

# The Public Purpose Fund explained

This fact sheet describes the structure and purpose of the Victorian Public Purpose Fund

## INFORMATION FOR LAWYERS AND CONSUMERS

The Public Purpose Fund (PPF) is a statutory fund established by Victorian legislation<sup>1</sup>. Its primary function is to meet the costs of regulating the legal profession in Victoria, while also providing funding for several other purposes that benefit the general public and consumers of legal services in particular.

The Victorian Legal Services Board is responsible for the administration of the PPF.

### Where does the money come from?

Lawyers and approved barrister's clerks hold money in trust on behalf of their clients. The funds held in trust generate interest which is paid into the PPF. This provides one major income stream of the PPF.

Additional sources of income are investment returns, the annual licensing fees paid by lawyers and any fines imposed on lawyers following disciplinary action taken against them in the courts.

### Prudential management

The Board invests some PPF funds into a diversified investment portfolio to generate further income. The Board's careful and prudent management of investment decisions, coupled with sound financial advice, has allowed the value of the PPF to grow over time.

<sup>1</sup> The PPF was initially established by the *Legal Practice Act 1996 (Vic)*, and continued by the successive *Legal Profession Act 2004 (Vic)* and the *Legal Profession Uniform Law Application Act 2014 (Vic)*.

The Victorian Auditor General's 2012 report [Management of Trust Funds in the Justice Portfolio](#) commended the Board's management of the PPF as being sound and diligent, and noted its thorough approach to assurance, risk management and administration of the PPF.

### What is the PPF used for?

The primary purpose of the PPF is to generate sufficient income to pay for the regulation of the legal profession as well as to provide an ongoing stream of funding support for a range of other legal bodies and programs.

The legislation specifies the various bodies which may receive funds from the PPF. All funding allocations from the PPF are included in an annual budget which must be approved by the Victorian Attorney-General. Details of amounts allocated each year are listed in the Board's [annual reports](#).

### Legal regulation

Each year funds are allocated from the PPF to meet the operational costs of the Board and the Victorian Legal Services Commissioner as the regulators of the Victorian legal profession. Annual allocations are also made to support the regulatory operations of the Victorian Legal Admissions Board and the Legal Practice List of the Victorian Civil and Administrative Tribunal.

### Delegated functions and professional development

The Board and Commissioner rely upon the specialist skills of the Law Institute of Victoria and the Victorian Bar to carry out specific regulatory functions delegated to them. These functions are funded through the PPF. The Law Institute also receives funds to subsidise the professional development programs they run for the legal profession.

*Access to justice, legal education and law reform*

The largest single annual allocation from the PPF is made to Victoria Legal Aid. This funding is a significant component of the annual operating costs to deliver legal aid to the Victorian community. Funds are also allocated to the Victoria Law Foundation to develop and provide resources for community legal education and to the Victorian Law Reform Commission to review and recommend changes to laws.

*Grants program*

A further allocation of money is made each year to deliver the Board's discretionary Grants Program. Projects funded through the Grants Program are designed to improve the administration of laws, increase community access to justice, improve legal services and inform and educate the wider community about legal services. Programs which receive funding are carefully monitored and their outcomes evaluated to ensure the grant recipients have met their stated objectives.

**Why the funding varies between years**

Despite careful budgeting to determine the funding available for distribution, the amount of money allocated to funded entities varies from year to year. This is due to the variable nature of investment returns, interest rates and the amount of client funds held in trust accounts which can earn interest over the year, and to the interest rates available.

Each change the Reserve Bank of Australia makes to the official cash rate significantly affects PPF interest income. The Board's investment portfolio has been designed to reduce the PPF's exposure to interest rate fluctuations and generate greater revenue over a medium to long-term time frame.

**Further information**

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