporary Art, a Governor of the Florey Neuroscience Institutes, member of the Victorian College of the Arts Foundation and a member of the advisory board of the Centre for Ethical Leadership. He is also a former member of the Victorian Civil and Administrative Tribunal Legal Practice Panel.



## MR HARVEY KALMAN

### Non-lawyer member

Harvey was appointed as a non-lawyer member of the Board in August 2012. Harvey has over 20 years' experience in the financial sector and is currently responsible for the corporate fiduciary roles and wholesale financial services roles at Equity Trustees. He has occupied several senior positions with KPMG and ANZ Bank. Harvey was also the Deputy Director, Research and Policy at the Australian Society of Corporate Treasurers (now Finance and Treasury Society).



## MR MICHAEL MCGARVIE

### Chief Executive Officer

Michael was appointed as the Commissioner and Board CEO in December 2009. Prior to this, Michael was the CEO of the Supreme Court of Victoria for a period of three years. He practised as a solicitor at Holding Redlich for 23 years, where he specialised in personal injuries, civil litigation and dispute resolution. Michael is also a Graduate of the Australian Institute of Company Directors.



## DEPARTING BOARD MEMBERS IN 2012-13

### Mr Colin Neave, AM Former Chairperson

Colin was the Chairperson of the Board from its establishment in December 2005. He resigned from the Board on 17 August 2012, when he was appointed as the Commonwealth Ombudsman.

### Mr David Faram Lawyer (non-advocate) member

David was elected to the Board in 2010 and resigned his membership with the Board on 26 March 2013 when he was appointed to the Magistrates' Court of Victoria by the Attorney-General.

### Ms Melissa Horne Non-lawyer member

Melissa was appointed to the Board in 2008 and served a full four-year term which expired on 28 July, 2012.

## MEETING ATTENDANCE

The Board met eight times in the reporting year, as set out in Table 1 below. These meetings included a special financial meeting to approve the financial statements for the 2011-12 annual report.

**Table 1: Board membership and meeting attendance in 2012-13**

Board member	Number of Board meetings attended
<b>Current members (30 June 2013)</b>	
Ms Fiona Bennett	6
Ms Carolyn Bond AO	8
Mr John Corcoran*	2
Mr Richard Fleming	6
Mr Peter Jopling QC	7
Mr Harvey Kalman	7
<b>Past members</b>	
Mr David Faram	6
Ms Melissa Horne	0
Mr Colin Neave AM	3

\*John Corcoran was appointed to the Board for three months to fill a vacancy.

## BOARD ELECTION

In response to a vacancy created by the appointment of David Faram to the Magistrates' Court of Victoria, the Board conducted an election in May 2013 for a replacement lawyer (non-advocate) member. The Act specifies that a member elected to fill a vacancy holds office for the remainder of the term of the elected member who vacated the office; in this instance, until 30 June 2014.

The election was managed by the Victorian Electoral Commission. Mr Steven Stevens was elected unopposed. Steven's term officially commenced immediately following the expiration of the acting term of Mr John Corcoran, on 9 July 2013.

## BOARD COMMITTEES

The Board operates five ordinary committees, each with a Board member appointed as Chair. In addition to having a Board member as Chair, the Board's Legal Practice Committee is composed of members appointed from external organisations representing the legal profession and consumers of legal services.

The Commissioner also operates an Audit Committee. The Chair and membership are external appointees of the Commissioner (see Figure 2). Both the Board and Commissioner Audit Committees meet regularly on matters of joint interest. The role of Chair for these meetings alternates between Mr Richard Fleming (as Chair of the Board Committee) and Mr John Coates (as the externally appointed Chair of the Commissioner Committee).

The functions of Board Committees do not change from year to year. A detailed description of the functions of these Committees can be found on the Board website.

The Board created a temporary sub-committee for the purposes of overseeing the Banking Services Review, a major project undertaken during the year.

The membership of all Board Committees and the Commissioner Audit Committee is detailed in Figure 2.

# Legal Services Board

**FIONA BENNETT**  
CHAIRPERSON

## BOARD AUDIT COMMITTEE

(3 meetings)

**Richard Fleming**, Chair  
**Fiona Bennett**  
**Peter Jopling** QC

## COMMISSIONER AUDIT COMMITTEE

(4 meetings)

**John Coates**, Chair\*  
**Nick Daicos**\*  
**Mary Beth Bauer**\*

## FINANCE AND INVESTMENT COMMITTEE

(5 meetings)

**Fiona Bennett**, Chair  
**Carolyn Bond AO**  
**Richard Fleming**  
**Harvey Kalman**

## FIDELITY FUND CLAIMS ADVISORY COMMITTEE

(4 meetings)

**Carolyn Bond AO**, Chair  
**Richard Fleming**

## GRANTS COMMITTEE

(3 meetings)

**Harvey Kalman**, Chair  
**Carolyn Bond AO**  
**Fiona Bennett**

## LEGAL PRACTICE COMMITTEE

(1 meeting)

**Peter Jopling**, Acting Chair  
**Megan Keogh** (VLA)\*  
**Jenni Smith** (FCLC)\*  
**Kevin J A Lyons** (Vic Bar)\*  
**Paul Vine** (ACLA)\*  
**Steven Stevens** (LIV)\*  
**Michael Hermitage** (CALC)\*

**Figure 2: Board Committees and membership as at 30 June 2013**

\*Denotes external member

# Chapter 03

# Report of Operations: Regulation

The Board and Commissioner are responsible for ensuring the effective regulation of the legal profession in Victoria. They are committed to addressing the concerns of consumers of legal services and of the legal profession itself.

The Board has established and maintains standards of conduct for the provision of legal services, and effectively responds to breaches of the Act, regulations and professional standards. At the same time the Commissioner works to resolve complaints about lawyers, and in circumstances where it is appropriate, will prosecute lawyers for poor or unethical conduct.

The regulatory processes employed by the Board are described below, while Chapter 4 discusses how the Commissioner handles and resolves complaints.

## Ensuring effective regulation of the legal profession

The regulatory regime maintained by the Board assists Victorian lawyers in maintaining the legal profession's own high standards of legal service and conduct.

### SUPERVISED LEGAL PRACTICE REQUIREMENTS

The Act requires that the inaugural Victorian PC issued to a lawyer limits that lawyer to a period of supervised practice. This ensures a level of consumer protection as well as providing the new lawyer with an opportunity for further education and training by an experienced senior lawyer.

Under certain circumstances the Board may partially or fully exempt a lawyer from the requirement to undertake supervised legal practice. In 2012-13, the Board received 66 applications for supervised legal practice exemptions, compared with 65 in 2011-12. The Board approved 53 applications. Table 2 shows the outcomes of the applications.

**Table 2: Applications for exemptions from supervised legal practice requirements**

	2011-12	2012-13
Applications received	65	66
Exemptions granted	48	53
Applications declined	0	2
Decisions pending at 30 June	11	4
Applications withdrawn	6	7

Further detailed information about supervised legal practice is available on the Board website.

### CONTINUING PROFESSIONAL DEVELOPMENT VERIFICATIONS

All lawyers holding PCs must undertake ten hours of continuing professional development (CPD) each year. This helps to ensure lawyers maintain their currency of knowledge and skills, thereby helping to maintain a high standard of conduct and service.

Lawyers are required to keep a record of all CPD activities undertaken for a period of three years. Through the LIV and the Bar as its delegates, the Board may conduct audits to determine whether lawyers have met their obligations under the applicable CPD rules for the current year or any of the three previous years.

When renewing their PCs, lawyers must confirm that they have completed their CPD activities. If they have not complied, lawyers can apply for an exemption or submit a rectification plan. As the Board's delegate, the LIV audited 550 lawyers for CPD compliance during 2012-13. Table 3 shows the outcome of these audits.



**Table 3: CPD Audits conducted by the LIV**

Audit details	2011-12	2012-13
Total number of lawyers audited	500	<b>550</b>
Lawyers who complied	489	<b>527</b>
Lawyers who did not comply	6	<b>5</b>
Lawyers exempted (e.g. on maternity leave, surrendered PC, or had already been audited in previous two years)	5	<b>18</b>

Further details on CPD, including the CPD rules and the implications of failure to comply with CPD requirements, are available on the Board's website.

## PROFESSIONAL INDEMNITY INSURANCE EXEMPTION APPLICATIONS

Law practices, other than community legal centres, must maintain professional indemnity insurance with the Legal Practitioners' Liability Committee (LPLC) at all times while engaged in legal practice in Victoria. The Board has power to exempt law practices from the requirement to hold professional indemnity insurance with the LPLC, or to hold professional indemnity insurance altogether. Community legal centres are required to maintain insurance on terms and conditions approved by the Board.

During 2012-13, the Board received 75 applications for exemption from professional indemnity insurance requirements, compared with 87 in 2011-12. The decrease in number of exemption applications received is partly attributable to the class exemption that was granted to interstate law practices by the Board in February 2013. Table 4 shows the outcome of the 2012-13 applications. More information on professional indemnity insurance requirements and exemption applications is available on the Board's website.

**Table 4: Applications for exemption from professional indemnity insurance requirements**

	2011-12	2012-13
Applications received	87	<b>75</b>
Exemptions granted	77	<b>71</b>
Applications declined	0	<b>0</b>
Decisions pending at 30 June	5	<b>0</b>
Application withdrawn	7	<b>5*</b>

\*One application was received in 2011-12 and withdrawn in 2012-13.

## FOREIGN LAWYER APPLICATIONS

Subject to limited exceptions, persons who are registered as lawyers in an overseas jurisdiction must be granted registration as foreign lawyers by the Board before they can practise foreign law in Victoria. For example, a person who is registered as a lawyer in Singapore, must hold registration as a foreign lawyer in Victoria (or another Australian state or territory) before practising Singaporean law in Victoria. Registration as a foreign lawyer does not entitle the foreign lawyer to practise Australian law in Victoria. Further information on foreign lawyers is available on the Board's website.

The Board received 18 foreign lawyer applications in 2012-13 compared with 19 in 2011-12. Table 5 shows the applications and their outcomes.

**Table 5: Applications for foreign lawyer registration**

	2011-12	2012-13
Applications received	19	<b>18</b>
Applications granted	22	<b>24*</b>
Applications declined	0	<b>0</b>
Decisions pending at 30 June	9	<b>2</b>
Applications withdrawn	2	<b>1</b>

\*Some applications received in 2011-12 were granted in 2012-13.

## INCORPORATED LEGAL PRACTICES

An incorporated legal practice (ILP) is a corporation that is permitted under the Act to engage in legal practice, provided it has a lawyer as a director of the corporation. The lawyer director is responsible for implementing and maintaining appropriate management systems.

ILPs are unique; normally a company director owes his or her primary duty to the shareholders of the company, however in an ILP the primary duties of a lawyer director are owed first to the court and secondly to the client. Further information about ILPs is available from the Board website.

### ILP Audits

The Board has the power to audit an ILP to ensure that it is complying with the relevant legislative requirements, regulations and practice rules. The Board may appoint an appropriately qualified person to undertake an audit to ensure the compliance of an ILP, along with its officers and employees. During 2012-13 the Board conducted four ILP audits, all connected to the one lawyer director. These audits were undertaken in response to complaints received by the Commissioner about the legal services provided by that ILP. By 30 June 2013, the audit reports were still under review.

## Providing for the protection of consumers of legal services

The Board examines breaches of the Act, the regulations and the relevant legal profession rules. Where the Board investigates breaches, action is taken in an appropriate and timely manner. Staff and Board delegates pursue all non-compliance matters through a range of interventions, commencing with education and counselling for minor breaches. This escalates to referrals for disciplinary investigation, external interventions in relation to law practices, suspension or cancellation of PCs, strike-off applications and criminal prosecution. The Board handles some regulatory actions for non-compliance while others are delegated to the LIV and the Bar to undertake on the Board's behalf.

### UNQUALIFIED LEGAL PRACTICE

Practising law in Victoria without a local or interstate PC, or a foreign license, is an offence. It is known as unqualified legal practice and carries a maximum penalty of two years' imprisonment. The Board is responsible for investigating suspected cases of unqualified legal practice, and if required, prosecuting unqualified persons who perform legal work or who falsely hold themselves out as lawyers.

During the reporting period, the Board received 66 new complaints regarding possible unqualified legal practice. 24 of those complaints were about Australian lawyers without practising certificates and the remaining 42 complaints were about people who had no legal qualifications. The Board commenced four unqualified legal practice prosecutions in the Magistrates' Court during the year; two were concluded (one of which was appealed and was part-heard by 30 June 2013). Two other matters were still awaiting hearing as at 30 June.

### EXTERNAL INTERVENTIONS

The Board has the power to appoint a supervisor or manager to a law practice or to apply to the Supreme Court of Victoria for an order appointing a receiver to a law practice. These are called external interventions. Through this power, the Act aims, amongst other things, to protect the interests of the general public and the interests and property of clients. The Board can appoint external interveners in a variety of circumstances including where the Board believes that the practice is not dealing adequately with trust money, has committed a serious irregularity, or where the practice is in contravention of the Act, regulations or rules.

To ensure external interveners are appointed in a timely manner, the Board maintains a panel of experienced external lawyers ready to be engaged. During the reporting period the Board handled four external interventions (all managements) while the balance were delegated to the LIV or panel members to undertake. Table 6 shows the number of external interventions undertaken in 2012-13.

### SUSPENSION AND CANCELLATION OF PRACTISING CERTIFICATES

Where there is strong evidence that a relatively serious breach of the Act, regulations or rules has occurred and the breach poses an actual or likely risk to consumers, then the PC of a practitioner may be suspended or cancelled. The LIV, as the Board's delegate, suspended one and cancelled six PCs in the reporting year.

### REMOVING PRACTITIONERS FROM THE LOCAL ROLL

Where the Board determines that a local lawyer is not a fit and proper person to continue to practise law, it has the power under the Act to apply to the Supreme Court for that lawyer's name to be removed from the roll of legal practitioners maintained by the Court. This is known as a strike-off application. The Board will generally only make a strike-off application when the concerns about the lawyer cannot be adequately addressed by temporary restrictions and the circumstances involve dishonesty or a prior history of similar offences.

During 2012-13 the Board successfully sought to have Mr Moshin Chakera removed from the roll of practitioners after Mr Chakera was found guilty of obtaining financial advantage by deception, relating to \$360,000 of client funds. As Mr Chakera had been convicted on a serious criminal matter, the Board made its application to the Supreme Court on the basis that Mr Chakera was no longer a fit and proper person to remain on the roll.

**Table 6: External interventions in 2012-13**

Type of external intervention	Continuing from 2011-12	Commenced 2012-13	Closed during 2012-13	Ongoing interventions as at 30 June 2013
Receiverships	11	1	3	9
Managements	5	6	6	5
Supervisions	1	2	1	2

## COOPERATION WITH CRIMINAL PROSECUTORS AND OTHER REGULATORS

Throughout 2012-13 the Board has continued to improve its capabilities for detecting and investigating serious criminal conduct on the part of lawyers and employees of law practices. In some cases conduct may constitute a breach of the Act as well as contravening the *Crimes Act 1958*.

For this reason the Board has enhanced its relations with the Victoria Police and the OPP.

The Board worked closely with both the Victoria Police and/or the OPP in nine matters across 2012-13, including in the prosecution of Mr Anthony Coleman, a former solicitor who, in May 2013, was found guilty of the unauthorized use of 'regulated property', unqualified legal practice and failing to cooperate with the receiver appointed to his former law practice.

Following the appointment of the receiver to Mr Coleman's law practice in June 2011, Mr Coleman sought to obstruct the receiver in the discharge of its functions. Investigations by the Board revealed that Mr Coleman had unlawfully retained a number of legal files from the former law practice and sought to continue to act in these matters in conjunction with licensed lawyers, even though he no longer held a PC and was therefore not entitled to practise law.

Mr Coleman pleaded guilty and was given a 9 month custodial sentence (wholly suspended), was fined \$13,000 and was ordered to pay \$20,000 in costs to the Board. Further details of Mr Coleman's prosecution are available on the Board's website.

## REGISTER OF DISCIPLINARY ACTION

The Board maintains a publicly accessible RODA to record disciplinary action taken against lawyers who hold a PC. The RODA is regularly updated to reflect recent disciplinary orders. Information is retained on the RODA for a minimum of five years after the disciplinary action is taken, or, if the disciplinary action has effect for more than 5 years, for the period that the disciplinary action has effect. Further information on the RODA is available on the Board's website.

## Ensuring the proper management of trust accounts

Law practices are often entrusted with client's money in the course of or in connection with the provision of legal services. This can be general trust money, controlled money or transit money. Law practices are required to maintain clients' money in a specific account known as a general trust account, which must be maintained in accordance with the Act, its regulations and any applicable legal profession rules.

The Board is responsible for the administration of all lawyers' trust accounts in Victoria and has delegated the general trust account surveillance and investigations functions to the LIV and the Bar. To ensure law firm compliance with the general trust account regulations, the LIV carried out inspections into 452 of the total 1,831 trust accounts held by law practices. This compares with 419 inspections carried out in the previous year. The Board did not undertake any inspections of approved barristers' clerks during 2012-13, but in June 2013 the Board resolved to embark on a cyclical program for inspecting approved clerks' trust accounts for the new financial year.

## STATUTORY DEPOSIT ACCOUNTS

In accordance with the Act, law practices and approved clerks who operate a general trust account must also maintain a Statutory Deposit Account (SDA). Individual SDAs are allocated for each law practice or approved clerk by the Board, and are linked to the law practice's or approved clerk's trust account. The SDAs are held with the Westpac Banking Corporation and form part of the Public Purpose Fund (PPF) maintained by the Board.

Where the balance of a trust account exceeds \$15,000 at the end of a quarterly cycle, the law practice or approved clerk must transfer a set amount into their SDA within 21 days of the end of that quarter. The amount required for transfer into the SDA is calculated using a formula specified in the Act. The balance remaining in the trust account is called the 'residual balance'. Law firms and approved clerks can also withdraw from the SDA when necessary to service their client's needs. Electronic funds transfer arrangements ensure that transfers to and from the SDA can be made with minimum disruption to a law practice or approved clerk. Details of the SDA holdings and residual trust account balances as at 30 June 2013 are shown in Table 7.

**Table 7: SDA holdings and residual balance as at 30 June 2013**

	SDA \$'000	Residual Balance \$'000	Total \$'000
30 June 2013	524,717	1,149,997	1,674,714
30 June 2012	463,739	992,130	1,455,869

## THE FIDELITY FUND

The Fidelity Fund is managed by the Board to provide compensation to clients who have lost money or property due to the dishonest or fraudulent behaviour of a lawyer, employee of a law practice or a barrister's clerk. The Fidelity Fund receives annual contributions from certain lawyers, community legal centres and approved clerks.

The Act sets out how the Board investigates and determines claims, as well as what may be excluded from the scheme and under what circumstances the Board may disallow or reduce a claim even though a default has occurred. For a detailed explanation of how the Fidelity Fund operates, including how claims are processed, refer to the Board's website.

In 2012-13 the Board received 54 claims against the Fidelity Fund. 23 payments were made against claims, totalling \$1,709,000. This included claims received both during the current and previous reporting years. Table 8 shows the claims made and those paid during 2012-13.

**Table 8: Fidelity Fund claims in 2012-13**

	2011-12		2012-13	
	No. of Claims	Amount \$'000s	No. of Claims	Amount \$'000s
Claims received during period	23	6,568	54	13,740
Claims paid during the period	14	804	23	1,709
Claims outstanding as at 30 June	29	5,561	50	15,426
Actuarial Valuation	NA	13,770	NA	16,110
Fidelity Fund recoveries*		-		-

\*Recovery of lost or stolen trust money from the lawyer or law practice is often not possible due to the dishonest conduct of the lawyer. The Board only commences recovery proceedings when the prospect of success is high.

**Table 9: Fidelity Fund contribution rates for 2012-13**

Class	Type	Contribution
1	Local lawyer: Authorised to receive trust money – exceeding \$500,000	\$408
2	Local lawyer: Principal PC not authorised to receive trust money – who is a principal of a law practice that received trust money exceeding \$500,000	\$408
3	Local lawyer: Authorised to receive trust money – not exceeding \$500,000	\$204
4	Local lawyer: Principal PC not authorised to receive trust money who is a principal of a law practice that received trust money within the range of Nil - \$500,000	\$204
5	Employee PC and not authorised to receive trust money	\$102
6	Exempt lawyers	\$0
7	Interstate lawyer: Authorised to receive trust money – exceeding \$500,000	\$408
8	Interstate lawyer: Authorised to receive trust money – not exceeding \$500,000	\$208

## Fidelity Fund Contribution Rates

In accordance with the Act, each year the Board determines the contributions to be made to the Fidelity Fund by lawyers, community legal centres and approved clerks who are required to pay contributions. Lawyers who hold a current Victorian PC pay their contribution to the fund with their PC fees. Interstate practitioners and approved clerks are required to pay their contribution directly to the Board.

The applicable contribution rates for the current financial year are displayed on the Board's website. Table 9 shows the contributions which were to be paid for the 2012-13 financial year as determined by the Board.

# Ensuring the Victorian system is at the forefront of legal regulation

The Board is responsible for setting policies and making rules which help ensure that the Victorian system remains at the forefront of the regulation of lawyers.

## ONLINE RENEWAL OF PCs

The Board's LSB Online portal enables lawyers to renew their PC. Online renewal delivers a significant time saving for lawyers and reduces the workload of the Board and its delegates in processing paper forms.

The 2013 renewal period ran from 1 April to 30 June. A total of 15,004 lawyers with a Victorian PC (just over 83% of the 18,154 registered) used LSB Online to renew their certificates. A further 13% renewed using the paper form, and 4% did not renew by the close of the renewal period. To assist lawyers use LSB Online the Board also operated a help desk, which was successful in answering 85% of all queries received within five minutes.

BPAY was successfully tried as a payment method for barristers for the first time in 2013. The Board anticipates offering BPAY as a payment option for all lawyers in the 2014 renewal period.

## DEVELOPING POLICIES FOR THE PROFESSION

While the Act provides the regulatory framework for the profession, the practical application of regulatory requirements relies on the development of Board policies. Through consultation with the professional associations and other interested parties, the Board develops policies to provide guidance to lawyers on their obligations under the Act. The policies clarify regulatory obligations and reduce regulatory burden, providing information about how the Board will perform its regulatory functions. All policies are reviewed at regular intervals.

### Compliance and Enforcement Policy

The Board consolidated a number of existing policies relating to compliance and enforcement, providing greater clarity for lawyers and creating a single corporate policy covering both the Board and the Commissioner. It provides general guidance and principles in relation to the exercise of powers by the regulator, ranging from education towards compliance through to strike-off.

### Freedom of Information Policy

A combined Board and Commissioner Freedom of Information Policy was created, in particular to assist consumers and lawyers who are considering requesting information from the regulator. These policies, and a range of other regulatory policies, are available on the Board's website.

### New Legal Outsourcing Guidelines

The Board approved Legal Outsourcing Guidelines designed to assist all Victorian lawyers to address the inherent risks involved in outsourcing and to make helpful suggestions when outsourcing work to third parties. Outsourced tasks such as document review and discovery, legal research and due diligence potentially involve

significant risks to data security, confidentiality, conflict of interest, competence, supervision and insurance. The new Guidelines focus on the existing obligations and responsibilities of lawyers and law firms as set out in the Act and the *Professional Conduct and Practice Rules 2005*, and provide recommendations to assist those currently engaged in outsourcing.

## Guidelines for lay staff in the legal sector

The Board approved new guidelines to assist law firms and their staff to understand relevant disclosure requirements applying to non-legally qualified staff in relation to dishonesty offences, and to potential employees who have been subject to disqualification orders. A set of Frequently Asked Questions were also developed for law firms following consultation with law firms.

## New Rules

The Board also consulted with the LIV and the Bar to make the *Financial Services and Investments Notification Rules 2013*. These rules require all law practices and approved barristers' clerks to inform their clients that certain types of client funds associated with investment and financial services left in their care are not trust funds protected by a fidelity or compensation fund.

## STUDENTS

This year the Board and Commissioner accepted three student interns from the University of Melbourne as part of its internship program in second semester 2012 and first semester 2013. Students completed 30 days unpaid work as part of completing a university subject and were given the opportunity to experience working within a public regulatory authority.

## SUBMISSIONS

During 2012-13 the Board and Commissioner made submissions in response to the following reviews:

- Victorian Law Reform Commission Review of Succession Laws
- Australian Professional Legal Education Council Review of National Competency Standards
- VCAT Fees Review
- VCAT Legislation Review, and
- Consumer Affairs Victoria's Review of section 32 of the *Sale of Land Act 1962*.

## PRACTITIONER STATISTICS

The Board maintains the Register of Lawyers and Law Practices, and uses data within this register to report on the demographics of the legal profession. Information published on the Board's website includes the number of lawyers holding PCs, age and gender balances of lawyers, types of PCs held and the number and types of law practices operating in Victoria.

Figures 3-6 and Tables 10-17 in Appendix 1 provide more information on the size, diversity and geographic distribution of the legal profession in Victoria as at 30 June 2013.

## Chapter 04

# Report of Operations: Complaints

The Commissioner is responsible for handling all complaints about lawyers in Victoria, including resolving disputes between clients and lawyers or law practices. From the initial contact until the closure of a case, the Commissioner aims to make the complaints process as simple and transparent as possible. Working with each complainant and lawyer, the Commissioner endeavours to ensure the process is clear, that all parties understand what is required of them during the process and are kept informed of what the outcomes of a complaint are.

This chapter discusses the Commissioner's performance in carrying out its complaints handling functions in the 2012-13 reporting year. For a full explanation of the complaints handling process, please visit the Commissioner's website. Detailed complaints statistics for 2012-13 are available in Appendix 2.

## New contacts received

The Commissioner offers an enquiries service to assist members of the public with preliminary queries relating to the client-lawyer relationship and the complaints handling process in general. New contacts with our office are usually made over the telephone but can also be made in writing, by email or in person. A telephone interpreter can be arranged for people who require one.

Commissioner staff explain to new contacts what complaints can and cannot be accepted, the time limitations for making a complaint and how a potential complaint might be handled. People wishing to lodge a formal complaint will be either provided with a complaint form or directed to the Commissioner's website to download one. If a complaint falls outside the Commissioner's jurisdiction, information will be provided to the complainant about other relevant organisations which may be able to provide assistance.

The Commissioner received 4,973 new contacts in 2012-13 compared with 5,316 in 2011-12. Complaint forms were provided to 2,260 people who contacted the office. Table 18 in Appendix 2 describes the outcomes from new contacts received.

## Complaints received

The majority of complaints about lawyers are received from consumers of legal services, however complaints can also be received from others, including community organisations, businesses, other lawyers, the police and the judiciary. The Commissioner can accept two types of complaints: a civil complaint (most commonly a dispute about costs) and a disciplinary complaint (a complaint relating to the lawyer's service or behaviour). A complaint can feature both civil and disciplinary aspects, which are referred to as mixed complaints. For a detailed explanation of how complaints are categorised, please see the Commissioner's website.

## PROFILE OF NEW COMPLAINTS RECEIVED IN 2012-13

The Commissioner received 2,039 new complaints in 2012-13. Consistent with previous years, the number of disciplinary complaints outnumbered civil complaints. While slightly up on previous years, the number of complaints received remains reasonably consistent over time, with only a 3% increase on 2011-12. Full details of the number and type of complaints received in 2012-13 are provided in Table 19 in Appendix 2.

Significantly more complaints were received about solicitors (96%) than barristers (4%). This is to be expected as there are considerably more solicitors than barristers (a ratio of approximately 8:1). Consumers also have a far greater level of contact with solicitors compared to barristers, with solicitors handling the majority of legal matters on behalf of clients. As complaints are very often due to a relationship breakdown between a lawyer and a client, the relationship which solicitors have with their clients could be said to be at a greater risk of failure due to the length and closeness of those relationships, compared to relationships with barristers. Table 20 in Appendix 2 illustrates the number and type of complaints received against solicitors and barristers for 2012-13.

The top five areas of law that attract complaints are relatively consistent year to year. Family/de facto, probate and estate, commercial, conveyancing and criminal law again featured prominently in 2012-13 complaints statistics (see Table 21 in Appendix 2).

The most common area of concern to feature in complaints each year relates to costs and bills. This is consistently followed by allegations of negligence, dishonesty, handling of trust money and handling of documents. Full details of the types of allegations featured in complaints received in 2012-13 are provided in Table 22 in Appendix 2.

## Dealing with complaints: Dispute resolution and conciliation

Complaints that can be addressed without the need for a formal investigation are handled by staff specialised in mediation and conciliation. Two teams handle approximately 76% of complaints received by the Commissioner: the Dispute Resolution Team (DRT), which deals with civil complaints (most commonly disputes about legal costs and bills), and the Rapid Resolution Team (RRT), which focuses on conciliation of complaints relating to service issues.

The DRT and RRT use direct discussions with the lawyer and complainant over the phone, in person or by email to resolve complaints. An important part of the process involves managing the parties' expectations. The processes used for resolving civil disputes and service complaints are described more fully on the Commissioner's website.

## CIVIL COMPLAINTS RECEIVED AND DRT OUTCOMES

The Commissioner received 918 new complaints involving civil allegations in 2012-13, and closed 862 complaints (including complaints received in the 2011-12 reporting year). Of all civil complaints closed, the Commissioner had power to handle 631 complaints. The remaining 231 were outside of the Commissioner's jurisdiction (such as where the complaint had been made outside of the required time limits, or the matter was the subject of pre-existing legal action before the courts).

Where the Commissioner had power to resolve the complaint, the DRT was able to assist the parties to resolve their differences in 467 (74%) matters, compared with 496 (75%) in 2011-12. The Commissioner was unable to settle disputes in 164 cases and therefore advised the parties of their right to apply to the Victorian Civil and Administrative Tribunal (VCAT) for determination of the dispute. In such instances either party may apply to VCAT for a hearing. Table 23 in Appendix 2 illustrates the outcomes of civil complaints resolved in 2012-13.

### Handling of unpaid legal costs in civil complaints

Where a consumer makes a complaint involving a costs dispute, any unpaid legal costs must be lodged with the Commissioner within 28 days of the complaint being made. The Commissioner must dismiss a complaint if the consumer fails to comply with these requirements. However, if the complainant is able to demonstrate they are genuinely suffering from financial hardship, the Commissioner may waive the requirement to lodge part or all of the unpaid costs.

During the year \$733,827.75 in disputed costs were lodged with the Commissioner. This money was held in an interest bearing trust account pending settlement of the dispute or the receipt of VCAT orders directing how the disputed monies should be divided between the complainant and the lawyer. After settlement or VCAT orders are received, the money, including interest, is paid out to the recipients as appropriate. This represents only a proportion of the total amount of costs in dispute, as costs may have already been paid to the lawyer before the dispute, or the Commissioner may have determined that the unpaid costs need not be lodged for reasons of financial hardship, as explained above.

## SERVICE COMPLAINTS RECEIVED AND RRT OUTCOMES

During the year the Commissioner received 641 complaints which were categorised as service related issues, 31% of the total number of complaints received for the year. These complaints were handled by the RRT, where a team of four highly experienced mediators and conciliators spoke with, met or corresponded with both sides in the complaint to bring about, in many cases, a mutually agreeable resolution to the complaint. 634 complaints were resolved by the RRT during the year, including 564 received in 2012-13 and 70 received in the last months of 2011-12. Where complaints are not able to be resolved by the RRT they are referred on for further assessment by Investigations officers.

## Dealing with complaints: Disciplinary investigations

Complaints that raise allegations about the professional conduct of a lawyer and which are not appropriate for negotiated resolution are assigned to investigations officers for further analysis. An intensive investigation process determines whether a lawyer has committed any offence under the Act or the *Legal Profession Conduct Rules*. A detailed description of the investigation process and examples of investigations undertaken are available from the Commissioner's website.

### INVESTIGATIONS UNDERTAKEN

During the reporting year the Commissioner commenced 395 investigations as a result of complaints received, compared with 444 in 2011-12. A further 54 investigations were undertaken as own motion investigations by the Commissioner.

#### Own Motion Investigations

Under the Act, the Commissioner may commence an investigation of his own motion if there is a suggestion that a lawyer's behaviour may amount to unsatisfactory professional conduct or professional misconduct. For example, own motion investigations may be commenced as a result of a media report, a trust account investigation, or something uncovered during an investigation which might be unrelated to the issue raised in that complaint. Own motion investigations and their requirements are explained in more detail on the Commissioner's website. Table 24 in Appendix 2 lists the reasons for the own motion investigations initiated in 2012-13.

#### Referral of investigations to a Prescribed Investigatory Body

Of the 395 investigations commenced in the reporting year, the Commissioner chose to refer 78 investigations to a prescribed investigatory body (PIB). The LIV and the Bar were PIBs for the reporting year. The findings of all investigations undertaken by a PIB are reported back to the Commissioner who will make the final decision on the matter. Table 25 in Appendix 2 shows the number of investigations undertaken by the Commissioner and those referred to PIBs for the reporting year.

### OUTCOMES OF DISCIPLINARY INVESTIGATIONS

Where evidence of one or more disciplinary breaches is discovered in an investigation, the Commissioner will determine whether the conduct may amount to professional misconduct on the one hand, or unsatisfactory professional conduct on the other. If the Commissioner determines that VCAT is likely to find the lawyer guilty of professional misconduct (such as fraud, dishonesty, theft or conflict of interest), the Commissioner must apply to have that matter heard before VCAT. If the Commissioner determines that VCAT would likely find the lawyer guilty of unsatisfactory professional conduct (for example poor communication, document mishandling, rudeness or delay), the Commissioner may apply to VCAT for a hearing, or should the circumstances warrant, the Commissioner may instead take alternative disciplinary action against the lawyer.

#### Alternative disciplinary actions

In certain circumstances, for example where the conduct issues are less serious, it may be more appropriate for the Commissioner to deal with the conduct summarily. With the consent of the lawyer the Commissioner may take action, including issuing a reprimand or caution against the lawyer, as a condition of not prosecuting the lawyer in VCAT. Further details of alternative disciplinary actions which the Commissioner can impose on a lawyer can be found on the Commissioner's website.

#### Investigation findings

In 2012-13 the Commissioner reached the conclusion in 103 disciplinary complaints that VCAT would be likely to find the lawyer guilty of some form of disciplinary breach. A further 133 investigations revealed evidence which indicated that VCAT was unlikely to find the lawyer guilty of a disciplinary breach. A detailed breakdown of the 2012-13 disciplinary complaint outcomes is provided in Table 26 in Appendix 2.

In 58 complaints, the Commissioner decided to take alternative disciplinary action against the lawyer. This included 26 matters where a lawyer was reprimanded, and 13 where a lawyer was issued with a caution. Table 27 in Appendix 2 illustrates the alternative disciplinary findings taken against lawyers in 2012-13 resulting from a complaint. The Commissioner also reprimanded 8 lawyers and cautioned a further 6 as a result of own motion investigations (see Table 28 in Appendix 2).



## Finalised complaints

The Commissioner finalised 2040 complaints in 2012-13, including complaints received in previous years. The increase in the number of complaint files finalised over the past few years is directly due to a series of initiatives introduced by the Commissioner in 2010 to minimise delays and increase the responsiveness of the complaints process. Table 29 in Appendix 2 shows the number of complaints finalised in 2012-13 by complaint type.

### TIME TAKEN TO FINALISE COMPLAINTS

The time it takes to finalise a complaint will vary depending on its complexity and the degree to which the parties involved participate with the Commissioner's processes. The Commissioner closed 633 complaints within a 30 day period compared with 563 in 2011-12. A majority of complaints were resolved within three months of their receipt. Less than 30% of complaints that were closed in 2012-13 took more than 120 days to conclude. Typically, these involved the more complex, extensive investigations. Table 30 in Appendix 2 illustrates the time taken to resolve complaints in 2012-13 compared with previous years.

### COMPLAINTS OUTSTANDING

By 30 June 2013 the Commissioner had 517 outstanding complaints, compared with 571 in 2011-12. The number of outstanding complaints at the end of the reporting year decreased by 10% compared with the previous year. A total of 163 complaints remained unresolved for over 120 days, compared with 226 at 30 June 2012. These included matters which had been referred to VCAT for a hearing but had not been heard by the end of the reporting year. Table 31 shows the number of complaints outstanding as at 30 June 2013 arranged by complaint type.

### EX-GRATIA PAYMENTS

The Act gives the Commissioner power to grant an *ex-gratia* payment to an individual where circumstances warrant it. The Commissioner can grant the payment following consultation with the Chairperson of the Board. In 2012-13 the Commissioner granted a total of \$4,000 in *ex-gratia* payments.

## Applications to VCAT

In 2012-13 the Commissioner made 39 new applications to VCAT following investigations where the Commissioner believed that VCAT would find the lawyer guilty of a disciplinary breach. 13 applications were heard and determined during 2012-13 while 26 were yet to be heard or were awaiting orders. One additional matter was sent to VCAT for a re-hearing and a second matter was remitted from the Appeal division of the Supreme Court back to VCAT. Table 32 in Appendix 2 shows the status of disciplinary applications made to VCAT in 2012-13.

### APPEARANCES IN VCAT

During the 2012-13 reporting year the Commissioner was a party before VCAT on 84 days. On 64 days the Commissioner was represented by Counsel, including one day where the Commissioner was represented by a Senior or Queen's Counsel. On 20 days staff appeared for the Commissioner.

### STATUS OF VCAT APPLICATIONS AND COURT ACTION

The status of all applications made to VCAT are listed in Appendix 3. A total of 23 matters were heard and determined at VCAT during 2012-13 (see Table 33). By 30 June, 38 matters were still awaiting a hearing and/or decision. The Commissioner withdrew three additional matters during the year; two of these were applications made in 2011-12 and one in 2012-13 (Table 34). Tables 35-38 show the status of rehearing applications in VCAT or appeals to the Supreme Court.

## Strike-offs

In December 2012 the Commissioner successfully applied to have Mr Robert Rushford struck from the roll of legal practitioners held by the Supreme Court. Mr Rushford, who had a history of disciplinary findings against him, was charged by the Commissioner with a range of disciplinary breaches, including serious trust accounting issues, failure to comply with previous VCAT orders, and engaging in legal practice when not entitled to do so. VCAT found Mr Rushford guilty of 20 misconduct charges under two Acts and ordered that Mr Rushford be referred to the Supreme Court of Victoria with a recommendation that he be 'struck off' the roll of legal practitioners.

Justice Bell of the Supreme Court found Mr Rushford's behaviour was not isolated but constituted a pattern of conduct in which he showed complete disregard for his responsibilities as a lawyer. Justice Bell ordered that Mr Rushford's name be struck off after concluding he was not a fit and proper person to remain on the roll.

During the year the Commissioner also applied to the Supreme Court to have Mr Andrew Nguyen struck off, following a prosecution for multiple counts of professional misconduct. A hearing was scheduled for July 2013.

At 30 June the Commissioner was also in the process of applying to the Supreme Court for the removal of a practitioner given the pseudonym 'PFM' by VCAT, who was similarly found guilty of multiple professional misconduct charges.

# Chapter 05

# Corporate Operations and Governance

The Board and Commissioner have a range of non-regulatory functions which are largely proactive. They include providing education to the legal profession and consumers of legal services, as well as the administration of grant money from the PPF. In addition to supporting those non-regulatory functions, there is much effort involved in administration and support of the work of the Board and Commissioner's regulatory responsibilities. This Chapter describes those other functions and obligations.

## Educating the legal profession and consumers of legal services

The Commissioner has a statutory obligation to educate lawyers on matters which are of concern to the profession and to consumers of legal services. The Board works closely with the Commissioner to promote specific regulatory issues relevant to lawyers, thereby supporting the profession in maintaining its own high ethical and professional standards.

The Commissioner has a further obligation to educate the community about legal issues and the rights and obligations that flow from the client-lawyer relationship.

