

ANNUAL REPORT

2014

Victorian Legal Services
BOARD + COMMISSIONER

24 September 2014

Dear Attorney General

We are pleased to provide you with the 2013-14 Annual Report of the Victorian Legal Services Board and Commissioner. This report provides an overview of the operations and financial status of the legal regulator for the reporting year. It has been prepared in accordance with the *Financial Management Act 1994*.

Yours sincerely



Fiona Bennett
Chairperson, Legal Services Board



Russell Daily
Acting CEO, Legal Services Board
Acting Legal Services Commissioner

LEGAL SERVICES BOARD AND LEGAL SERVICES COMMISSIONER 2014 ANNUAL REPORT

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CHAPTER 01

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.

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 promote high professional standards among lawyers by working with the Legal Services Commissioner, the Law Institute of Victoria (LIV), the Victorian Bar (the 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 Board and the Commissioner.

ABBREVIATIONS AND ACRONYMS USED IN THIS REPORT

ACLA	Australian Corporate Lawyers Association
the Act	the <i>Legal Profession Act 2004</i>
the Bar	Victorian Bar Inc
Board	the Legal Services Board
CALC	Consumer Action Law Centre
CLC	Community Legal Centre
Commissioner	the Legal Services Commissioner (Michael McGarvie)
CPD	continuing professional development
DRT	Dispute Resolution Team
FCLC	Federation of Community Legal Centres
FTE	full time equivalent
ILP	incorporated legal practice
LIV	Law Institute of Victoria Inc
LPLC	Legal Practitioners' Liability Committee
LSB	Legal Services Board
LSC	Legal Services Commissioner
MP	Member of Parliament
OPP	Office of Public Prosecutions
PC	practising certificate
PIB	prescribed investigatory body
PII	professional indemnity insurance
PPF	the Public Purpose Fund
RODA	the Register of Disciplinary Action
RRT	Rapid Resolution Team
SDA	statutory deposit account
VCAT	Victorian Civil and Administrative Tribunal
VCEC	Victorian Competition & Efficiency Commission
VLA	Victoria Legal Aid
VPSC	Victorian Public Sector Commission

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 2013-14

The Law Institute of Victoria, as the Board's delegate, conducted

412

TRUST ACCOUNT INVESTIGATIONS

550

LAWYERS WERE AUDITED FOR COMPLIANCE WITH CONTINUING PROFESSIONAL DEVELOPMENT

(page 17).

10 new fact sheets were prepared for lawyers and two for consumers of legal services (page 27).

69%

 CIVIL DISPUTES RESOLVED

The Dispute Resolution Team helped the parties resolve their differences in 69% of the 373 civil disputes allocated to them (page 23).

INTEREST REVENUE INCREASE

\$4m

The Board's review of its banking services resulted in an increase in annual interest revenue from trust funds by \$4 million and increased the range of banking services available to law firms with statutory deposit accounts (page 20).

The Commissioner's Rapid Resolution Team were allocated 29% of the complaints received during the year and resolved 20% of all complaints closed for the year (page 23).

BPay is now available for all lawyers to pay their fees when applying for a practising certificate.

The Board awarded over **\$2.3m** in grants (page 28).

5 PROJECT GRANTS

8 MAJOR GRANTS

The number of open complaints at the end of the year decreased to

401

This is **22%** fewer than the previous year (page 25).

The Board initiated eight new external interventions of law practices and concluded 12 (page 18).

2,020

COMPLAINTS WERE FINALISED FOR THE YEAR (page 25).

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

APPROXIMATELY

87%

of lawyers who renewed their PCs for 2014-15 did so using the Board's web portal, *LSB Online* (page 21).



Chairperson's report

We had some remarkable accomplishments this year. One of the most significant was the completion of the Board's banking services review which concluded in December 2013. The Board transferred its Public Purpose Fund to a new provider, giving us access to a range of new banking services. Over 1,800 law firms with statutory deposit accounts (SDAs) now benefit from the time savings and convenience of highly automated online transactions via the Board's LSB Online portal. Simplified processes are now also in place for firms to establish new SDAs. It is a great credit to our staff that such a significant change was executed with minimal disruption to firms reliant on these accounts.