To deliver upon these obligations, the Board and Commissioner maintain an Education and Outreach Program. This program provides an avenue for two-way communication between the regulator and both lawyers and consumers across rural and metropolitan Victoria.

### EDUCATING THE LEGAL PROFESSION

The Board and Commissioner regularly communicate with lawyers and law students via a range of different means to educate them on different topics relevant to the profession.

#### Presentations

During 2012-13 staff of the Board and Commissioner delivered 20 presentations to groups of lawyers, reaching a combined audience of over 900 including audiences from Melbourne-based law firms, State and Commonwealth Government organisations, suburban and regional law

associations, and the Bar. Examples of topics covered in these events include the disciplinary regime, avoiding complaints, management processes for ILPs, the Board's mental health and suitability to practise policies, employment of lay associates, and the regulation of trust accounts.

The Board and Commissioner staff also gave 17 guest lectures to over 950 undergraduate and postgraduate law and legal studies students enrolled at five Victorian universities: Monash University, Deakin University, La Trobe University, Victoria University and the University of Melbourne. These typically covered the regulation of the legal profession as well as traps to avoid for new lawyers.

#### On-line and electronic information for lawyers

The Board and Commissioner publish the outcomes of VCAT and court hearings where either regulator appears as a party. A blog called RPA News provides brief summaries of most VCAT and court hearings, which serve as timely reminders to lawyers to ensure that they act in accordance with applicable conduct rules, and seek out assistance from colleagues and the professional associations when issues of concern arise. Where VCAT or court decisions are available, these are posted on the Board and Commissioner websites as links to the Australasian Legal Information Institute (AustLII) website, often within the RPA News post.

Both Board and Commissioner websites are regularly updated with information on policies, changes to the legal profession rules, PC fees and new information sheets covering specific issues.

During 2012-13 the Board and Commissioner also initiated a new process for contacting lawyers to alert them to ethical or practice management issues and regulatory changes. RPA Alerts are issued on an as-needed basis via email to all lawyers who have consented to receiving email updates from the regulator. Over 14,000 lawyers are signed up to receive RPA Alerts, which are also published on both the Board and Commissioner websites.

Another way the Board and Commissioner provide information to the profession is via the use of social media. Tips for lawyers and notices of case results are sent to Board and Commissioner followers via Twitter. These posts (tweets) often include links to specific website pages. The nature of Twitter enables followers to on-forward tweets they find interesting to their followers, thereby expanding the reach of the Board and Commissioner messages.

## EDUCATING CONSUMERS OF LEGAL SERVICES

The Board and Commissioner work to help consumers of legal services become aware of their rights and responsibilities when working with lawyers, and to raise awareness of the complaint handling regime among the Victorian community. Visits are made to community services throughout metropolitan Melbourne and regional Victoria to discuss the work of the Board and Commissioner and disseminate information to consumers.

During the year nine outreach visits were conducted across Victoria to engage with community support services. Four visits were made to areas within metropolitan Melbourne (St Albans/Sunshine, Werribee, Coburg, and Altona) and five visits were made to regional Victoria (Ballarat, Geelong, Mildura, Horsham and Warrnambool).

Figure 7 illustrates the townships and suburbs which the Outreach Program has visited in recent years.

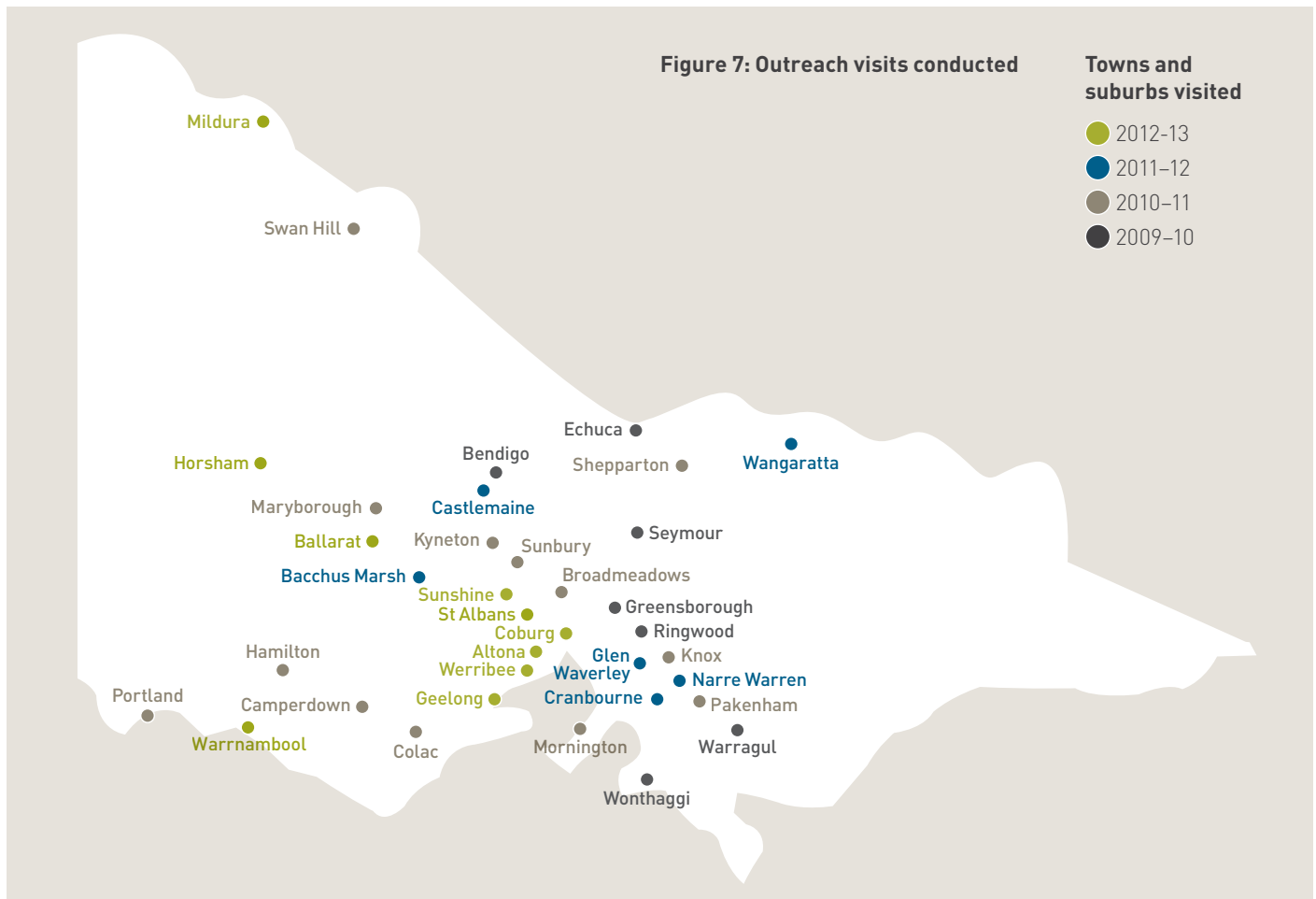
## Engagement with community groups

Consumers will often turn to community support services and information networks when in need of assistance, such as when things go wrong with their lawyer. Accordingly, the Board and Commissioner engage directly with a cross-section of community groups, including those that offer services in the following areas: counselling, crisis relief, disability, mental health, multicultural, indigenous, youth, the aged and family support.

Information is distributed to community groups about consumers' rights and responsibilities when engaging a lawyer and the process for making a complaint with the Commissioner. In 2012-13 meetings were held with 52 organisations. Notably, staff participated in several forums and group networks, enabling both users and providers of legal and non-legal services to be engaged at the same time. Examples include the Western Legal Forum, the Hobson's Bay Interagency Network and Uniting Care Community Options disability support forum.

## Feedback on the relationship between lawyers and consumers

The Board and Commissioner also seek feedback from community groups, both positive and negative, on the relationship between clients and lawyers. This information assists in understanding current and emerging challenges in the lawyer-client relationship. It also influences the Board and Commissioner's education activities and messages communicated through ethics workshops and seminar presentations.



## On-line and electronic information for consumers

In addition to using social media to communicate with lawyers, the Commissioner also uses Twitter to provide information to consumers of legal services. Tips for clients, including how to work effectively with a lawyer, how to resolve problems and where to find information, are tweeted to followers of the Commissioner's Twitter account on a regular basis.

The Commissioner maintains a range of on-line publications which provide information for consumers about their rights and obligations in the client-lawyer relationship. In 2012-13 the Commissioner produced two new fact sheets for consumers in response to feedback received from the public and consumer support services:

- *Non-legal services provided by lawyers*, and
- *Meeting a lawyer – your first appointment*.

## Expansion of multilingual information

To help increase awareness amongst non-English speaking communities of how clients can work effectively with a lawyer, the Commissioner translated the brochure *Working with your lawyer* into 12 new community languages: Assyrian; Dari; Dinka; Filipino (Tagalog); French (Colonial); Karen; Khmer; Nepalese; Persian (Farsi); Russian; Thai and Urdu. This brings to 22 the total number of languages other than English in which the Commissioner provides information. These translations are available from the Commissioner's website.

A new multilingual poster called *Our service – In your language* was also developed for distribution to community support services. It explains in English and 22 community languages that the Commissioner is a free service which can help resolve problems with lawyers.

## ENGAGEMENT WITH MEMBERS OF PARLIAMENT

As part of the Education and Outreach Program, 10 visits were made to the electorate offices of Members of Parliament from both state and federal levels of politics.

## PROJECT GRANTS AWARDED IN 2012-13

The Board distributed \$193,382 in funding to four Project Grants recipients in 2012-13, as detailed in Table 39.

**Table 39: 2012-13 Project Grants awarded**

Organisation	project description	Amount awarded
Hanover Welfare Services	A collaborative project between Hanover, the Consumer Action Law Centre and Good Shepard Microfinance, this project will build community capacity to address the needs of people in financial stress, particularly through timely access to legal services, and develop an evidence base for enforcement of existing consumer protections relating to consumer credit.	\$53,055 over 10 months
Footscray Community Legal Centre	This project will build on the success of the first Taxi Driver Legal Clinic in 2011, and will continue to deliver specialist legal services to low income taxi drivers.	\$57,327 over 12 months
Fitzroy Legal Service	Victorian Law Handbook Online provides up to date, accessible, comprehensive online legal information to the public and lawyers. The project will enable content review of the 2013 Handbook, and assist in the re-write phase for the 2014 edition.	\$60,000 over 6 months
Victorian Aids Council	The project will educate lawyers, in particular prosecutors, on current HIV epidemiology and the rapidly developing field of HIV science and medicine.	\$23,000 over 6 months

Information was provided which could be made available to constituents who enquire about lawyer-client related issues.

## COMMUNITY ADVOCATE ORGANISATIONS

Community legal centres and specialist legal services provide free and low cost legal services to consumers and advocate for the rights of the community. The Board and Commissioner endeavour to maintain a strong relationship with these organisations through the Education and Outreach Program. In 2012-13 meetings were held with representatives from 14 community and specialist legal centres across the state.

## INDUSTRY GROUPS

Meetings were also held with business and industry chambers of commerce in Mildura, Horsham and Warrnambool to extend to business owners information about their rights and obligations when dealing with lawyers.

## Grants Program

The Act provides the Board with an opportunity to fund law-related services and activities for the benefit of the Victorian community. These services and activities can be for the purposes of law reform, legal education, judicial education, legal research or any other purpose which the Board considers appropriate.

To manage and monitor the distribution of funds, the Board operates the Grants Program. Since the program was established in 2007 the Board has provided over \$22 million in funding to Victorian organisations. All grants are approved by the Attorney-General.

Funding is available in two streams: Project Grants, which are for projects with a budget of less than \$60,000 and a maximum duration of one year; and Major Grants, which have a budget over \$60,000 and a duration of up to three years.

More information on the Grants Program, including how the Board calls for and allocates grant funding, is available on the Board's website.

## MAJOR GRANTS AWARDED IN 2012-13

The Board awarded \$2,078,478 in funding for 10 Major Grants recipients in the 2012 Major Grants Round. The projects receiving funding are listed in Table 40, with further details provided on the Board's website.

**Table 40: 2012-13 Major Grants awarded**

Organisation	Summarised project description	Amount awarded
Public Interest Law Clearing House	"PilchConnect" will address the increased regulatory reform that small volunteer-run community groups will have to grapple with in the next few years. This will range across reporting and audit obligations, legal structure, eligibility for taxation concessions, fundraising and how volunteers are managed. The project will provide timely and practical assistance on legal issues that not-for-profit organisations encounter.	\$391,000 over 3 years
Deakin University	The "Rural Education Program" will employ a Learning and Development Co-ordinator to organise and deliver a series of Rural Law Forums over 3 years across rural Victoria to rural services and industry. The forums will draw on specialist legal expertise to present on current and emerging areas of law that directly impact on rural communities.	\$178,000 over 3 years
Western Region Health Centre	"UPSCALE" will provide carefully targeted community legal education to enhance newly arrived refugees' understanding of parenting, family law and family violence matters in order to reduce the likelihood of legal problems, and enhance the ability of refugee communities to access legal services in an effective and timely manner.	\$208,000 over 2 years
Monash University	The "Management of Sexual Abuse Cases" project will identify the issues affecting the establishment of a specialist Court list to respond to child sexual abuse cases in the Family Division of the Children's Court of Victoria. Among its objectives is to investigate other models that offer a dedicated list, and how such systems are resourced.	\$62,478 over 1 year
Youth Junction Inc.	The "Youth Community and Law Program" will continue the work of the Youth Community and Law team at the Visy Cares Hub previously funded by the Board. The project provides a model of early intervention involving a comprehensive psycho-social assessment of the young people aged 18-25 who have been referred by the Sunshine and Werribee courts.	\$181,000 over 2 years
Human Rights Law Centre	The "Human Rights Engagement, Education and Law Reform Program" will promote human rights through education, research and the development of human rights compatible laws and policies. It will develop resources enabling judicial officers, policy makers, lawyers, advocates and community workers to have ready access to the most up-to-date human rights information, decisions and jurisprudence.	\$278,000 over 2 years
Scope (Vic)	The "Supported Decision Making and Guardianship: Building Capacity Within Victoria" project will research the decision-making needs of people with various cognitive disabilities who are likely to find themselves at VCAT for a Guardianship hearing. This project will test and refine the new supported decision making model proposed in the revision of the <i>Guardianship and Administration Act 1986</i> .	\$250,000 over 2 years
McCabe Centre for Law and Cancer	The "Legal Rights and Responsibilities in the Face of Cancer" project will produce a new strategy that will provide information about relevant laws and policies that will empower cancer patients to make well-informed decisions about treatments and supportive care.	\$120,000 over 1 year
Eastern Community Legal Centre	The "Ringwood Family Violence Integration Project – Stage 2" project will build on a previously funded work to further develop collaboration among agencies to assist people attending courts and tribunals seeking Intervention Orders, especially victims of family violence, with their needs beyond the Court day.	\$270,000 over 2 years
Disability Advocacy and Information Service	The "Justice Support Program for Rural and Remote Communities" project aims to extend support for people with a disability to six additional regional and remote courts in North East Victoria, improving knowledge and understanding of rights and responsibilities through education, before and after interaction with police and the courts.	\$140,000 over 2 years

## Building and maintaining relationships

The Board and Commissioner aim to build and maintain positive relationships with members of the legal profession, consumers of legal services and other interested groups.

### MEETINGS WITH GOVERNMENT AND GOVERNMENT BODIES

#### Attorney-General, The Hon. Robert Clark MP

The Board and Commissioner met with The Hon. Robert Clark MP regularly throughout 2012-13. Issues discussed include revenue and funding, the consolidation of Board and Commissioner annual reports, Board membership, and national legal profession reform.

#### Shadow Attorney-General, The Hon. Martin Pakula MP

The Commissioner and Board CEO also met with the Shadow Attorney-General, The Hon. Martin Pakula MP on one occasion in 2012-13. This meeting provided the Shadow Attorney-General with a briefing on the operations of the Board and Commissioner, including issues around revenue, funding and regulatory activities.

#### Victorian Government bodies

The Board and Commissioner held discussions on the regulation of the legal profession with a range of government organisations, including the Department of Justice, the Victorian Law Reform Commission, the State Services Authority and the new Independent Broad-based Anti-corruption Commission.

#### Victorian Ombudsman

Complainants are not always satisfied with a decision made by the Commissioner and may contact the office to discuss their concerns. If the Commissioner's follow-up response still fails to satisfy the complainant, they are advised of their entitlement to contact the Victorian Ombudsman and raise the issue in a complaint with that office.

During the year the Commissioner liaised with the Victorian Ombudsman over approximately 18 matters received by the Ombudsman's office. The Ombudsman accepted the Commissioner's decision in several of these matters, dismissing the complaints. In other matters the Commissioner reviewed and implemented proposals made by the Ombudsman to deal with both case-specific matters, as well as general administrative issues. The Ombudsman reviewed two matters in which the Commissioner subsequently made *ex-gratia* payments to complainants (after consultation with the Board Chairperson), and accepted the use of that power in both instances.

Working with the Ombudsman allows the Commissioner to critically assess its performance against a similar integrity regulator.

### OTHER MEETINGS

#### Meeting with delegates from the Vietnamese Ministry of Justice

The Board and Commissioner received a delegation from the Vietnamese Ministry of Justice in December 2012. The delegation was in Victoria to study the regulation of the legal profession, and was hosted by the University of Melbourne. Ministry representatives heard from various staff about the Board and Commissioner operations and the issues relating to regulation of the profession in Victoria.

#### Conference of Regulatory Officers

The Board and Commissioner were represented at the annual Conference of Regulatory Officers (CORO) in Brisbane in November 2012. Hosted by the Queensland Legal Services Commissioner, the conference provided an opportunity for the Victorian regulator to meet with the other legal regulators and professional associations from across Australia and New Zealand to discuss various regulation issues, share ideas and develop closer working relationships between jurisdictions.

CORO featured workshops on administrative decision making, managing difficult behaviour in complainants, admissions to practise and lawyer discipline, forensic accounting for trust account investigations and investigative interviewing skills.

### MEETINGS WITH THE LEGAL PROFESSION

#### Suburban and regional law associations

Staff met with representatives from the Geelong, North West, Wimmera and South West Law Associations over 2012-13. Each of these meetings was associated with a presentation to their members about Board and Commissioner functions.

#### Professional associations

During 2012-13, regular meetings were held with the executive team of the LIV and the Bar, the peak professional associations representing solicitors and barristers in Victoria. The LIV and Bar provide advice to the Board and Commissioner on issues of interest and concern to their members. The Board and Commissioner also use these meetings as an opportunity to provide feedback on issues of concern to consumers identified by consumer groups through the Outreach Program. Meetings were also held with the Australian Corporate Lawyers Association, the peak body for corporate lawyers, and the Law Council of Australia, the national representative body for lawyers.

Under the Act, the Board and Commissioner have the power to delegate certain functions to the LIV and the Bar as prescribed regulatory bodies. A list of the Board internal and external delegations in place as at 30 June, and those withdrawn during the year is provided in Appendix 5 of this report. The internal and external delegations in place and revoked by the Commissioner for the same period can be found in Appendix 6 of this report.

The Board and Commissioner provide funding to the LIV and the Bar to cover costs associated with carrying out the functions delegated to them, such as PC renewals or external interventions. Table 41 shows the funding provided to the LIV and Bar in 2012-13.

**Table 41: Payments made to the LIV and Bar for the discharge of Board and Commissioner functions in 2012-13**

	2011-12 \$'000s	2012-13 \$'000s
<b>Public Purpose Fund</b>		
<b>Law Institute of Victoria</b>		
Trust accounts	2,295	<b>2,478</b>
Practising certificates	840	<b>490</b>
Other regulatory costs	168	<b>167</b>
External interventions	1,377	<b>1,518</b>
<b>Total</b>	<b>4,680</b>	<b>4,653</b>
<b>Victorian Bar</b>		
Trust accounts	Nil	<b>Nil</b>
Practising certificates	121	<b>102</b>
Other regulatory costs	Nil	<b>Nil</b>
External interventions	Nil	<b>Nil</b>
<b>Total</b>	<b>121</b>	<b>102</b>
<b>Fidelity Fund investigations</b>		
Law Institute of Victoria	144	<b>166</b>
Victorian Bar	Nil	<b>Nil</b>
<b>Commissioner payments for Complaints handling</b>		
Law Institute of Victoria	782	<b>782</b>
Victorian Bar	43	<b>60</b>

## Strengthening our financial practices

As the Board is responsible for supervising a number of key accounts and funds, it is important that it has sound financial practices in place. One of the fundamental aims of the Board is to continue to strengthen its own financial practices.

### PUBLIC PURPOSE FUND

The Act requires the Board to maintain the PPF in three separate accounts; the General Account, the SDA and the Distribution Account. The Act sets out details about what money is to be paid into and withdrawn from each account.

#### General Account

Under the Act, the money deposited into the General Account includes interest from law practices' residual trust accounts, interest from the statutory deposit accounts, earnings from investments, fines as a result of decisions at VCAT, PC fees, money transferred from the Fidelity Fund and profits from the realisation or revaluation of any investment in the PPF.

Payments are made from this account to:

- the Legal Services Board
- the Legal Services Commissioner
- the VCAT Legal Practice List
- the Council of Legal Education and the Board of Examiners, and
- the professional associations for continuing legal education programs.

#### Statutory Deposit Account

The Act requires that each law practice with a general trust account must have an individual SDA held in its name by the Board. The funds held in the account are invested by the Board according to its Investment Policy Statement. The Board's Investment Policy Statement is explained in further detail on page 34 of this report.

## Distribution Account

Under the Act, 50% of the surplus in the General Account at 30 June of a given year is to be transferred to the Distribution Account during the following year. Funding is provided for under the Act for the Legal Aid Fund and for funding of law-related services and activities. This includes funding for the Victorian Law Reform Commission.

At the end of the reporting year the surplus in the general account was \$86.165 million compared with \$80.930 million as at 30 June 2012. The distributions made during 2012-13, as determined by the Board and with the approval of the Attorney-General, are set out in Table 42 and in the financial statements in Appendix 4 of this report.

## REVIEW OF THE BOARD AND COMMISSIONER'S FINANCIAL OPERATIONS AND CONDITION

Table 43 provides a comparison of the financial condition of Board and Commissioner operations. As the 2012-13 report is the first consolidated report for the Board and Commissioner, only two years of composite data is available.

## EXPLANATION OF RESULTS

The net result of \$20.499 million for 2012-13 was \$16.144 million up on last year's surplus of \$4.355 million. This increase was primarily due to:

- a net gain of \$17.842 million on financial instruments reflecting exceptionally strong investment markets. This compares to a loss of \$3.355 million in the previous year;
- a reduction in interest and dividend revenue of \$6.600 million; and
- total expenses remaining relatively constant year on year.

## Revenue from transactions

- Interest and dividend revenue was \$55.628 million compared to \$62.228 million in 2011-12. The reduction of \$6.600 million was primarily driven by cuts to the official cash rate. The average level of deposit on which the Board receives interest stabilised over the course of the year.
- Other revenue is dominated by PC fees and Fidelity Fund contributions. It increased slightly in 2012-13 from \$8.449 million to \$8.529 million.

## Expenses from transactions

Total expenses from transactions reduced by \$0.205 million; from \$60.138 million to \$59.933 million.

- Grants and funding reduced by \$0.957 million. Victoria Legal Aid and most other funded bodies received the same level of funding as they had in 2011-12. The Attorney-General approved, on recommendation of the Board, \$1.739 million in discretionary major grants. This was \$0.339 million lower than in 2011-12.
- Despite lower staffing levels, employee benefits expense rose slightly by \$0.056 million, reflecting the impact of the Victorian Public Service Workplace Determination.
- Fidelity Fund claims paid/payable were steady at \$0.506 million, compared to \$0.493 million in 2011-12.

## Net gain/(loss) from other economic flows

- A net gain of \$17.842 million was made on financial instruments reflecting exceptionally strong investment markets. This compares to a loss of \$3.355 million in the previous year, highlighting the inherent volatility in the Board's investment returns.
- Fidelity Fund provisions increased by \$1.600 million; from \$13.770 million to \$15.370 million. This increase is in line with actuarial valuations.

## Summary

The improvement in the financial position of the composite Board and Commissioner reflects exceptionally high investment returns and tight cost control against a backdrop of substantial falls in interest rates. With official cash rates at historic lows and the possibility of further falls the Board and Commissioner have a focus on reducing expenses in 2013-14 and beyond.

The Board and Commissioner seek opportunities to increase revenue without unduly increasing risk. During the latter half of the 2012-13 financial year and carrying on into 2013-14, the Board has been undertaking a Banking Services Review to optimise interest returns and ensure the latest banking technologies are in place to reduce the cost of regulation.

The 2012-13 net result of \$20.499 million was substantially above what was budgeted. This reflects the inherent volatility of, and difficulty in, accurately forecasting investment returns. With the continued low interest rate regime an operating deficit of \$5.700 million has been budgeted for 2013-14. The Board is looking to reduce this deficit to ensure the long-term sustainability of its operations.



**Table 42: Board distributions - Actual 2013, Planned 2014**

PPF General Account balance	Actual 2013 \$'000s	Planned 2014 \$'000s
<b>General Account balance as at 1 July</b>	<b>80,930</b>	<b>86,165</b>
<b>Actual/Planned allocation of fund</b>		
<b>Allocated to Distribution Account</b>	<b>(40,685)</b>	<b>(43,083)</b>
Commissioner	(7,988)	(4,365)
Payments to LIV and the Bar for programs	(2,837)	(2,433)
Legal Practice List - VCAT	(1,527)	(1,451)
Council of Legal Education and Board of Examiners	(1,172)	(1,113)
Delegated functions: LIV	(4,486)	(4,261)
Delegated functions: Bar	(102)	(90)
Cost of professional development: LIV	(167)	(159)
<b>Sub-total</b>	<b>(18,279)</b>	<b>(13,872)</b>
<b>Funding available for Board &amp; Investment</b>	<b>21,966</b>	<b>29,210</b>
<b>Distribution account</b>		
<b>Opening balance - 1 July</b>	<b>16,935</b>	<b>25,178</b>
<b>Transfer from General Account</b>	<b>40,685</b>	<b>43,083</b>
Project grants approved and paid	(253)	-
Project grants approved not paid - surplus	-	-
Major grants paid**	(2,938)	(2,520)
<b>Sub-total - Grants</b>	<b>(3,191)</b>	<b>(2,520)</b>
<b>Funding/grants approved for distribution during the next financial year</b>		
Victoria Legal Aid	(25,663)	(25,663)
Victorian Law Reform Commission	(1,828)	(1,645)
Victoria Law Foundation	(1,760)	(1,584)
<b>Sub-total - Funding Grants</b>	<b>(29,251)</b>	<b>(28,892)</b>
<b>Actual/Planned closing balance</b>	<b>25,178</b>	<b>36,849</b>
#Major grants approved but unpaid as at 30 June	3,494	1,974
* Budgeted new major projects to be approved	-	1,000

**Table 43: Financial operation and condition of the Board and Commissioner**

	2011-12	2012-13
<b>Financial Performance (\$'000)</b>		
Revenue from investments and solicitors trust accounts	62,228	<b>55,628</b>
Other revenue	8,449	<b>8,529</b>
Total revenue	70,677	<b>64,157</b>
Total expenditure	60,138	<b>59,933</b>
Net operating result	10,539	<b>4,224</b>
Net gain/(loss) from other economic flows	(6,184)	<b>16,275</b>
Net results from continuing operations	4,355	<b>20,499</b>
<b>Financial Position (\$'000)</b>		
<b>Total Assets</b>	<b>620,791</b>	<b>703,232</b>
<b>Total Liabilities</b>	<b>492,488</b>	<b>554,430</b>

## INVESTMENT POLICY STATEMENT

The Board held \$691 million in investments and operating accounts as at 30 June 2013, compared with \$611 million as at 30 June 2012. Table 44 shows the types of investments managed by the Board.

**Table 44: Investments (including managed cash) as at 30 June (\$'000s)**

2013	General Account	Statutory Deposit Account	Distribution Account	Total	Fidelity Fund	Net Funds Managed by the Board
Australian equities	21,316	41,845	-	<b>63,161</b>	5,554	<b>68,715</b>
Australian fixed interest	16,920	53,214	-	<b>70,134</b>	7,356	<b>77,490</b>
Australian listed property trusts	-	-	-	-	-	-
Cash Management	7,197	22,445	-	<b>29,642</b>	19,249	<b>48,891</b>
Cash trust accounts	-	275,713	178	<b>275,891</b>	4,289	<b>280,180</b>
Diversified growth fund	10,559	40,000	-	<b>50,559</b>	5,133	<b>55,692</b>
Global fixed interest	5,417	45,000	25,000	<b>75,417</b>	7,476	<b>82,893</b>
Overseas equities hedged	13,967	20,850	-	<b>34,817</b>	3,411	<b>38,228</b>
Overseas equities unhedged	9,865	25,650	-	<b>35,515</b>	3,395	<b>38,910</b>
Term deposits	-	-	-	-	-	-
<b>Total#</b>	<b>85,241</b>	<b>524,717</b>	<b>25,178</b>	<b>635,136</b>	<b>55,863</b>	<b>690,999</b>
2012						
Australian equities	15,983	25,950	-	<b>41,933</b>	4,045	<b>45,978</b>
Australian fixed interest	50,854	34,510	-	<b>85,364</b>	19,480	<b>104,844</b>
Australian listed property trusts	(191)	7,000	-	<b>6,809</b>	712	<b>7,521</b>
Cash Management	6,046	67,314	-	<b>73,360</b>	18,698	<b>92,058</b>
Cash trust accounts	-	214,735	16,935	<b>231,670</b>	2,634	<b>234,304</b>
Diversified growth fund	-	-	-	-	-	-
Global fixed interest	-	-	-	-	-	-
Overseas equities hedged	3,688	23,250	-	<b>26,938</b>	2,639	<b>29,577</b>
Overseas equities unhedged	3,238	23,250	-	<b>26,488</b>	2,531	<b>29,019</b>
Term deposits	1	67,731	-	<b>67,732</b>	-	<b>67,732</b>
<b>Total#</b>	<b>79,619</b>	<b>463,740</b>	<b>16,935</b>	<b>560,294</b>	<b>50,739</b>	<b>611,033</b>

#Total excludes cash on hand and the balances of operating bank accounts (General operating, PC fees and Disputed Costs accounts).

The investment objectives for the PPF and Fidelity Fund are as follows:

- a** The Board aims to restrict the frequency of a negative return to not exceed one in every 20 years for the PPF when modelling its long term asset allocation and risk/return objectives;
- b** The Board aims to restrict the frequency of a negative return to not exceed one in every 15 or 20 years for the Fidelity Fund when modelling its long term asset allocation and risk/return objectives;
- c** Maintain a CPI +2% per annum return over rolling 3 year periods for the PPF; and
- d** Maintain a CPI +3% per annum return over rolling 3 year periods for the Fidelity Fund.

The asset allocations determined to achieve the objectives are set out in Table 45.

**Table 45: Asset allocations for 2012-13**

Asset Allocation	Public Purpose Fund		Fidelity Fund	
	Benchmark Ranges	Actual 30/6/13	Benchmark Ranges	Actual 30/6/13
Australian shares	12 - 22%	18.8%	5 - 15%	9.9%
Overseas shares	12 - 22%	21.0%	5 - 15%	12.2%
Diversified property	10 - 20%	15.1%	10 - 15%	9.2%
<b>Growth Assets</b>	<b>30 - 60%</b>	<b>54.9%</b>	<b>20 - 40%</b>	<b>31.3%</b>
Australian fixed interest	16 - 26%	20.9%	10 - 20%	13.2%
Global fixed interest	16 - 26%	15.0%	10 - 20%	13.4%
Cash	0 - 20%	9.2%	30 - 50%	42.1%
<b>Defensive Assets</b>	<b>30 - 70%</b>	<b>45.1%</b>	<b>40 - 80%</b>	<b>68.7%</b>
<b>Total</b>	<b>100%</b>	<b>100.0%</b>	<b>100%</b>	<b>100.0%</b>

## Workforce data and staffing trends

### ORGANISATIONAL STRUCTURE OF THE BOARD AND COMMISSIONER

The Act prescribes that the Commissioner is the employer of staff for both the Board and Commissioner. As previously stated, the Commissioner, Michael McGarvie, is also the CEO of the Board. The organisational structure of the Board and Commissioner as at 30 June 2013 is shown below in Figure 8. Staff are employed under Part 3 of the *Public Administration Act 2004*.

Tables 46 to 48 provide an overview of the workforce data and staffing trends for the Board and Commissioner. Table 48 is presented on page 39.

### SUSTAINABLE GOVERNMENT INITIATIVE

As the employer, the Commissioner is required to comply with the State Government's Sustainable Government Initiative (SGI), which seeks to reduce staff levels across the public service by December 2013. The Commissioner has reduced its staffing headcount by four over the year by not back filling vacancies created through the natural attrition of staff.

### WORKFORCE DATA AND STAFFING TRENDS

The following tables show the profile of the workforce (headcount) employed by the Commissioner to perform both Commissioner and Board functions as at 30 June 2013.

Note: Full time equivalent (FTE) numbers have been rounded to the nearest whole number. In some columns this rounding results in small inconsistencies between groupings. For example, the rounding of FTE numbers to the nearest whole number has resulted in slight variances between FTE numbers and FTE numbers dissected by gender, age, and classification.

**Table 46: Five-year staffing trend (headcount)**

	2009	2010	2011	2012	2013
<b>Total</b>	63	77	83	76	<b>76</b>

**Table 47: Profile of ongoing, fixed term and casual employees**

	Ongoing Employees				Fixed term & casual
	Number (headcount)	Fulltime (headcount)	Part time (headcount)	FTE (rounded)	FTE (rounded)
<b>June 2013</b>	70	58	12	66	5
<b>June 2012</b>	74	64	10	73	2
<b>June 2011</b>	69	57	12	69	14

# Michael McGarvie

COMMISSIONER  
AND BOARD CEO

MANAGER HUMAN RESOURCES

GENERAL COUNSEL

COMMUNICATIONS ADVISER

**RUSSELL DAILY**  
**EXECUTIVE DIRECTOR**  
**REGULATIONS AND COMPLAINTS**

**Director**, Professional Standards  
**Manager**, Complaints and Investigations  
**Manager**, Investigations and Regulation  
**Manager**, Complaints and Resolution  
**Manager**, Administrative Services

**JOHN IRESON**  
**EXECUTIVE DIRECTOR**  
**CORPORATE AND GOVERNANCE**

**Director**, Regulatory Reform and Policy  
**Manager**, Finance and Investment  
**Manager**, Grants  
**Manager**, Projects and Governance  
**Manager**, IT  
**Manager**, Practitioner Information

**Figure 8: Organisational structure for the Board and Commissioner**

## EXECUTIVE OFFICER DATA

An executive officer is defined as a person employed by a public service body head or other executive under Part 3, Division 5 of the *Public Administration Act 2004*. All figures reflect employment levels as at 30 June 2013. 'Ongoing' executives are executives who are responsible for functions or outputs that are expected to be ongoing at the reporting date. As at 30 June 2013 there were no vacant executive positions. There were no 'Special Projects' executives employed by the Commissioner during 2012-13. Tables 49 and 50 disclose details for the executive officers employed by the Commissioner for 2012-13.

The number of executives in this report of operations is based on the number of executive positions that are occupied at the end of the financial year. Note 24 in the Financial Report lists the actual number and amount of remuneration paid to executive officers over the course of the reporting period. Note 24 does not distinguish between executive levels, nor does it disclose separations, vacant positions or executives whose remuneration is below \$100,000. To assist readers, these two disclosures are reconciled below.

## PERFORMANCE, PLANNING AND DEVELOPMENT

During the year staff completed a Professional Development Plan which included provision for further training activities. A new initiative was also introduced enabling staff to rotate into other areas or undertake specific activities to expand their organisational knowledge and skillset, thereby enhancing the capacity, experience and the 'whole of organisation' understanding of staff. This proved a successful program and will be extended into the 2013-14 year.

## EMPLOYMENT AND CONDUCT PRINCIPLES

The Commissioner is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination.

Due to the SGI, the Commissioner had only seven positions advertised (mostly maternity leave positions). Selection of applicants was made applying merit and equity principles in line with the standards set by the State Services Authority. There were no selection grievances lodged this year.

## PUBLIC ADMINISTRATION VALUES AND EMPLOYMENT PRINCIPLES

The *Public Administration Act 2004* abolished the Office of Commissioner for Public Employment and established the State Services Authority. The Legal Services Commissioner continues to implement the previous directions of the Commissioner for Public Employment with respect to upholding public sector conduct, managing and valuing diversity, managing underperformance, reviewing personal grievances and selecting on merit.

## STAFF TRAINING AND PROFESSIONAL DEVELOPMENT

The Commissioner places a high value on strengthening staff knowledge and specialist skills. During 2012-13 training was provided to staff on the following topics:

- building resilience in the workplace
- mental health in the workplace
- information privacy
- conflicts of interest
- briefing barristers
- trust account bookkeeping requirements
- legal costs and costing files
- the operation of the *Freedom of Information Act 1982*
- government and regulatory processes
- gathering and handling of evidence, and
- negotiation techniques.

## OCCUPATIONAL HEALTH AND SAFETY

The Board and Commissioner are committed to occupational health and safety compliance, as well as the general health and wellbeing of both staff and visitors to the premises. Issues relating to the maintenance of a safe workplace and practices are reported and considered through an active Occupational Health and Safety (OH&S) Committee in accordance with the legislative requirements and internal procedures. The Committee is comprised of representatives from each work area who actively communicate with staff and management to identify potential issues relating to work processes and facilities, and respond to any safety concerns raised.

The Committee met six times during the reporting year. The initiatives of the Committee include ergonomic assessments and improvements to the office and work areas. During the year two adjustable stand-up desks were installed, new first aid officers were trained and a defibrillator was installed in the office. The Committee also organised the annual OH&S week. There were no reported OH&S related incidents in the reporting year.

**Table 48: Employees of the Commissioner**

	30 June 2012			30 June 2013		
	Ongoing		Fixed term & casual	Ongoing		Fixed term & casual
	Number (headcount)	FTE (rounded)	FTE (rounded)	Number (headcount)	FTE (rounded)	FTE (rounded)
<b>Gender</b>						
Male	25	25	0	23	22	2
Female	49	46	2	47	44	3
<b>Total</b>	<b>74</b>	<b>71</b>	<b>2</b>	<b>70</b>	<b>66</b>	<b>5</b>
<b>Age</b>						
Under 25	1	1	0	0	0	1
25-34	18	17	1	15	15	3
35-44	22	21	0	23	20	0
45-54	19	19	0	16	15	0
55-64	11	11	1	12	12	1
Over 64	3	3	0	4	4	0
<b>Total</b>	<b>74</b>	<b>71</b>	<b>2</b>	<b>70</b>	<b>66</b>	<b>5</b>
<b>Classification</b>						
VPS 1	0	0	0	0	0	0
VPS 2	4	4	0	2	2	2
VPS 3	14	14	1	11	11	2
VPS 4	14	14	1	11	10	0
VPS 5	22	21	0	23	21	1
VPS 6	16	15	0	19	18	0
STS	1	1	0	1	1	0
Executives	2	2	0	2	2	0
Other <sup>#</sup>	1	1	0	1	1	0
<b>Total</b>	<b>74</b>	<b>71</b>	<b>2</b>	<b>70</b>	<b>66</b>	<b>5</b>

<sup>#</sup>Employee reported as 'Other' is the Commissioner, Michael McGarvie, who is a statutory office holder.

**Table 49: Number of executive officers classified as 'ongoing'**

Classification	2011-12		2012-13	
	Male	Female	Male	Female
EO-1	0	0	0	0
EO-2	1*	0	1*	0
EO-3	2	0	2	0

\*This position is the Commissioner, Michael McGarvie, who is a statutory office holder.