Importantly, the review also delivered the Board an annual increase of \$4 million in interest revenue, and gave us access to an expanded array of investment options for the Public Purpose Fund. These investment options will help diversify the Fund's income sources and mitigate the effect of weak interest rates on the Fund's interest revenue streams. This is excellent news for the bodies which the Fund supports, including Victoria Legal Aid (VLA), which will enjoy a greater security of funding in the coming years. This year's surplus has enabled the Board to commit significant additional funds for the 2014-15 financial year to specific projects which VLA has identified as being critical to achieving their objectives. The meticulous way the review was undertaken and the impressive results cement the Board's credentials as a prudent and effective financial manager.

Another area where the Board has provided significant benefits this year is through the Grants Program. Over \$2 million in grants was committed to support the legal needs of the diverse Victorian community. Several programs serving community access to justice were funded, including two novel programs which utilise technology to reach communities in need. We also expanded on a previous funding priority; the provision of services to assist women and children experiencing family violence. We were pleased to fund several innovative pilot programs which link the medical and legal professions and enable victims of family violence to access legal services from within medical facilities in a convenient, secure and timely way.

The Board continues to be proactive in identifying compliance issues in their early stages, and in coordinating our responses in collaboration with the professional associations and other regulatory and enforcement bodies. Our external interventions work continues to prove effective in addressing problematic law firms and protecting consumers, while our careful assessment of the 63 finalised Fidelity Fund claims this year ensures that the fund is assiduously managed.

Our preparations for the new Legal Profession Uniform Law, scheduled to commence in 2015, gained pace this year. The Board developed a comprehensive communications and education program to ensure the profession is fully aware of how their practice may be affected by the new law. Information will also be imparted to consumers of

legal services to explain the changes to their rights when dealing with lawyers. Some of these activities have already commenced and are described in further detail elsewhere within this report.

The Board was pleased to welcome two new members in 2013-14. Steven Stevens was elected as a lawyer (non-advocate) member and commenced in July 2013, and in October 2013 Dr Lynne Williams was appointed as a non-lawyer member, bringing the Board membership to seven.

We were very fortunate with the re-appointment of Carolyn Bond AO as a non-lawyer member, ensuring the Board retained Carolyn's extensive consumer advocacy experience. It was also a great pleasure to hear that Peter Jopling QC was awarded a Member of the Order of Australia (AM) in the 2014 Australia Day Honours list for significant service to the law in Victoria and to the community.

As required every four years, the Board held a full election for its three lawyer member positions. There was very strong interest with three nominations for the advocate position and 12 nominations for the two non-advocate positions. Peter Jopling AM QC and Steven Stevens were both successfully re-elected to the Board for a full four-year term as advocate and non-advocate members respectively. Cate Delehr was also elected to the Board as a non-advocate member to commence her term on 1 July 2014. I welcome Cate to the Board and would like to sincerely thank the outgoing member, Richard Fleming, for his dedication and commitment during his four years with the Board, and especially for his work in chairing the combined Board and Commissioner Audit Committee meetings.

I would like to thank my fellow Board members for their time, expertise and guidance. I must also extend my sincere appreciation to the Board CEO for his excellent work in driving the implementation of the Board's policies and decisions, and to our highly skilled and dedicated staff who have delivered the solid results presented in this annual report.

Fiona Bennett
Chairperson, Legal Services Board

CEO and Commissioner's report



I am happy to report on our performance this past year. We continue to evolve as a legal regulator; refining our practices to create a more efficient experience for lawyers and consumers of legal services in their various interactions with our office.

During the year I undertook a review of our staffing arrangements in preparation for our regulatory obligations under the new Uniform Law. This culminated in a major redesign of our organisational structure and created six simplified reporting lines, as illustrated in the organisation chart on page 37. This addressed some necessary internal reforms as well as our organisational responsibilities under the Uniform Law.

The restructure ensured there were no staff losses and no reductions in grade or salary, and provided staff with opportunities for further career progression and development. The new structure placed a major emphasis on the needs of consumers, expanded the functions of our practitioner services, and established a separate corporate services division.

As part of our preparations for the Uniform Law, we also investigated what facilities we would need to meet our regulatory responsibilities. With the lease to the current Board and Commissioner offices expiring in early 2014-15, my senior staff and I identified the need to relocate to new and more suitably designed office space. Our new, custom-designed office space will provide sufficient facilities to support our regulatory functions, especially for intensive case work and our increasing focus on mediation and conciliation. The new design makes better use of the available floor space and importantly allows all staff to be located on the one floor, facilitating closer collaboration and more fluent communication between teams.


The commencement of the Uniform Law is now expected in 2015. We are committed to ensuring that the profession in Victoria is well informed about the changes which the Uniform Law will bring and have developed an extensive engagement program to educate lawyers on how the new law is anticipated to affect their practice. Information has already been prepared and made available via the Board and Commissioner websites, and through the first of a series of face to face meetings with interested groups. A great deal more work will be undertaken in this area in the 2014-15 year as the implementation of the new law grows closer.

We worked closely with the Department of Justice in preparation for the Uniform Law, providing considerable input into the draft bill as well as seconding a staff member to the Department for a three month period to help get the Uniform Law ready for presentation to the Parliament.

Our efforts to engage lawyers across the state increased this year; we addressed over 1,700 lawyers at 26 presentations, and delivered 15 guest lectures to over 1,100 university law and legal studies students. We continued to meet with community support services in both metropolitan and regional areas, and now fully contribute the legal regulation chapter to the iconic Law Handbook produced annually by the Fitzroy Legal Service.

We published a new resource for lawyers, law firms and the judiciary which provides details of disciplinary action taken against non-lawyers in courts or at the Victorian Civil and Administrative Tribunal (VCAT). The Register of Non-lawyer Disciplinary Action enables law firms to check whether a potential employee is prohibited from working for a law practice. It will also assist VCAT and the courts to identify members of the category of disqualified persons who are ineligible to practice law in Victoria. The new resource complements and cross references with the existing Register of Disciplinary Action (RODA) which lists the names of Australian legal practitioners and former lawyers disciplined by VCAT and the courts.

The Commissioner received slightly fewer complaints about lawyers this year than in previous years, largely because of how we handle the large volume of enquiries we receive. In many cases we are able to provide enquirers with practical assistance to help them to resolve their issue themselves. This front-end management allows greater control of incoming enquiries so that fewer calls develop into a formal complaint.



We closed approximately 12% more complaints than we received during the year. A large proportion of these were closed within 30 days of them being made, and half within two months. I am particularly pleased to see the record low number of complaints remaining open at the end of the reporting year. Only 401 complaints were open as at 30 June; less than half the number open at the same time only three years ago. This dramatic change reflects the hard work done by our staff to conciliate complaints, resolve disputes over costs and conclude investigations swiftly and fairly.

Our *LSB Online* portal continues to be upgraded with new facilities to provide a vital licensing and banking service for almost 19,000 Victorian lawyers. With the introduction of BPay as a payment option, lawyers now have a greater choice for paying their fees when renewing their practising certificates. Law firms who hold SDAs are now also able to arrange automatic transactions via the portal, saving them considerable time.

A large number of other major projects were undertaken this year, which often involved new initiatives in regulation. Projects include the development of a new service level agreement with the Law Institute of Victoria (LIV), a detailed review of our insurance needs, and inspections of trust accounts held by approved barristers' clerks. All this was undertaken by our skilled and dedicated staff, and I thank them sincerely for their efforts. I would also like to thank the Board Chairperson, Fiona Bennett, and the Board members for their support and leadership throughout the year.

Michael McGarvie

CEO, Legal Services Board
Legal Services Commissioner

CHAPTER
02

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 finance, investment, accounting, governance processes, consumer protection and an understanding of community needs.