**Table 50: Reconciliation of executive numbers**

	Category	2011-12	2012-13
<b>Add</b>	Executives with remuneration over \$100,000	2	2
	Vacancies	0	0
	Executives employed with a total remuneration below \$100,000	0	0
	Accountable Officer (Commissioner)	1	1
<b>Less</b>	Separations*	0	0
	Total executive numbers as at 30 June	3	3

\*Separations are executives who received more than \$100,000 in the financial year and have left the employment of the Commissioner during the year.

# Governance and compliance statements

## **BUILDING ACT**

Neither the Board nor the Commissioner own or control any government buildings and consequently are both exempt from notifying their compliance with the building and maintenance provisions of the *Building Act* 1993.

## **FREEDOM OF INFORMATION**

The Board and Commissioner are subject to the *Freedom of Information Act* 1982 (the FOI Act). The FOI Act provides every person with a legally enforceable right to access documents in the possession of the Board and Commissioner, subject to certain exemptions. Due to the sensitive nature of the majority of the documents held by the Board and Commissioner, an exemption often applies to preclude access.

### **Requests received and processed during the year**

During the period 1 July 2012 to 30 June 2013, the Board received two new valid requests made under the FOI Act. Access was refused in full in relation to both requests.

During the same period the Commissioner received seven new valid requests. Partial access was granted in relation to five requests and one request was withdrawn by the applicant. The remaining request had not been processed by 30 June 2013. A decision on this request is not due until early in the 2013-14 reporting year.

### **Applications to VCAT during the year**

Before the establishment of the FOI Commissioner, an application could be made to VCAT for review of a decision by the Board or Commissioner which refused access to a validly requested document. There was one VCAT appeal lodged against a decision made by the Board during 2012-13, which was subsequently withdrawn. There were no VCAT appeals lodged against decisions made by the Commissioner, however one appeal, lodged in 2011-12 in relation to a decision made by the Commissioner in that year, was withdrawn during 2012-13.

## **Making a request**

A request for access to documents made under the FOI Act must:

- be in writing
- provide such information as is reasonably necessary to enable identification of the relevant documents, and
- be accompanied by the prescribed application fee.

Requests for documents in the possession of the Board should be addressed to:

### **Freedom of Information Officer**

Legal Services Board  
Level 10, 330 Collins Street  
Melbourne VIC 3000

Requests for documents in the possession of the Commissioner should be addressed to:

### **Freedom of Information Officer**

Legal Services Commissioner  
Level 9, 330 Collins Street  
Melbourne VIC 3000

Access charges (for example, photocopying and search and retrieval charges) may also apply once documents have been processed and a decision on access made. The Board and Commissioner's Freedom of Information Policy is available from the both the Board and Commissioner websites or from the office on request.

Further information regarding Freedom of Information can be found at FOI Online at [www.foi.vic.gov.au](http://www.foi.vic.gov.au).

## **PROTECTED DISCLOSURES**

The *Protected Disclosure Act* 2012 encourages and assists people to make disclosures of improper conduct and detrimental action by public officers and public bodies. It also provides certain protections for people who make disclosures, and those who may suffer detrimental action in reprisal for disclosures. The Board and Commissioner are subject to the *Protected Disclosure Act* and have established procedures for protecting people against detrimental action that might be taken in reprisal for the making of protected disclosures. Those procedures are available on the Board and Commissioner's websites or at the Board and Commissioner's offices on request.

Under the *Protected Disclosure Act*, the Board and Commissioner cannot receive disclosures. Disclosures of improper conduct or detrimental action by the Board, Commissioner, their members, officers or employees should be made to the Independent Broad-based Anti-corruption Commission:

### **Independent Broad-based Anti-corruption Commission**

Level 1, North Tower, 459 Collins Street  
Melbourne VIC 3000

**Telephone** 1300 735 135

**Fax** 03 8635 6444

**Website** [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)



## NATIONAL COMPETITION POLICY

Under the National Competition Policy, the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

- the benefits of the restriction to the community as a whole outweigh the costs; and
- the objectives of the legislation can only be achieved by restricting competition.

The Board and Commissioner comply with the requirements of the National Competition Policy.

## DISCLOSURE OF MAJOR CONTRACTS

The Board and Commissioner did not engage in any major contracts with a value of greater than \$10 million during 2012-13.

## VICTORIAN INDUSTRY PARTICIPATION POLICY

The *Victorian Industry Participation Policy Act 2003* requires public bodies and departments to report on the implementation of the Victorian Industry Participation Policy (VIPP). Departments and public bodies are required to apply VIPP in all tenders over \$3 million in metropolitan Melbourne, and \$1 million in regional Victoria. For the reporting period, the Board and Commissioner did not commence any contracts to which the VIPP applies.

## CONSULTANCIES

### Details of consultancies over \$10,000

Table 51 lists the consultants engaged in 2012-13 where the cost of the engagement was \$10,000 or above.

### Details of consultancies under \$10,000

During 2012-13 the Board and Commissioner did not engage consultants other than those shown in Table 51.

## STATEMENT OF APPROPRIATE INSURANCE COVERAGE

The Board is not required to hold insurance with the Victorian Managed Insurance Authority. As the Board arranges and meets the cost of all insurance requirements for both the Board and Commissioner, appropriate insurance coverage has been arranged for both entities through insurance providers other than the Victorian Managed Insurance Authority.

## ADDITIONAL INFORMATION AVAILABLE ON REQUEST

The Board and Commissioner maintain further information which is available to the relevant Ministers, the Members of Parliament and the public on request (subject to Freedom of Information requirements, if applicable). This includes:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by the Board or Commissioner, and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged
- details of any major external reviews carried out in respect of the operation of the Board and/or Commissioner
- details of any other research and development activities undertaken by the Board and Commissioner
- details of any overseas visits undertaken including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken to develop community awareness of services
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations and details of time lost through industrial accidents and disputes
- a list of major committees sponsored, the purposes of each committee and the extent to which the purposes have been achieved,
- details of executive officer disclosures and remuneration, and
- details of all consultancies and contractors including consultants or contractors engaged, services provided and expenditure committed to for each engagement.

**Table 51: Details of consultancies over \$10,000**

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (excluding GST)	Expenditure 1/7/12 to 30/6/13 (excluding GST)	Future Expenditure (excluding GST)
PriceWaterhouse Coopers	Banking Services Review	01/03/13	27/09/13	\$205,400	\$130,000	\$75,400
RSM Bird Cameron	Banking Services Review - probity services	13/08/12	30/06/13	\$21,010	\$21,010	

## Office-based environmental impacts

The Board and Commissioner monitor the office-based environmental impacts and coordinate actions to address waste production, resource use and greenhouse gas generation across the business. This is done through an environmental management plan (EMP) which assesses the everyday business activities and establishes a series of targets for reducing the environmental impacts those activities generate. EMP targets are measured against a baseline dataset established in 2007-08. These are displayed in the following tables. The initial EMP was developed in 2010 with support from Sustainability Victoria's ResourceSmart Government program.

### ENERGY CONSUMPTION

The use of electricity is monitored quarterly. Energy audits undertaken in previous years have identified opportunities for savings in energy consumption across the organisation. Consumption of natural gas use is not metered separately under the office lease, therefore its use is not able to be reported on.

**Target: To reduce greenhouse gas emissions from electricity usage to 50% of the 2007-08 baseline.**

#### 2012-13 activities

Total electricity consumption decreased by 6.6% from the previous year, while consumption per FTE grew by 1.9% for the same period due to a decrease in staff FTEs. Significantly, energy use per FTE has decreased by 12.5% from the 2007-08 baseline measurement. This achievement can be credited to both staff behaviour (i.e. turning off lights, computers and printers at the end of the day) and equipment upgrades.

Greenhouse gas emissions from electricity consumption were 5% lower than in the previous year (representing more than 6.72 tonnes of carbon over the year), and have decreased by 38% from the baseline data. To achieve this, the Board and Commissioner purchase electricity from renewable resources including solar and wind power and have reduced power use.

### WASTE GENERATION

The owner of the office space leased by the Board and Commissioner has instituted a building-wide waste management process which includes provision of a commingled recycling service. Waste audits are undertaken quarterly on behalf of all tenants in the building.

**Target: Reduce waste to landfill by 50%, compared to the 2007-08 baseline.**

#### 2012-13 activities

Total daily waste to landfill decreased this year by 41% from 2011-12. This reflects both a decrease in staff numbers and the commencement of commingled recycling facilities for the office. The April 2013 waste audit indicated the Board and Commissioner were recycling 86% of all daily general office waste produced.

Other waste management activities include a secure paper disposal service, through which 8.1 tonnes of paper and cardboard were sent for recycling, and a system to recycle small items of e-waste (computer components and peripherals, used printer cartridges etc), which recycled 609 kg of material during the year, mostly composed of decommissioned computer equipment and used toner cartridges.

### PAPER CONSUMPTION

Due to the nature of the work undertaken by both the Board and Commissioner, a significant volume of paper is used within the office. While this is largely unavoidable, staff are conscious of the need to reduce paper consumption where possible.

**Target: Reduce FTE paper consumption by 15% compared to the 2007-08 baseline.**

#### 2012-13 activities

The Board and Commissioner recorded a 34% decrease in total paper consumption compared with the previous reporting year and 22% compared with the baseline data, achieving the target. This was largely attributable to the adoption of electronic meeting papers, double siding of printing and increasing use of electronic correspondence with external stakeholders.

### WATER CONSUMPTION

As water consumption is not metered separately under the office lease, the Board and Commissioner are not able to monitor, and therefore are unable to report on its use. However the office is able to gauge the rate of flow for running taps. Peak flow has been measured at 7 litres per minute, which equates to a four star water efficiency labelling standards (WELS) rating. Additionally all taps have been fitted with aerators which allow a lower flow to have a greater volume when washing dishes and hands, thereby helping to reduce water use.

**Table 52: Electricity consumption**

<b>Total electricity usage</b>	<b>Baseline 2007-08</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Total usage (MJ)	<b>591,185</b>	638,892	696,917	669,856	<b>625,403</b>
Total green power usage (MJ)	<b>0</b>	149,053	311,040	258,533	<b>235,723</b>
Greenhouse gas emissions associated with electricity use (tonnes)	<b>217.65</b>	182.26	145.59	139.81	<b>133.09</b>
Percentage of electricity purchased as Green Power	<b>0</b>	23.33	44.63	45.87	<b>44.08</b>
Electricity used (MJ/FTE)	<b>10,070</b>	9,443	9,317	8,644	<b>8,808</b>
Electricity used per unit of office area (MJ/m <sup>2</sup> )	<b>398</b>	431	385	370.50	<b>345.91</b>

**Table 53: Waste generation**

<b>Daily waste generation</b>	<b>Baseline 2007-08</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Total waste to landfill (kg)	<b>10.9</b>	12.3	12.5	13.57	<b>8.04</b>
Waste to landfill/FTE (kg)	<b>0.19</b>	0.18	0.17	0.18	<b>0.11</b>

**Table 54: Paper consumption**

<b>Total paper usage</b>	<b>Baseline 2007-08</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Number of A4 reams of copy paper used	<b>1,555</b>	2,079	1,974	1841	<b>1209</b>
Number of A4 reams of copy paper used per FTE	<b>26.5</b>	30.7	26.4	24.22	<b>17.03</b>
Percentage of 75-100% recycled content copy paper purchased (%)	<b>5.8</b>	0.0	0.0	2.2	<b>0.2</b>
Percentage of 50-75% recycled content copy paper purchased (%)	<b>91.3</b>	0.9	1.9	93.7	<b>96.3</b>
Percentage of 0-50% recycled content copy paper purchased (%)	<b>2.9</b>	99.1	98.1	4.1	<b>3.6</b>

## TRANSPORT USE

The Board and Commissioner do not operate a fleet of vehicles for business use. Instead, where transport is required for staff to attend meetings or events, public transport is the preferred option of travel. Taxi vouchers are issued for staff use where necessary. For areas beyond the normal reach of public transport or taxis, vehicles may be hired through the state government Shared Services Vehicle Pool. Hire charges include the purchase of carbon offsets for each journey. Occasionally other short business trips are made using a car leased to an Executive Director. Kilometres travelled for these trips are not recorded.

**Target: To continue to support the use of public transport for business travel.**

### 2012-13 activities

The Board and Commissioner continued to promote the use of public transport to destinations throughout Victoria. Public transport was used by staff to attend meetings and seminars in the metropolitan area. Table 55 shows the distances travelled for business related purposes. The increase in air travel was for staff attendance at CORO in Brisbane in November 2012.

## GREENHOUSE GAS EMISSIONS

Table 56 summarises the greenhouse gas emissions of the Board and Commissioner for the 2012-13 year, based on energy consumption, transport used and waste generated.

**Target: To reduce greenhouse gas emissions by 50% compared to the 2007-08 baseline.**

### 2012-13 activities

Greenhouse gas emissions produced by the Board and Commissioner operations have fallen by 4% from last year and 37.6% from the baseline measurement. This is largely due to the purchase of green power.

## PROCUREMENT

As a standard practice in all procurement decisions, the Board and Commissioner seek to identify products and services which will have minimal negative environmental impacts from the product or service's consumption. Impacts before the time of use (disposal of packaging), during use (e.g. power consumption and waste generation) and after use (e.g. recyclability of used components) are considered.

As one of the most prominent consumables for Board and Commissioner operations is paper, a supply of a minimum of 50% recycled content is purchased. The office's electricity supply also includes 44% power generated by renewable sources. The energy efficiency of a product is a factor considered in the selection of IT equipment (such as desktop computers and server infrastructure). The Board and Commissioner also have a travel policy which includes the purchase of carbon credits for all air travel undertaken.

**Target: To continue to factor environmental sustainability into procurement decisions made by the Board and Commissioner.**

**Table 55: Transport use**

Business related travel	Baseline 2007-08	2009-10	2010-11	2011-12	2012-13
Total distance travelled by aeroplane (km)	57,370	31,836	19,816	30,044	52,342
Total distance travelled by car (km) (excluding taxis)	Not recorded	2,799	2,780	2,849	2,499
Percentage of employees regularly (>75 per cent of work attendance days) using public transport, cycling, walking, or car-pooling to and from work or working from home.	90.48	96.10	92.68	94.74	93.06

**Table 56: Board and Commissioner greenhouse gas emissions**

Greenhouse gas emissions	Baseline 2007-08	2009-10	2010-11	2011-12	2012-13
Total greenhouse gas emissions associated with energy use (t CO <sub>2</sub> -e)	217.65	182.26	145.59	139.81	133.09
Total greenhouse gas emissions associated with vehicle hire (t CO <sub>2</sub> -e)					Not recorded
Total greenhouse gas emissions associated with air travel (t CO <sub>2</sub> -e) (approximate)	17.36	9.80	4.38	6.7	12.4
Total greenhouse gas emissions associated with waste production (t CO <sub>2</sub> e)	N/A	2.91	4.12	6.43	1.24
Greenhouse gas emissions offsets purchased (t CO <sub>2</sub> -e)*					N/A

## RISK MANAGEMENT COMPLIANCE ATTESTATION

# Legal Services BOARD

### June 2013 Attestation on compliance with the Australian/New Zealand International Risk Management Standard

I, Michael McGarvie, certify that the Legal Services Board has risk management processes in place consistent with the *Australian/New Zealand International Risk Management Standard (AS/NZS ISO 31000:2009)* and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Legal Services Board verifies this assurance and the risk profile of the Legal Services Board has been critically reviewed within the last 12 months.



Michael McGarvie  
Chief Executive Officer, Legal Services Board

23 August 2013

# Legal Services **COMMISSIONER**

## **June 2013 Attestation on compliance with the Australian/New Zealand International Risk Management Standard**

I, Michael McGarvie certify that the Legal Services Commissioner has risk management processes in place consistent with the *Australian/New Zealand International Risk Management Standard (AS/NZS ISO 31000:2009)* and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Audit Committee verifies this assurance and the risk profile of the Legal Services Commissioner has been critically reviewed within the last 12 months.



Michael McGarvie  
Legal Services Commissioner

23 August 2013



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# Snapshot of Victoria's Legal Profession

The Board is responsible for maintaining the Register of Legal Practitioners and Law Practices. The Register contains information about all lawyers in Victoria including their name, address for service, PC status and the name of their employer or the business name they trade under. The Register is publicly accessible, enabling consumers to confirm whether a lawyer is currently registered to practice law. There is no charge for inspecting the register.

For further information on the register, and to access the register itself, visit the Board's website.

## GLOSSARY

Below are the definitions of words and terms featured in this appendix.

**Australian-registered foreign lawyer** is a person authorised to practise foreign law within the jurisdiction of this Act, namely Victoria.

**Community Legal Centre (CLC)** is an organisation that provides free legal services to members of the community.

**Corporate lawyer** means a lawyer who provides legal services to an employer or agency that is not a legal entity or law practice.

**Foreign law practice** means a partnership or corporate entity that is entitled to engage in legal practice in a foreign country.

**Government employer** is a government body or agency that employs lawyers.

**Incorporated Legal Practice (ILP)** is an incorporated company registered with ASIC that engages in legal practice, regardless of whether it also provides services other than legal services.

**Law firm** is a partnership consisting of lawyers and/or one or more ILPs and/or one or more Australian registered foreign lawyers.

**Law practice** means either a sole practitioner, a law firm, a multi-disciplinary partnership (MDP), an ILP or a CLC.

**Director** is a director of an ILP who is a lawyer engaging in legal practice as the principal of a law practice.

**Partner** is a partner of a MDP who is a lawyer engaging in legal practice as the principal of a law practice.

**Employee** is a lawyer holding an employee PC employed by a law practice for the provision of legal services.

**Multi-Disciplinary Partnership (MDP)** is a partnership between one or more lawyers and persons who are not lawyers, where the business of the partnership includes the provision of legal services.

**Non-legal employer** is an entity that is not a registered legal entity and employs lawyers for the provision of in-house legal services.

**Principal** means a lawyer who is either a sole practitioner, lawyer partner (either of a law firm or MDP), lawyer director of an ILP or supervising lawyer of a CLC.

**Principal with trust authorisation** can be either a sole practitioner, a partner in a law firm or MDP, a lawyer director in an ILP, or a supervising lawyer in a CLC who is authorised to receive trust money and/or operate a trust account.

**Sole practitioner** is a lawyer who engages in legal practice for his or her own profit, without being in partnership or through an ILP. This includes a barrister.

**Supervising lawyer** is a lawyer who is the principal responsible for the legal services provided by a CLC.

**Volunteer at CLC** is a lawyer who provides legal services in a voluntary capacity at a CLC.



## Practitioner statistics

Below is a summary of the profile of the legal profession in Victoria as at 30 June 2013.

There were 18,154 lawyers registered in Victoria at 30 June 2013. The number of lawyers registered in the state grew by 701, a 4% increase over the previous year. 1389 new lawyers were admitted to the legal profession between 1 July 2012 and 30 June 2013, 3% more new admittees than recorded last year. The number of lawyers who did not renew their PC fell by approximately 37%, with 636 lawyers not renewing for the year end 30 June 2013. Figure 3 illustrates this change.

### Practitioners registered in Victoria



### New practitioners admitted to the legal profession



### Non-renewal of PC



Figure 3: Growth in number of lawyers over time



## PRACTITIONERS BY AGE AND GENDER

Consistent with the trend in previous years, a greater percentage of lawyers registered in Victoria as at 30 June 2013 were male (54%) compared to female (46%). In the 20-30 and 31-40 age brackets female lawyers outnumber their male counterparts, however in the 41-50 age bracket, and in all subsequent brackets, the number of male lawyers vastly outweighs female lawyers. Table 10 on page 51, illustrates the registered lawyers by age and gender in 2012-13.

## LAWYER TYPE AND GENDER

As shown in Table 11 on page 51, the majority of lawyers registered in Victoria practise as solicitors (89%) while 11% practise as barristers.

## LOCATION OF PRACTICE

The majority of lawyers registered in Victoria are based in the inner city area (58%), followed by the suburbs (32%). Figure 4 on page 52 shows the distribution of lawyers.

## LAWYERS BY POSITION TYPE

There were 19,092 legal positions registered in Victoria. This is higher than the total number of registered lawyers due to some lawyers maintaining positions with more than one entity. For example, a lawyer may occupy a position as an employee of a law firm while maintaining a volunteer position with a CLC at the same time.

The profile of where lawyers are employed remains largely stable compared with previous years. Only small changes in percentages were recorded in the number of corporate lawyers and the number of Directors compared to the previous year. Table 12 on page 51 indicates that again more lawyers are recorded as employees than in any other position type, followed by self-employment (sole practitioners).

## LAWYERS BY PC TYPE AND AGE

Table 13 and 14 on pages 54 and 55 show the number of male and female lawyers registered in Victoria broken down by the type of PC held and age. Employee PC were the most common certificate type with approximately 38% of lawyers recorded as such. The largest proportion of employees were aged between 20 and 30, followed by the 31 and 40 age group. Approximately 24% of all lawyers held a principal PC, while 17% of lawyers held corporate PCs.

**Table 10: Lawyers by age and gender**

	Age in years						Total
	20-30	31-40	41-50	51-60	61-70	>70	
<b>Male</b>							
2011-12	1,417	2,293	1,968	2,229	1,375	335	9,617
<b>2012-13</b>	<b>1,420</b>	<b>2,354</b>	<b>2,036</b>	<b>2,228</b>	<b>1,439</b>	<b>361</b>	<b>9,838</b>
<b>Female</b>							
2011-12	2,397	2,860	1,495	843	208	33	7,836
<b>2012-13</b>	<b>2,435</b>	<b>3,049</b>	<b>1,662</b>	<b>894</b>	<b>241</b>	<b>35</b>	<b>8,316</b>
<b>Total</b>							
2011-12	3,814	5,153	3,463	3,072	1,583	368	17,453
<b>2012-13</b>	<b>3,855</b>	<b>5,403</b>	<b>3,698</b>	<b>3,122</b>	<b>1,680</b>	<b>396</b>	<b>18,154</b>

**Table 11: Lawyer type and gender**

	Type					
	Solicitors		Barristers		Total	
	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
<b>Gender</b>						
Male	8,185	<b>8,382</b>	1,432	<b>1,456</b>	9,617	<b>9,838</b>
Female	7,350	<b>7,801</b>	486	<b>515</b>	7,836	<b>8,316</b>
<b>Total</b>	<b>15,535</b>	<b>16,183</b>	<b>1,918</b>	<b>1,971</b>	<b>17,453</b>	<b>18,154</b>

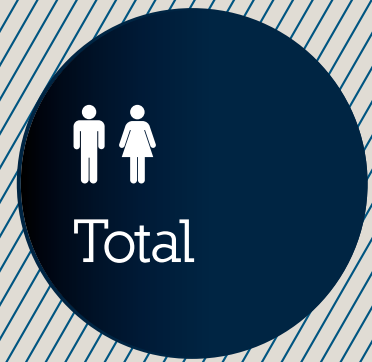
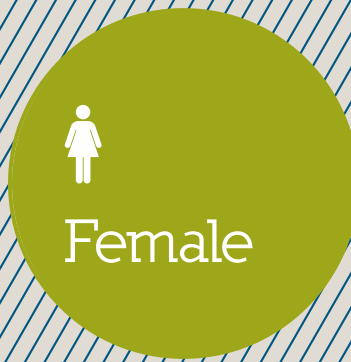
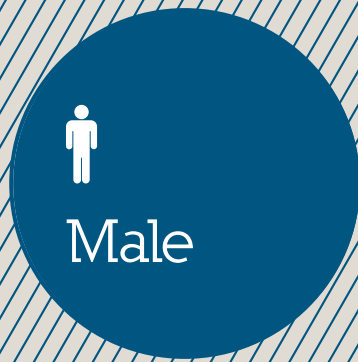
**Table 12: Lawyers by position type**

Position Type	2011-12	2012-13
Employee	6,629 (35%)	<b>6,677(35%)</b>
Sole practitioner	4,908 (26%)	<b>5,004(26%)</b>
Corporate lawyer	3,307 (18%)	<b>3,364(17%)</b>
Partner	1,818 (10%)	<b>1,877(10%)</b>
Director	1,243 (6%)	<b>1,326(7%)</b>
Volunteer at CLC	757 (4%)	<b>746(4%)</b>
Supervising lawyer	102 (1%)	<b>98(1%)</b>
<b>Total</b>	<b>18,764</b>	<b>19,092</b>



		2012-13		
		Solicitors	Barristers	Total
CITY	2012-13	8,574	1,899	10,473
	2011-12	8,406	1,861	10,267
SUBURB	2012-13	5,675	57	5,732
	2011-12	5,295	41	5,336
COUNTRY	2012-13	1,308	9	1,317
	2011-12	1,262	12	1,274
INTERSTATE	2012-13	216	4	220
	2011-12	203	3	206
OVERSEAS	2012-13	410	2	412
	2011-12	369	1	370
TOTAL	2012-13	16,183	1,971	18,154
	2011-12	15,535	1,918	17,453

Figure 4: Distribution of lawyers by type



ORIGIN	YEAR	Male	Female	Total
		2012-13	9,326	7,657
VICTORIAN	2011-12	9,152	7,232	16,384
INTERSTATE	2012-13	512	665	1,177
	2011-12	465	604	1,069
FOREIGN	2012-13	12	4	16
	2011-12	17	1	18
TOTAL	2012-13	9,850	8,320	18,170
	2011-12	9,634	7,837	17,471*

Figure 5: Number of lawyers by gender and origin of admission

### LAWYERS BY ADMISSION ORIGIN AND GENDER

Figure 5 shows the number of lawyers registered in Victoria as at 30 June 2013 by the origin of their admission and their gender. Lawyers who obtained admission to practice in an interstate jurisdiction accounted for approximately 6% of the total number of lawyers registered in Victoria.

## MALE LAWYERS

Table 13 shows the number of male lawyers in Victoria broken down by PC type and age. There was little change in the types of PC held by male lawyers at 30 June 2013 compared to the previous year. The largest shift was an increase in the number of principal certificates held, with an increase of 1.6% more male lawyers taking on this type of certificate. There was little change in each of the other certificate types from the previous year.

**Table 13: Male lawyers by PC type and age**

	Age in years						Total
	20-30	31-40	41-50	51-60	61-70	>70	
<b>Employee</b>							
2011-12	1,127	840	269	226	200	72	<b>2,734</b>
2012-13	1112	901	287	219	200	79	<b>2,798</b>
<b>Principal with trust authorisation</b>							
2011-12	9	326	680	1,074	578	95	<b>2,762</b>
2012-13	13	295	664	1029	610	103	<b>2,714</b>
<b>Principal</b>							
2011-12	112	566	665	717	549	162	<b>2,771</b>
2012-13	118	600	699	763	579	170	<b>2,929</b>
<b>Corporate</b>							
2011-12	148	537	338	199	43	4	<b>1,269</b>
2012-13	142	529	371	205	48	6	<b>1,301</b>
<b>Volunteer</b>							
2011-12	21	24	16	13	5	2	<b>81</b>
2012-13	35	29	15	12	2	3	<b>96</b>
<b>Total</b>							
<b>2011-12</b>	<b>1,417</b>	<b>2,293</b>	<b>1,968</b>	<b>2,229</b>	<b>1,375</b>	<b>335</b>	<b>9,617</b>
<b>2012-13</b>	<b>1,420</b>	<b>2,354</b>	<b>2,036</b>	<b>2,228</b>	<b>1,439</b>	<b>361</b>	<b>9,838</b>

## FEMALE LAWYERS

Table 14 shows the number of female lawyers in Victoria broken down by PC type and age. The rate of change in distribution of female lawyers across the profession was little different to that of the previous year. The greatest change was recorded in the number of female lawyers taking out principal PC, which increased by 2%. Female lawyers continue to hold more employee, corporate and volunteer PCs than their male counterparts, but hold significantly fewer principal and principal with trust authorisation certificates.

**Table 14: Female lawyers by PC type and age**

	Age in years						Total
	20-30	31-40	41-50	51-60	61-70	>70	
<b>Employee</b>							
2011-12	1,908	1,364	421	191	52	9	<b>3,945</b>
2012-13	1,932	1,465	462	208	56	8	<b>4,131</b>
<b>Principal with trust authorisation</b>							
2011-12	13	170	248	202	69	13	<b>715</b>
2012-13	11	172	269	208	72	13	<b>745</b>
<b>Principal</b>							
2011-12	113	456	390	267	69	9	<b>1,304</b>
2012-13	120	513	444	276	88	13	<b>1,454</b>
<b>Corporate</b>							
2011-12	303	820	406	167	11	1	<b>1,708</b>
2012-13	304	850	456	180	15	0	<b>1,805</b>
<b>Volunteer</b>							
2011-12	60	50	30	16	7	1	<b>164</b>
2012-13	68	49	31	22	10	1	<b>181</b>
<b>Total</b>							
<b>2011-12</b>	<b>2,397</b>	<b>2,860</b>	<b>1,495</b>	<b>843</b>	<b>208</b>	<b>33</b>	<b>7,836</b>
<b>2012-13</b>	<b>2,435</b>	<b>3,049</b>	<b>1,662</b>	<b>894</b>	<b>241</b>	<b>35</b>	<b>8,316</b>

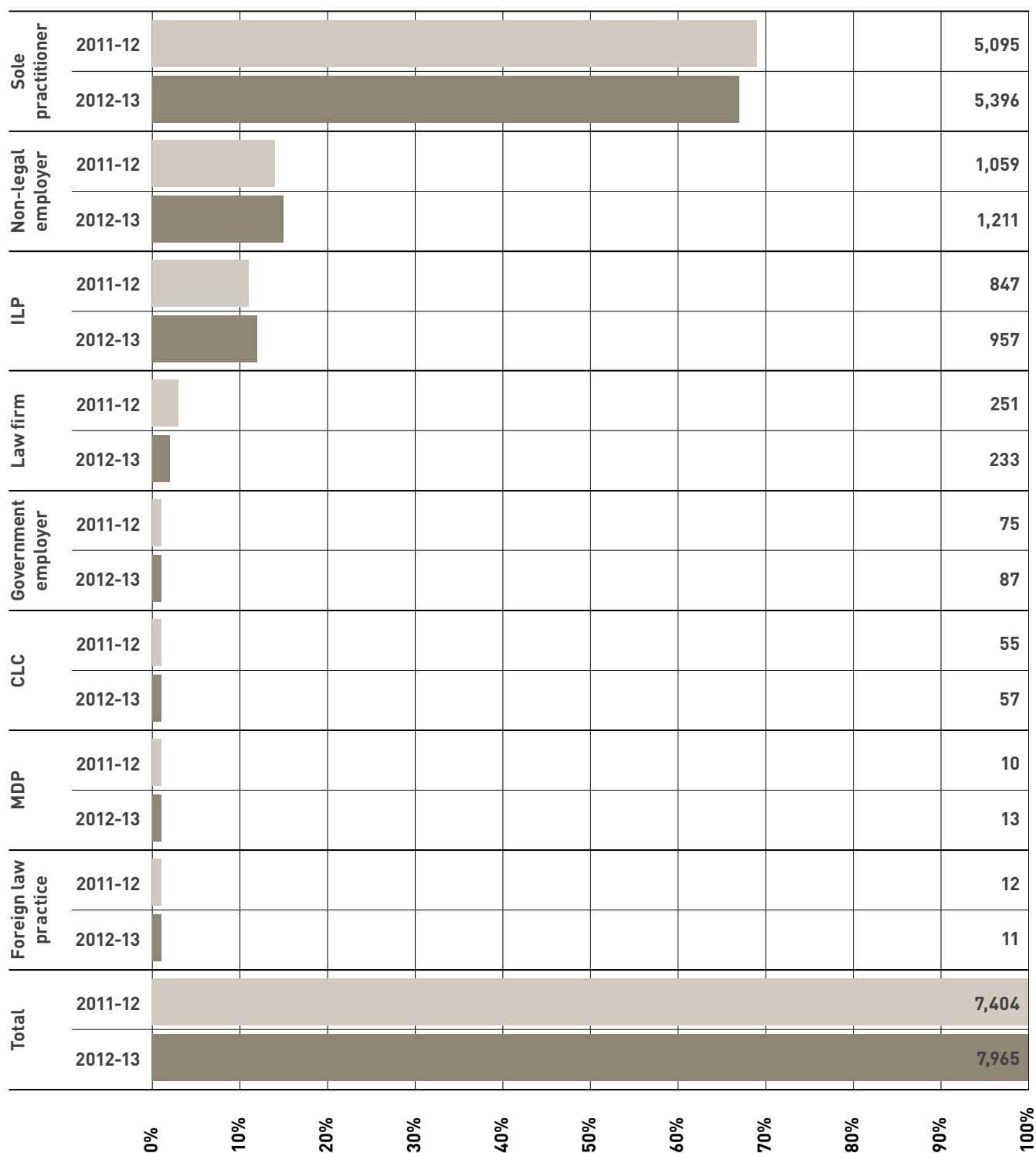
# Legal entity statistics

## NUMBER OF LEGAL ENTITIES IN VICTORIA

There were 7,965 legal entities registered in Victoria as at 30 June 2013. This figure increased by 7.5% over that of the previous year. The largest change was the increase in the number of sole practitioners, with an increase of 301 entities registered (6% more than last year). Sole practitioners represent 68% of the total number of registered entities.

Despite the growth in the overall number of entities, there was a decrease in the number of law firms registered in Victoria (18 fewer) and foreign law practices (one fewer) as at 30 June 2013. Law firms account for just 3% of the total number of entities registered in Victoria. Figure 6 shows the number of entities registered in Victoria as at 30 June 2013.

**Figure 6: Number of legal entities in Victoria**





## LOCATION OF LEGAL ENTITIES

Table 15 shows the number of legal entities registered in Victoria by entity type and location as at 30 June 2013. 47% of sole practitioners are city based while a further 39% are suburban based. Approximately 51% of registered law firms are based in the city.

**Table 15: Location of legal entities**

Type	City	Suburb	Country	Interstate	Overseas	Total
<b>Sole practitioner</b>						
2011-12	2,462	1,928	366	60	279	<b>5,095</b>
2012-13	2,519	2,099	392	58	328	<b>5,396</b>
<b>Non-legal employer</b>						
2011-12	474	406	38	30	111	<b>1,059</b>
2012-13	535	461	41	38	136	<b>1,211</b>
<b>ILP</b>						
2011-12	318	369	119	41	0	<b>847</b>
2012-13	361	426	125	45	0	<b>957</b>
<b>Law firm</b>						
2011-12	132	71	37	11	0	<b>251</b>
2012-13	118	69	34	12	0	<b>233</b>
<b>Government employer</b>						
2011-12	54	18	3	0	0	<b>75</b>
2012-13	61	22	3	1	0	<b>87</b>
<b>CLC</b>						
2011-12	15	31	6	2	1	<b>55</b>
2012-13	16	31	7	2	1	<b>57</b>
<b>MDP</b>						
2011-12	4	3	1	2	0	<b>10</b>
2012-13	7	3	1	2	0	<b>13</b>
<b>Foreign law practice</b>						
2011-12	3	8	0	0	1	<b>12</b>
2012-13	5	5	0	0	1	<b>11</b>
<b>Total</b>						
<b>2011-12</b>	<b>3,462</b>	<b>2,834</b>	<b>570</b>	<b>147</b>	<b>392</b>	<b>7,404</b>
<b>2012-13</b>	<b>3,622</b>	<b>3,116</b>	<b>603</b>	<b>158</b>	<b>466</b>	<b>7,965</b>

## ENTITIES BY TYPE AND NUMBER OF PRINCIPALS

The vast majority of entities only employ one principal (i.e. sole practitioners), with law firms the only entity type employing more than 40. The CLC which has recorded 21-40 principals is Victoria Legal Aid. Table 16 shows the number of legal entities by entity type and the number of principals.

**Table 16: Entities by type and number of principals**

Type	0 – 1#	2-3	4-5	6-10	11-20	21-40	>40	Total
<b>Sole practitioner</b>								
2011-12	5,092	3	0	0	0	0	0	<b>5,095</b>
2012-13	5,049	1	0	0	0	0	0	<b>5,050</b>
<b>ILP</b>								
2011-12	647	150	40	4	6	0	0	<b>847</b>
2012-13	715	159	35	7	5	0	0	<b>921</b>
<b>Law firm</b>								
2011-12	16	172	10	18	12	9	14	<b>251</b>
2012-13	5	162	12	13	14	9	10	<b>225</b>
<b>CLC</b>								
2011-12	38	16	0	0	0	1	0	<b>55</b>
2012-13	37	16	1	0	0	1	0	<b>55</b>
<b>MDP</b>								
2011-12	4	2	1	0	1	2	0	<b>10</b>
2012-13	4	3	0	0	2	2	2	<b>13</b>
<b>Non Legal Employer*</b>								
2011-12	1,059	0	0	0	0	0	0	<b>1,059</b>
2012-13	0	0	0	0	0	0	0	<b>0</b>
<b>Government employer*</b>								
2011-12	75	0	0	0	0	0	0	<b>75</b>
2012-13	0	0	0	0	0	0	0	<b>0</b>
<b>Foreign law practice</b>								
2011-12	11	0	0	1	0	0	0	<b>12</b>
2012-13	10	0	1	0	0	0	0	<b>11</b>
<b>Total</b>								
<b>2011-12</b>	<b>6,942</b>	<b>343</b>	<b>51</b>	<b>23</b>	<b>19</b>	<b>12</b>	<b>14</b>	<b>7,404</b>
<b>2012-13</b>	<b>5,820</b>	<b>341</b>	<b>49</b>	<b>20</b>	<b>21</b>	<b>12</b>	<b>12</b>	<b>6,275</b>

\*All government and non-legal employers have no principals assigned, as all practitioners working for these employers are registered as corporate employees.

#Entities with no principals assigned are due to processing times for registering changes. In most instances these entities are in the process of ceasing practice, but have not yet formally notified the Board. However, in some instances the absence of a principal is due to a practitioner's failure to notify the Board of his or her commencement in this role.

## ENTITIES BY TYPE AND NUMBER OF EMPLOYEES

Sole practitioners, as an entity type, continue to employ the greatest number of lawyers by virtue of the fact of the number of sole practitioner entities registered. Table 17 shows the number of legal entities registered in Victoria by entity type and the number of employees.

**Table 17: Entities by type and number of employees**

Type	0 – 1 <sup>#</sup>	2-3	4-5	6-10	11-20	21-40	>40	Total
<b>Sole practitioner</b>								
2011-12	4,713	309	49	22	2	0	0	<b>5,095</b>
2012-13	4,666	310	50	25	2	0	0	<b>5,053</b>
<b>Non-legal employer</b>								
2011-12	700	193	73	63	16	7	7	<b>1,059</b>
2012-13	600	204	72	61	17	8	7	<b>969</b>
<b>ILP</b>								
2011-12	400	230	88	82	34	7	6	<b>847</b>
2012-13	437	247	103	87	37	8	6	<b>925</b>
<b>Law firm</b>								
2011-12	9	83	44	47	27	13	28	<b>251</b>
2012-13	3	84	39	41	21	14	24	<b>226</b>
<b>Government employer</b>								
2011-12	21	20	8	8	14	2	2	<b>75</b>
2012-13	16	22	12	10	13	2	2	<b>77</b>
<b>CLC</b>								
2011-12	3	7	9	6	18	6	6	<b>55</b>
2012-13	5	6	6	8	16	7	7	<b>55</b>
<b>MDP</b>								
2011-12	4	1	1	1	1	0	2	<b>10</b>
2012-13	4	1	0	1	1	1	5	<b>13</b>
<b>Foreign law practice</b>								
2011-12	10	1	0	1	0	0	0	<b>12</b>
2012-13	9	1	1	0	0	0	0	<b>11</b>
<b>Total</b>								
<b>2011-12</b>	<b>5,860</b>	<b>844</b>	<b>272</b>	<b>230</b>	<b>112</b>	<b>35</b>	<b>51</b>	<b>7,404</b>
<b>2012-13</b>	<b>5740</b>	<b>875</b>	<b>283</b>	<b>233</b>	<b>107</b>	<b>40</b>	<b>51</b>	<b>7,329</b>

<sup>#</sup>Entities with no employees assigned are due to processing times for registering changes. In most instances these entities are in the process of ceasing practice, but have not yet formally notified the Board. However, in some instances the absence of a principal is due to a practitioner's failure to notify the Board of his or her commencement in this role.

# Complaints and related data

**Table 18: Number and outcome of first contacts**

Year	Complaint Form sent	Information provided – no further action taken	Referral to other body/No jurisdiction	Conciliated outcome	Unable to contact	Total enquiries received
2012-13	2,260 (45%)	2,350 (47%)	244 (5%)	51 (1%)	68 (1%)	<b>4,973</b>
2011-12	2,779 (52%)	2,154 (41%)	360 (7%)	23 (0.5%)	0*	<b>5,316</b>
2010-11	2,270 (50%)	1,635 (35%)	667 (15%)	0*	0*	<b>4,572</b>

\*Figures were not recorded in previous years.

**Table 19: Number and type of complaints received**

Year	Civil only	Disciplinary only	Mixed	Total Complaints
2012-13	831 (41%)	1,100 (54%)	108 (5%)	<b>2,039</b>
2011-12	886 (45%)	994 (50%)	102 (5%)	<b>1,982</b>
2010-11	812 (41%)	992 (50%)	180 (9%)	<b>1,984</b>

Note: Figures for a given year may add up to greater than 100% of the total number of complaints received, as some complaints may carry both civil and disciplinary allegations.

**Table 20: New complaints by lawyer type**

	Civil	Disciplinary	Mixed	Total 2012-13
Solicitors	810 (40%)	1032 (51%)	107 (5%)	<b>1949 (96%)</b>
Barristers	21 (1%)	68 (3%)	1 (<1%)	<b>90 (4%)</b>
<b>Total</b>	<b>831</b>	<b>1100</b>	<b>108</b>	<b>2039</b>

**Table 21: Areas of law featured in new complaints**

Area of Law	2010-11	2011-12	2012-13
Family/Defacto	443 (22%)	497 (25%)	<b>515 (25%)</b>
Probate & Estate	201 (10%)	214 (11%)	<b>203 (10%)</b>
Commercial	171 (9%)	167 (8%)	<b>202 (10%)</b>
Conveyancing	240 (12%)	174 (9%)	<b>186 (9%)</b>
Criminal	138 (7%)	118 (6%)	<b>144 (7%)</b>
Debt Collection	74 (4%)	70 (4%)	<b>78 (4%)</b>
Workers Compensation	69 (3%)	64 (3%)	<b>58 (3%)</b>
Personal Injury	63 (3%)	67 (3%)	<b>56 (3%)</b>
Building	48 (2%)	49 (2%)	<b>51 (3%)</b>
Wills	57 (3%)	64 (3%)	<b>49 (2%)</b>
Industrial Relations	47 (2%)	56 (3%)	<b>47 (2%)</b>
Leasing	46 (2%)	32 (2%)	<b>42 (2%)</b>
Mortgages	33 (2%)	27 (1%)	<b>37 (2%)</b>
Motor Vehicle Repairs/Claims	35 (2%)	35 (2%)	<b>35 (2%)</b>
Immigration	10 (1%)	14 (1%)	<b>23 (1%)</b>
Insolvency	13 (1%)	9 (1%)	<b>23 (1%)</b>
Equal Opportunity	9 (1%)	10 (1%)	<b>22 (1%)</b>
Guardianship / Administration	21 (1%)	7 (1%)	<b>20 (1%)</b>
Breach of <i>Legal Profession Act/Regulations</i>	27 (1%)	10 (1%)	<b>19 (1%)</b>
Body Corporate/Strata Title	0 (0%)	9 (1%)	<b>16 (1%)</b>
Company	34 (2%)	22 (1%)	<b>15 (1%)</b>
Planning	12 (1%)	19 (1%)	<b>15 (1%)</b>
Crimes Compensation	10 (1%)	29 (1%)	<b>14 (1%)</b>
Defamation	20 (1%)	9 (1%)	<b>14 (1%)</b>
Intellectual Property	7 (1%)	6 (1%)	<b>11 (1%)</b>
Banking	6 (1%)	1 (1%)	<b>10 (1%)</b>
Taxation	4 (1%)	8 (1%)	<b>9 (1%)</b>
Civil Liberties	4 (1%)	6 (1%)	<b>7 (1%)</b>
Personal Injury – Motor Vehicle Accident	9 (1%)	6 (1%)	<b>6 (1%)</b>
Trade Practices	2 (1%)	2 (1%)	<b>3 (1%)</b>
Environmental	1 (1%)	2 (1%)	<b>2 (1%)</b>
Freedom of Information	0 (0%)	6 (1%)	<b>1 (1%)</b>
Other / Unsure	130 (7%)	173 (9%)	<b>106 (5%)</b>
<b>Total</b>	<b>1,984</b>	<b>1,982</b>	<b>2039</b>

**Table 22: Allegations featured in new complaints**

The following table shows the type of allegation featured in new complaints. A complaint may contain a number of allegations. This means there are more allegations than complaints.

Nature of Allegation	2010-11	2011-12	2012-13
Costs/Bills	838 (35%)	777 (32%)	<b>728 (30%)</b>
Negligence – including bad case handling	369 (15%)	336 (14%)	<b>404 (17%)</b>
Dishonest/ Mised	131 (5%)	163 (7%)	<b>148 (6%)</b>
Trust money – including failure to account, mismanagement of funds	133 (5%)	134 (5%)	<b>125 (5%)</b>
Documents / Trust property – including retention and lost	108 (4%)	130 (5%)	<b>111 (5%)</b>
Communication with client – including failure to return calls, give progress reports	102 (4%)	99 (4%)	<b>91 (4%)</b>
Delays	81 (3%)	87 (4%)	<b>82 (3%)</b>
Conflict of interest	86 (4%)	86 (3%)	<b>73 (3%)</b>
Duress/ Pressure/ Intimidation	66 (3%)	65 (3%)	<b>73 (3%)</b>
Breach of Act, rules, court order or undertaking	65 (3%)	76 (3%)	<b>64 (3%)</b>
Abusive/Rude	60 (2%)	52 (2%)	<b>64 (3%)</b>
Costs communication – including failure to comply with s3.4.9; s3.4.10; s.3.4.16 of the Act	33 (1%)	48 (2%)	<b>61 (3%)</b>
Instructions – including failure to comply	92 (4%)	57 (2%)	<b>60 (2%)</b>
Debts – including practitioner's failure to pay	33 (1%)	54 (2%)	<b>51 (2%)</b>
Gross overcharging	17 (1%)	25 (1%)	<b>41 (2%)</b>
Communication with other party	14 (1%)	16 (1%)	<b>14 (1%)</b>
Confidentiality breach	11 (9%)	16 (1%)	<b>22 (1%)</b>
Court system	5 (1%)	4 (1%)	<b>3 (1%)</b>
Sexual impropriety	0 (–)	2 (1%)	<b>3 (1%)</b>
Advertising	4 (1%)	1 (1%)	<b>1 (1%)</b>
Other disciplinary issues	162 (7%)	174 (7%)	<b>208 (9%)</b>

**Table 23: Outcomes of closed civil complaints where the Commissioner had jurisdiction to handle the dispute**

Civil complaint outcome	2010-11	2011-12	2012-13*
Commissioner assisted dispute resolution between lawyer and consumer	473 (57%)	496 (55%)	<b>504 (56%)</b>
Dispute was unable to be settled and parties were advised of their right to apply to VCAT	132 (16%)	168 (19%)	<b>164 (18%)</b>
Complainant failed to lodge unpaid disputed costs	48 (6%)	59 (6%)	<b>64 (7%)</b>
Complaint made out of time	28 (3%)	33 (4%)	<b>41 (5%)</b>
Complaint involved costs dispute which exceeded \$25,000	38 (5%)	25 (3%)	<b>31 (3%)</b>
Complainant failed to provide further information when requested	12 (1%)	8 (1%)	<b>5 (1%)</b>
Complaint made before (or subject of another complaint)	1 (1%)	8 (1%)	<b>8 (1%)</b>
Complaint not one that the Commissioner has power to deal with (eg. matter has already been dealt with/should be dealt with by a court)	24 (3%)	18 (2%)	<b>15 (2%)</b>
Complaint lacked legal substance (eg. dispute already settled)	38 (5%)	41 (5%)	<b>48 (5%)</b>
Lawyer had already issued debt collection proceedings	40 (5%)	36 (4%)	<b>28 (3%)</b>
Practitioner deceased	1 (1%)	0	<b>0</b>
Practitioner ill health or not able to be located	1 (1%)	0	<b>0</b>
<b>Total</b>	<b>836</b>	<b>892</b>	<b>908</b>

\*Includes the civil complaint outcome from mixed complaints.

**Table 24: Own motion investigations initiated**

Basis for own motion investigation	Preliminary investigation		Own motion investigation		Total	
	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
Trust account report	0	1	4	10	4	11
Referral from other agency (including a court)	2	5	11	16	13	21
Existing complaint file	1	1	9	12	10	13
Media	0	0	0	0	0	0
Possible unqualified practice	1	1	13	2	14	3
Other	0	1	1	5	1	6
<b>Total</b>	<b>4</b>	<b>9</b>	<b>38</b>	<b>45</b>	<b>42</b>	<b>54</b>

**Table 25: Investigations commenced by the Commissioner and referred to PIBs**

Investigations	2010-11	2011-12	2012-13
Investigations undertaken by Commissioner	333	348*	317
Investigations referred to LIV as a PIB	86	81	66
Investigations referred to Bar as a PIB	30	15	12
<b>Total Investigations</b>	<b>449</b>	<b>444*</b>	<b>395</b>

\*Includes 208 complaints summarily dismissed after initial investigations commenced, which were not reported in this table in the 2011-12 report.

**Table 26: Outcomes of closed disciplinary complaints**

Investigation outcome	2010-11	2011-12	2012-13*
VCAT likely to find lawyer guilty of a disciplinary breach	152 (11%)	117 (9%)	103 (9%)
VCAT unlikely to find lawyer guilty of a disciplinary breach	338 (26%)	164 (13%)	133 (12%)
Lawyer already struck off – not in the public interest to pursue further action	N/A	22 (2%)	0
Complainant satisfied with lawyer's explanation & withdrew complaint	333 (25%)	366 (29%)	335 (30%)
Complaint made out of time	14 (1%)	18 (2%)	32 (3%)
Complaint made before (or subject of another complaint)	15 (1%)	13 (1%)	21 (2%)
Complainant failed to provide further information when requested	48 (4%)	30 (3%)	18 (2%)
Complaint lacked legal substance etc (eg. alleged conduct was not inappropriate)	157 (12%)	165 (13%)	176 (16%)
Complaint about lawyer/client relationship and duties but made by third party (eg. not the client)	36 (3%)	51 (4%)	55 (5%)
Commissioner formed the view that complaint required no further investigation (eg. lawyer not obliged to accept instructions from complainant)	172 (13%)	193 (16%)	141 (12%)
Commissioner has no power to deal with the complaint (eg. involves question of law and therefore should be dealt with by a court)	47 (4%)	68 (6%)	101 (9%)
Lawyer deceased	1 (<1%)	0	2 (<1%)
Lawyer ill health or not located	2 (<1%)	2 (<1%)	1 (<1%)
Closed due to ongoing proceedings	7 (<1%)	20 (2%)	14 (1%)
<b>Total</b>	<b>1,322</b>	<b>1,229</b>	<b>1,132</b>

\*Includes the disciplinary complaint outcome from mixed complaints.

**Table 27: Alternative disciplinary actions taken by the Commissioner on complaint files**

Alternative Disciplinary Action	2010-11*	2011-12*	2012-13
Commissioner reprimanded lawyer	67	57	26
Commissioner cautioned lawyer	9	6	13
Lawyer found generally competent: no further action	44	14	18
Lawyer paid compensation to complainant	9	7	1
<b>Total</b>	<b>129</b>	<b>84</b>	<b>58</b>

\*Figures for 2010-11 and 2011-12 included alternative disciplinary actions taken after own motion investigations. For 2012-13 these actions are listed separately (see Table 28).

**Table 28: Own motion investigations outcomes for 2012-13**

Outcome	Number
VCAT likely to find lawyer guilty of professional misconduct, therefore charges laid	16
Commissioner reprimanded lawyer	8
Commissioner cautioned lawyer	6
Lawyer found generally competent: no further action	1
No conduct identified	13
Lawyer unable to be located	1
<b>Total</b>	<b>45</b>

**Table 29: Finalised complaints**

Year	Civil	Disciplinary	Mixed	Total
<b>2012-13</b>	<b>862 (42%)</b>	<b>1055 (52%)</b>	<b>123 (6%)</b>	<b>2,040</b>
2011-12	892 (38%)	1,229 (54%)	183 (8%)	<b>2,304</b>
2010-11	836 (32%)	1,322 (51%)	451 (17%)	<b>2,609</b>

**Table 30: Time taken to finalise complaints**

Days since receipt of complaint	<30	31-60	61-90	91- 120	>120	Total
<b>Civil Dispute</b>						
<b>2012-13</b>	<b>223</b>	<b>202</b>	<b>147</b>	<b>109</b>	<b>181</b>	<b>862</b>
2011-12	233	212	130	109	208	<b>892</b>
2010-11	217	152	119	94	254	<b>836</b>
<b>Disciplinary</b>						
<b>2012-13*</b>	<b>403</b>	<b>172</b>	<b>102</b>	<b>71</b>	<b>307</b>	<b>1,055</b>
2011-12	320	181	123	90	515	<b>1,229</b>
2010-11	265	147	121	94	695	<b>1,322</b>
<b>Mixed</b>						
<b>2012-13</b>	<b>7</b>	<b>8</b>	<b>16</b>	<b>8</b>	<b>87</b>	<b>123</b>
2011-12	10	14	11	11	137	<b>183</b>
2010-11	23	19	24	23	362	<b>451</b>
<b>Total</b>						
<b>2012-13</b>	<b>633</b>	<b>382</b>	<b>265</b>	<b>188</b>	<b>571</b>	<b>2,040</b>
<b>2011-12</b>	<b>563</b>	<b>407</b>	<b>264</b>	<b>210</b>	<b>860</b>	<b>2,304</b>
<b>2010-11</b>	<b>505</b>	<b>318</b>	<b>264</b>	<b>211</b>	<b>1,311</b>	<b>2,609</b>

\*Figures for 2012-13 disciplinary closures excludes own motion investigations, which were reported on in previous years.



**Table 31: Number of complaints outstanding**

Days since receipt of complaint	<30	31-60	61-90	91- 120	>120	Total
<b>Civil Dispute</b>						
<b>2012-13</b>	<b>53</b>	<b>34</b>	<b>12</b>	<b>13</b>	<b>26</b>	<b>138</b>
2011-12	66	52	30	8	25	<b>181</b>
2010-11	61	48	21	17	53	<b>200</b>
<b>Disciplinary</b>						
<b>2012-13*</b>	<b>50</b>	<b>50</b>	<b>44</b>	<b>50</b>	<b>133</b>	<b>327</b>
2011-12	53	48	25	38	163	<b>327</b>
2010-11	59	46	38	40	334	<b>517</b>
<b>Mixed</b>						
<b>2012-13</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>30</b>	<b>52</b>
2011-12	4	6	6	9	38	<b>63</b>
2010-11	7	6	8	7	103	<b>131</b>
<b>Total</b>						
<b>2012-13</b>	<b>109</b>	<b>88</b>	<b>62</b>	<b>69</b>	<b>163</b>	<b>517</b>
<b>2011-12</b>	<b>123</b>	<b>106</b>	<b>61</b>	<b>55</b>	<b>226</b>	<b>571</b>
<b>2010-11</b>	<b>127</b>	<b>100</b>	<b>67</b>	<b>64</b>	<b>490</b>	<b>848</b>

\*Figures for 2013 disciplinary closures excludes own motion investigations, which were reported on in previous years.

**Table 32: Disciplinary applications made to VCAT**

Disciplinary applications under <i>Legal Profession Act 2004</i>	Heard by VCAT during 2012-13	Filed and yet to be heard and/or awaiting orders by VCAT as at 30 June 2013	Total
Disciplinary applications made in 2012-13	14 <sup>1</sup>	27	<b>41</b>
Disciplinary applications made in previous year(s)	13 <sup>2</sup>	11 <sup>3</sup>	<b>24</b>
<b>Total</b>	<b>27</b>	<b>38</b>	<b>65</b>

<sup>1</sup>Commissioner sought leave to withdraw 1 application filed 2012-2013

<sup>2</sup>Commissioner sought leave to withdraw 2 applications this year which were filed in 2011-12

<sup>3</sup>Re-hearing for one application filed 2011-12 is awaiting VCAT hearing

# Prosecutions in VCAT and the Courts

**Table 33: Disciplinary applications heard and determined at VCAT in 2012-13 (by date of application) LSC = Commissioner**

No.	VCAT ref.	Date application made	Hearing dates	Lawyer	Charges	VCAT findings	Date and orders made
1	J26/2011	4/03/2011	04/10/2011; 29/02/2012; 09/07/2012; 04/10/2012	BOOTH, Robert	Professional misconduct: failure to use best endeavours to finalise the administration of an estate as soon as reasonably possible.	Professional misconduct	13/11/2012 - PC cancelled effective from 12/11/2012; Not to be granted a PC for one year; A future grant of PC subject to (i) further training in trust accounts; and (ii) providing a certificate of completion; Pay LSC costs fixed at \$35,000.00
2	J27/2011	4/03/2011	04/10/2011; 29/02/2012; 09/07/2012; 04/10/2012	BOOTH, Robert	Professional misconduct: engaging in legal practice when not an Australian legal practitioner (x2).	Professional misconduct	13/11/2012 - PC cancelled effective from 12/11/2012; Not to be granted a PC for one year; A future grant of PC will be subject to (i) further training in trust accounts; and (ii) providing a certificate of completion; Pay LSC costs fixed at \$35,000.00
3	J52/2011	15/04/2011	04/10/2011; 29/02/2012; 09/07/2012; 04/10/2012	BOOTH, Robert	Professional misconduct: Unauthorised withdrawal of trust money; failure to notify auditor of deficiency in trust monies; having a deficiency in a trust account, failure to keep a register of investments and securities, unauthorised depositing of trust money; failure to notify of an irregularity in a trust account; failure to maintain a register of investment of trust money; failure to keep trust account records in a way that enabled records to be investigated and/or audited (x2); failure to respond and produce documents to a trust account inspector.	Professional misconduct	13/11/2012 - PC cancelled effective from 12/11/2012; Not to be granted a PC for one year; A future grant of PC will be subject to (i) further training in trust accounts; and (ii) providing a certificate of completion; Pay LSC costs fixed at \$35,000.00
4	J129/2011	06/10/2011	08/03/2013	EL-HISSI, Nabil	Professional misconduct: continuing to act in a conflict of interest; falsely executing and/or attesting to having witnessed the execution of documents and a mortgage; making false statements that documents and mortgage had been regularly executed in his presence; gross breach of duty of candour by instructing to send a letter the contents of which he knew to be false or materially misleading (x5).	Professional misconduct	21/03/2013 - Reprimanded. PC cancelled; No PC to be granted until 21/12/2013. Pay LSC costs fixed at \$16,293.84
5	J126/2011	10/10/2011	12/10/2012; 7/12/2012; 22/02/2012; 29/04/2013	PFM (pseudonym ordered by VCAT)	Professional misconduct: providing forged academic transcript and <i>curriculum vitae</i> for employment purposes, thereby obtaining a financial advantage by a deception (x5).	Professional misconduct; misconduct at common law	27/05/2013 - No PC to be granted before 27/05/2020; VCAT recommends to the Supreme Court that the Respondent's name be removed from the local roll of practitioners; Pay LSC costs fixed at \$25,000.00

No.	VCAT ref.	Date application made	Hearing dates	Lawyer	Charges	VCAT findings	Date and orders made
6	J134/2011	19/10/2011	21/05/2012; 3/09/2012; 05/10/2012; 10/10/2012	JOHNSON, Harold James	Misconduct at common law: using intemperate, discourteous, vulgar, provocative and/or offensive language in affidavits.	Professional misconduct	21/09/2012 & 14/11/2012 & 30/01/2013 - PC is cancelled. No local PC to be granted before 14/05/2015. Pay LSC costs including reserved costs. Costs to be paid to Premier of Victoria, Attorney General and Ombudsman Victoria. Cost Court order subsequently made on 20/06/2013 - Costs are taxed and allowed in the sum of \$52,455.04
7	J171/2011	21/12/2011	2/08/2012	BATTIATO, Vita	Professional misconduct: failed to use best endeavours to complete legal work; failed to communicate effectively and promptly with clients (x2); failed to provide full written explanation of conduct to the LSC regarding a disciplinary complaint (x2); failed to obtain instructions from the client.	Professional misconduct	21/08/2012 - Reprimanded. Fined \$3,000.00. PC is made subject to the condition not to engage in practice as sole practitioner for a minimum of two years from this date; Refund the balance of legal fees if not already refunded; Pay LSC costs fixed at \$2,585.90
8	J21/2012	8/02/2012	10/09/2012	ANGELATOS, Sam	Professional misconduct: failed to progress clients' matters (x2); inappropriate withdrawal from trust account; causing a deficiency in the trust account (x2); Unsatisfactory professional conduct: failed to communicate promptly and effectively; failed to furnish a trust account statement to client; misled client as to true state of progress of matter; failed to make any payment of fees to Counsel from settlement money held in trust account expressly for that purpose.	Professional misconduct; Unsatisfactory professional conduct	17/09/2012 - Reprimanded. No PC to practice as a principal to be granted before 17/09/2017; No PC to deal with trust moneys to be granted before 17/09/2019; Prior to applying for the issue of a PC enabling to act as principal or to receive trust moneys, must provide evidence of having obtained at least 10 CPD points over and above the amount ordinarily required relating to trust accounting and practice management. Pay LSC costs fixed at \$30,000.00
9	J57/2012	07/05/2012	15/11/2012	BLAKER, Stephen	Professional misconduct: conflict of interest; failure to follow client instructions; failure to communicate effectively and promptly; delayed in lodging caveat notifying of correct clients' equitable charge over property; Unsatisfactory professional conduct: failure to properly advise client.	Professional misconduct; Unsatisfactory professional conduct;	31/01/2013 - Reprimanded. Fined \$13,000.00; Pay LSC costs fixed at \$5057.80
10	J78/2012	06/06/2012	4/12/2012	CHADWICK, Colin	Professional misconduct: receiving trust money while not authorised to do so; depositing trust money directly into an office account; failure to keep any trust records received by the law practice; failure to pay trust money without any reasonable excuse.	Professional misconduct	06/02/2013 - Reprimanded. Prohibited from obtaining local and interstate PC authorising to receive trust money for a period of 12 months from the date of order; Respondent must not knowingly receive or hold trust money; Pay three quarters of the LSC costs on the County Court Scale to be taxed by Costs Court in default of agreement. Respondent gave undertaking to Tribunal authorising LSC and Board to seek information in writing or otherwise from a treating doctor to confirm regular attendance at appointments and compliance with medication and treatment as prescribed until 6 August 2014; yearly health and treatment status; for a period of 12 months commencing from date of order not to apply for PC in any Australian jurisdiction that would authorise receipt of trust money.
11	J91/2012	28/06/2012	11/10/2012; 20/12/2012	McGREGOR, William	Professional misconduct: causing a deficiency in the trust account; acting dishonestly by encouraging and assisting client to make misrepresentations to the State Revenue Office.	Professional misconduct	19/11/2012 & 20/12/2012 - Reprimanded. Fined \$2,000.00; Undertake a half day further legal education course in trust accounts as directed by LSC; Pay LSC costs fixed at \$13,944.50.
12	J108/2012	16/08/2012	13/03/2013; 18/04/2013	POWELL, John	Misconduct at common law: disgraceful and dishonourable conduct in handling claim; substantial and consistent failure to reach and maintain a reasonable standard of competence and diligence.	Professional misconduct	13/03/2013 & 18 April 2013 - Reprimanded. PC suspended from 31/05/2013 to 30/11/2013. Respondent to pay client \$2500 on or before 15/04/2013. Pay LSC costs on the County Court scale of costs.

No.	VCAT ref.	Date application made	Hearing dates	Lawyer	Charges	VCAT findings	Date and orders made
13	J116/2012	17/08/2012	21/01/2012	BARRETT, John	Professional misconduct- charging of contingency fees (x4); failed to make costs disclosure of all information required in writing.	Professional misconduct; Unsatisfactory professional misconduct	23/11/2012 - Reprimanded. Fined \$5000 and pay LSC costs fixed at \$5000.
14	J117/2012	17/08/2012	15/03/2013	BURGESS, Andrew	Professional misconduct: failure to use best endeavours to complete legal work as soon as possible; failure to communicate effectively and promptly (x2); Wilful or reckless failure to comply with an undertaking given to the LSC.	Professional misconduct	28/03/2013 - Reprimanded. Pay LSC costs fixed at \$11,000. Until further order only party to the proceeding or their legal representative may inspect the VCAT file. Orders 10 and 11 were appealed by the Respondent. Refer to Table 35.
15	J114/2012	22/08/2012	29/01/2013	NGUYEN, Andrew	Professional misconduct - unqualified legal practice (x 14); providing false statements to a judge constituting VCAT that he was not currently practising as a lawyer and had applied for a PC when he had not done so (x 4).	Professional misconduct	25/03/2013 - No PC to be granted before 1/04/2019; Tribunal recommends to the Supreme Court that the Respondent's name be removed from the local roll of practitioners; Pay LSC costs on the County Court scale, to be assessed by the Costs Court if not agreed.
16	J178/2012	23/11/2012	6/05/2013	KHAN, Sapna	Professional misconduct: conflict of interest by ; failure to obtain written acknowledgement and agreement; failure to fully inform each party in writing concerning the potential disadvantages of acting for both; improper disclosure of information to a third party.	Professional misconduct	06/05/2013 - Reprimanded. Fined \$1,000.00; undertake course for additional five CPD hours divided between Ethics and Legal Practice Management within 12 months; Mentor to be appointed to attend the law practice at least half a day per fortnight for minimum of six months; Pay LSC costs fixed at \$6,206.00.
17	J118/2012	03/12/2012	15/03/2013	BURGESS, Andrew	Professional misconduct: failure to provide full written explanation of conduct to the LSC regarding a disciplinary complaint.	Professional misconduct	28/03/2013 - Reprimanded. Pay LSC costs fixed at \$11,000. Until further order only party to the proceeding or their legal representative may inspect the VCAT file. Orders 10 and 11 were appealed by the Respondent. Refer to Table 35.
18	J180/2012	05/12/2012	26/03/2013	RALLIS, Elias	Professional misconduct: failure to comply with the undertaking made to the LSC; failure to provide full written explanation of not complying with the undertaking.	Professional misconduct	2/04/2013 - Reprimanded. PC not to be granted before 2/7/2013. Prohibited from practice for a period of three months up to and including 1/07/2013. Pay LSC costs fixed at \$3945.30.
19	J179/2012	6/12/2012	7/6/2013	McAULEY, Margaret	Professional misconduct: failed to comply with an order of VCAT made on 23/01/2012.	Professional misconduct	7/6/2013 - Fined \$5,000. Engage services of supervisor to supervise the law practice at own expense; at least once a month over period of 12 months from the date of the order supervisor to report to LSC. Pay LSC costs fixed at \$10,385.30
20	J19/2013	18/01/2013	25/06/2013	KAINE, Timothy	Professional misconduct - in breach of the undertaking given to another lawyer (X2).	Professional misconduct	28/06/2013 - Reprimanded. Fined \$10,000; complete one point of CPD in Ethics prior to April 2014 in addition to mandatory CPD; Pay LSC costs fixed at \$12,000.
21	J24/2013	30/01/2013	15/03/2013	BURGESS, Andrew	Professional misconduct: failure to provide full written explanation of conduct to the LSC regarding a disciplinary complaint.	Professional misconduct;	28/03/2013 - Reprimanded. Pay LSC costs fixed at \$11,000. Until further order only party to the proceeding or their legal representative may inspect the VCAT file. Orders 10 and 11 were appealed by the Respondent. Refer to Table 35.
22	J45/2013	07/03/2013	27/06/2013	THALAKADA, Lalith	Misconduct at common law: making a false statement; making a false statement to a fellow lawyer.	Misconduct at common law	27/06/2013 - Fined \$5,000; Pay LSC costs fixed at \$6,574.
23	J158/2012	03/05/2013	2/05/2013	SIMON, Paul	Professional misconduct: making an undertaking involving a third party, who was not a party to the undertaking and whose co-operation could not be guaranteed (x2).	Professional misconduct	14/05/2013 - Reprimanded; undertake courses for 3 CPD units in ethics approved by LSC. Proof of completion must be provided. Pay LSC costs to be agreed or assessed on County Court scale by Costs Court.

**Table 34: Disciplinary applications to VCAT, where application is awaiting hearing and/or determination as at 30 June 2013**

No.	Date application made	Type of charges	Status
1	1/02/2011	Professional misconduct: failure to lodge a genuine document - creating and lodging a false document; failure to pay an amount to State Revenue Office for stamp duty, instead using amount for own use and benefit.	Listed for an administrative mention on 25/07/2013
2	1/02/2011	Professional misconduct: failure to lodge a genuine document - creating and lodging a false document; failure to pay an amount to State Revenue Office for stamp duty (x3).	Listed for an administrative mention on 25/07/2013
3	16/12/2011	Professional misconduct: intentionally and recklessly attempted or did mislead or deceive (x4); charging for professional fees on a basis other than on the basis which was contracted; contravening the Act or the Regulations or both; charging excessive legal costs in connection with the practice of the law.	Hearing listed for 1/10/ 2013
4	16/12/2011	Professional misconduct: intentionally and recklessly breaching fiduciary duties; contravening the Act or Regulations or both (x5); charging excessive legal costs in connection with the practice of law; misappropriated and failed to account for trust money.	Hearing listed for 1/10/ 2013
5	23/12/2011	Professional misconduct: allowed the name of firm to be used by a debt collection agency in a manner likely to mislead the public (x2); permitting or assisting an employee of a debt collection agency who was not an Australian legal practitioner to engage in legal practice; failed to provide costs disclosure in writing to the client; failed to maintain direct control and supervision of proceedings (x2).	Awaiting decision
6	23/12/2011	Professional misconduct: intentionally and recklessly attempted or did mislead or deceive (x4); charging excessive legal costs in connection with the practice of law (x 2).	Hearing listed for 1/10/ 2013
7	23/12/2011	Professional misconduct: intentionally and recklessly attempted or did mislead or deceive (x3); charging for professional fees on a basis other than on the basis which was contracted; charging excessive legal costs in connection with the practice of law.	Hearing listed for 1/10/ 2013
8	23/12/2011	Professional misconduct: intentionally and recklessly attempted or did mislead or deceive (x2); charged for professional fees on a basis other than on the basis which was contracted; failure to provide an itemised bill when requested; charging excessive legal costs in connection with the practice of law.	Hearing listed for 1/10/ 2013
9	4/01/2012	Professional misconduct: intentionally or recklessly attempting to or did mislead or deceive (x3); failure to provide an itemised bill when requested; charging for professional fees on a basis other than basis on which contracted; charging excessive legal costs in connection with the practice of law.	Hearing listed for 1/10/ 2013
10	11/01/2012	Professional misconduct: charging excessive legal costs in connection with the practice of law; contravening the Act or the Regulations or both; charging for professional fees on a basis other than the basis on which contracted; sought approval to appropriate from the trust account in circumstances where all relevant information had not been disclosed; sought to obtain authorisation to pay money from the trust account on account of costs of litigation in circumstances where the entitlement to do so was a live issue before the court on which judgement was reserved.	Hearing listed for 1/10/ 2013
11	10/05/2012	Professional misconduct: misrepresenting the amount of charges for services; taking Executor's commission without authorisation; taking executor's commission when already charged the estate for executorial work; failure to make full disclosure when seeking consent to Executor's commission (x4).	Hearing listed for 1/07/2013
12	20/08/2012	Professional misconduct: sent notices to debtors which made representations to the debtor named which the Respondent knew or reasonably believed to be untrue (x2); sent notices to debtors which made statements calculated to mislead or intimidate the debtor named in the notice and which grossly exceeded the legitimate assertion of the rights or entitlements of her clients (x3).	Awaiting decision
13	30/08/2012	Professional misconduct: allowed the name of the firm to be used by a debt collection agency in a manner likely to mislead the public; permitted or assisted employee of debt collection agency who was not an Australian legal practitioner to draw and settle a complaint and commence proceedings in the Magistrates' Court; failed to maintain direct control and supervision of proceedings; failed to maintain direct control and supervision over the correspondence and communication with the client and debtor to which the lawyer purported to be a party; permitted the firm name to be used by a debt collection agency in a manner which was misleading or deceptive and falsely represented the law entitlements of the firm's clients.	Awaiting decision
14	26/09/2012	Professional misconduct: income tax returns not lodged for each financial year from 1 July 1989 to 30 June 2001 and 1 July 2001 to 30 June 2005, failure to disclose income earned in professional practice as a lawyer, failure to make provision for and to pay at all or on time income tax on income earned in legal practice; failure to disclose on time to make provision for and to pay GST on payments and to pay PAYG tax withheld; failure to make on time superannuation contributions for the employees of the legal practice; failure to lodge on time superannuation guarantee statements for the employees; failure to make provision for and pay superannuation contributions or assessed superannuation guarantee charges for the employees (x2).	Awaiting hearing date
15	28/09/2012	Professional misconduct: failure to use the best endeavours to effect a transfer of a property; failure to communicate effectively and promptly with clients concerning the transfer; failure to ascertain from the clients whether they had terminated retainer to effect a transfer.	Listed for an administrative mention on 3/07/ 2013
16	30/10/2012	Professional misconduct: failure to return documents when requested after retainer having been completed or terminated; engaged in substantial and consistent failure to reach or maintain a reasonable standard of competence and diligence.	Hearing listed for 14/08/2013 and 15/08/2013

No.	Date application made	Type of charges	Status
17	2/10/2012	Professional misconduct: conducted negotiations for the settlement of a civil proceeding and agreed a settlement of that proceeding on behalf of a client with an essential term of the settlement being the withdrawal of a disciplinary complaint about the Respondent; failed to make out trust receipts; failed to keep a separate trust account ledger; failed to carry out monthly reconciliation of trust records; failed to furnish trust account statement; failed to produce documents in response to written request by LIV and failed to produce statutory declaration in response to written request by LSC during the course of investigation; caused a deficiency in trust account without reasonable excuse; making threat by sending letter, by telephone and in person; repeatedly proposed settlement of Taxation proceeding and related claims by making various offers expressed to be conditional upon or subject to withdrawal of one or more disciplinary complaints; persistently failed to comply with Court orders and repeatedly failed to appear or to arrange for another practitioner to appear at listed hearings; failed to include written statement in bills sent to a client; failed to make costs disclosure; drawing and sending bills that gave rise to gross overcharging (x 3); Unsatisfactory professional conduct - advertising as "specialist lawyer" when not in fact an accredited specialist; falsely advertising as "registered migration agent" when not so registered.	Hearing listed for 3/10/2013 and 4/10/2013
18	19/10/2012	Professional misconduct: law practice received trust monies without the principal of the firm holding PC to authorise receipt of trust money (x5); failure to issue receipt for cash monies received (x3); failure to provide LSC with documents, records and explanation relevant to investigation into a complaint.	Hearing listed for 18/07/2013 and 19/07/2013
19	6/12/2012	Professional misconduct: failure to comply with an order of VCAT	Awaiting decision
20	21/12/2012	Professional misconduct: failed to pay or deliver trust money despite requests from client; received trust moneys and upon termination of the retainer and did not know whom to pay funds to; Unsatisfactory professional conduct: failed to use best endeavours to complete legal work as soon as reasonably possible; failed to communicate effectively and promptly with the clients; failed to respond to requests for documents from the clients.	Hearing listed for 14/08/2013 and 15/08/2013
21	21/12/2012	Professional misconduct: disbursing the monies held in trust without clients knowledge, authority, consent or direction, purporting to pay the client when there were insufficient funds in the office or trust account; failure to make payment of third party fees incurred in ordinary course of voiding legal services; specifically requesting the funds and failing to remit; failure to hold trust money deposited in a general trust account of the practice (x2); deficiency in the trust ledger account for a certain period of time; failure to pay or deliver trust money (x2); irregularity in the trust account records and failure to notify LSB (x2).	Hearing listed for 25/07/ 2013
22	3/01/2013	Professional misconduct: failure to communicate and neglect of the assets of the estates involved a substantial or consistent failure to reach or maintain a reasonable standard of competence and diligence; Unsatisfactory professional conduct: file management fell short of the standard of competence and diligence that a member of public is entitled to expect of a reasonably competent lawyer.	Hearing listed for 15/07/2013
23	25/01/2013	Professional misconduct (x79); Unsatisfactory professional conduct (x7) arising from: <ul style="list-style-type: none"> <li>• Costs &amp; Billing disclosure (including failure to provide cost disclosure, breach of Act regarding conditional costs agreement, failure to disclose legal costs before settlement and failure to provide required information with bills)</li> <li>• Excessive charging</li> <li>• no itemised bill within 21 days</li> <li>• Refusal and failure to act on instructions</li> <li>• Trust monies (including deficiency, failure to account to client; withdrawal of costs from trust in non-compliance with Act and Regulations, failure to deposit trust money into trust account)</li> <li>• Misleading Commissioner</li> <li>• Breach of retainer</li> <li>• Threatening or substituting greater bill</li> <li>• Lack of honesty and significant errors</li> <li>• Failure to act in best interests of client</li> <li>• Failure to properly advise</li> <li>• Undue and improper pressure</li> <li>• Failed to communicate effectively and promptly.</li> </ul>	Hearing listed for 4/11/ 2013
24	30/01/2013	Professional misconduct: failure to provide itemised bill of costs within 21 days; purported to charge for the preparation of the itemised bill of costs; filed the third party notice in the proceeding in breach of the order and without taking adequate steps to ascertain whether such conduct would breach the order.	Hearing listed for 12/07/2013
25	6/02/2013	Professional misconduct: failure to provide further information regarding the disciplinary complaint.	Hearing listed for 14/08/2013 and 15/08/2013
26	7/02/2013	Professional misconduct: did not use best endeavours to complete legal work; failure to finalise the administration of the estate; failure to communicate effectively and promptly (x2); failure to furnish trust account statements.	Hearing listed for 14/08/2013 and 15/08/2013
27	28/02/2013	Professional misconduct: charged executor's commission in circumstances where there was no entitlement to do so.	Hearing listed for 7/08/2013 and 8/8/2013
28	15/03/2013	Unsatisfactory professional conduct: failure to take all reasonable care in communications with other lawyers by using offensive or provocative language or conduct (x2).	Hearing listed for 16/10/2013
29	20/03/2013	Professional misconduct: dealt directly with an opponent's client being a minor without consent (x2).	Hearing listed for 31/07/2013
30	22/03/2013	Professional misconduct: failed to use best endeavours to file and serve amended initiating application, affidavits, summary of case or take steps to procure assistance of any expert to assist client's case; failed to communicate effectively and promptly with client; misleading the LSC.	Hearing listed for 9 /09/ 2013

No.	Date application made	Type of charges	Status
31	15/04/2013	Professional misconduct: failed to pay and deliver monies to client (x2); caused disbursement of monies without authorisation from client; failed to adequately explain to client basis for charging legal costs; failed to provide documents, records and an explanation to the LSC (x3); failed to respond on behalf of client to a request for information; failed to pay trust money into a general trust account as soon as practicable; caused a deficiency in a general trust account without reasonable excuse; mixed trust money with other money; failed to furnish trust account statement to client; represented an entitlement to engage in legal practice at a time when not entitled to practice; failed to furnish income tax returns to the Deputy Commissioner of Taxation; failed to lodge GST returns; failed to comply with orders of the Magistrates' Court to furnish income tax returns; failed to notify the Board that found guilty of tax offences; failed to provide a written statement to the Board; made a false declaration in application for renewal of PC (x3).	Hearing listed for 26 /07/ 2013
32	16/04/2013	Professional misconduct: making statutory declarations which contained false declarations and creating CVs which recorded a false and/or inconsistent employment history; Unsatisfactory professional conduct: failure to notify Board about the changes of the law practice.	Hearing listed for 26 /07/ 2013
33	14/05/2013	Professional misconduct: failure to provide any of the information or documents sought by the LSC; obtained Executor's commission without permission; alternatively professional misconduct; withdrew money from trust account thereby creating a deficiency; withheld making a final distribution for the purpose of attempting to place pressure on beneficiary to accede.	Hearing listed for 18 /10/2013
34	12/06/2013	Professional misconduct: retained the deposit without any proper basis to do so; failed to comply at the required or any time to provide further information to the LSC.	Listed for Directions hearing on 2 /08/ 2013
35	28/06/2013	Professional misconduct: received trust money without appropriate PC; upon termination of the engagement refused to give documents to the former clients and/or caused unreasonable delay	Listed for Directions hearing 9 /08/ 2013
36	28/06/2013	Professional misconduct: failure to maintain a general trust account; failure to notify the Board the account details; failure to properly administer, maintain and report on trust account; failure to lodge trust money in the account (x8); caused a deficiency in the trust account (x7); failure to keep a trust account ledger (x11); mixed trust money with other money (x3); borrowed money from the client; misappropriated trust monies for personal purposes (x2); did not hold trust monies deposited into a general trust account of the practice exclusively for the clients; failure to prepare and deliver an approved external examiner to examine the trust records of the practice and the Board.	Listed for Directions hearing 9 /08/ 2013
37	28/06/2013	Professional misconduct: substantial failure to reach or maintain a reasonable standard of competence and diligence; alternatively Unsatisfactory professional conduct.	Listed for Directions hearing 9 /08/ 2013
38	28/06/2013	Professional misconduct: failure to complete legal work; failure to communicate effectively and promptly; failure to attend hearing and to explain the non-attendance; failure to make a disclosure; failure to provide an itemised account when requested to do so; failure to receipt trust money received; failure to furnish trust account statements; failure to provide refund of money held in trust (x2) ; further and in the alternative unsatisfactory professional conduct (x3); further and in the alternative misconduct at common law in that not a fit and proper person to engage in legal practice in breach of s31(1) of the <i>Legal Aid Act 1978</i> (Vic).	Listed for Directions hearing 9 /08/ 2013

**Table 35: Re-hearing applications to VCAT in 2012-13**

No.	Date application made	Type of charges	Status
1	13/01/2013	Professional misconduct: in that (i) signed as an agent of a client but did not indicate that the client had not signed it themselves; and (ii) witnessed guarantor's signature in the knowledge that the person who signed it was not the person named.	Hearing listed for 1/07/2013

**Table 36: Appeals heard and determined at Supreme Court in 2012-13**

No.	Date of application	Hearing dates	Name of lawyer	Appealed grounds	Order made at Supreme Court
1	18/06/2012	22/06/2012; 25/09/2012	BRONDOLINO, Rose-Mary	By agreement between the parties the application is amended: Misconduct at common law: sending facsimiles on the law practice letterhead and thereby making representations; failure to correct the representations in circumstances where the Respondent believed they were false or materially misleading as to the true position; making threat during the course of the telephone call; Unsatisfactory professional conduct: failure to take reasonable care to avoid provocative language or conduct in dealings with another practitioner.	4/12/2012 - Application for leave to appeal refused. Originating motion filed 18 June 2012 dismissed. Applicant to pay the LSC's costs of the hearing, including reserved costs.
2	24/04/2013	14/06/2013	BURGESS, Andrew	Orders 10 and 11 made by the Tribunal on 28 March 2013 were appealed by the Respondent	14/06/2013 - Application for leave to appeal is allowed. Appeal is treated as instituted and heard and is allowed. Orders 10 and 11 made by the Tribunal on 28/03/2013 are set aside and in lieu thereof it is ordered that any PC of the Respondent shall include an additional condition to practise as employee solicitor for a period of 21 months, before being eligible for a full PC; LSC pay the Respondent costs of appeal.