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

Board membership during 2013-14



MS FIONA BENNETT

Chairperson
Non-lawyer member

Fiona is a director of a number of entities including Beach Energy Ltd, Hills Ltd and Boom Logistics Ltd. She is a Chartered Accountant with extensive experience in commercial and financial management, governance, risk management and auditing. Fiona 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. She 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 and appointed Chairperson by the Attorney General January 2013.



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, and is the spokesperson for Community Law Australia. Carolyn was also a member of the National Legal Profession Reform Consultative Group.



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 AM 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 Governor of the Florey Neurosciences Institutes, director of the Ian Potter Museum of Art, member of the Board of Examiners of the Supreme Court of Victoria, member of the Victorian College of the Arts Foundation, a member of the advisory board of the Centre for Ethical Leadership at the University of Melbourne, a director of the Menzies Foundation and a trustee of the McClelland Sculpture Park and Gallery.

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, and Ford Credit. Harvey was also the Deputy Director, Research and Policy at the Australian Society of Corporate Treasurers (now Finance and Treasury Society) and Senior Policy Advisor, Environment and Heritage for the federal coalition parties.



MR STEVEN STEVENS

Lawyer (non-advocate) member

Steven joined the Board in July 2013 as an elected legal practitioner representative. He is a former President of the LIV and Director of the Law Council of Australia. Steven has been the Chair of the Law Council's Professional Ethics Committee since 2009. He served as an elected member of the LIV's Council for 8 years, and 5 years on the LIV's Executive Committee. Steven is an Australian tax practitioner specializing in the taxation of financial services and trusts and in State Taxation. He is a former tax partner at Herbert Smith Freehills. Prior to commencing legal practice in 1988, Steven practised for 12 years as an economist and was a senior Victorian Treasury officer. Steven is a member of the Council of the Australasian Institute of Judicial Administration. He is also a member of the International Bar Association, the American Bar Association and The Tax Institute.



DR LYNNE WILLIAMS

Non-lawyer member

Lynne sits on several government boards at the State and Commonwealth level, and at the University of Melbourne, as well as undertaking a number of consultancies related to public policy. Lynne worked as an economist in the public sector for over 30 years, and is a former Under Secretary in the Victorian Department of Treasury and Finance (DTF). Lynne also held senior executive roles within DTF; the Department of Innovation, Industry and Regional Development; the Department of Premier and Cabinet; the Productivity Commission; and the Bureau of Immigration, Multicultural and Population Research. Lynne has Masters degrees in economics from the University of Melbourne and the London School of Economics, a PhD from Monash University and is also a Member of the Australian Institute of Company Directors. Lynne was appointed to the Board by the Governor in Council on 9 October 2013.



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 a Graduate of the Australian Institute of Company Directors.



Departing Board members

John Corcoran

Lawyer (non-advocate) member

John was a non-advocate Board member from 2005 to 2010 and was re-appointed to the Board by the Governor in Council in April 2013 for a three-month tenure. The appointment was made to fill a vacancy left by the departure of Mr David Faram. John's appointment concluded on 8 July 2013 and he was replaced by Mr Steven Stevens, who was elected to the Board in a formal election held in May and June, 2013.

MEETING ATTENDANCE

The Board met nine times in the reporting year, including two special meetings: once to approve the Board and Commissioner financial reports for the 2012-13 financial year, and once to approve the Board and Commissioner budget for the 2014-15 financial year.

Table 1: Board membership and meeting attendance in 2013-14

Board member	Number of Board meetings attended
Current members (30 June 2014)	
Ms Fiona Bennett	8
Ms Carolyn Bond AO	8
Mr Richard Fleming	9
Mr Peter Jopling AM QC	7
Mr Harvey Kalman	6
Mr Steven Stevens	8
Dr Lynne Williams*	4
Past Board members	
Mr John Corcoran#	1

*Appointed October 2013

#Appointment concluded July 2013

BOARD ELECTION

The Act requires the Board to hold an election for the three lawyer member positions every four years. Although an election for one position was held in 2013, a full election was due to be held in 2014. The Board entered into an arrangement with the Victorian Electoral Commission to conduct that election on its behalf.