**Table 37: Cases on appeal to the Supreme Court**

No.	Date VCAT orders were made	Date of application	Name of lawyer	Status as at 30 June 2013
1	28/03/2012	24/04/2012	STIRLING, Mathew	Application by practitioner to the Court of Appeal for leave to appeal. Listed for hearing on 17 September 2013

**Table 38: Appeal to the Supreme Court - remitted to and determined at VCAT in 2012-13**

No.	Date of application	Hearing date(s)	Name of lawyer	Type of charges	Findings	Order made at Supreme Court and VCAT
1	31/10/2012	17/02/2012 (VCAT); 23/07/2012 (Supreme Court); 27/03/2013 (VCAT)	TURNER, Nigel Mark	Professional misconduct: not a fit and proper person to engage in legal practice being convicted for tax offences for failure to lodge income tax returns on time; non-compliance with an order of the Magistrates' Court; failure to lodge BAS returns; becoming an insolvent under administration pursuant to an insolvency agreement under Part X of the <i>Bankruptcy Act 1966</i> (Cth) - failure to disclose on time income earned in professional practice as barrister; failure to make provision for and to pay on time income tax; failure to make provision for an to pay GST on payments.	Professional misconduct	VCAT Order made 02/04/2012; Appeal heard in Supreme Court 23/07/2012. Matter was remitted to VCAT for re-hearing. Previous VCAT order was affirmed: Reprimanded. Fined \$5,000. Respondent to advise LSB of the discharge of bankruptcy within seven days; PC is subject to the condition: should inform the Commissioner in writing of any failure to comply with taxation obligations within seven days of such failure; LSC costs fixed at \$8,233.76



# Financial statements for the financial year ended 30 June 2013

Legal Services Board and Legal Services Commissioner  
Directors' report 30 June 2013

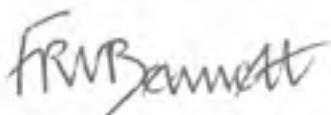
## Accountable officers' and chief finance and accounting officer's declaration

The attached financial statements for the Legal Services Board and Legal Services Commissioner have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994* (FMA), applicable Financial Reporting Directions, Australian Accounting Standards, including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2013 and financial position of the Legal Services Board and Legal Services Commissioner at 30 June 2013.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial report to be misleading or inaccurate.

We authorise the attached financial statements for issue on the 19 September 2013.



F Bennett  
Chairperson, Legal Services Board  
Melbourne  
19 September 2013



M McGarvie  
CEO, Legal Services Board  
Legal Services Commissioner  
Melbourne  
19 September 2013



J Ireson  
Chief Finance and Accounting Officer  
Legal Services Board and Legal Services Commissioner  
Melbourne  
19 September 2013

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This financial report covers the Legal Services Board and Legal Services Commissioner (Board and Commissioner) as composite entities and is presented in Australian currency.

The Board and Commissioner are not-for-profit government agencies of the state of Victoria. The Board and Commissioner are established pursuant to the *Legal Profession Act 2004* (the Act). The principal addresses are:

### Legal Services Board

Level 10, 330 Collins Street Melbourne

### Legal Services Commissioner

Level 9, 330 Collins Street Melbourne

A description of the nature of the operations of the Board and Commissioner and their principal activities is included in the report of operations on pages 16 to 46 which does not form part of this financial report.

For queries in relation to the Board or Commissioner's reporting, contact:

### Legal Services Board

03 9679 8000 or email: [admin@lsb.vic.gov.au](mailto:admin@lsb.vic.gov.au)

### Legal Services Commissioner

1300 796 344 or email: [admin@lsc.vic.gov.au](mailto:admin@lsc.vic.gov.au)

## COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 \$'000	2012 \$'000
<b>Income from transactions</b>			
Interest and dividends	3(a)	55,628	62,228
Other income	3(b)	8,529	8,449
<b>Total income from transactions</b>		<b>64,157</b>	<b>70,677</b>
<b>Expenses from transactions</b>			
Employee benefits expense		(8,249)	(8,193)
Grants and other payments	4(a)	(36,731)	(37,688)
Payments to service providers	4(b)	(5,597)	(5,627)
Fidelity fund claim/costs and administration expenses	4(c)	(1,018)	(998)
Depreciation and amortisation expense	4(d)	(709)	(897)
Board and committee members fees	4(e), 23	(245)	(281)
Consultants and legal expenses	4(f)	(2,667)	(2,803)
Other operating expenses	4(g)	(4,717)	(3,651)
<b>Total expenses from transactions</b>		<b>(59,933)</b>	<b>(60,138)</b>
<b>Net result from transactions</b>		<b>4,224</b>	<b>10,539</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on financial instruments		17,842	(3,355)
Net gain/(loss) on non-financial assets		-	(280)
Other gain/(loss) from other economic flows		(1,567)	(2,549)
<b>Total other economic flows included in net result</b>	5	<b>16,275</b>	<b>(6,184)</b>
<b>Net result</b>		<b>20,499</b>	<b>4,355</b>
<b>Other economic flows - other comprehensive income</b>		-	-
<b>Comprehensive result</b>		<b>20,499</b>	<b>4,355</b>

The above comprehensive operating statement should be read in conjunction with the accompanying notes.

## BALANCE SHEET AS AT 30 JUNE 2013

	Notes	2013 \$'000	2012* \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6(a), 20	333,874	398,194
Receivables	7, 20	5,467	3,660
Investments and other financial assets	8	361,928	216,938
<b>Total financial assets</b>		<b>701,269</b>	<b>618,792</b>
<b>Non-financial assets</b>			
Plant and equipment	9	791	920
Intangible assets	10	1,054	975
Prepayments		118	104
<b>Total non-financial assets</b>		<b>1,963</b>	<b>1,999</b>
<b>Total assets</b>		<b>703,232</b>	<b>620,791</b>
<b>Liabilities</b>			
Payables	11, 20	5,038	6,275
Borrowings	12	23	44
Provisions	13	16,864	15,078
Income received in advance	15	7,788	7,352
Statutory deposit account balances	17, 20	524,717	463,739
<b>Total liabilities</b>		<b>554,430</b>	<b>492,488</b>
<b>Net assets</b>		<b>148,802</b>	<b>128,303</b>
<b>Equity</b>			
Contributed equity		29	29
Accumulated surplus		148,773	128,274
Capital and reserves attributable to owners of Legal Services Board and Legal Services Commissioner		148,802	128,303
<b>Net worth</b>		<b>148,802</b>	<b>128,303</b>

\*The comparative information has been re-presented to reflect the composite reporting entity – refer to Note 1 for more detail. The above balance sheet should be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Contributed equity \$'000	Accumulated surplus \$'000	Total equity \$'000
<b>Balance at 1 July 2011</b>	29		123,919	123,948
<b>Total comprehensive income for the year</b>		-	4,355	4,355
<b>Balance at 30 June 2012</b>		29	128,274	128,303
<b>Balance at 1 July 2012</b>	29		128,274	128,303
<b>Total comprehensive income for the year</b>		-	20,499	20,499
<b>Balance at 30 June 2013</b>		29	148,773	148,802

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 \$'000	2012 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from practising certificate fees and Fidelity Fund contributions		8,438	7,758
Other income		398	279
Interest received		52,293	63,065
Goods and Services Tax recovered from ATO		1,338	1,521
<b>Total receipts</b>		<b>62,467</b>	<b>72,623</b>
<b>Payments</b>			
Payments to Fidelity Fund claims, suppliers and employees		(21,976)	(22,047)
Payments of grants		(37,961)	(38,402)
<b>Total payments</b>		<b>(59,937)</b>	<b>(60,449)</b>
<b>Net cash flows from/(used in) operating activities</b>	6(b)	<b>2,530</b>	<b>12,174</b>
<b>Cash flows from investing activities</b>			
Payments for non-financial assets	9	(204)	(268)
Payments for intangible assets	10	(456)	(163)
Payments for investments and other financial assets		(127,146)	(10,969)
<b>Net cash flows from/(used in) investing activities</b>		<b>(127,806)</b>	<b>(11,400)</b>
<b>Cash flows from financing activities</b>			
Repayments of finance leases		(21)	(21)
Deposits into statutory deposit accounts by solicitors		469,737	379,015
Withdrawal from statutory deposit accounts by solicitors		(408,760)	(419,641)
<b>Net cash flows from/(used in) financing activities</b>		<b>60,956</b>	<b>(40,647)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(64,320)</b>	<b>(39,873)</b>
Cash and cash equivalents at the beginning of the financial year		398,194	438,067
<b>Cash and cash equivalents at end of year</b>		<b>333,874</b>	<b>398,194</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the financial statements

## 1 Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for the Board and Commissioner for the period ending 30 June 2013.

The purpose of the report is to provide users with information about the Board and Commissioner's stewardship of resources entrusted to them.

### (A) STATEMENT OF COMPLIANCE

These general purpose financial statements have been prepared in accordance with the FMA and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Where appropriate, those paragraphs of the AASs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in note 28.

These annual financial statements were authorised by the Chairperson of the Board, for the Board, and the Legal Services Commissioner, for the Commissioner, being the responsible officers, of the Board and the Commissioner on 19 September 2013.

### (B) BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and

assumptions made by management in the application of the AASs that have significant effect on the financial statements and estimates relate to:

- the fair value of plant and equipment (refer note 1(j));
- superannuation expense (refer note 1(f));
- actuarial assumption for Fidelity Fund claims based on claims lodged, estimates for claims not yet lodged, allowances for non-client claims and large claims dispute settlements and future discount rates (refer note 1(k)); and
- actuarial assumption for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer note 1(k)).

These financial statements are presented in Australian dollars and prepared in accordance with the historical cost convention except for:

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
- the Fidelity Fund claims provision that is calculated with regard to actuarial assessments and employee long service leave provisions.
- available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised.

Following the Minister for Finance making a determination pursuant to section 53(1)(b) of the FMA on 25 May 2013, these accounts have been prepared on a composite accounts basis comprising the accounts of Legal Services Board and the Legal Services Commissioner.

Where disclosures have been changed comparatives have been realigned.

### (C) REPORTING ENTITY

Pursuant to Section 53(1)(b) of the FMA, the Minister for Finance made a determination allowing the Board and the Commissioner to prepare a composite financial report for the year ended 30 June 2013 and beyond. The composite report presents an aggregation of the transactions and balances of the two entities as a single reporting entity with all inter-group transactions eliminated. Comparative financial information disclosed in this financial report has also been re-presented to reflect the composite reporting entity. Additional disclosure has been included in the notes to the financial statements for the Public Purpose Fund, Legal Practitioners Fidelity Fund and the Legal Services Commissioner.

Both the Board and the Commissioner commenced on 12 December 2005 following the proclamation of the Act. Their principal addresses are:

#### **Legal Services Board**

Level 10, 330 Collins Street Melbourne VIC 3000

#### **Legal Services Commissioner**

Level 9, 330 Collins Street Melbourne VIC 3000

## (D) SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

### Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of financial statements.

'Transactions' and 'other economic flows' are defined by the Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005 and Amendments to Australian Government Finance Statistics, 2005 (ABS Cat. No. 5514.0). (the GFS manual, refer to note 28).

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

'Other economic flows' are changes arising from market remeasurements. They include:

- gains or losses from disposals;
- revaluations and impairments of non-financial physical and intangible assets;
- actuarial gains and losses;
- fair value changes of financial assets.

The net result is equivalent to profit or loss derived in accordance with AASs.

### Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

### Cash flow statement

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included in current borrowings on the balance sheet.

### Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period.

### Rounding

Amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated. Please refer to the end of Note 28 for a style convention explaining that minor discrepancies in totals of tables are due to rounding.

## (E) INCOME FROM TRANSACTIONS

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value.

### Interest and dividend income

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of discounts on financial assets.

Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported as part of income from other economic flows in the net result or as unrealised gains or losses taken directly to equity forming part of the total change in net worth in the comprehensive result.

### Practising certificate fees

Practising certificate fees are prescribed by regulation under the Act. The fees are payable by practitioners in order to engage in legal practice.

Practising certificates for the financial year 1 July 2013 to 30 June 2014 are required by legislation to be paid and issued prior to 30 June 2013. Income from such practising certificates has been accounted for as income received in advance.

### Fidelity Fund contributions

Pursuant to section 6.7.25(1) of the Act fidelity fund contributions are determined by the Board. The contributions for the financial year 1 July 2013 to 30 June 2014 are payable at the same time as the practising certificate fees and accounted for in the same way i.e. treated as income received in advance.

### Fidelity Fund recoveries

Fidelity Fund recoveries are received by the Board as a result of the exercise of a right and remedy. The recoveries are recognised when received.

All income received by the Board is generally required to be paid into the Public Purpose Fund with the exception of the Fidelity Fund contributions which are paid into the Legal Practitioners Fidelity Fund.

Dividend income is recognised when the right to receive payment is established.

### Income from fines and cost order recoveries

The Board receives income from fines and the Commissioner receives income from recovery of costs orders.

Fines and cost orders granted are recognised when the amount of revenue from the fines or cost orders can be measured reliably and the settlement date is determined or agreed and it is probable that the economic benefits associated with the transaction will flow to the Board or the Commissioner.

# 1 Summary of significant accounting policies (continued)

## (F) EXPENSES FROM TRANSACTIONS

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

### Employee expenses

Refer to note 1(k) regarding employee benefits.

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

### Superannuation

The amount recognised in the comprehensive operating statement is the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

The Department of Treasury and Finance (DTF) in their annual Financial Statements, disclose on behalf of the State as sponsoring employer, the net defined benefit cost related to members of these plans as an administered liability. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

### Depreciation and amortisation expense

All plant and equipment and other non-financial physical assets, with cost values exceeding \$5,000, that have finite useful lives are depreciated. Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Refer to note 1(j) for the depreciation policy for leasehold improvements.

The Board and the Commissioner have adopted a policy of only capitalising both physical and intangible assets with a cost exceeding \$5,000. All assets with a value of \$5,000 or less are expensed on acquisition.

The following are estimated useful lives for the different asset classes for current and prior years:

	2013	2012
Leasehold improvements <sup>#</sup>	10 years	10 years
Office equipment	5 to 10 years	5 to 10 years
Office furniture	5 to 10 years	5 to 10 years
Computer equipment	3 to 5 years	3 to 5 years
Motor Vehicles	3 years	3 years
Intangible assets (computer software)	5 years	5 years

<sup>#</sup>Leasehold improvements capitalised as an asset are depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

Intangible produced assets with finite useful lives are depreciated as an expense from transactions on a systematic (straight-line) basis over the asset's useful life. Depreciation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

### Board members fees

The amount charged to the comprehensive operating statement in respect of board members fees represents fees set by the Governor-in-Council.

### Grants and other payments

Grants and other payments to third parties (other than contributions to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals and other transfer payments made to State owned agencies and community groups. Refer to Glossary of terms and style conventions in note 28 for an explanation of grants and other transfers.

### Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

### Supplies and services

Supplies and services costs which are recognised as an expense in the reporting period in which they are incurred.

### Bad and doubtful debts

Refer to note 1(i) Impairment of financial assets.

### Recharges of services between the Board and the Commissioner

Where expenses for costs such as occupancy, depreciation and other relevant operating costs have been incurred in the normal course of operations by either the Board or Commissioner, on behalf of the other, these costs have been apportioned and expenses recovered.

Under section 6.4.1 of the Act, staff supporting the activities of the Board are classified as employees of the Commissioner, who employs all staff under Part 3 of the *Public Administration Act 2004*.

The Commissioner recharges staff costs to the Board for those staff undertaking Board functions.

For consolidation purposes all inter-company expenses and associated recoveries have been eliminated.



## (G) OTHER ECONOMIC FLOWS INCLUDED IN THE NET RESULT

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

### **Net gain/(loss) on non-financial assets**

Net gain/(loss) on non financial assets and liabilities includes realised and unrealised gains and losses as follows:

#### *Revaluation gains/(losses) of non-financial physical assets*

Refer to Note 1(j) Revaluations of non-financial physical assets.

#### *Disposal of non financial assets*

Any gain or loss on the disposal of non financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

#### *Amortisation of non produced intangible assets*

Intangible non produced assets with finite lives are amortised as an other economic flow on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

#### *Impairment of non financial assets*

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (as described below) and whenever there is an indication that the asset may be impaired.

All other assets are assessed annually for indications of impairment.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an "other economic flow", except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. The recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

### **Net gain/(loss) on financial instruments**

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets.

#### *Revaluations of financial instruments at fair value*

Refer to note 1(h) Financial instruments.

#### *Fidelity Fund claims cost and movement in provisions*

Fidelity Fund claims costs include capital and interest claims paid, the movement in the outstanding claims liability and costs associated with the administration of the fidelity fund.

Details relating to the Fidelity Fund provisions are reported in note 1(k) Provisions - Fidelity Fund.

#### *Other gains/(losses) from other economic flows*

Other gains/(losses) from other economic flows include:

- the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- the gains or losses from the transfer of amounts from the reserves and/or accumulated surplus to net result due to disposal or derecognition or reclassification.

# 1 Summary of significant accounting policies (continued)

## (H) FINANCIAL INSTRUMENTS

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Board's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

### Categories of non-derivative financial instruments

#### Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to note 1(i)), term deposits with maturity greater than three months, trade receivables and other receivables.

#### Financial assets and liabilities at fair value through profit and loss

Financial assets are categorised at fair value through profit or loss at trade date if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed by the entity concerned based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.

Financial instruments at fair value through profit or loss are initially measured at fair value and attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows. Any dividend or interest on a financial asset is recognised in the net result from transactions.

#### Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all payables, deposits held and interest-bearing arrangements other than those designated at fair value through profit or loss.

## (I) FINANCIAL ASSETS

### Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

### Receivables

Receivables consist of:

- contractual receivables, such as debtors in relation to goods and services and accrued investment income; and
- statutory receivables, such as amounts owing for GST input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as loans and receivables for recognition and measurement. Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified (refer to note 1(i) Impairment of financial assets).

### Investments and other financial assets

Investments are classified in the following categories:

- financial assets at fair value through profit or loss; and
- receivables.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on the financial asset is recognised in the comprehensive operating statement as a transaction.

## Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the assets have expired; or
- the Board and Commissioner retain the right to receive cash flows from the asset, but have assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Board and the Commissioner have transferred their rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Board and the Commissioner have neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Board and Commissioner's continuing involvement in the asset.

## Impairment of financial assets

At the end of each reporting period the Board and Commissioner assess whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as 'other economic flows' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments professional judgement is applied in assessing materiality and using estimates, averages and computational shortcuts in accordance with AASB 136 Impairment of Assets.

## (J) NON-FINANCIAL ASSETS

### Plant and equipment

All non-financial current physical assets, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

The initial cost for non-financial physical asset under a finance lease (refer note 1(l) Leases) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The fair value of plant and equipment is normally determined by reference to the asset's depreciated replacement cost. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

For the accounting policy on impairment of non-financial physical assets, refer to impairment of non-financial assets under note 1(g) Other economic flows included in the net result at Impairment of non-financial assets.

### Leasehold improvements

The cost of a leasehold improvement is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

### Revaluations of non-financial physical assets

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'Other economic flows – other movements in equity' and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decrease is recognised in 'Other economic flows – other movements in equity' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in the 'Other economic flows – other movements in equity' reduces the amount accumulated in the equity revaluation surplus (if any).

# 1 Summary of significant accounting policies (continued)

## Intangible assets

Purchased intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to either the Board or the Commissioner.

Where the recognition criteria in AASB 138 Intangible Assets are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised, if and only if, the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

## Changes in accounting policy

During the previous financial period the Board and Commissioner resolved during the year to only capitalise both physical and intangible assets with a cost exceeding \$5,000. All new physical and intangible assets with a value of less than \$5,000 are now charged to general expenses. The impact on the previous year's result to effect this change in policy was \$231,150 for the Board and \$49,322 for the Commissioner.

During the current financial period all assets except finance leased assets belonging to Commissioner were disposed of to the Board at historical cost less accumulated depreciation or amortisation. There is no impact on the results of the composite entity as the impact of the disposals and additions have been eliminated on consolidation.

## Other non-financial assets

### Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.

## Impairment of non-financial assets

Refer to note 1(g) Other economic flows included in net result.

## (K) LIABILITIES

### Payables

Payables consist of:

- contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. Accounts payable represent liabilities for goods and services provided to the Board and Commissioner prior to the end of the financial year that are unpaid, and arise when the Board or Commissioner become obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

### Payables – grants

The Board's liability for grants is in respect of grants approved during the financial year ended 30 June 2013 or earlier which have not yet been paid. In some cases, the grants will be paid in instalments over a period of two or three years.

### Provisions

Provisions are recognised when the Board or Commissioner has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows, using the discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Incurred But Not Lodged (IBNL) are incidents where a defalcation has occurred but the claim amount has not yet been lodged. IBNL claims arise from solicitors in respect of whom some claims amounts have already been lodged as well as solicitors whose defalcations have yet to be discovered.

### **Provisions – Fidelity fund**

The Board appointed actuaries to carry out the annual independent actuarial assessment of the liability of the Legal Practitioners Fidelity Fund, as required by section 6.7.25 of the Act.

The Fidelity Fund Liability for outstanding claims is in respect of claims incurred but not yet paid, claims incurred but not yet lodged, and the anticipated direct and indirect costs of settling those claims.

### **Employee benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

#### **(i) Wages and salaries, annual leave and sick leave**

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be settled within 12 months of the reporting period, are measured at their nominal values. Those liabilities which are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at time of settlement.

#### **(ii) Long Service Leave**

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statement as a current liability even where Commissioner does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of the current LSL liability are measured at:

- nominal value – component that Commissioner expects to settle within 12 months; and
- present value – component that the Commissioner does not expect to settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes on bond interest rates for which it is then recognised as an other economic flow (refer note 1(g)).

#### **(iii) Termination benefits**

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Commissioner recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### **Employee benefits on-costs**

Employee benefits on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision for employee benefits.

#### **Statutory Deposit account balances (SDA)**

Each law practice with Trust Accounts has an individual SDA held in their name by the Board, the balance in this account is linked to their Trust Account. The liability represents the total sum of their individual SDA balances.

#### **Derecognition of financial liabilities**

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an other economic flow in the estimated consolidated comprehensive operating statement.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

# 1 Summary of significant accounting policies (continued)

## (L) LEASES

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

### Operating leases

#### *Board as lessee*

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

### Finance leases

#### *Commissioner as lessee*

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum finance lease payments are apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

## (M) EQUITY

### Contributions by owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distribution to owners.

## (N) COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note19 ) at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

## (O) CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (note 18) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

## (P) ACCOUNTING FOR THE GOODS AND SERVICES TAX (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Commitments and contingent assets and liabilities are also stated inclusive of GST.

## (Q) EVENTS AFTER THE REPORTING PERIOD

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Board or Commissioner and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent years.

## (R) AASS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new AASSs have been published that are not mandatory for 30 June 2013 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises the Board and Commissioner of their applicability and early adoption where applicable.

As at 30 June 2013, the following standards have been issued by the AASB but are not yet effective. They become effective for the first financial statements for the reporting periods commencing after the stated operative dates as follows:

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 Jan 2015	Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.
AASB 10 Consolidated Financial Statements	This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities. The AASB has issued an exposure draft ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. Subject to AASB's final deliberations on ED 238 and any modifications made to AASB 10 for not-for-profit entities, the entity will need to re-assess the nature of its relationships with other entities, including those that are currently not consolidated.
AASB 11 Joint Arrangements	This Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. Subject to AASB's final deliberations and any modifications made to AASB 11 for not-for-profit entities, the entity will need to assess the nature of arrangements with other entities in determining whether a joint arrangement exists in light of AASB 11.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 12 Disclosure of Interests in Other Entities	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures. The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 Investments in Associates and Joint Ventures.
AASB 13 Fair Value Measurement	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other Australian accounting standards. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively detailed compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures required assets measured using depreciated replacement cost.
AASB 119 Employee Benefits	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions a few Victorian public sector entities that report superannuation defined benefit plans.
AASB 127 Separate Financial Statements	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 127 in a not-for-profit context. As such, the impact will be assessed after the AASB's deliberation.
AASB 128 Investments in Associates and Joint Ventures	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 128 in a not-for-profit context. As such, the impact will be assessed after the AASB's deliberation.



Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities, and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 1055 Budgetary Reporting	AASB 1055 extends the scope of budgetary reporting that is currently applicable for the whole of government and general government sector (GGS) to NFP entities within the GGS, provided that these entities present separate budget to the parliament.	1 Jan 2014	[If separate budget is presented to the parliament]: <ul style="list-style-type: none"> <li>The entity will be required to restate in the financial statements the budgetary information in accordance with the presentation format prescribed in Australian Accounting Standards and explain the significant variances from the original budget. [If separate budget is not presented to the parliament]:</li> <li>This Standard is not applicable as no budget disclosure is required.</li> </ul>

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2012-13 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The two AASB Interpretations in the list below are also not effective for the 2012-13 reporting period and considered to have insignificant impacts on public sector reporting.

- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9.
- AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).
- AASB 2010-10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters.
- AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements.
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 2011-6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements.
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).
- AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements.
- AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20.
- 2012-1 Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements.
- 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities.
- 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities.
- 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.
- 2012-7 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.
- 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.
- 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments.
- 2012-11 Amendments to Australian Accounting Standards - Reduced Disclosure Requirements and Other Amendments.
- 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements.
- 2013-2 Amendments to AASB 1038 - Regulatory Capital.
- 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets.
- AASB Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine.
- AASB Interpretation 21 Levies.

## 2 Funds administered

The Board commenced on 12 December 2005 following the proclamation of the Act.

The Board is an independent statutory authority with perpetual succession, and a public entity, but it does not represent the Crown. The Attorney-General, the Hon. Robert Clark MP is the responsible Minister.

The Board's statutory objectives as stated in s.6.2.3 of the Act are to:

- ensure the effective regulation of the legal profession and the maintenance of professional standards;
- address the concerns of clients of law practices and legal practitioners through the regulatory system and provide for the protection of legal services;
- ensure the adequate management of trust accounts; and
- ensure that the Victorian system is at the forefront of regulation of legal practitioners.

The Board is established as a body corporate under section 6.2.1(2) of the Act. Under the provisions of the Act it is required to maintain two funds. These are the Public Purpose Fund (section 6.7.1(1)) and the Legal Practitioners Fidelity Fund (section 6.7.15(1)).

### **Public Purpose Fund comprises:**

#### **Statutory Deposit Account (SDA): Section 6.7.4**

Each law practice or approved clerk with Trust Accounts has an individual SDA held in their name by the Board, the balance in this account is linked to their trust account. Law practices or approved clerks are required to have deposited in their SDA, 70% of the sum of the lowest daily balance in their trust account at any time during the quarter plus the SDA balance on the last day of the previous quarter (section 3.3.63 (1)) unless the calculated figure using that formula in respect of any quarter is less than \$10,000, in which case the required deposit amount in respect of that quarter is zero (section 3.3.63 (2)). The SDA balance in the Board's Financial Statements is the sum of the individual SDAs.

#### **General Account: Section 6.7.3**

The General Account derives income from fines imposed by an order of the Tribunal, money transferred to the Public Purpose Fund from the Fidelity Fund, money derived from any investment of the Public Purpose Fund, profits arising on the realisation or revaluation of any investment of the Public Purpose Fund and other money received by the Board that is not required to be credited to another account in the Public Purpose Fund or to the Fidelity Fund, including (but not limited to) all fees received in respect of applications for the grant or renewal of local practising certificates and interest amounts received in accordance with arrangements made with Approved Deposit Institutions (from Law Practices Residual Trust Accounts) and interest earned from cash held in the Statutory Deposit Account not invested.

Under Section 3.3.59 the Board can make arrangements with banks for the keeping of trust accounts. Under the arrangements in place, interest earned on law practices trust accounts is received by the Board and paid to the General Account of the Public Purpose Fund.

Funding for the Board, VCAT (Legal List), the Council of Legal Education and Board of Examiners, the Commissioner, and payments to professional associations for continuing legal education programs and other programs are debited to this account.

The Board has two operating bank accounts for administration purposes:

- Practising Certificate Fees: for the receipt of practising certificate fees;
- General Account: for the payment of expenses incurred in carrying out its functions other than grants made from the Distribution account and receipt of income.

#### **Distribution Account: Section 6.7.5**

The Act requires that 50% of the surplus in the General Account at 30 June is transferred to the Distribution Account during the following year. Grants made under sections 6.7.9 and 6.7.10 are paid from the Distribution Account.

#### **Legal Practitioners Fidelity Fund: Section 6.7.15**

Receipts include Fidelity Fund contributions and levies, income from investments of the Fidelity Fund, monies transferred from the Public Purpose Fund (General Account), and monies received as a result of the exercise of any right or remedy arising from the claim. Payments include any claim including interest, costs and disbursements allowed against the Fund, and legal and other expenses incurred by the Board in investigating or defending claims against the Fund.

All monies held in the Fidelity Fund are kept separate from any other money held by the Board and is held in trust.

	Cash and deposits \$'000s	Investments \$'000s	Total \$'000s
<b>Net General Account – 2013</b>			
General Account	11,844	78,044	89,888
Less: Loan from Commissioner	(3,723)	-	(3,723)
<b>Net General Account</b>	<b>8,121</b>	<b>78,044</b>	<b>86,165</b>
<b>Net Board and Commissioner Funds – 2013</b>			
Net General Account	8,121	78,044	86,165
Distribution Account	178	25,000	25,178
Statutory Deposit Account	298,158	226,559	524,717
<b>Public Purpose Fund</b>	<b>306,457</b>	<b>329,603</b>	<b>636,060</b>
<b>Legal Practitioners Fidelity Fund</b>	<b>23,544</b>	<b>32,325</b>	<b>55,869</b>
<b>Total Legal Services Board Funds</b>	<b>330,001</b>	<b>361,928</b>	<b>691,929</b>
<b>Legal Services Commissioner</b>	<b>3,873</b>	<b>-</b>	<b>3,873</b>
<b>Total composite entity funds per balance sheet</b>	<b>333,874</b>	<b>361,928</b>	<b>695,802</b>
<b>Net General Account – 2012</b>			
General Account	9,943	73,572	83,515
Less: Loan from Commissioner	(2,585)	-	(2,585)
<b>Net General Account</b>	<b>7,358</b>	<b>73,572</b>	<b>80,930</b>
<b>Net Board and Commissioner Funds – 2012</b>			
Net General Account	7,358	73,572	80,930
Distribution Account	16,935	-	16,935
Statutory Deposit Account	349,780	113,959	463,739
<b>Public Purpose Fund</b>	<b>374,073</b>	<b>187,531</b>	<b>561,604</b>
<b>Legal Practitioners Fidelity Fund</b>	<b>21,333</b>	<b>29,407</b>	<b>50,740</b>
<b>Total Legal Services Board funds</b>	<b>395,406</b>	<b>216,938</b>	<b>612,344</b>
<b>Legal Services Commissioner</b>	<b>2,790</b>	<b>-</b>	<b>2,790</b>
<b>Total composite entity funds per balance sheet</b>	<b>398,196</b>	<b>216,938</b>	<b>615,134</b>

## 3 Income from transactions

### (A) INTEREST AND DISTRIBUTION REVENUE

	2013 \$'000	2012 \$'000
<b>Public Purpose Fund - Interest and dividend revenue:</b>		
Statutory Deposit Account	28,000	27,351
Law Practice Residual Trust Accounts	23,360	31,730
Operating Accounts	467	570
<b>Total Public Purpose Fund</b>	<b>51,827</b>	<b>59,651</b>
<b>Legal Practitioners Fidelity Fund - Interest and dividend revenue:</b>		
Legal Practitioners Fidelity Fund	3,801	2,534
<b>Total Fidelity Fund</b>	<b>3,801</b>	<b>2,534</b>
<b>Legal Services Commissioner</b>		
Interest on bank deposits	-	43
<b>Total Legal Services Commissioner</b>	<b>-</b>	<b>43</b>
<b>Total interest and distribution revenue</b>	<b>55,628</b>	<b>62,228</b>

### (B) OTHER INCOME

	2013 \$'000	2012 \$'000
<b>Public Purpose Fund</b>		
Practising certificate fees	5,973	4,986
Income from fines	188	283
Income from Commissioner – asset usage	316	259
Sundry income	30	624
<b>Total Public Purpose Fund</b>	<b>6,507</b>	<b>6,152</b>
<b>Fidelity Fund</b>		
Fidelity Fund contributions	2,018	1,832
Fidelity Fund recoveries	45	-
<b>Total Fidelity Fund</b>	<b>2,063</b>	<b>1,832</b>
<b>Legal Services Commissioner</b>		
Board funding	7,988	8,050
Employee benefits	3,743	3,887
Income from Board – asset usage	11	11
Costs recoveries	272	718
Sundry income	3	6
<b>Total Legal Services Commissioner</b>	<b>12,017</b>	<b>12,672</b>
<b>Elimination of intercompany income</b>	<b>(12,057)</b>	<b>(12,207)</b>
<b>Total other income</b>	<b>8,530</b>	<b>8,449</b>
<b>Total income from transactions</b>	<b>64,157</b>	<b>70,677</b>

## 4 Expenses from transactions

### (A) GRANTS AND FUNDING

	2013 \$'000	2012 \$'000
<b>Grants and funding (Public Purpose Fund)</b>		
<b>Grants paid during the year from prior year accumulated surplus in the Distribution Account</b>		
Victoria Legal Aid	25,663	25,663
Victorian Law Reform Commission	1,828	1,828
Victoria Law Foundation	1,760	1,760
Judicial College of Victoria	-	280
Payments for projects approved in prior years or minor projects	253	479
	<b>29,504</b>	<b>30,010</b>
<b>Funding paid during the year from the General Account</b>		
Payments to professional associations for programs	2,837	2,901
Legal Law List - Victorian Civil and Administration Tribunal	1,527	1,527
Council for Legal Education and Board of Examiners	1,172	1,172
	<b>5,536</b>	<b>5,600</b>
<b>Unused major grant funding returned</b>	<b>(48)</b>	-
	<b>34,992</b>	<b>35,610</b>
Major grants approved during the year	1,739	2,078
<b>Total grants and funding</b>	<b>36,731</b>	<b>37,688</b>

## 4 Expenses from transactions (continued)

### (B) PAYMENTS TO SERVICE PROVIDERS

	2013 \$'000	2012 \$'000
<b>Public Purpose Fund</b>		
<b>Recharge from the Legal Services Commissioner</b>		
Employee benefits	3,743	3,887
<b>Cost of functions delegated to the Law Institute of Victoria:</b>		
Issuing of practising certificates	490	840
Trust account inspections	2,478	2,295
<b>Total cost of functions delegated to the Law Institute of Victoria</b>	<b>2,968</b>	<b>3,135</b>
<b>Other payments to the Law Institute of Victoria:</b>		
Cost of professional development	167	168
External interventions	1,518	1,377
<b>Total payments to the Law Institute of Victoria</b>	<b>4,653</b>	<b>4,680</b>
<b>Payments to Victorian Bar:</b>		
Issuing of practising certificates	102	121
<b>Total Payments to the Victorian Bar</b>	<b>102</b>	<b>121</b>
<b>Total payments from Public Purpose Fund</b>	<b>8,498</b>	<b>8,688</b>
<b>Legal Services Commissioner</b>		
Cost of services Law Institute of Victoria	782	782
Cost of services Victorian Bar Inc.	60	44
<b>Total payments by Legal Services Commissioner</b>	<b>842</b>	<b>826</b>
<b>Elimination of payment to the Legal Services Commissioner</b>	<b>(3,743)</b>	<b>(3,887)</b>
<b>Net payments to service providers</b>	<b>5,597</b>	<b>5,627</b>

### (C) FIDELITY FUND CLAIMS COSTS AND MOVEMENT IN PROVISIONS

	2013 \$'000	2012 \$'000
<b>Legal Practitioners Fidelity Fund</b>		
<b>Fidelity Fund claims details</b>		
Capital claims paid	461	747
Interest claims paid	9	47
Costs paid	11	46
Increase/(decrease) in claims payable	25	(347)
Administration expenses	346	361
Payment to LIV for claims administration	166	144
<b>Total fidelity fund claims costs and movements in provisions</b>	<b>1,018</b>	<b>998</b>

## (D) DEPRECIATION AND AMORTISATION EXPENSE

	2013 \$'000	2012 \$'000
<b>Public purpose fund</b>		
Leasehold improvements	211	202
Office equipment	20	29
Office furniture	14	65
Computer equipment	65	94
Software	321	223
<b>Public purpose fund – depreciation and amortisation</b>	<b>631</b>	<b>613</b>
<b>Legal Services Commissioner</b>		
Office equipment	1	3
Office furniture	-	4
Computer equipment	1	33
Motor vehicle	20	20
Software	56	224
<b>Legal Services Commissioner - depreciation and amortisation</b>	<b>78</b>	<b>284</b>
<b>Total depreciation</b>	<b>709</b>	<b>897</b>

## (E) MEMBERS FEES

	2013 \$'000	2012 \$'000
<b>Board and committee members fees</b>		
Board members remuneration	218	254
Board members superannuation	18	18
Commissioner audit committee fees	9	9
<b>Total Board and committee members fees</b>	<b>245</b>	<b>281</b>

## 4 Expenses from transactions (continued)

### (F) CONSULTANTS AND LEGAL EXPENSES

	2013 \$'000	2012 \$'000
<b>Consultant and legal expenses</b>		
Investigations	1,198	2,703
Legal other	1,459	82
Consultants	10	18
<b>Total consultant and legal expenses</b>	<b>2,667</b>	<b>2,803</b>

### (G) OTHER OPERATING EXPENSES

	2013 \$'000	2012 \$'000
Information technology expenses	966	749
Occupancy expenses	900	850
Administrative expenses	1,651	1,107
Grants and consultants expenses	506	315
External audit fees	71	72
Internal audit fees	66	76
Investment advice and management expenses	153	147
Other staff costs	74	112
Provision for doubtful debts	322	175
Community and education	4	6
<i>Ex-gratia</i> payments	4	42
<b>Total other operating expenses</b>	<b>4,717</b>	<b>3,651</b>



## 5 Other economic flows included in net result

Other economic flows by company/fund	2013 \$'000	2012 \$'000
<b>Public Purpose Fund</b>		
Net gain/(loss) on financial instruments arising from mark to market	17,723	(3,341)
Bad debts written-off	(148)	-
Net gain/(loss) on disposal of property, plant and equipment	-	(231)
<b>Total Public Purpose Fund</b>	<b>17,575</b>	<b>(3,572)</b>
<b>Legal Practitioners Fidelity Fund</b>		
Net gain/(loss) on financial instruments arising from mark to market	359	(14)
Changes due to actuarial valuations	(1,300)	(2,440)
Provision for costs settlement	(300)	-
<b>Total Legal Practitioners Fidelity Fund</b>	<b>(1,241)</b>	<b>(2,454)</b>
<b>Legal Services Commissioner</b>		
Bad debts written-off	(92)	-
Net gain/(loss) on disposal of property, plant and equipment	-	(49)
Net gain/(loss) from the revaluation of present value of long service leave	33	(109)
<b>Total Legal Services Commissioner</b>	<b>(59)</b>	<b>(158)</b>
<b>Total other economic flows</b>	<b>16,275</b>	<b>(6,184)</b>

Other economic flows by type	2013 \$'000	2012 \$'000
<b>Net gain/(loss) on financial instruments</b>		
Net gain/(loss) on financial instruments arising from mark to market	18,082	(3,355)
Net gain/(loss) arising from disposal of investments	-	-
Bad debts written-off	(240)	-
<b>Total net gain/(loss) on financial instruments</b>	<b>17,842</b>	<b>(3,355)</b>
<b>Net gain/(loss) on non-financial assets</b>		
Net gain/(loss) on disposal of property, plant and equipment	-	(280)
<b>Total net gain/(loss) on non-financial assets</b>	<b>-</b>	<b>(280)</b>
<b>Other gains/(losses) from other economic flows</b>		
Changes due to actuarial valuations	(1,300)	(2,440)
Provision for costs settlement	(300)	-
Net gain/(loss) from the revaluation of present value of long service leave liability	33	(109)
<b>Total other gains/(losses) from other economic flows</b>	<b>(1,567)</b>	<b>(2,549)</b>
<b>Total other economic flows included in net result</b>	<b>16,275</b>	<b>(6,184)</b>

## 6 Cash and deposits

### (A) RECONCILIATION OF CASH AND CASH EQUIVALENTS

	2013 \$'000	2012 \$'000
<b>Public Purpose Fund</b>		
<b>General Account</b>		
Cash on hand	1	1
General Operating Account	1,489	2,303
Practising Certificate Fees	3,148	1,603
Cash Management	7,197	6,035
Term Deposits - non SDA	-	1
Intercompany - FF	9	-
	<b>11,844</b>	<b>9,943</b>
<b>Distribution Account</b>	<b>178</b>	<b>16,935</b>
<b>Statutory Deposit Account</b>		
Cash Trust Accounts	275,713	214,735
Cash Management	22,445	67,314
Term Deposits	-	67,731
	<b>298,158</b>	<b>349,780</b>
<b>Total Public Purpose Fund - cash and cash equivalents</b>	<b>310,180</b>	<b>376,658</b>
<b>Legal Practitioners Fidelity Fund</b>		
Legal Practitioners Fidelity Fund Operating Account	4,304	2,634
Cash Management	19,249	18,699
<b>Total Legal Practitioners Fidelity Fund - cash and cash equivalents</b>	<b>23,553</b>	<b>21,333</b>
<b>Legal Services Commissioner</b>		
Cash on hand	1	1
Bank balances	149	202
<b>Total Legal Services Commissioner</b>	<b>150</b>	<b>203</b>
<b>Elimination of intercompany balances</b>		
Intercompany - Board	(9)	-
<b>Total amounts eliminated</b>	<b>(9)</b>	<b>-</b>
<b>Balances per statement of cash flows</b>	<b>333,874</b>	<b>398,194</b>

**(B) RECONCILIATION OF COMPREHENSIVE RESULT FOR THE PERIOD  
TO NET CASHFLOWS FROM OPERATING ACTIVITIES**

	2013 \$'000	2012 \$'000
Comprehensive result for the year	20,499	4,355
<b>Non-cash movements:</b>		
Depreciation and amortisation	709	897
Net (gain)/loss on financial instruments	(17,842)	3,355
Net gain/(loss) on non-financial assets	-	280
Other gain/(loss) from other economic flows	1,567	2,549
Other	-	(4)
<b>Movements in assets and liabilities:</b>		
(Increase)/decrease in receivables	(1,807)	1,191
(Increase)/decrease in prepayments	(14)	40
Increase/(decrease) in payables	(1,237)	(1,545)
Increase/(decrease) in provisions	219	85
Increase/(decrease) in income received in advance	436	971
<b>Net cash inflow (outflow) from operating activities</b>	<b>2,530</b>	<b>12,174</b>

## 7 Receivables

Public Purpose Fund	2013 \$'000	2012 \$'000
<b>Contractual receivables</b>		
Trade receivables	137	191
Provision for impairment of receivables (a)	(33)	(58)
Accrued cash distributions - investments	2,840	-
Accrued interest – Residual Trust Accounts	1,674	2,261
Accrued interest – Statutory Deposit Accounts	585	689
<b>Total contractual receivables</b>	<b>5,203</b>	<b>3,083</b>
<b>Statutory receivables</b>		
GST recoverable	203	78
Total statutory receivables	203	78
<b>Total receivables – Public Purpose Fund</b>	<b>5,406</b>	<b>3,161</b>
<b>Fidelity Fund</b>		
<b>Contractual receivables</b>		
<b>Total contractual receivables</b>	<b>-</b>	<b>-</b>
<b>Statutory receivables</b>		
GST recoverable	-	3
Total statutory receivables	-	3
<b>Total receivables – Fidelity Fund</b>	<b>-</b>	<b>3</b>
<b>Legal Services Commissioner</b>		
<b>Contractual receivables</b>		
Trade receivables	525	583
Provision for impairment of receivables (a)	(464)	(117)
<b>Total contractual receivables</b>	<b>61</b>	<b>466</b>
<b>Statutory receivables</b>		
GST recoverable	-	30
Total statutory receivables	-	30
<b>Total receivables – Legal Services Commissioner</b>	<b>61</b>	<b>496</b>
<b>Total receivables</b>	<b>5,467</b>	<b>3,660</b>

All receivables are current.

### (A) MOVEMENT IN THE PROVISION FOR DOUBTFUL DEBTS

Movements in the provision for impairment of receivables are as follows:

	2013 \$'000	2012 \$'000
Balance at beginning of the year	175	-
Increase in provision recognised in the net result	562	175
Receivables written off during the year as uncollectable	(240)	-
<b>At 30 June</b>	<b>497</b>	<b>175</b>

## 8 Investments and other financial assets

<b>Current investments and other financial assets</b>	<b>2013 \$'000</b>	<b>2012 \$'000</b>
<b>Public Purpose Fund</b>		
Australian equities	<b>63,161</b>	41,933
Australian listed property	-	6,809
Australian fixed interest	<b>70,134</b>	85,363
Diversified growth fund	<b>50,559</b>	-
Global fixed interest	<b>75,417</b>	-
Overseas equities – hedged	<b>34,817</b>	26,938
Overseas equities – unhedged	<b>35,515</b>	26,488
<b>Total Public Purpose Fund</b>	<b>329,603</b>	<b>187,531</b>
<b>Legal Practitioners Fidelity Fund</b>		
Australian equities	<b>5,554</b>	4,045
Australian listed property	-	712
Australian fixed interest	<b>7,356</b>	19,480
Diversified growth fund	<b>5,133</b>	-
Global fixed interest	<b>7,476</b>	-
Overseas equities – hedged	<b>3,411</b>	2,639
Overseas equities – unhedged	<b>3,395</b>	2,531
<b>Total Legal Practitioners Fidelity Fund</b>	<b>32,325</b>	<b>29,407</b>
<b>Total investments and other financial assets</b>	<b>361,928</b>	<b>216,938</b>

### (A) AGEING ANALYSIS OF INVESTMENTS AND OTHER FINANCIAL ASSETS

Please refer to note 20(e) for the ageing analysis of investments and other financial assets.

### (B) NATURE AND EXTENT OF RISK ARISING FROM INVESTMENTS AND OTHER FINANCIAL ASSETS

Please refer to note 20(a) for the nature and extent of risks arising from investments and other financial assets.

## 9 Plant and equipment

Plant and equipment are classified primarily by the purpose for which the assets are used according to one of the five 'Purposes Groups' based upon Government Classification (GPC). All assets within a 'Purposes Group' are further sub categorised to the asset's nature, with each sub-category being classified as a separate class of asset for financial reporting purposes.

### (A) CLASSIFICATION BY 'PURPOSE GROUPS' – CARRYING AMOUNTS

<b>Public safety and environment</b>	<b>2013 \$'000</b>	<b>2012 \$'000</b>
<b>Computer equipment</b>		
Fair value	497	369
Less: accumulated depreciation	(352)	(286)
<b>Net carrying amount – computer equipment</b>	<b>145</b>	<b>83</b>
<b>Office equipment</b>		
Fair value	213	213
Less: accumulated depreciation	(177)	(156)
<b>Net carrying amount – office equipment</b>	<b>36</b>	<b>57</b>
<b>Leasehold improvements</b>		
Fair value	1,931	1,892
Less: accumulated depreciation	(1,403)	(1,193)
<b>Net carrying amount – leasehold improvements</b>	<b>528</b>	<b>699</b>
<b>Office furniture</b>		
Fair value	129	93
Less: accumulated depreciation	(70)	(56)
<b>Net carrying amount – office furniture</b>	<b>59</b>	<b>37</b>
<b>Motor Vehicles</b>		
Fair value	73	73
Less: accumulated depreciation	(50)	(29)
<b>Net carrying amount – motor vehicles</b>	<b>23</b>	<b>44</b>
<b>Net carrying amount of plant and equipment</b>	<b>791</b>	<b>920</b>

**(B) MOVEMENTS IN CARRYING AMOUNTS – CLASSIFICATION BY  
'PUBLIC SAFETY AND ENVIRONMENT' PURPOSE GROUP**

<b>Year ended 30 June 2013</b>	<b>Opening balance \$'000</b>	<b>Additions \$'000</b>	<b>Disposals \$'000</b>	<b>Depreciation \$'000</b>	<b>Closing balance \$'000</b>
Computer equipment	83	128	-	(66)	145
Office furniture	37	36	-	(14)	59
Office equipment	57	-	-	(21)	36
Leasehold improvements	699	40	-	(211)	528
Motor vehicles	44	-	-	(20)	23
<b>Total</b>	<b>920</b>	<b>204</b>	<b>-</b>	<b>(332)</b>	<b>791</b>
<b>Year ended 30 June 2012</b>					
Computer equipment	176	96	(65)	(127)	83
Office furniture	299	-	(194)	(69)	37
Office equipment	55	46	(10)	(32)	57
Leasehold improvements	783	126	(8)	(202)	699
Motor vehicles	80	-	(17)	(20)	44
<b>Total</b>	<b>1,393</b>	<b>268</b>	<b>(294)</b>	<b>(450)</b>	<b>920</b>

## 10 Intangible assets

<b>Computer software</b>	<b>2013 \$'000</b>	<b>2012 \$'000</b>
At cost	4,029	3,573
Less: accumulated amortisation and impairment	(2,975)	(2,598)
<b>Net book value at end of financial year</b>	<b>1,054</b>	<b>975</b>
<b>Year ended 30 June 2013</b>	<b>Computer software \$'000</b>	
Opening balance		975
Additions		456
Amortisation expense		(377)
<b>Closing balance</b>		<b>1,054</b>
<b>Year ended 30 June 2012</b>	<b>Computer software \$'000</b>	
Opening balance		1,261
Additions		163
Disposals		(2)
Amortisation expense		(447)
<b>Closing balance</b>		<b>975</b>

## 11 Payables

<b>Public Purpose Fund</b>	<b>2013 \$'000</b>	<b>2012 \$'000</b>
Contractual payables and accrued expenses	1,117	1,024
Major grants	3,495	4,725
<b>Total payables Public Purpose Fund</b>	<b>4,612</b>	<b>5,749</b>
<b>Fidelity Fund</b>		
Contractual payables and accrued expenses	74	65
<b>Total payables Fidelity Fund</b>	<b>74</b>	<b>65</b>
<b>Legal Services Commissioner</b>		
Contractual payables and accrued expenses	212	255
Disputed costs	140	206
<b>Total payables Legal Services Commissioner</b>	<b>352</b>	<b>461</b>
<b>Total payables</b>	<b>5,038</b>	<b>6,275</b>

### (A) MATURITY ANALYSIS OF CONTRACTUAL PAYABLES

Please refer to note 20(g) for the maturity analysis of contractual payables. All payables are current.

## 12 Current liabilities – Borrowings

### LEGAL SERVICES COMMISSIONER

<b>Borrowings</b>	<b>2013 \$'000</b>	<b>2012 \$'000</b>
Lease liabilities (note 16)	23	44
<b>Total borrowings</b>	<b>23</b>	<b>44</b>

Secured by assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of a default.

### (A) MATURITY ANALYSIS OF BORROWINGS

Please refer to note 20(g) for maturity analysis of borrowings.

### (B) DEFAULTS AND BREACHES

During the current and prior years, there were no defaults and breaches of any of the borrowings.



## 13 Provisions

<b>Current provisions</b>	<b>2013 \$'000</b>	<b>2012 \$'000</b>
<b>Fidelity Fund - current provision</b>		
Fidelity Fund provision current claims lodged and anticipated	<b>3,090</b>	2,470
<b>Fidelity Fund - current provision</b>	<b>3,090</b>	<b>2,470</b>
<b>Employee benefits - annual leave</b>		
Unconditional and expected to be settled within 12 months	<b>460</b>	403
<b>Employee benefits - long service leave</b>		
Unconditional and expected to be settled within 12 months	<b>73</b>	36
Unconditional and expected to be settled after 12 months	<b>440</b>	336
	<b>973</b>	<b>775</b>
<b>Provisions related to employee benefits on-costs</b>		
Unconditional and expected to be settled within 12 months	<b>100</b>	82
Unconditional and expected to be settled after 12 months	<b>68</b>	51
	<b>168</b>	<b>133</b>
<b>Total current provisions</b>	<b>4,231</b>	<b>3,378</b>
<b>Non-current provisions</b>		
Fidelity Fund non-current claims lodged and anticipated	<b>12,280</b>	11,300
Employee benefits	<b>306</b>	347
Provisions relating to employee on-costs	<b>47</b>	53
<b>Total non-current provisions</b>	<b>12,633</b>	<b>11,700</b>
<b>Total provisions</b>	<b>16,864</b>	<b>15,078</b>

## 13 Provisions (continued)

### (A) PROVISIONS FOR FIDELITY FUND CLAIMS

The Fidelity Fund claims provision at balance date has been set by the members of the Board after appropriate consideration of actuarial advice provided by an independent actuarial firm.

The following discount rates were used in estimating the liability for outstanding claims. No explicit rate of defalcation is adopted. Defalcations are assumed to increase at the same rate as experienced in the past.

Claims expected to be paid	2013	2012
Later than one year discount rate	3.37%	3.75%

The discount rate shown above for the discounting of the outstanding defalcations liability as at 30 June 2013 is a term structure of rates based on current yields for medium dated Commonwealth Government bonds.

#### Estimated outstanding defalcation liability as at 30 June

Actuarial central estimate	2013 \$'000	2012 \$'000
Undiscounted liability of lodged claims	5,480	4,210
Plus: estimated liability for claims already incurred but not lodged	4,720	4,170
<b>Estimated undiscounted liability for incurred defalcations</b>	<b>10,200</b>	<b>8,380</b>
<b>Plus/(minus) adjustments</b>		
Less: discounted to net present value	(1,010)	(690)
Plus: Claim expenditure	1,390	1,150
Plus: Loading non-client claims	-	770
Plus: Risk margin (30%) (2012: 30%)	3,170	2,890
Plus: Allowance for large claim dispute settlement	1,320	1,270
<b>Net provision per actuarial report</b>	<b>15,070</b>	<b>13,770</b>
Plus: Allowance for Gillespie-Jones costs	300	-
<b>Net provision including allowance for costs</b>	<b>15,370</b>	<b>13,770</b>

#### Movements in provisions for Fidelity Fund

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	2013 \$'000	2012 \$'000
Opening balance	13,770	11,330
Additions/reductions in provisions recognised	1,600	2,440
<b>Closing balance</b>	<b>15,370</b>	<b>13,770</b>

## (B) EMPLOYEE PROVISIONS – LEGAL SERVICES COMMISSIONER

### (i) Employee benefits and related on-costs

<b>Current employee benefits</b>	<b>2013 \$'000</b>	<b>2012 \$'000</b>
Annual leave entitlements	460	403
Long service leave entitlements	513	373
	<b>973</b>	<b>776</b>
<b>Non-current employee benefits</b>		
Long service leave entitlements	306	348
	<b>306</b>	<b>348</b>
<b>Total employee benefits</b>	<b>1,279</b>	<b>1,124</b>
Current on-costs	169	133
Non-current on-costs	47	53
<b>Total on-costs</b>	<b>216</b>	<b>186</b>
<b>Total employee benefits and related on-costs</b>	<b>1,495</b>	<b>1,310</b>

### Net movement in employee on-costs provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	<b>2013 \$'000</b>	<b>2012 \$'000</b>
Opening balance	186	145
Unwind of discount and effect of changes in the discount rate	(93)	14
Additional provisions recognised	123	27
<b>Closing balance</b>	<b>216</b>	<b>186</b>

## 14 Superannuation

Employees of the Commissioner are entitled to receive superannuation benefits and the Commissioner contributes to both defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

The Commissioner does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefit liabilities in its disclosure for administered items.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Commissioner.

The Board also made direct superannuation contributions for members of the Board. The contributions totalled \$17,606.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the Commissioner are as follows:

	Contribution		Outstanding	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Defined benefit plan:</b>				
State Superannuation Fund - revised and new	11	11	1	1
<b>Defined contribution plans:</b>				
Vic Super	296	277	22	23
AMP Flexible	16	22	1	2
Australian Super	48	42	5	5
Care	11	13	1	1
Legal Super	53	62	5	4
MLC Masterkey	53	20	1	1
Other Superannuation funds	72	116	10	8
<b>Total</b>	<b>560</b>	<b>563</b>	<b>46</b>	<b>45</b>

## 15 Income received in advance

	2013 \$'000	2012 \$'000
Practising certificate fees	5,901	5,542
Fidelity Fund contributions	1,887	1,810
<b>Total income received in advance</b>	<b>7,788</b>	<b>7,352</b>

## 16 Finance Leases

The Commissioner leases motor vehicles with a carrying amount of \$22,620 (2012 \$44,123) under finance leases expiring within 1 to 6 months. Under the terms of the leases, the Commissioner is not entitled to acquire the leased assets for a discount of the agreed fair value on expiry of the leases.

	2013 \$'000	2012 \$'000
<b>Commitments in relation to finance leases are payable as follows:</b>		
Not longer than one year	23	29
Later than one year but not later than five years	-	17
<b>Minimum lease payments</b>	<b>23</b>	<b>46</b>
Less future finance charges	-	(2)
<b>Present value of minimum lease payments</b>	<b>23</b>	<b>44</b>
<b>Included in the financial statements as:</b>		
Current	23	28
Non-current	-	16
	<b>23</b>	<b>44</b>

## 17 Statutory deposit account balances – Public Purpose Fund

	2013 \$'000	2012 \$'000
<b>Accounts held by the Board in individual law practice names totalled and were represented by the following investments:</b>		
<b>Bank - Statutory Deposit Account</b>	<b>524,717</b>	<b>463,739</b>
Australian equities	41,845	25,950
Australian fixed interest	53,214	34,509
Australian listed property	-	7,000
Cash trust accounts	275,713	214,735
Cash management	22,445	67,314
Diversified growth fund	40,000	-
Global fixed interest	45,000	-
Overseas equities - unhedged	25,650	25,650
Overseas equities - hedged	20,850	20,850
Term deposits	-	67,731
<b>Total Statutory deposit account balances</b>	<b>524,717</b>	<b>463,739</b>

## 18 Contingent assets and contingent liabilities

At balance date there were no contingent assets or contingent liabilities.

## 19 Commitments for expenditure

### (A) CAPITAL COMMITMENTS

Capital expenditure contracted for by the Board at the reporting date but not recognised as liabilities is as follows:

	2013 \$'000	2012 \$'000
<b>Plant and Equipment</b>		
Not longer than 1 year	-	129
<b>Total plant and equipment</b>	-	129
<b>Intangible Assets</b>		
Not longer than 1 year	-	-
<b>Total intangible assets</b>	-	-

### (B) OPERATING COMMITMENTS

	2013 \$'000	2012 \$'000
<b>Commitments in relation to operating contracts contracted for by the Board at the reporting date but not recognised as liabilities, payable:</b>		
Not longer than one year	260	597
<b>Total commitments in relation to operating contracts</b>	260	597

#### (i) Statutory commitments

The Act requires that 50% of the Public Purpose Fund General Account balance as at 30 June each year is to be transferred to the Distribution Account in the following year. The amount to be distributed from the 2013 balance is \$43,803k (2012: \$40,809k). Funding under sections 6.7.9 and 6.7.10 are paid to recipients from the Distribution Account. Recipients include the Legal Aid Fund, the Victorian Law Reform Commission and successful Project and Major Grants applicants. For further details refer to the report of operations on page 33 of this report.

### (C) OPERATING LEASE COMMITMENTS

The Board holds a lease for Level 9 and Level 10, 330 Collins Street, Melbourne. The lease is effective until September 2014. At present Level 9 is occupied by the Commissioner. Lease costs for Level 9 are recharged to the Commissioner.

	2013 \$'000	2012 \$'000
<b>Commitments in relation to operating leases and contracts contracted for by the Board at the reporting date but not recognised as liabilities, payable:</b>		
Not longer than one year	980	924
Longer than one year but not later than five years	164	1,144
	<b>1,144</b>	<b>2,068</b>



## 20 Financial instruments

### (A) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### **The Board's principal financial instruments comprise:**

- cash assets;
- term deposits;
- receivables (excluding statutory receivables);
- investments in equities and managed investment schemes;
- payables (excluding statutory payables); and
- statutory deposit account balances.

The Board uses different methods to measure and manage the different risks to which it is exposed and has established a sub-committee of the Board, the Finance and Investment Committee, to assist in this task.

The Board's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The Board manages these financial risks in accordance with its investment management policy.

#### **The Commissioner's principal financial instruments comprise:**

- cash assets;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables); and
- finance lease payables.

The Commissioner uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risk rests with the Commissioner and is monitored by the Audit Committee of the Commissioner.

The Commissioner's main financial risks include credit risk, liquidity risk and interest rate risk. The Commissioner manages these financial risks in accordance with its financial risk management policy.

The main purpose in holding financial instruments is to prudentially manage financial commitments and risks within policy parameters.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in note 1 to the financial statements.

## 20 Financial instruments (continued)

### (B) CATEGORISATION OF FINANCIAL INSTRUMENTS

The carrying amounts of contractual financial assets and financial liabilities are disclosed below. Loans between the Board and the Commissioner have been eliminated.

2013	Contractual financial assets/liabilities designated at fair value through profit/loss \$'000	Contractual financial assets - loans and receivables \$'000	Contractual financial liabilities at amortised cost \$'000	Total \$'000
<b>Contractual financial assets</b>				
Cash and deposits	-	333,874	-	333,874
<b>Receivables:</b>				
Sale of goods and services Public Purpose Fund	-	104	-	104
Sale of goods and services Legal Services Commissioner	-	61	-	61
Accrued cash distributions – investments	-	2,840	-	2,840
Accrued Residual Trust Account interest	-	1,674	-	1,674
Accrued Statutory Deposit Account interest	-	585	-	585
<b>Investments and other contractual financial assets:</b>				
Equities and managed investment schemes	361,928	-	-	361,928
<b>Total contractual financial assets</b>	<b>361,928</b>	<b>339,138</b>	<b>-</b>	<b>701,066</b>
<b>Contractual financial liabilities</b>				
Supplies and services	-	-	1,403	1,403
Major grants	-	-	3,495	3,495
Disputed costs	-	-	140	140
<b>Borrowings:</b>				
Lease liabilities	-	-	23	23
Statutory Deposit Account balances	-	-	524,717	524,717
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>529,778</b>	<b>529,778</b>



2012	Contractual financial assets/liabilities designated at fair value through profit/loss \$'000	Contractual financial assets - loans and receivables \$'000	Contractual financial liabilities at amortised cost \$'000	Total \$'000
<b>Contractual financial assets</b>				
Cash and deposits	-	330,463	-	330,463
<b>Receivables:</b>				
Sale of goods and services Public Purpose Fund	-	133	-	133
Sale of goods and services Legal Services Commissioner	-	466	-	466
Accrued cash distributions - investments	-	-	-	-
Accrued Residual Trust Account interest	-	2,261	-	2,261
Accrued Statutory Deposit Account interest	-	689	-	689
<b>Investments and other contractual financial assets:</b>				
Equities and managed investment schemes	216,938	-	-	216,938
Term deposits	67,731	-	-	67,731
<b>Total contractual financial assets</b>	<b>284,669</b>	<b>334,012</b>	<b>-</b>	<b>618,681</b>
<b>Contractual financial liabilities</b>				
Supplies and services	-	-	1,344	1,344
Disputed costs	-	-	206	206
Major grants	-	-	4,725	4,725
<b>Borrowings:</b>				
Lease liabilities	-	-	44	44
Statutory Deposit Account balances	-	-	463,739	463,739
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>470,058</b>	<b>470,058</b>

### (C) NET HOLDING GAIN/(LOSS) ON FINANCIAL INSTRUMENTS BY CATEGORY

2013	Net holding gain/(loss) \$'000	Total interest income/(expense) \$'000	Total \$'000
Contractual financial assets			
Financial assets designated at fair value through profit/loss	18,082	28,000	46,082
<b>Total contractual financial assets</b>	<b>18,082</b>	<b>28,000</b>	<b>46,082</b>
2012			
Contractual financial assets			
Financial assets designated at fair value through profit/loss	(3,355)	27,351	23,996
<b>Total contractual financial assets</b>	<b>(3,355)</b>	<b>27,351</b>	<b>23,996</b>

## 20 Financial instruments (continued)

### (D) CREDIT RISK

Credit risk arises from the contractual financial assets of the Board and the Commissioner, which comprise cash and cash deposits and receivables. The Board and Commissioner's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to either the Board or the Commissioner. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Board and the Commissioner's contractual financial assets is minimal because the main assets are cash at bank and other investments. The Board's policy is to deal with banks and other financial institutions with high credit ratings. A bank must be an approved deposit taking institution. The majority of all financial assets are held by Westpac Banking Corporation. For the Commissioner management has assessed the risk associated with the receivables as minimal.

The Board has an investment policy detailing controls in regard to credit risk. Any investments in a financial institution must be approved by the Board. Investments

are regularly monitored by management and an external asset consultant and are reported to the Board on a monthly basis. Any investment deposit or redemption is approved by the Board.

In addition, neither the Board nor the Commissioner engage in active hedging for their contractual financial assets and they have contractual financial assets that are mainly cash at bank but also includes funds invested by the Board in approved fund managers after considering advice from an independent expert investment advisor.

Provisions for impairment of contractual financial assets are recognised when there is objective evidence that the Board and the Commissioner will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default on payments and debts which are more than 60 days overdue.

As with the policy for debtors, the Board and Commissioner's policy is to only deal with banks with high credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to credit risk without taking account of the value of any collateral obtained.

#### Credit quality of contractual financial assets that are neither past due nor impaired

	2013 \$'000	2012 \$'000
<b>Cash and deposits</b>		
Financial institutions AAAm (S&P)	48,891	86,217
Financial institutions: AA- (S&P)	284,982	311,975
Other	2	2
	<b>333,875</b>	<b>398,194</b>
<b>Receivables</b>		
Financial institutions: AA- (S&P)	2,259	2,950
Financial institutions: A (Mercer)	2,840	-
Other (excludes GST receivable)	143	599
	<b>5,242</b>	<b>3,549</b>
<b>Investments and other financial assets</b>		
Financial institutions: Preferred Provider (Mercer rating)	-	6,809
Financial institutions: A credit rating (Mercer rating)	333,715	188,138
Financial institutions: A (W) (Mercer rating)	28,213	-
Financial institutions: B+ credit rating (Mercer rating)	-	21,991
	<b>361,928</b>	<b>216,938</b>

## (E) AGEING ANALYSIS OF CONTRACTUAL FINANCIAL ASSETS

2013	Carrying amount \$'000	Variable Interest Rate \$'000	Non- interest bearing \$'000	Not past due and not impaired \$'000	Impairment \$'000
<b>Receivables:</b>					
Accrued cash distributions - investments	2,840	-	2,840	2,840	-
Accrued Residual Trust Account interest	1,674	-	1,674	1,674	-
Accrued Statutory Deposit Account interest	585	-	585	585	-
Trade debtors Public Purpose Fund	104	-	137	-	(33)
Trade debtors Legal Services Commissioner	61	-	525	-	(464)
<b>Total receivables</b>	<b>5,264</b>	<b>-</b>	<b>5,761</b>	<b>5,099</b>	<b>(497)</b>
<b>Investments and other contractual financial assets:</b>					
Cash and deposits	333,874	333,874	-	333,874	-
Investments at fair value through profit or loss – held for trading	361,928	-	201,545	361,928	-
	<b>695,802</b>	<b>333,874</b>	<b>201,545</b>	<b>695,802</b>	<b>-</b>
<b>Total</b>	<b>701,066</b>	<b>333,874</b>	<b>207,306</b>	<b>700,901</b>	<b>(497)</b>

2012	Carrying amount \$'000	Variable Interest Rate \$'000	Non- interest bearing \$'000	Not past due and not impaired \$'000	Past due \$'000	Impairment \$'000
<b>Receivables:</b>						
Accrued cash distributions – investments	-	-	-	-	-	-
Accrued Residual Trust Account interest	2,261	-	2,261	2,261	-	-
Accrued Statutory Deposit Account interest	689	-	689	689	-	-
Trade debtors Public Purpose Fund	133	-	191	59	132	(58)
Trade debtors Legal Services Commissioner	466	-	583	38	545	(117)
<b>Total receivables</b>	<b>3,549</b>	<b>-</b>	<b>3,724</b>	<b>3,047</b>	<b>677</b>	<b>(175)</b>
<b>Investments and other contractual financial assets:</b>						
Cash and deposits	398,194	398,194	-	398,194	-	-
Investments at fair value through profit or loss - held for trading	216,938	216,938	-	216,938	-	-
	<b>615,132</b>	<b>615,132</b>	<b>-</b>	<b>615,132</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>618,681</b>	<b>615,132</b>	<b>3,724</b>	<b>618,179</b>	<b>677</b>	<b>(175)</b>

### (i) Contractual financial assets that are either past due or impaired

There are no material financial assets which are individually determined to be impaired. Currently the Board and Commissioner do not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

## 20 Financial instruments (continued)

### (F) LIQUIDITY RISK

Liquidity risk is the risk that either the Board or the Commissioner would be unable to meet their financial obligations as and when they fall due. Both the Board and Commissioner operate under the Government's fair payment policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet. The Board or Commissioner manage their liquidity risk by:

- maintaining an adequate level of cash to honour all short term Statutory Deposit Account withdrawal requests. The cash levels maintained are generally in excess of \$250 million;
- holding investments and other contractual financial assets that are readily tradable in the financial markets; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

The Board's and Commissioner's exposure to liquidity risk is deemed insignificant based on prior period's data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available-for-sale financial investments.

The following table discloses the contractual maturity analysis for the Board and Commissioner's contractual financial liabilities.

### (G) MATURITY ANALYSIS OF CONTRACTUAL FINANCIAL LIABILITIES

	Carrying amount \$'000	Interest rate exposure Nominal amount \$'000	Maturity dates Less than 1 month \$'000			
				1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000
<b>2013</b>						
<b>Contractual liabilities:</b>						
Accounts payables Public Purpose Fund	1,117	1,117	1,117	-	-	-
Accounts payables Legal Practitioners Fidelity Fund	74	74	74	-	-	-
Accounts payables Legal Services Commissioner	212	212	212	-	-	-
Disputed costs	140	-	140	-	-	-
Borrowings	23	23	7	2	14	-
Major Grants	3,495	-	3,495	-	-	-
Statutory Deposit Account balances	524,717	524,717	524,717	-	-	-
<b>Total</b>	<b>529,778</b>	<b>526,143</b>	<b>529,762</b>	<b>2</b>	<b>14</b>	<b>-</b>
<b>2012</b>						
<b>Contractual liabilities:</b>						
Accounts payables Public Purpose Fund	1,024	1,024	1,024	-	-	-
Accounts payables Legal Practitioners Fidelity Fund	65	65	65	-	-	-
Accounts payables Legal Services Commissioner	255	255	255	-	-	-
Disputed costs	206	-	206	-	-	-
Borrowings	44	44	2	4	22	16
Major Grants	4,725	-	4,725	-	-	-
Statutory Deposit Account balances	463,739	463,739	463,739	-	-	-
<b>Total</b>	<b>470,058</b>	<b>465,127</b>	<b>470,016</b>	<b>4</b>	<b>22</b>	<b>16</b>

## (H) MARKET RISK

The Board's exposures to market risk are primarily through interest rate risk and foreign currency risk and with some exposure to equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below:

### (i) Foreign currency risk

The Board's exposure to foreign currency risk is through 2 investment streams:

- Global equities; and
- Global fixed interest

This exposure is in accord with the Board's agreed investment strategy which also governs investment benchmarks for investment types.

The investment policy is to invest 50% of all global equities in a fully hedged investment product and 50% in an unhedged investment product. The investment benchmark is to invest 17% for the Public Purpose Fund and 10% for the Fidelity Fund of the total investments in global equities. Investments in global equities are \$77.14m as at 30 June 2013 compared with \$58.60m for prior year.

The investment benchmark for global fixed interest funds is to invest 21% of the Public Purpose Fund and 15% of the Fidelity Fund in those funds. Investments in global fixed interest funds as at 30 June 2013 is \$82.89m. There was no comparable investment in the prior period.

All investments in global equities and global fixed interest funds are reported in Australian dollars and the exposure is managed by investment fund managers based on parameters set by the Board. Based on past and current assessment of economic outlook, it is deemed unnecessary for the Board to enter into any further hedging arrangements to manage the risk.

The Commissioner is not exposed to foreign currency risk as it does not hold any foreign financial instrument.

### (ii) Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Board has significant exposure to both Australian and global fixed interest investments.

The Board also has significant exposure to cash flow interest rate risks through its cash, term deposits and deposits that are at floating rates. Note 20(j) illustrates the potential impact of a 100 basis points movement on the Board's revenue.

The Board manages this interest rate risk through a diversified assets allocation strategy and by the establishment and maintenance of Deeds of Arrangement with Approved Deposit Institutions and SDA management contracts in place with Westpac bank. The diversified asset allocation strategy is reviewed at least annually and the banking arrangements are subject to periodic review and re-negotiation. Management monitors movement in interest rates on a daily basis.

The Commissioner does not hold any interest bearing instruments that are measured at fair value and therefore has no exposure to fair value interest rate risk.

As at 30 June 2013 the Commissioner has minimal exposure to cash flow interest rate risk as its Operating Bank Account is funded/swept night to the Board's General Account. The Disputed Cost Account is a trust account and all interest received is paid to disputing parties when disputes are resolved.

The inter-company loan balance owed by the Board to the Commissioner (which has been eliminated on consolidation) attracts no interest as under the Act, the Board must only pay out of the Public Purpose Fund each year an amount determined by the Board to meet the expenses of, and discharge the liabilities incurred by, the Commissioner in performing functions under the Act during the year (s.6.7.7(1)).

### (iii) Equity price risk

The Board is exposed to equity price risk through its investments in managed investment schemes. Such investments are allocated and traded to match the approved investment objectives. The Board has appointed Mercer Asset Consultants to review and provide recommendations on its investment strategies, asset allocation and fund managers. Management and Mercer closely monitor investment performance and provide reporting to the Board on a monthly basis.

## 20 Financial instruments (continued)

### (I) INTEREST RATE EXPOSURE OF FINANCIAL INSTRUMENTS

2013	Weighted average interest rate%	Interest rate exposure			
		Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
<b>Financial assets</b>					
Cash and deposits	3.05%	333,874	-	333,874	-
<b>Receivables</b>					
Sale of goods and services Public Purpose Fund		104	-	-	104
Sale of goods and services Legal Services Commissioner		61	-	-	61
Accrued cash distributions - investments		2,840	-	-	2,840
Law Practice Residual Trust Account accrued interest		1,674	-	-	1,674
Statutory Deposit Account accrued interest		585	-	-	585
<b>Investments and other contractual financial assets</b>					
Equities and managed investment schemes		361,928	152,907	-	209,021
<b>Total financial assets</b>		<b>701,066</b>	<b>152,907</b>	<b>333,874</b>	<b>214,285</b>
<b>Financial liabilities</b>					
<b>Payables</b>					
Supplies and services		1,403	-	-	1,403
Major grants		3,495	-	-	3,495
Disputed costs		140	-	-	140
Borrowings	6.50%	23	23	-	-
Statutory Deposit Account balances		524,717	-	-	524,717
<b>Total financial liabilities</b>		<b>529,778</b>	<b>23</b>	<b>-</b>	<b>529,755</b>
<b>2012</b>					
<b>Financial assets</b>					
Cash and deposits	4.33%	330,463	-	330,463	-
<b>Receivables</b>					
Sale of goods and services Public Purpose Fund		133	-	-	133
Sale of goods and services Legal Services Commissioner		466	-	-	466
Law Practice Residual Trust Account accrued interest		2,261	-	-	2,261
Statutory Deposit Account accrued interest		689	-	-	689
<b>Investments and other contractual financial assets</b>					
Equities and managed investment schemes	3.57%	216,938	104,843	-	112,095
Term deposits	5.72%	67,731	67,731	-	-
<b>Total financial assets</b>		<b>618,681</b>	<b>172,574</b>	<b>330,463</b>	<b>115,644</b>
<b>Financial liabilities</b>					
<b>Payables</b>					
Supplies and services		1,344	-	-	1,344
Major grants		4,725	-	-	4,725
Disputed costs		206	-	-	206
Borrowings	6.50%	44	44	-	-
Statutory Deposit Account balances		463,739	-	-	463,739
<b>Total financial liabilities</b>		<b>470,058</b>	<b>44</b>	<b>-</b>	<b>470,014</b>

## (i) Sensitivity disclosure analysis and assumptions

The Board's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding four year period, with all variables other than the primary risk variable held constant. The Board's fund managers cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. The following movements are 'reasonably possible' over the next 12 months:

- a movement of 100 basis points up and down (2012: 100 down and 100 up) in market interest rates (AUD).

The impact on the Board's net result for each category of financial instrument held by the Board at year end as presented to key management personnel, if the above movements were to occur, is as follows:

The Board has no financial liabilities subject to movements in market rates and prices.

## (J) INTEREST RATE SENSITIVITY

		Interest rate risk			
		-100 basis points		+100 basis points	
	Carrying amount \$'000	Net result \$'000	Impact on retained earnings \$'000	Net result \$'000	Impact on retained earnings \$'000
<b>At 30 June 2013</b>					
<b>Contractual financial assets</b>					
Cash and deposits	333,874	(3,339)	(3,339)	3,339	3,339
Investments and other contractual financial assets	361,928	-	-	-	-
<b>Total impact</b>		<b>(3,339)</b>	<b>(3,339)</b>	<b>3,339</b>	<b>3,339</b>
<b>At 30 June 2012</b>					
<b>Contractual financial assets</b>					
Cash and deposits	398,194	(3,982)	(3,982)	3,982	3,982
Investments and other contractual financial assets	216,938	-	-	-	-
<b>Total impact</b>		<b>(3,982)</b>	<b>(3,982)</b>	<b>3,982</b>	<b>3,982</b>

The above analysis does not reflect the impact on the Board's revenue from interest rate changes on returns from Residual Trust accounts.

Under the provisions of the Act, the Board receives interest from Approved Deposit Institutions for funds deposited in non-SDA Residual Trust accounts held by legal practitioners or approved clerks. The quantum of interest received on residual trust funds for the year ended 30 June 2013 was \$23.36m (2012: \$31.73m).

Based on a rolling average balance in Residual Trust Funds as at 30 June 2013 of \$970m (2012 \$889m), a 100 basis point movement would impact the revenue attributable to the Board by \$9.704m (2012 \$8.890m).

## 20 Financial instruments (continued)

### (K) OTHER PRICE RISK SENSITIVITY

Exposure to other price risk arises due to the inherent risk due to the possibility of falls in the market value of the investments held for trading.

The Board's objective of managing other price risk is to minimise negative impacts on investment value due to the volatility of the stock market.

Policy in managing other price risk:

The Board has appointed Mercer as its external, independent investment managers to monitor the volatility of stock market investments in light of performance benchmarks. The investment manager is expected to manage this risk with parameters set by the Board and with appropriate oversight by management and the Board. The risk is managed through the appropriate diversification of specific stocks and diversification through different asset classes as per the mandated allocations.

The Board manages other price risk at least once a year.

	Carrying amount \$'000	Foreign exchange risk				Other price risk			
		10% (a)		-5% (b)		-15% (a)		10% (b)	
At 30 June 2013		Net result \$'000	Equity \$'000	Net result \$'000	Equity \$'000	Net result \$'000	Equity \$'000	Net result \$'000	Equity \$'000
<b>Financial assets</b>									
Other financial assets	361,928	12,180	12,180	(6,090)	(6,090)	(54,289)	(54,289)	36,193	36,193
<b>Total increase/ (decrease)</b>		<b>12,180</b>	<b>12,180</b>	<b>(6,090)</b>	<b>(6,090)</b>	<b>(54,289)</b>	<b>(54,289)</b>	<b>36,193</b>	<b>36,193</b>
<b>At 30 June 2012</b>									
<b>Financial assets</b>									
Other financial assets	216,938	2,902	2,902	(1,451)	(1,451)	(32,541)	(32,541)	21,694	21,694
<b>Total increase/ (decrease)</b>		<b>2,902</b>	<b>2,902</b>	<b>(1,451)</b>	<b>(1,451)</b>	<b>(32,541)</b>	<b>(32,541)</b>	<b>21,694</b>	<b>21,694</b>

- (a) The Board's Management has estimated according to past performance and future expectations an average maximum decrease in the value of AUD when exchanging foreign currencies of 10%.
- (b) The Board's Management has estimated according to past performance and future expectations an average maximum increase in the value of AUD when exchanging foreign currencies of 5%.
- (c) The currency risk has been estimated based on the closing balance for unhedged global equities as at 30 June (Note 8). The balance of Other Financial Assets includes the investments in global equities subject to exchange rate movements. Sensitivity to + or - 10% movement in is \$12.180m in absolute terms, similarly a + or - 5% movement is \$6.090m.
- (d) The Board's Management has estimated that movements in Other Price Risk will be from positive 10% to negative 15% in the next 12 months. The Board's Management does not believe that it is possible to reasonably estimate the variables used (interest rates) further than for 12 months.



## (L) FAIR VALUE

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- **Level 1** the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- **Level 2** the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- **Level 3** the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using observable market inputs.

The Board considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short term nature of the financial instruments and the expectation that they will be paid in full.

The following table shows that the fair values of the contractual financial assets and liabilities are the same as the carrying amounts.

	2013		2012	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>Contractual financial assets</b>				
Cash and deposits	333,874	333,874	398,194	398,194
<b>Receivables (i)</b>				
Accrued cash distributions – investments	2,840	2,840	-	-
Accrued interest – Residual Trust Accounts	1,674	1,674	2,261	2,261
Accrued interest – Statutory Deposit Accounts	585	585	689	689
Net trade receivables – Public Purpose Fund	104	104	133	133
Net trade receivables – Commissioner	61	61	466	466
<b>Investments and other contractual financial assets</b>				
Investments at fair value through profit or loss held for trading	361,928	361,928	216,938	216,938
<b>Total contractual financial assets</b>	<b>701,066</b>	<b>701,066</b>	<b>618,681</b>	<b>618,681</b>
<b>Contractual financial liabilities</b>				
<b>Payables</b>				
Accounts payable Public Purpose Fund	1,117	1,117	1,024	1,024
Accounts payable Legal Practitioners Fidelity Fund	74	74	65	65
Accounts payable Legal Services Commissioner	212	212	255	255
Major grants	3,495	3,495	4,725	4,725
Disputed costs	140	140	206	206
Borrowings	23	23	44	44
Statutory Deposit Account balances	524,717	524,717	463,739	463,739
<b>Total contractual financial liabilities</b>	<b>529,778</b>	<b>529,778</b>	<b>470,058</b>	<b>470,058</b>

Note: (i) The carrying amount disclosed here excludes statutory amounts (e.g. amounts owing from Victorian government, GST input tax credits recoverable or GST payable).

## 20 Financial instruments (continued)

### (M) FINANCIAL ASSETS MEASURED AT FAIR VALUE

Financial assets at fair value through the profit and loss:

	30 June 2013		30 June 2012	
	Carrying amount \$'000	Fair value measurement at end of reporting period – Level 1 \$'000	Carrying amount \$'000	Fair value measurement at end of reporting period – Level 1 \$'000
Investments in other financial assets at fair value through profit or loss	361,928	361,928	216,938	216,938

## 21 Ex-gratia payments

	2013 \$'000	2012 \$'000
The Legal Services Commissioner made ex-gratia payments under section 4.2.16 of the Act.	4	42

## 22 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the FMA, the following disclosures are made regarding responsible persons for the reporting period.

### (A) NAMES

The persons who held the positions of Ministers and Accountable Officer in the Legal Services Board and Legal Services Commissioner are as follows:

Attorney-General	The Hon. Robert Clark, MP	1 July 2012 to 30 June 2013
Acting Attorney-General	The Hon. Gordon Rich-Phillips, MLC	29 June 2013 to 30 June 2013
Accountable Officer	Mr Michael McGarvie	1 July 2012 to 30 June 2013
Acting Accountable Officer	Mr Russell Daily	1 July 2012 to 18 July 2012 30 January 2013 to 5 February 2013 11 February 2013 to 22 February 2013
Chairperson	Ms Fiona Bennett	29 January 2013 to 30 June 2013
Former Chairperson	Mr Colin Neave AM	1 July 2012 to 14 September 2012
Interim Chairperson	Ms Fiona Bennett	15 September 2012 to 28 January 2013
Board Member	Ms Carolyn Bond AO	1 July 2012 to 30 June 2013
Board Member	Mr Richard Fleming	1 July 2012 to 30 June 2013
Board Member	Mr Peter Jopling QC	1 July 2012 to 30 June 2013
Board Member	Mr Harvey Kalman	31 July 2012 to 30 June 2013
Board Member	Mr John Corcoran	9 April 2013 to 30 June 2013
Former Board Member	Ms Fiona Bennett	1 July 2012 to 14 September 2012
Former Board Member	Mr David Faram	1 July 2012 to 25 March 2013
Former Board Member	Ms Melissa Horne	1 July 2012 to 27 July 2012

### (B) REMUNERATION

Remuneration received or receivable by the Accountable Officer of the Board and the Commissioner during the reporting period was in the range of: \$260,000 to \$270,000 (2012: \$260,000 to \$270,000).

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet.

## 23 Remuneration of the Board and Commissioner Audit Committee

S 6.3.4 of the Act states that the Legal Services Commissioner is the Chief Executive Officer of the Board.

### BOARD MEMBERS AND COMMISSIONER COMMITTEE MEMBERS REMUNERATION

Of the total number of members included in the detail below three members served only as members of the Commissioner Audit Committee. Prior year comparatives have been adjusted to reflect inclusion of the Commissioner Audit Committee members.

	2013 No. \$	2012 No. \$
<b>Income band</b>		
Less than \$10,000	5	3
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	1	1
\$30,000 - \$39,999	4	5
\$50,000 - \$59,999	1	-
\$70,000 - \$79,999	-	1
<b>Total</b>	<b>12</b>	<b>10</b>
<b>Total Amount</b>	<b>244,621</b>	<b>279,563</b>

### BOARD MEMBERS SUPERANNUATION

The Board made direct superannuation contributions for its members totalling during the year ended 30 June 2013 of \$17,606.

## 24 Remuneration of executives

### EXECUTIVE OFFICERS

The number of executive officers, other than the minister and accountable officer, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of the executive officers are shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

Bonus payments affected total remuneration payable to executives over the year and these depend on the terms of the individual employment contracts.

	Total Remuneration		Base Remuneration	
	2013	2012	2013	2012
<b>Income Band</b>				
Less than \$100,000	-	1	-	1
\$170,000 - \$179,999	-	1	-	1
\$180,000 - \$189,999	-	-	2	1
\$190,000 - \$199,999	2	1	-	-
<b>Total</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>3</b>
<b>Total annualised employee equivalent (AEE)</b>	<b>2.0</b>	<b>2.2</b>	<b>2.0</b>	<b>2.2</b>
<b>Total amount</b>	<b>388,024</b>	<b>472,022</b>	<b>373,000</b>	<b>419,135</b>

\*Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period

### OTHER PERSONNEL I.E. CONTRACTORS WITH SIGNIFICANT MANAGEMENT RESPONSIBILITIES

There were no contractors charged with significant management responsibilities during the period 1 July 2012 to 30 June 2013.

## 25 Remuneration of auditors

### (A) VICTORIAN AUDITOR-GENERAL'S OFFICE

	2013 \$'000	2012 \$'000
Audit of financial statements	71	72
<b>Total remuneration for audit and other assurance services</b>	<b>71</b>	<b>72</b>

## 26 Related party transactions

	2013 \$'000	2012 \$'000
Expenses recovered from Commissioner by the Board	773	646
Expenses recovered from the Board by the Commissioner	11,742	11,948
Intercompany loan (eliminated) as per note 1(f)	3,723	2,585

The Commissioner and the Board share costs and services. All transactions are at arm's length. Shared costs are recharged on agreed rates. Expenses, revenues and associated loan balances shown above are eliminated on consolidation.

## 27 Subsequent events

Subsequent to 30 June 2013, on 14 August 2013, the High Court of Australia brought down its decision in the case *Legal Services Board v Gillespie Jones*. The court held in favour of the Board and consequently the Provision for Fidelity Fund claims was adjusted to remove provisioning associated with this claim of \$1.04 million.

The Board had previously resolved to bear the costs of Gillespie-Jones and although no final cost figure has been advised to the Board, these accounts reflect provisioning of \$0.30 million. Details are included at note 13 (a).

## 28 Glossary of terms and style conventions

### COMMITMENTS

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

### COMPREHENSIVE RESULT

Total net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other non-owner movements in equity.

### DEPRECIATION

Depreciation is an expense that arises from the consumption through wear and tear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

### EMPLOYEE BENEFITS EXPENSES

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions.

### EX-GRATIA PAYMENTS

*Ex-gratia* payment is the gratuitous payment of money where no legal obligation exists.

### FINANCIAL ASSET

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right;
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

### FIDELITY FUND

The Fidelity Fund is maintained under section 6.7.15 of the Act. The purpose of the Fidelity Fund is to compensate clients for losses arising out of defaults by law practices arising from acts or omissions of associates and defaults by approved clerks. The amount in the Fidelity Fund must be kept separate from any other money held by the Board and be held in trust. The Board may invest any money in the Fidelity Fund that is not immediately required for the purposes of the Fidelity Fund in the manner in which money may be invested under the *Trustee Act 1958*.

### FINANCIAL INSTRUMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual are not financial instruments.

### FINANCIAL LIABILITY

A financial liability is any liability that is:

- (a) a contractual obligation:
  - to deliver cash or another financial asset to another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instrument and is:
  - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own instruments.

## 28 Glossary of terms and style conventions (continued)

### FINANCIAL STATEMENTS

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet cash flow statements and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (September 2007) which means it may include the main financial statements and the notes.

### GRANTS

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature. While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods and services, to particular taxpayers in return for their taxes. For this reason, grants are referred to by the AASB as involuntary transfers and are termed nonreciprocal transfers.

The Board provide grants for any of the following purposes:

- (a) law reform;
- (b) legal education;
- (c) legal research;
- (d) any purpose relating to the legal profession or the law that the Board considers appropriate.

The conditions of the grant payments are provided in the Act.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

### INTANGIBLE ASSETS

Intangible assets represent identifiable non-monetary assets without physical substance.

### INTEREST INCOME

Interest income includes interest received on bank term deposits, interest from investments, and other interest received.

### NET RESULT

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner changes in equity'.

### NET RESULT FROM TRANSACTIONS/NET OPERATING BALANCE

A net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains or losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

### NET WORTH

Assets less liabilities, which is an economic measure of wealth.

### NON-FINANCIAL ASSETS

Non-financial assets are all assets that are not 'financial assets'. It includes plant and equipment and intangible assets.



## OTHER ECONOMIC FLOWS

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets, fair value changes in financial instruments and depletion of natural assets (non-produced) from their use or removal. In simple terms, other economic flows are changes arising from market re-measurements.

## PAYABLES

Includes short and long term trade debt and accounts payable, grants and interest payable.

## PUBLIC PURPOSE FUND

The Public Purpose Fund is maintained under section 6.7.1 of the Act. The Fund is comprised of three separate accounts – the General Account, Statutory Deposit Account and the Distribution Account. The funding and expenditure requirements of each of the accounts are detailed in the Act. The amount in the Public Purpose Fund must be kept separate from any other money held by the Board and be held in trust. The Board may invest any money standing to the credit of the Fund that is not immediately required for the purposes of the Public Purpose Fund in the manner in which money may be invested under the *Trustee Act* 1958.

## RECEIVABLES

Includes short and long term credit and accounts receivable, grants, taxes and interest receivable.

## STATUTORY DEPOSIT ACCOUNT BALANCES (SDA)

Each law practice with Trust Accounts has an individual SDA held in their name by the Board, the balance in this account is linked to their Trust Account. The liability represents the total sum of the individual SDA balances.

## TRANSACTIONS

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the Board or the Commissioner.

## STYLE CONVENTIONS

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding.

The notation used in the tables is as follows:

- zero, or rounded to zero

(xxx) negative numbers

20xx year period

20xx xx year period

The financial statements and notes are presented based on the illustration for a government department in the 2012-13 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Board or the Commissioner's annual reports.

## INDEPENDENT AUDITOR'S REPORT

To the Board Members, Legal Services Board and the Commissioner, Legal Services Commissioner

### *The Financial Report*

The accompanying financial report for the year ended 30 June 2013 of the Legal Services Board and the Legal Services Commissioner, prepared pursuant to Section 53 (1)(b) of the *Financial Management Act 1994*, which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information, and the Accountable Officers' and Chief Finance and Accounting Officer's declaration has been audited.

### *The Board Members' and the Commissioner's Responsibility for the Financial Report*

The Board Members of the Legal Services Board and the Commissioner of the Legal Services Commissioner are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members and the Commissioner determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members and the Commissioner, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



## Independent Auditor's Report (continued)

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

### *Opinion*

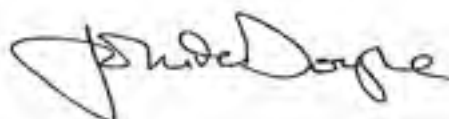
In my opinion, the financial report presents fairly, in all material respects, the financial position of the Legal Services Board and the Legal Services Commissioner as at 30 June 2013 and of their financial performance and their cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

### *Emphasis of Matter*

Without modification to the opinion expressed above, attention is drawn to the following matter. As indicated in note 1 (c) to the financial report of the Legal Services Board and the Legal Services Commissioner, the financial report has been prepared pursuant to Section 53 (1)(b) of the *Financial Management Act 1994*, and presents fairly the composite financial results and financial positions of the two entities as a single reporting entity.

### *Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report of the Legal Services Board and the Legal Services Commissioner for the year ended 30 June 2013 included both in the Legal Services Board's and the Legal Services Commissioner's annual report and on the website. The Board Members of the Legal Services Board and the Commissioner of the Legal Services Commissioner are responsible for the integrity of the Legal Services Board's and the Legal Services Commissioner's website. I have not been engaged to report on the integrity of the Legal Services Board's and the Legal Services Commissioner's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.



John Doyle  
*Auditor-General*

MELBOURNE  
20 September 2013

# Appendix 05

# Board Delegations

**Table 56: Internal Delegations made by the Board, current as at 30 June 2013**

Date	Delegate	Functions Delegated
30 May 2013	Legal Services Commissioner	<p><b>Legal Profession Act 2004</b></p> <p><b>Part 2.2, Division 2 – General prohibitions on unqualified practice</b></p> <p>Section 2.2.6(1) apply to Tribunal for order that a person is a disqualified person</p> <hr/> <p><b>Part 2.4, Division 3 – Local practising certificates generally</b></p> <p>Section 2.4.3(1) grant local practising certificates</p> <p>Section 2.4.3(2) approve form of local practising certificate</p> <p>Section 2.4.3(3) determine conditions on local practising certificates</p> <p>Section 2.4.3(4) conditions on local practising certificates</p> <p>Section 2.4.3(5) conditions to appear on face of certificate</p> <p>Section 2.4.4 consider if a person is fit and proper to hold a local practising certificate</p> <hr/> <p><b>Part 2.4, Division 4 – Grant or renewal of local practising certificates</b></p> <p>Section 2.4.7 assess criteria for grant or renewal of local practising certificate</p> <p>Section 2.4.8(1) receive application for grant or renewal of local practising certificate</p> <p>Section 2.4.9(1) approve form for grant or renewal of local practising certificate</p> <p>Section 2.4.9(4) refund surcharge</p> <p>Section 2.4.9(5) receive evidence of professional indemnity insurance</p> <p>Section 2.4.9(6) give notice of failure to comply or to restore deficiency in trust account</p> <p>Section 2.4.9(7) assess whether failure to comply or restore deficiency has been remedied</p> <p>Section 2.4.9(8) request surrender of certificate</p> <p>Section 2.4.11 receive late application for local practising certificate on payment of surcharge</p> <p>Section 2.4.12 grant, renew or refuse local practising certificate</p> <hr/> <p><b>Part 2.4, Division 5 – Additional conditions on local practising certificates</b></p> <p>Section 2.4.13 amend or issue new local practising certificate with conditions</p> <p>Section 2.4.14 impose conditions on local practising certificate</p> <p>Section 2.4.16(1) apply to the Tribunal to impose or vary conditions on local practising certificate pending criminal proceedings</p> <p>Section 2.4.18(3) exempt a person (or reduce period) from the statutory condition on a local practising certificate that the person must only engage in supervised legal practice</p> <p>Section 2.4.18(4) impose conditions on an exemption given under s.2.4.18(3)</p> <hr/> <p><b>Part 2.4, Division 6 – Amendment, suspension or cancellation of local practising certificates</b></p> <p>Section 2.4.21 amend, suspend or cancel local practising certificate and provide show cause notice</p> <p>Section 2.4.22 immediate suspension of local practising certificate</p> <p>Section 2.4.23 lift suspension of local practising certificate</p> <p>Section 2.4.24 other amendment or cancellation of local practising certificate</p>

Date	Delegate	Functions Delegated
30 May 2013	Legal Services Commissioner (continued)	<p><b>Part 2.4, Division 7 – Special powers in relation to local practising certificates – show cause events</b></p> <p>Section 2.4.26 receive written statement from applicant for local practising certificate if show cause event applies</p> <p>Section 2.4.27 receive show cause notice and statement from holder of local practising certificate; Approve the form of notice</p> <p>Section 2.4.28 refuse to grant or renew, amend, suspend or cancel local practising certificate – failure to show fit and proper person</p> <p>Section 2.4.29 restrict entitlement to apply for local practising certificate for a specified period</p> <hr/> <p><b>Part 2.4, Division 8 – Further provisions relating to local practising certificates</b></p> <p>Section 2.4.30 receive surrendered local practising certificate</p> <p>Section 2.4.31 require return of local practising certificate</p> <hr/> <p><b>Part 2.4, Division 11 – Miscellaneous</b></p> <p>Section 2.4.40 require provision of information or documents for purpose of considering an application for grant or renewal of local practising certificate</p> <hr/> <p><b>Part 2.5, Division 2 – Police reports</b></p> <p>Section 2.5.3 request criminal record check</p> <hr/> <p><b>Part 2.5, Division 3 – Health assessments</b></p> <p>Section 2.5.4 require person to undergo health assessment</p> <p>Section 2.5.5 appoint health assessor</p> <p>Section 2.5.6 receive health assessment report</p> <hr/> <p><b>Part 2.6, Division 2 – Notifications to be given by local authorities to interstate authorities</b></p> <p>Section 2.6.5(2) give written notice of action taken or the result of appeal to corresponding authority</p> <p>Section 2.6.5(5) give written notice of a condition imposed on an Australian lawyer’s local practising certificate to corresponding authorities</p> <hr/> <p><b>Part 2.6, Division 4 – Taking of action by local authorities in response to notifications received</b></p> <p>Section 2.6.10(3) notification of date on which Board proposes to cancel local practising certificate of person who has been removed from interstate roll</p> <p>Section 2.6.13 information received from authority of another jurisdiction may be furnished to other authorities of this jurisdiction that have functions under the Act</p> <hr/> <p><b>Part 2.7, Division 2 – Incorporated legal practices</b></p> <p>Section 2.7.7(1) approve form of written notice of corporation’s intention to commence engaging in legal practice</p> <p>Section 2.7.7(3) approve form of written notice of corporation’s failure to notify intention to commence engaging in legal practice</p> <p>Section 2.7.9(1) approve form of written notice of corporation’s cessation of legal practice</p> <p>Section 2.7.22 audit incorporated legal practice</p> <p>Section 2.7.23(1) require incorporated legal practice subject to audit to provide or verify explanation, information or documents</p> <p>Section 2.7.23(2) require person to give access to documents or information for purpose of audit</p> <p>Section 2.7.23(7) copy and retain information or documents</p> <p>Section 2.7.24 apply to the Supreme Court for order banning incorporated legal practice</p> <p>Section 2.7.25 apply to the Supreme Court for order disqualifying an Australian legal practitioner from managing an incorporated legal practice</p> <p>Section 2.7.26 disclose information to Australian Securities and Investments Commission</p> <hr/> <p><b>Part 2.7, Division 3 – Multi-disciplinary partnerships</b></p> <p>Section 2.7.38 approve form of notice of legal practitioner partner’s intention to start providing legal services as a member of a multi-disciplinary partnership</p> <p>Section 2.7.50 apply to Supreme Court for order prohibiting an Australian legal practitioner from being a partner in a multi-disciplinary partnership</p> <hr/> <p><b>Part 2.8, Division 4 – Application for grant or renewal of local registration</b></p> <p>Section 2.8.19(1)(a) approve form for the grant or renewal of registration as a foreign lawyer</p> <p>Section 2.8.19(6) specify content of form for grant or renewal of registration as a foreign lawyer</p> <p>Section 2.8.19(7) specify content of form for grant or renewal of registration as a foreign lawyer</p> <p>Section 2.8.19(8) specify content of form for grant or renewal of registration as a foreign lawyer</p> <p>Section 2.8.20(2) specify requirements of application for grant or renewal of registration as a foreign lawyer</p> <hr/> <p><b>Part 2.8, Division 5 – Grant or renewal of registration</b></p> <p>Section 2.8.21 grant or renewal of registration of foreign lawyers; Approve form of notice of renewal</p> <p>Section 2.8.22 requirement to grant or renew registration of foreign lawyers if criteria satisfied</p> <p>Section 2.8.23 refusal to grant or renew registration of foreign lawyers</p>

Date	Delegate	Functions Delegated
30 May 2013	Legal Services Commissioner (continued)	<b>Part 2.8, Division 7 – Special powers in relation to local registration – show cause events</b>
		Section 2.8.31 receive show cause notice from locally registered foreign lawyer; Approve the form of notice
		<b>Part 2.9 – Community legal centres</b>
		Section 2.9.3(1) receive notification of temporary engagement of a supervising legal practitioner by a community legal centre
		<b>Part 3.2, Division 7 – Competition</b>
		Section 3.2.21 require law practice or Australian legal practitioner to provide information or documents regarding competition investigation
		Section 3.2.22 give opportunity to law practice or Australian legal practitioner to comment on adverse report regarding competition investigation
		<b>Part 3.3, Division 1 – Preliminary</b>
		Section 3.3.4 determine if money is trust money
		<b>Part 3.3, Division 2 – Trust accounts and trust money</b>
		Section 3.3.27 request trust balance of any trust account
		<b>Part 3.3, Division 3 – Investigations</b>
		Section 3.3.28 conduct trust investigation
		Section 3.3.29 appoint trust inspector
		Section 3.3.30(1) issue identity card to trust inspector; Approve form of card
		Section 3.3.47 receive trust inspector's report
		Section 3.3.48 determine if costs of investigation are payable by a law practice
		<b>Part 3.3, Division 4 – External examinations</b>
		Section 3.3.51(2) exempt a person from the external examiner requirements
		<b>Part 3.3, Division 6 – Statutory deposits</b>
		Section 3.3.65 determine amount and timing of required statutory deposit
		Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements
		<b>Part 3.5 – Professional indemnity insurance</b>
		Section 3.5.3 approve professional indemnity insurance for Australian-registered foreign lawyer
		Section 3.5.4(1) approve professional indemnity insurance for community legal centre before it commences engaging in legal practice
		Section 3.5.4(2) approve professional indemnity insurance for community legal centre while it is engaging in legal practice
		Section 3.5.4A(1) approve professional indemnity insurance for corporate legal practitioner engaging in legal practice on a pro bono basis
		Section 3.5.7 exempt a law practice or community legal centre, or classes of law practices or community legal centres, from professional indemnity insurance requirements
		<b>Part 3.6, Division 3 – Claims about defaults</b>
		Section 3.6.7 Receive claims against the fidelity fund about defaults; Approve form for claim
		Section 3.6.8 allow further period to lodge fidelity fund claim
		Section 3.6.12(1) investigate fidelity fund claims
		Section 3.6.12(2) require fidelity fund claimant to produce security, document or statement of evidence
<b>Part 3.6, Division 4 – Determination of claims</b>		
Section 3.6.19 subrogation on payment of fidelity fund claim		
Section 3.6.21 notify applicant of delay in determination of fidelity fund claim		
<b>Part 3.6, Division 8 – Inter-jurisdictional provisions</b>		
Section 3.6.34(2) request corresponding authority to investigate default		
Section 3.6.35 act as agent of corresponding authority – regarding a default to which a corresponding law applies		
Section 3.6.36 investigation of interstate defaults		
Section 3.6.39(1) request a corresponding authority to arrange investigation of a claim being dealt with by the Board		
<b>Part 7.2, Division 1 – Notices and evidentiary matters</b>		
Section 7.2.5(3) certify copy of legal profession rules		
<b>Part 7.2, Division 2 – Investigation and prosecution of offences</b>		
Section 7.2.6(b) appoint investigator		
Section 7.2.8 receive investigator's report		
Section 7.2.10(1)(a) file charge for offence under Act		

Date	Delegate	Functions Delegated
	<b>Legal Services Commissioner (continued)</b>	<p><b>Part 7.2, Division 3 – General</b></p> <p>Section 7.2.13(1) apply for injunction regarding conduct that constitutes contravention of Act/Regulations or attempting to contravene Act/Regulations</p> <p>Section 7.2.14 disclosure of information by local regulatory authorities</p> <hr/> <p><b>Legal Profession Regulations 2005</b></p> <p><b>Part 2.7 – Incorporated legal practices and multi-disciplinary partnerships</b></p> <p>Regulation 2.7.2(2) publicise disqualifying order regarding incorporated legal practice and multi-disciplinary partnership</p> <p>Regulation 2.7.2(3) give notice of disqualifying order regarding incorporated legal practice to corresponding authority</p> <hr/> <p><b>Part 3.3, Division 5 – Transit money</b></p> <p>Regulation 3.3.38(1)(a) require statement as to whether trust money held by law practice or clerk</p> <p>Regulation 3.3.38(1)(b) require statement specifying categories of trust money held</p> <hr/> <p><b>Part 3.3, Division 7 – External examinations</b></p> <p>Regulation 3.3.40(3) approve external examiner who is otherwise not eligible</p> <p>Regulation 3.3.40(4) approve form of written consent</p> <p>Regulation 3.3.41 receive notice of appointment of external examiner and examiner's consent</p> <p>Regulation 3.3.42(1) require law practice or clerk to provide show cause why external examiner's appointment should not be terminated</p> <p>Regulation 3.3.42(2) require termination of appointment of external examiner</p> <p>Regulation 3.3.43(2) approve external examiner otherwise disqualified</p> <p>Regulation 3.3.44(3) approve request for termination of external examiner by law practice or clerk</p> <p>Regulation 3.3.44(4) require evidence re request for termination of external examiner by law practice or clerk</p> <p>Regulation 3.3.44(5) receive notice of termination of external examiner by law practice or clerk; Approve the form of notification</p> <p>Regulation 3.3.46(1) receive statement of trust money within one month after end of audit year; Approve the form of notification</p> <p>Regulation 3.3.48(a) approve form of report and certificate by approved external examiner</p> <hr/> <p><b>Part 3.3, Division 8 – Miscellaneous</b></p> <p>Regulation 3.3.52 exempt a law practice or approved clerk from complying with the trust money and trust account provisions</p>
30 May 2013	<b>Executive Director, Corporate &amp; Governance</b>	<p><b>Legal Profession Act 2004</b></p> <p><b>Part 2.4, Division 4 – Grant or renewal of local practising certificates</b></p> <p>Section 2.4.9(4) refund surcharge</p> <p>Section 2.4.9(6) give notice of failure to comply or to restore deficiency in trust account</p> <p>Section 2.4.9(7) assess whether failure to comply or restore deficiency has been remedied</p> <hr/> <p><b>Part 2.4, Division 5 – Additional conditions on local practising certificates</b></p> <p>Section 2.4.18(3) exempt a person (or reduce period) from the statutory condition on a local practising certificate that the person must only engage in supervised legal practice</p> <p>Section 2.4.18(4) impose conditions on an exemption given under s.2.4.18(3)</p> <hr/> <p><b>Part 2.6, Division 2 – Notifications to be given by local authorities to interstate authorities</b></p> <p>Section 2.6.5(2) give written notice of action taken or the result of appeal to corresponding authority</p> <p>Section 2.6.5(5) give written notice of a condition imposed on an Australian lawyer's local practising certificate to corresponding authorities</p> <hr/> <p><b>Part 2.6, Division 4 – Taking of action by local authorities in response to notifications received</b></p> <p>Section 2.6.10(3) notification of date on which Board proposes to cancel local practising certificate of person who has been removed from interstate roll</p> <p>Section 2.6.13 information received from authority of another jurisdiction may be furnished to other authorities of this jurisdiction that have functions under the Act</p> <hr/> <p><b>Part 2.7, Division 2 – Incorporated legal practices</b></p> <p>Section 2.7.26 disclose information to Australian Securities and Investments Commission</p> <hr/> <p><b>Part 2.8, Division 5 – Grant or renewal of registration</b></p> <p>Section 2.8.21 grant or renewal of registration of foreign lawyers (except approval of form of notice of renewal)</p> <p>Section 2.8.22 requirement to grant or renew registration of foreign lawyers if criteria satisfied</p> <p>Section 2.8.23 refusal to grant or renew registration of foreign lawyers</p> <hr/> <p><b>Part 3.3, Division 4 – External examinations</b></p> <p>Section 3.3.51(2) exempt a person from the external examiner requirements</p> <hr/> <p><b>Part 3.3, Division 6 – Statutory deposits</b></p> <p>Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements</p>

Date	Delegate	Functions Delegated
30 May 2013	Executive Director, Corporate & Governance (continued)	<b>Part 3.5 – Professional indemnity insurance</b> Section 3.5.3 approve professional indemnity insurance for Australian-registered foreign lawyer Section 3.5.4(1) approve professional indemnity insurance for community legal centre before it commences engaging in legal practice Section 3.5.4(2) approve professional indemnity insurance for community legal centre while it is engaging in legal practice Section 3.5.4A(1) approve professional indemnity insurance for corporate legal practitioner engaging in legal practice on a pro bono basis Section 3.5.7 exempt a law practice or community legal centre, or classes of law practices or community legal centres, from professional indemnity insurance requirements
		<b>Part 3.6, Division 3 – Claims about defaults</b> Section 3.6.8 allow further period to lodge fidelity fund claim
		<b>Part 3.6, Division 8 – Inter-jurisdictional provisions</b> Section 3.6.36 investigation of interstate defaults Section 3.6.39(1) request a corresponding authority to arrange investigation of a claim being dealt with by the Board
		<b>Legal Profession Regulations 2005</b> <b>Part 3.3, Division 8 – Miscellaneous</b> Regulation 3.3.52 exempt a law practice or approved clerk from complying with the trust money and trust account provisions
24 May 2012	Executive Director, Regulation & Complaints	<b>Legal Profession Act 2004</b> <b>Part 2.4, Division 11 – Miscellaneous</b> Section 2.4.40 require provision of information or documents for purpose of considering an application for grant or renewal of local practising certificate
		<b>Part 2.6, Division 2 – Notifications to be given by local authorities to interstate authorities</b> Section 2.6.13 information received from authority of another jurisdiction may be furnished to other authorities of this jurisdiction that have functions under the Act
		<b>Part 2.7, Division 2 – Incorporated legal practices</b> Section 2.7.22 audit incorporated legal practice Section 2.7.23(1) require incorporated legal practice subject to audit to provide or verify explanation, information or documents Section 2.7.23(2) require person to give access to documents or information for purpose of audit Section 2.7.23(7) copy and retain information or documents Section 2.7.26 disclose information to Australian Securities and Investments Commission
		<b>Part 3.3, Division 3 – Investigations</b> Section 3.3.28 conduct trust investigation Section 3.3.29 appoint trust inspector Section 3.3.47 receive trust inspectors report
		<b>Part 7.2, Division 2 – Investigation and prosecution of offences</b> Section 7.2.6(b) appoint investigator Section 7.2.8 receive investigator's report
		<b>Legal Profession Act 2004</b> <b>Part 2.4, Division 5 – Additional conditions on local practising certificates</b> Section 2.4.18(3) exempt a person (or reduce period) from the statutory condition on a local practising certificate that the person must only engage in supervised legal practice Section 2.4.18(4) impose conditions on an exemption given under s.2.4.18(3)
		<b>Part 2.6, Division 4 – Taking of action by local authorities in response to notifications received</b> Section 2.6.13 information received from authority of another jurisdiction may be furnished to other authorities of this jurisdiction that have functions under the Act
30 May 2013	Director, Regulatory Reform & Policy	<b>Part 2.7, Division 2 – Incorporated legal practice</b> Section 2.7.26 disclose information to Australian Securities and Investments Commission
		<b>Part 2.8, Division 5 – Grant or renewal of registration</b> Section 2.8.21 grant or renewal of registration of foreign lawyers (except approval of form of notice of renewal) Section 2.8.22 requirement to grant or renew registration of foreign lawyers if criteria satisfied Section 2.8.23 refusal to grant or renew registration of foreign lawyers
		<b>Part 3.3, Division 4 – External examinations</b> Section 3.3.51(2) exempt a person from the external examiner requirements

Date	Delegate	Functions Delegated
30 May 2013	Director, Regulatory Reform & Policy (continued)	<b>Part 3.3, Division 6 – Statutory deposits</b>
		Section 3.3.68            exempt a law practice or an approved clerk from statutory deposit requirements
		<b>Part 3.5 – Professional indemnity insurance</b>
		Section 3.5.3            approve professional indemnity insurance for Australian-registered foreign lawyer
		Section 3.5.4(1)        approve professional indemnity insurance for community legal centre before it commences engaging in legal practice
		Section 3.5.4(2)        approve professional indemnity insurance for community legal centre while it is engaging in legal practice
		Section 3.5.4A(1)      approve professional indemnity insurance for corporate legal practitioner engaging in legal practice on a pro bono basis
		Section 3.5.7            exempt a law practice or community legal centre, or classes of law practices or community legal centres, from professional indemnity insurance requirements
		<b>Part 3.6, Division 2 – Defaults to which this Part applies</b>
		Section 3.6.8            allow further period to lodge fidelity fund claim
<b>Part 3.6, Division 8 – Inter-jurisdictional provisions</b>		
Section 3.6.36           investigation of interstate defaults		
Section 3.6.39(1)       request a corresponding authority to arrange investigation of a claim being dealt with by the Board		
<b>Legal Profession Regulations 2005</b>		
<b>Part 3.3, Division 8 – Miscellaneous</b>		
Regulation 3.3.52       exempt a law practice or approved clerk from complying with the trust money and trust account provisions		
30 May 2013	General Counsel	<b>Legal Profession Act 2004</b>
		<b>Part 2.4, Division 4 – Grant or renewal of local practising certificates</b>
		Section 2.4.9(6)        give notice of failure to comply or to restore deficiency in trust account
		Section 2.4.9(7)        assess whether failure to comply or restore deficiency has been remedied
		<b>Part 2.4, Division 5 – Additional conditions on local practising certificates</b>
		Section 2.4.18(3)       exempt a person (or reduce period) from the statutory condition on a local practising certificate that the person must only engage in supervised legal practice
		Section 2.4.18(4)       impose conditions on an exemption given under s.2.4.18(3)
		<b>Part 2.6, Division 2 – Notifications to be given by local authorities to interstate authorities</b>
		Section 2.6.5(2)        give written notice of action taken or the result of appeal to corresponding authority
		Section 2.6.5(5)        give written notice of a condition imposed on an Australian lawyer's local practising certificate to corresponding authorities
		<b>Part 2.6, Division 4 – taking of action by local authorities in response to notifications received</b>
		Section 2.6.10(3)      notification of date on which Board proposes to cancel local practising certificate of person who has been removed from interstate roll
		Section 2.6.13           information received from authority of another jurisdiction may be furnished to other authorities of this jurisdiction that have functions under the Act
		<b>Part 2.7, Division 2 – Incorporated legal practices</b>
		Section 2.7.26           disclose information to Australian Securities and Investments Commission
		<b>Part 2.8, Division 5 – Grant or renewal of registration</b>
		Section 2.8.21           grant or renewal of registration of foreign lawyers (except approval of form of notice of renewal)
		Section 2.8.22           requirement to grant or renew registration of foreign lawyers if criteria satisfied
		Section 2.8.23           refusal to grant or renew registration of foreign lawyers
		<b>Part 3.3, Division 4 – External examinations</b>
Section 3.3.51(2)       exempt a person from the external examiner requirements		
<b>Part 3.3, Division 6 – Statutory deposits</b>		
Section 3.3.68           exempt a law practice or an approved clerk from statutory deposit requirements		
<b>Part 3.5 – Professional Indemnity Insurance</b>		
Section 3.5.3            approve professional indemnity insurance for Australian-registered foreign lawyer		
Section 3.5.4(1)        approve professional indemnity insurance for community legal centre before it commences engaging in legal practice		
Section 3.5.4(2)        approve professional indemnity insurance for community legal centre while it is engaging in legal practice		
Section 3.5.4A(1)      approve professional indemnity insurance for corporate legal practitioner engaging in legal practice on a pro bono basis		
Section 3.5.7            exempt a law practice or community legal centre, or classes of law practices or community legal centres, from professional indemnity insurance requirements		

Date	Delegate	Functions Delegated
30 May 2013	General Counsel (continued)	<b>Legal Profession Regulations 2005</b> <b>Part 3.3, Division 8 – Miscellaneous</b> Regulation 3.3.52 exempt a law practice or approved clerk from complying with the trust money and trust account provisions
24 May 2012	Manager, Investigations & Regulation	<b>Legal Profession Act 2004</b> <b>Part 2.7, Division 2 – Incorporated legal practices</b> Section 2.7.22 audit incorporated legal practice Section 2.7.23(1) require incorporated legal practice subject to audit to provide or verify explanation, information or documents Section 2.7.23(2) require person to give access to documents or information for purpose of audit Section 2.7.23(7) copy and retain information or documents
30 May 2012	Manager, Practitioner Information	<b>Legal Profession Act 2004</b> <b>Part 3.3, Division 6 – Statutory deposits</b> Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements

**Table 57: External Delegations made by the Board current as at 30 June 2013**

Date	Delegate	Function
13 Sept 2012	LIV	<b>Legal Profession Act 2004</b> <b>Part 2.2, Division 3 – Prohibitions regarding associates</b> Section 2.2.6(1) apply to Tribunal for order that a person is a disqualified person
		<b>Part 2.4, Division 3 – Local practising certificates generally</b> Section 2.4.3(1) grant local practising certificates Section 2.4.3(3) determine conditions on local practising certificates Section 2.4.3(5) conditions to appear on face of certificate Section 2.4.4 consider if a person is fit and proper to hold a local practising certificate
		<b>Part 2.4, Division 4 – Grant or renewal of local practising certificates</b> Section 2.4.7 assess criteria for grant or renewal of local practising certificate Section 2.4.8(1) receive application for grant or renewal of local practising certificate Section 2.4.9(4) refund surcharge Section 2.4.9(5) receive evidence of professional indemnity insurance Section 2.4.9(6) give notice of failure to comply or to restore deficiency in trust account Section 2.4.9(7) assess whether failure to comply or restore deficiency has been remedied Section 2.4.9(8) request surrender of local practising certificate Section 2.4.11 receive late application for local practising certificate on payment of surcharge Section 2.4.12 grant, renew or refuse local practising certificate
		<b>Part 2.4, Division 5 – Additional conditions on local practising certificates</b> Section 2.4.13 amend or issue new local practising certificate with conditions Section 2.4.14 impose conditions on local practising certificate Section 2.4.16(1) apply to the Tribunal to impose or vary conditions on local practising certificate pending criminal proceedings
		<b>Part 2.4, Division 6 – Amendment, suspension or cancellation of local practising certificates</b> Section 2.4.21 amend, suspend or cancel local practising certificate & provide show cause notice Section 2.4.22 immediate suspension of local practising certificate Section 2.4.23 lift suspension of local practising certificate Section 2.4.24 other amendment or cancellation of local practising certificate
		<b>Part 2.4, Division 7 – Special Powers in relation to local practising certificates - show cause events</b> Section 2.4.26 receive written statement from applicant for local practising certificate if show cause event applies Section 2.4.27 receive show cause notice and statement from holder of local practising certificate (excluding the function of approving the form of notice) Section 2.4.28 refuse to grant or renew, amend, suspend or cancel local practising certificate - failure to show cause as to being fit & proper person Section 2.4.29 restrict entitlement to apply for local practising certificate for a specified period
		<b>Part 2.4, Division 8 – Further provisions relating to local practising certificates</b> Section 2.4.30 receive surrendered local practising certificate and cancel certificate Section 2.4.31 require return of local practising certificate



Date	Delegate	Function
13 Sept 2012	LIV (continued)	<b>Part 2.4, Division 11 – Miscellaneous</b>
		Section 2.4.40 require provision of information or documents for purpose of considering an application for grant or renewal of local practising certificate
		<b>Part 2.5, Division 2 – Police reports</b>
		Section 2.5.3 request criminal record check
		<b>Part 2.5, Division 3 – Health assessments</b>
		Section 2.5.4 require person to undergo health assessment
		Section 2.5.5 appoint health assessor
		Section 2.5.6 receive health assessment report
		Section 2.5.7 pay for health assessment
		<b>Part 3.3, Division 1 – Preliminary</b>
		Section 3.3.4 determine if money is trust money
		<b>Part 3.3, Division 2 – Trust accounts and trust money</b>
		Section 3.3.27 request trust balance of any trust account
		<b>Part 3.3, Division 3 – Investigations</b>
		Section 3.3.28 conduct trust investigation
		Section 3.3.29 appoint trust inspector
		Section 3.3.47 receive trust inspector's report
		<b>Part 3.3, Division 4 – External examinations</b>
		Section 3.3.54 receive annual report of trust records examination or statutory declaration
		Section 3.3.55(3) receive report on final examination of trust account
		<b>Part 3.6, Division 3 – Claims about defaults</b>
		Section 3.6.7(3) require fidelity fund claimant to provide further information/verify claim
		Section 3.6.12(1) investigate fidelity fund claims
		Section 3.6.12(2) require fidelity fund claimant to produce security, document or statement of evidence
		<b>Part 6.2 – Legal Services Board</b>
		Section 6.2.24 require a law practice & local legal practitioner to notify Board of change of information kept on Register (excluding notifications of new law practices)
		<b>Part 7.2, Division 1 – Notices and evidentiary matters</b>
Section 7.2.5(1) produce certificate stating whether person holds practising certificate		
<b>Part 7.2, Division 2 – Investigation and prosecution of offences</b>		
Section 7.2.6(b) appoint investigator		
Section 7.2.8 receive investigator's report		
Section 7.2.10(1)(a) file charge for offence under Act - only local lawyers, local legal practitioners		
<b>Part 7.2, Division 3 – General</b>		
Section 7.2.13(1) apply for injunction regarding conduct that constitutes contravention of Act/Regulations or attempting to contravene Act/Regulations other than in relation to unqualified practice		
<b>Legal Profession Regulations 2005</b>		
<b>Part 3.3, Division 6 – Trust money generally</b>		
Regulation 3.3.38(1)(a) require statement as to whether trust money held by practice or clerk		
Regulation 3.3.38(1)(b) require statement specifying categories of trust money held		
<b>Part 3.3, Division 7 – External examinations</b>		
Regulation 3.3.40(3) approve external examiner otherwise not eligible		
Regulation 3.3.42(1) termination of appointment of external examiner - may require law practice or clerk to provide show cause		
Regulation 3.3.42(2) require termination of appointment of external examiner		
Regulation 3.3.43(2) approve external examiner otherwise disqualified		
Regulation 3.3.44(2) prior approval of Board required for termination of external examiner by law practice or clerk		
Regulation 3.3.44(3) approve request for termination of external examiner by law practice or clerk		
Regulation 3.3.44(4) require evidence regarding request for termination of external examiner by law practice or clerk		
Regulation 3.3.44(5) receive notice of termination of external examiner by law practice or clerk (except any function duty or power in r.3.3.44(5) to approve the form of notification)		
Regulation 3.3.46(1) receive statement of trust money within 1 month after end of audit year (except any function duty or power in r.3.3.46(1) to approve the form of information)		

Date	Delegate	Function
24 May 2012	CEO, LIV	<b>Legal Profession Act 2004</b>
		<b>Part 3.3, Division 1 – Preliminary</b>
		Section 3.3.4 determine if money is trust money
		<b>Part 3.3, Division 3 – Investigations</b>
		Section 3.3.28 conduct trust investigation
		Section 3.3.29 appoint trust inspector
		Section 3.3.47 receive trust investigator's report
		<b>Part 7.2, Division 2 - Investigation and prosecution of offences</b>
		Section 7.2.6(b) appoint investigator
30 April 2008	CEO, LIV	<b>Continuing Professional Development Rules 2008</b>
		Rule 6 receive CPD compliance certifications
		Rule 7 verification of CPD activities
		Rule 8 rectification of CPD non-compliance
		Rule 9 grant exemptions from CPD requirements
30 April 2008	General Manager, Professional Standards, LIV	<b>Continuing Professional Development Rules 2008</b>
		Rule 6 receive CPD compliance certifications
		Rule 7 verification of CPD activities
		Rule 8 rectification of CPD non-compliance
		Rule 9 grant exemptions from CPD requirements
13 Sept 2012	Bar	<b>Legal Profession Act 2004</b>
		<b>Part 2.2, Division 2 – Prohibitions regarding associates</b>
		Section 2.2.6(1) apply to Tribunal for order that a person is a disqualified person
		<b>Part 2.4, Division 3 – Local practising certificates generally</b>
		Section 2.4.3(1) grant local practising certificates
		Section 2.4.3(3) determine conditions on local practising certificates
		Section 2.4.3(5) conditions to appear on face of certificate
		Section 2.4.4 consider if a person is fit and proper to hold a local practising certificate
		<b>Part 2.4, Division 4 – Grant or renewal of local practising certificates</b>
		Section 2.4.7 assess criteria for grant or renewal of local practising certificate
		Section 2.4.8(1) receive application for grant or renewal of local practising certificate
		Section 2.4.9(4) refund surcharge
		Section 2.4.9(5) receive evidence of professional indemnity insurance
		Section 2.4.9(6) give notice of failure to comply or restore deficiency in trust account
		Section 2.4.9(7) assess whether failure to comply or restore deficiency has been remedied
		Section 2.4.9(8) request surrender of local practising certificate
		Section 2.4.11 receive late application for local practising certificate on payment of surcharge
		Section 2.4.12 grant, renew or refuse local practising certificate
		<b>Part 2.4, Division 5 – Additional conditions on local practising certificates</b>
		Section 2.4.13 amend or issue new local practising certificate with conditions
		Section 2.4.14 impose conditions on local practising certificate
		Section 2.4.16(1) apply to the Tribunal to impose or vary conditions on local practising certificate pending criminal proceedings
		<b>Part 2.4, Division 6 – Amendment, suspension or cancellation of local practising certificates</b>
Section 2.4.21 amend, suspend or cancel local practising certificate & provide show cause notice		
Section 2.4.22 immediate suspension of local practising certificate		
Section 2.4.23 lift suspension of local practising certificate		
Section 2.4.24 other amendment or cancellation of local practising certificate		
<b>Part 2.4, Division 7 – Special powers in relation to local practising certificates – show cause events</b>		
Section 2.4.26 receive written statement from applicant for local practising certificate if show cause event applies		
Section 2.4.27 receive show cause notice and statement from holder of local practising certificate (except any function, duty or power in s.2.4.27 to approve the form of notice)		
Section 2.4.28 refuse to grant or renew, amend, suspend or cancel local practising certificate - failure to show cause as to being fit & proper person		
Section 2.4.29 restrict entitlement to apply for local practising certificate for a specified period		

Date	Delegate	Function
13 Sept 2012	Bar (continued)	<b>Part 2.4, Division 8 – Further provisions relating to local practising certificates</b>
		Section 2.4.30 receive surrendered local practising certificate and cancel certificate Section 2.4.31 require return of local practising certificate
		<b>Part 2.4, Division 11 – Miscellaneous</b>
		Section 2.4.40 require provision of information or documents for purpose of considering an application for grant or renewal of local practising certificate
		<b>Part 2.5, Division 2 – Police reports</b>
		Section 2.5.3 request criminal record check
		<b>Part 2.5, Division 3 – Health assessments</b>
		Section 2.5.4 require person to undergo health assessment Section 2.5.5 appoint health assessor Section 2.5.6 receive health assessment report Section 2.5.7 pay for health assessment
		<b>Part 3.3, Division 1 – Preliminary</b>
		Section 3.3.4 determine if money is trust money
		<b>Part 3.3, Division 2 – Trust accounts and trust money</b>
		Section 3.3.27 request trust balance of any trust account
		<b>Part 3.3, Division 3 – Investigations</b>
		Section 3.3.28 conduct trust investigation Section 3.3.29 appoint trust inspector Section 3.3.47 receive trust inspector's report
		<b>Part 6.2, Division 4 – The Register</b>
		Section 6.2.24 require a law practice & local legal practitioner to notify Board of change of information kept on Register (excluding notifications of new law practices)
		<b>Part 7.2, Division 1 – Notices and evidentiary matters</b>
		Section 7.2.5(1) produce certificate stating whether person holds practising certificate
		<b>Part 7.2, Division 2 – Investigation and prosecution of offences</b>
		Section 7.2.6(b) appoint investigator Section 7.2.8 receive investigator's report Section 7.2.10(1)(a) file charge for offence under Act - only local lawyers, local legal practitioners
<b>Part 7.2, Division 3 – General</b>		
Section 7.2.13(1) apply for injunction regarding conduct that constitutes contravention of Act/Regulations or attempting to contravene Act/Regulations other than in relation to unqualified practice		
		<b>Legal Profession Regulations 2005</b>
		<b>Part 3.3, Division 6 – Trust money generally</b>
		Regulation 3.3.38(1)(a) require statement as to whether trust money held by practice or clerk Regulation 3.3.38(1)(b) require statement specifying categories of trust money held
		<b>Part 3.3, Division 7 – External examinations</b>
		Regulation 3.3.40(3) approve external examiner otherwise not eligible
30 April 2008	Continuing Legal Education Committee of the Bar	<b>Continuing Professional Development Rules 2008</b>
		Rule 6 receive CPD compliance certifications Rule 7 verification of CPD activities Rule 8 rectification of CPD non-compliance Rule 9 grant exemptions from CPD requirements

**Table 58: Delegations revoked by the Board during 2012-13**

Date	Delegate	Function
6 June 2013	Manager, Corporate Services	<b>Legal Profession Act 2004</b>
		<b>Part 3.3, Division 1 – Preliminary</b>
		Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements

**Standard Delegation Conditions (apply to all unless otherwise noted):**

1. the delegation does not prevent the discharge, exercise or performance by the Board of the functions duties and powers delegated, and
2. if the Board gives notice to the delegate that the Board intends to discharge, exercise or perform its functions duties and powers delegated, the delegate shall not commence to discharge, exercise or perform those functions duties and powers, or shall cease to do so, as the case may be.

# Appendix 06

# Commissioner Delegations

Under section 6.3.12 of the Act, the Commissioner may delegate some of the functions of his office to an employee or to a prescribed person. The LIV and the Bar are prescribed persons, as are the members of the Ethics Committee of the Bar.

## CURRENT DELEGATIONS

The following table lists all of the delegations made by the Commissioner in force as at 30 June 2013. This table includes delegations to internal and external persons.

**Table 59: Delegations made by the Commissioner under the *Legal Profession Act 2004***

Date	Delegate	Functions Delegated
13 Dec 2011	Executive Director, Regulation & Complaints	<p><b>Section 3.3.44(2)</b> Comply with request from trust account inspector</p> <hr/> <p><b>Part 4.1 – Introduction and Application</b> Section 4.1.4(3) power to consent to conduct being dealt with under a corresponding law Section 4.1.4 (5) power to consent may be given conditionally or unconditionally</p> <hr/> <p><b>Part 4.2 – Making a Complaint</b> Section 4.2.7 time limits for complaints Section 4.2.8 notification of a complaint to a law practice or an Australian legal practitioner Section 4.2.9 requirement for further information from complainant Section 4.2.10 power to summarily dismiss a complaint</p> <hr/> <p><b>Part 4.3, Division 2 – Dealing with Civil Complaints</b> Section 4.3.3 lodgement of disputed costs Section 4.3.4 dealing with lodged costs Section 4.3.5 attempt to resolve civil dispute Section 4.3.5A(1) prepare, certify and distribute settlement agreement Section 4.3.6 notice where civil dispute is not likely to be resolved, or is unsuitable for resolution Section 4.3.7 notice where dispute resolution fails</p> <hr/> <p><b>Part 4.3, Division 3 – Mediation</b> Section 4.3.9 appointment of mediator Section 4.3.13 power to dismiss complaint where complainant fails to attend mediation, and requirement to provide notice to complainant where law practice or Australian legal practitioner fails to attend mediation</p> <hr/> <p><b>Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal</b> Section 4.3.15 notice about unresolved disputes</p>

Date	Delegate	Functions Delegated
13 Dec 2011	Executive Director, Regulation & Complaints (continued)	<p><b>Part 4.4, Division 3 - Investigations</b></p> <p>Section 4.4.7 investigation of disciplinary complaint</p> <p>Section 4.4.8 investigation without complaint</p> <p>Section 4.4.9 referral of disciplinary complaint to prescribed investigatory body for investigation</p> <p>Section 4.4.10(3) powers following receipt of a report from a prescribed investigatory body</p> <p>Section 4.4.11 power to require practitioner, law practice and others to provide information and documents</p> <p>Section 4.4.12 investigation to be conducted expeditiously</p> <p>Section 4.4.13 powers following investigation, including in relation to professional misconduct, unsatisfactory professional conduct</p> <p>Section 4.4.14 notice of decision</p> <hr/> <p><b>Part 4.4, Division 7 – Inter-jurisdictional provisions</b></p> <p>Section 4.4.33 request to another jurisdiction to investigate complaint or conduct</p> <p>Section 4.4.34 request from another jurisdiction to investigate complaint or conduct</p> <p>Section 4.4.36 co-operation with corresponding authorities</p> <hr/> <p><b>Part 7.2 – General Provisions</b></p> <p>Section 7.2.14 disclosure of information by local regulatory authorities</p> <hr/> <p><b>Schedule 2, Part 6 – Disputes and Discipline</b></p> <p>Clause 6.1 current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i></p> <p>Clauses 6.2 current complaints to be dealt with in accordance with the <i>Legal Practice Act 1996</i></p> <p>Clause 6.3 current investigations to be conducted in accordance with the <i>Legal Practice Act 1996</i></p>
13 Dec 2011	Director, Professional Standards	<p><b>Part 3.3- Trust Money and Trust Accounts</b></p> <p>Section 3.3.44(2) comply with request from trust account inspector</p> <hr/> <p><b>Part 4.1 – Introduction and Application</b></p> <p>Section 4.1.4(3) power to consent to conduct being dealt with under a corresponding law</p> <p>Section 4.1.4 (5) power to consent may be given conditionally or unconditionally</p> <hr/> <p><b>Part 4.2 – Making a Complaint</b></p> <p>Section 4.2.7 accept a complaint made out of time</p> <p>Section 4.2.8 notification of a complaint to a law practice or an Australian legal practitioner</p> <p>Section 4.2.9 requirement for further information from complainant</p> <p>Section 4.2.10 power to summarily dismiss a complaint</p> <hr/> <p><b>Part 4.3, Division 2 – Dealing with Civil Complaints</b></p> <p>Section 4.3.3 lodgement of disputed costs</p> <p>Section 4.3.4 dealing with lodged costs</p> <p>Section 4.3.5 attempt to resolve civil dispute</p> <p>Section 4.3.5A(1) prepare, certify and distribute settlement agreement.</p> <p>Section 4.3.6 notice where civil dispute is not likely to be resolved, or is unsuitable for resolution</p> <p>Section 4.3.7 notice where dispute resolution fails</p> <hr/> <p><b>Part 4.3, Division 3 - Mediation</b></p> <p>Section 4.3.9 appointment of mediator</p> <p>Section 4.3.13 power to dismiss complaint where complainant fails to attend mediation, and requirement to provide notice to complainant where law practice or Australian legal practitioner fails to attend mediation</p> <hr/> <p><b>Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal</b></p> <p>Section 4.3.15 notice about unresolved disputes</p> <hr/> <p><b>Part 4.4, Division 3 - Investigations</b></p> <p>Section 4.4.7 investigation of disciplinary complaint</p> <p>Section 4.4.8 investigation without complaint</p> <p>Section 4.4.9 referral of disciplinary complaint to prescribed investigatory body for investigation</p> <p>Section 4.4.10(3) powers following receipt of a report from a prescribed investigatory body</p> <p>Section 4.4.11 power to require practitioner, law practice and others to provide information and documents</p> <p>Section 4.4.12 investigation to be conducted expeditiously</p> <p>Section 4.4.13 powers following investigation</p> <p>Section 4.4.14 notice of decision</p>

Date	Delegate	Functions Delegated
13 Dec 2011	Director, Professional Standards (continued)	<p><b>Part 4.4, Division 7 – Inter-jurisdictional provisions</b></p> <p>Section 4.4.33 request to another jurisdiction to investigate complaint or conduct</p> <p>Section 4.4.34 request from another jurisdiction to investigate complaint or conduct</p> <p>Section 4.4.36 co-operation with corresponding authorities</p> <hr/> <p><b>Part 7.2 – General Provisions</b></p> <p>Section 7.2.14 disclosure of information by local regulatory authorities</p> <hr/> <p><b>Schedule 2, Part 6 – Disputes and Discipline</b></p> <p>Clause 6.1 current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i></p> <p>Clauses 6.2 current complaints to be dealt with in accordance with the <i>Legal Practice Act 1996</i></p> <p>Clause 6.3 current investigations to be conducted in accordance with the <i>Legal Practice Act 1996</i></p>
13 Dec 2011	Manager, Complaints and Resolutions	<p><b>Part 3.3- Trust Money and Trust Accounts</b></p> <p>Section 3.3.44(2) comply with request from trust account inspector</p> <hr/> <p><b>Part 4.1 – Introduction and Application</b></p> <p>Section 4.1.4(3) power to consent to conduct being dealt with under a corresponding law</p> <p>Section 4.1.4 (5) power to consent may be given conditionally or unconditionally</p> <hr/> <p><b>Part 4.2 – Making a Complaint</b></p> <p>Section 4.2.7 accept a complaint made out of time</p> <p>Section 4.2.8 notification of a complaint to a law practice or an Australian legal practitioner</p> <p>Section 4.2.9 requirement for further information from complainant</p> <p>Section 4.2.10 power to summarily dismiss a complaint</p> <hr/> <p><b>Part 4.3, Division 2 – Dealing with Civil Complaints</b></p> <p>Section 4.3.3 lodgement of disputed costs</p> <p>Section 4.3.4 dealing with lodged costs</p> <p>Section 4.3.5 attempt to resolve civil dispute</p> <p>Section 4.3.5A(1) prepare, certify and distribute settlement agreement.</p> <p>Section 4.3.6 notice where civil dispute is not likely to be resolved, or is unsuitable for resolution</p> <p>Section 4.3.7 notice where dispute resolution fails</p> <hr/> <p><b>Part 4.3, Division 3 – Mediation</b></p> <p>Section 4.3.9 appointment of mediator</p> <p>Section 4.3.13 power to dismiss complaint where complainant fails to attend mediation, and requirement to provide notice to complainant where law practice or Australian legal practitioner fails to attend mediation</p> <hr/> <p><b>Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal</b></p> <p>Section 4.3.15 notice about unresolved disputes</p> <hr/> <p><b>Part 4.4, Division 3 - Investigations</b></p> <p>Section 4.4.7 investigation of disciplinary complaint</p> <p>Section 4.4.8 investigation without complaint</p> <p>Section 4.4.9 referral of disciplinary complaint to prescribed investigatory body for investigation</p> <p>Section 4.4.10(3) powers following receipt of a report from a prescribed investigatory body</p> <p>Section 4.4.11 power to require practitioner, law practice and others to provide information and documents</p> <p>Section 4.4.12 investigation to be conducted expeditiously</p> <p>Section 4.4.13(1) powers following investigation</p> <p>Section 4.4.13(3)(b) power to reprimand or caution practitioner</p> <p>Section 4.4.13(3)(c) power to take no further action</p> <p>Section 4.4.13(4) power to require compensation</p> <p>Section 4.4.13(5) obligation to take no further action</p> <p>Section 4.4.13(6) power to rely on recommendation in a report of a prescribed investigatory body</p> <p>Section 4.4.14 notice of decision</p> <hr/> <p><b>Part 4.4, Division 7 – Inter-jurisdictional provisions</b></p> <p>Section 4.4.33 request to another jurisdiction to investigate complaint or conduct</p> <p>Section 4.4.34 request from another jurisdiction to investigate complaint or conduct</p> <p>Section 4.4.36 co-operation with corresponding authorities</p>

Date	Delegate	Functions Delegated
13 Dec 2011	Manager, Complaints and Resolutions (continued)	<b>Part 7.2 – General Provisions</b> Section 7.2.14 disclosure of information by local regulatory authorities
		<b>Schedule 2, Part 6 – Disputes and Discipline</b> Clause 6.1 current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i> Clauses 6.2 current complaints to be dealt with in accordance with the <i>Legal Practice Act 1996</i> Clause 6.3 current investigations to be conducted in accordance with the <i>Legal Practice Act 1996</i>
		<b>Part 3.3- Trust Money and Trust Accounts</b> Section 3.3.44(2) comply with request from trust account inspector
22 Nov 2011	Manager, Investigations and Regulation	<b>Part 4.1 – Introduction and Application</b> Section 4.1.4(3) power to consent to conduct being dealt with under a corresponding law Section 4.1.4 (5) power to consent may be given conditionally or unconditionally
		<b>Part 4.2 – Making a Complaint</b> Section 4.2.7 accept a complaint made out of time Section 4.2.8 notification of a complaint to a law practice or an Australian legal practitioner Section 4.2.9 requirement for further information from complainant Section 4.2.10 power to summarily dismiss a complaint
		<b>Part 4.3, Division 2 – Dealing with Civil Complaints</b> Section 4.3.3 lodgement of disputed costs Section 4.3.4 dealing with lodged costs Section 4.3.5 attempt to resolve civil dispute Section 4.3.5A(1) prepare, certify and distribute settlement agreement. Section 4.3.6 notice where civil dispute is not likely to be resolved, or is unsuitable for resolution Section 4.3.7 notice where dispute resolution fails
		<b>Part 4.3, Division 3 – Mediation</b> Section 4.3.9 appointment of mediator Section 4.3.13 power to dismiss complaint where complainant fails to attend mediation, and requirement to provide notice to complainant where law practice or Australian legal practitioner fails to attend mediation
		<b>Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal</b> Section 4.3.15 notice about unresolved disputes
		<b>Part 4.4, Division 3 – Investigations</b> Section 4.4.7 investigation of disciplinary complaint Section 4.4.8 investigation without complaint Section 4.4.9 referral of disciplinary complaint to prescribed investigatory body for investigation Section 4.4.10(3) powers following receipt of a report from a prescribed investigatory body Section 4.4.11 power to require practitioner, law practice and others to provide information and documents Section 4.4.12 investigation to be conducted expeditiously Section 4.4.13(1) powers following investigation Section 4.4.13(3)(b) power to reprimand or caution practitioner Section 4.4.13(3)(c) power to take no further action Section 4.4.13(4) power to require compensation Section 4.4.13(5) obligation to take no further action Section 4.4.13(6) power to rely on recommendation in a report of a prescribed investigatory body Section 4.4.14 notice of decision
		<b>Part 4.4, Division 7 – Inter-jurisdictional provisions</b> Section 4.4.33 request to another jurisdiction to investigate complaint or conduct Section 4.4.34 request from another jurisdiction to investigate complaint or conduct Section 4.4.36 co-operation with corresponding authorities
		<b>Part 7.2 – General Provisions</b> Section 7.2.14 disclosure of information by local regulatory authorities
		<b>Schedule 2, Part 6 – Disputes and Discipline</b> Clause 6.1 current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i> Clauses 6.2 current complaints to be dealt with in accordance with the <i>Legal Practice Act 1996</i> Clause 6.3 current investigations to be conducted in accordance with the <i>Legal Practice Act 1996</i>

Date	Delegate	Functions Delegated		
23 Feb 2011	Manager, Complaints and Investigations	<b>Part 3.3 – Trust Money and Trust Accounts</b> Section 3.3.44(2)      comply with request from trust account inspector		
		<b>Part 4.1 – Introduction and Application</b> Section 4.1.4(3)      power to consent to conduct being dealt with under a corresponding law Section 4.1.4 (5)      power to consent may be given conditionally or unconditionally		
		<b>Part 4.2 – Making a Complaint</b> Section 4.2.7            accept a complaint made out of time Section 4.2.8            notification of a complaint to a law practice or an Australian legal practitioner Section 4.2.9            requirement for further information from complainant Section 4.2.10          power to summarily dismiss a complaint		
		<b>Part 4.3, Division 2 – Dealing with Civil Complaints</b> Section 4.3.3            lodgement of disputed costs Section 4.3.4            dealing with lodged costs Section 4.3.5            attempt to resolve civil dispute Section 4.3.5A(1)      prepare, certify and distribute settlement agreement. Section 4.3.6            notice where civil dispute is not likely to be resolved, or is unsuitable for resolution Section 4.3.7            notice where dispute resolution fails		
		<b>Part 4.3, Division 3 – Mediation</b> Section 4.3.9            appointment of mediator Section 4.3.13          power to dismiss complaint where complainant fails to attend mediation, and requirement to provide notice to complainant where law practice or Australian legal practitioner fails to attend mediation		
		<b>Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal</b> Section 4.3.15          notice about unresolved disputes		
		<b>Part 4.4, Division 3 – Investigations</b> Section 4.4.7            investigation of disciplinary complaint Section 4.4.8            investigation without complaint Section 4.4.9            referral of disciplinary complaint to prescribed investigatory body for investigation Section 4.4.10(3)      powers following receipt of a report from a prescribed investigatory body Section 4.4.11          power to require practitioner, law practice and others to provide information and documents Section 4.4.12          investigation to be conducted expeditiously Section 4.4.13(1)      powers following investigation Section 4.4.13(3)(b)    power to reprimand or caution practitioner Section 4.4.13(3)(c)    power to take no further action Section 4.4.13(4)      power to require compensation Section 4.4.13(5)      obligation to take no further action Section 4.4.13(6)      power to rely on recommendation in a report of a prescribed investigatory body Section 4.4.14          notice of decision		
		<b>Part 4.4, Division 7 – Inter-jurisdictional provisions</b> Section 4.4.33          request to another jurisdiction to investigate complaint or conduct Section 4.4.34          request from another jurisdiction to investigate complaint or conduct Section 4.4.36          co-operation with corresponding authorities		
		<b>Part 7.2 – General Provisions</b> Section 7.2.14          disclosure of information by local regulatory authorities		
		<b>Schedule 2, Part 6 – Disputes and Discipline</b> Clause 6.1              current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i> Clauses 6.2            current complaints to be dealt with in accordance with the <i>Legal Practice Act 1996</i> Clause 6.3              current investigations to be conducted in accordance with the <i>Legal Practice Act 1996</i>		
		13 Dec 2011	Manager, Administrative Services	<b>Section 3.3.44(2)</b> Comply with request from trust account inspector
				<b>Section 7.2.14</b> Disclosure of information by local regulatory authorities



Date	Delegate	Functions Delegated		
10 Jan 2012	Assistant Manager, Complaints and Investigations	<b>Part 3.3 – Trust Money and Trust Accounts</b> Section 3.3.44(2)      comply with request from trust account inspector		
		<b>Part 4.2 – Making a Complaint</b> Section 4.2.7(4)      accept costs dispute out of time Section 4.2.8          notification of a complaint Section 4.2.9          requirement for further information from complainant		
		<b>Part 4.3 – Civil Complaints and Disputes</b> Section 4.3.3(2)      may waive requirement to lodge disputed costs Section 4.3.3(3)      dismiss costs dispute where costs not lodged Section 4.3.5(1)      attempt to resolve a civil dispute Section 4.3.5(3)      may require legal practitioner or law practice to provide relevant documents Section 4.3.5A(1)     prepare, certify and distribute settlement agreement Section 4.3.7          notice where dispute resolution fails		
		<b>Part 4.4 – Disciplinary Complaints and Discipline</b> Section 4.4.7          investigation of disciplinary complaint Section 4.4.9(1)      referral of disciplinary complaint to prescribed investigatory body for investigation Section 4.4.9(2)      what the referral may include Section 4.4.9(3)      extend date for report by PIB Section 4.4.9(4)      the Commissioner may give directions or further directions Section 4.4.11        practitioner, law practice and others to provide information and documents		
		<b>Part 7.2 – General Provisions</b> Section 7.2.14        disclosure of information by local regulatory authorities		
		10 Jan 2012	Assistant Manager, Dispute Resolution	<b>Part 3.3 – Trust Money and Trust Accounts</b> Section 3.3.44(2)      comply with request from trust account inspector
				<b>Part 4.2 – Making a Complaint</b> Section 4.2.7(4)      accept costs dispute out of time Section 4.2.8          notification of a complaint Section 4.2.9          requirement for further information from complainant
				<b>Part 4.3 – Civil Complaints and Disputes</b> Section 4.3.3(2)      may waive requirement to lodge disputed costs Section 4.3.3(3)      dismiss costs dispute where costs not lodged Section 4.3.5(1)      attempt to resolve a civil dispute Section 4.3.5(3)      may require legal practitioner or law practice to provide relevant documents Section 4.3.5A(1)     prepare, certify and distribute settlement agreement Section 4.3.7          notice where dispute resolution fails
				<b>Part 4.4 – Disciplinary Complaints and Discipline</b> Section 4.4.7          investigation of disciplinary complaint Section 4.4.9(1)      referral of disciplinary complaint to prescribed investigatory body for investigation Section 4.4.9(2)      what the referral may include Section 4.4.9(3)      extend date for report by PIB Section 4.4.9(4)      the Commissioner may give directions or further directions Section 4.4.11        practitioner, law practice and others to provide information and documents
				<b>Part 7.2 – General Provisions</b> Section 7.2.14        disclosure of information by local regulatory authorities

Date	Delegate	Functions Delegated
10 Jan 2012	Assistant Manager, Investigations and Regulation	<b>Part 3.3 – Trust Money and Trust Accounts</b> Section 3.3.44(2)      comply with request from trust account inspector
		<b>Part 4.2 – Making a Complaint</b> Section 4.2.7(4)      accept costs dispute out of time Section 4.2.8          notification of a complaint Section 4.2.9          requirement for further information from complainant
		<b>Part 4.3 – Civil Complaints and Disputes</b> Section 4.3.3(2)      may waive requirement to lodge disputed costs Section 4.3.3(3)      dismiss costs dispute where costs not lodged Section 4.3.5(1)      attempt to resolve a civil dispute Section 4.3.5(3)      may require legal practitioner or law practice to provide relevant documents Section 4.3.5A(1)     prepare, certify and distribute settlement agreement Section 4.3.7          notice where dispute resolution fails
		<b>Part 4.4 – Disciplinary Complaints and Discipline</b> Section 4.4.7          investigation of disciplinary complaint Section 4.4.9(1)      referral of disciplinary complaint to prescribed investigatory body for investigation Section 4.4.9(2)      what the referral may include Section 4.4.9(3)      extend date for report by PIB Section 4.4.9(4)      the Commissioner may give directions or further directions Section 4.4.11        practitioner, law practice and others to provide information and documents
		<b>Part 7.2 – General Provisions</b> Section 7.2.14        disclosure of information by local regulatory authorities
		<b>Section 7.2.14</b> Disclosure of information by local regulatory authorities
24 Jan 2012	Manager, Policy	<b>Section 7.2.14</b> Disclosure of information by local regulatory authorities
24 Jan 2012	Principal Policy Officer	<b>Section 7.2.14</b> Disclosure of information by local regulatory authorities
13 Dec 2011	Investigations Officer	<b>Part 4.3 – Civil Complaints and Disputes</b> 4.3.5(1)              attempt to resolve civil dispute
		<b>Part 4.4 – Disciplinary Complaints and Discipline</b> 4.4.7                  investigate disciplinary complaint
13 Dec 2011	Assistant Investigations Officer	<b>Part 4.3 – Civil Complaints and Disputes</b> 4.3.5(1)              attempt to resolve civil dispute
		<b>Part 4.4 – Disciplinary Complaints and Discipline</b> 4.4.7                  investigate disciplinary complaint
3 Mar 2010	Dispute Resolution Officer	<b>Part 4.3 – Civil Complaints and Disputes</b> 4.3.5(1)              attempt to resolve civil dispute
		<b>Part 4.4 – Disciplinary Complaints and Discipline</b> 4.4.7                  investigate disciplinary complaint
13 Dec 2011	Assistant Dispute Resolution Officer	<b>Part 4.3 – Civil Complaints and Disputes</b> 4.3.5(1)              attempt to resolve civil dispute
		<b>Part 4.4 – Disciplinary Complaints and Discipline</b> 4.4.7                  investigate disciplinary complaint
13 Dec 2011	Conciliator	<b>Part 4.3 – Civil Complaints and Disputes</b> 4.3.5(1)              attempt to resolve civil dispute
		<b>Part 4.4 – Disciplinary Complaints and Discipline</b> 4.4.7                  investigate disciplinary complaint

Date	Delegate	Functions Delegated
20 Apr 2010	LIV	<b>Part 4.3, Division 2 – Dealing with Civil Complaints</b> Section 4.3.5(1) must attempt to resolve civil dispute Section 4.3.5(3) may require law practice or legal practitioner to provide relevant documents or information Section 4.3.5A(1)(a) prepare settlement agreement
20 Apr 2010	Bar	<b>Part 4.3, Division 2 – Dealing with Civil Complaints</b> Section 4.3.5(1) must attempt to resolve civil dispute Section 4.3.5(3) may require law practice or legal practitioner to provide relevant documents or information Section 4.3.5A(1)(a) prepare settlement agreement
20 Apr 2010	Members of the Ethics Committee of the Bar	<b>Part 4.3, Division 2 – Dealing with Civil Complaints</b> Section 4.3.5(1) must attempt to resolve civil dispute Section 4.3.5(3) may require law practice or legal practitioner to provide relevant documents or information Section 4.3.5A(1)(a) prepare settlement agreement

## DELEGATIONS REVOKED OR MADE REDUNDANT

There were no delegations revoked or made redundant in 2012-13.

# Appendix 07

# Disclosure index

The Annual Report of the Board and Commissioner is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of the Board and Commissioner's compliance with the statutory disclosure requirements.

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Legal Services **BOARD + COMMISSIONER**