All lawyers who hold a current practising certificate at the relevant time in an election year are eligible to nominate for a position on the Board and to vote in the election. Three barristers nominated for the one advocate position, and 12 solicitors nominated for the two non-advocate positions. A postal vote was held between early April to early May 2014.

Mr Peter Jopling AM QC was successfully re-elected to the Board as the advocate member. Ms Cate Dealehr was elected to the Board as a non-advocate member, and Mr Steven Stevens was re-elected, also as non-advocate member. The new composition of the Board commenced on 1 July 2014.

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 Board and Commissioner each operate an Audit Committee, however these committees meet together for operational reasons. Mr Richard Fleming was the Chair of the combined meetings. Mr John Coates served as the Commissioner-appointed Chair of the Commissioner's Audit Committee until 30 September 2013.

The functions of Board Committees do not change from year to year. A detailed description of Committee functions can be found on the Board and Commissioner's websites.

The membership of all Board Committees and the Commissioner's Audit Committee is detailed in Figure 1.

Legal Services Board

FIONA BENNETT
CHAIRPERSON

BOARD AUDIT COMMITTEE AND COMMISSIONER AUDIT COMMITTEE

(4 meetings)

Richard Fleming, Chair
Peter Jopling AM QC
Fiona Bennett
Nick Daicos*

FINANCE AND INVESTMENT COMMITTEE

(7 meetings)

Steven Stevens, Chair
Harvey Kalman
Dr Lynne Williams
Fiona Bennett (*ex officio*)

FIDELITY FUND CLAIMS ADVISORY COMMITTEE

(5 meetings)

Carolyn Bond AO, Chair
Richard Fleming
Steven Stevens
Fiona Bennett (*ex officio*)
Roger Batrouney*
Kevin J A Lyons QC*

GRANTS COMMITTEE

(3 meetings)

Harvey Kalman, Chair
Carolyn Bond AO
Dr Lynne Williams
Fiona Bennett (*ex officio*)

LEGAL PRACTICE COMMITTEE

(1 meeting)

Peter Jopling, Chair
Fiona Bennett (*ex officio*)
Megan Keogh (VLA)*
Gregor Husper (FCLC)*
Kevin J A Lyons QC (Vic Bar)*
Steven Stevens (as LIV)*
Michael Hermitage (CALC)*
Tanya Khan (ACLA)*

Figure 1: Board Committees and membership as at 30 June 2014

*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 ethical conduct.

SUPERVISED LEGAL PRACTICE REQUIREMENTS

The Act requires that the initial 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, instruction 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 2013-14, the Board received 85 applications for exemption from supervised legal practice compared with 66 in 2012-13. The Board approved 74 applications. Table 2 shows the outcomes of the applications.

Table 2: Applications for exemptions from supervised legal practice requirements

	2012-13	2013-14
Applications received	66	85
Exemptions granted	53	74
Applications declined	2	0
Decisions pending at 30 June	4	0
Applications withdrawn	7	11

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 service and professionalism.

Lawyers are required to keep a record of all CPD activities undertaken for a period of three years. The Board, through the LIV and the Bar as its delegates, 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 PC, lawyers must confirm that they have completed their CPD activities. If they have not complied, lawyers can apply for an exemption or otherwise must submit a rectification plan. The LIV as the Board's delegate audited 550 lawyers for CPD compliance during 2013-14. Table 3 shows the outcome of these audits.

Table 3: CPD Audits conducted by the LIV

Audit details	2012-13	2013-14
Total number of lawyers audited	550	550
Lawyers who complied	527	537
Lawyers who did not comply	5	4
Lawyers exempted (e.g. on maternity leave, surrendered PC)	18	9

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 must maintain professional indemnity insurance (PII) with the Legal Practitioners' Liability Committee (LPLC) at all times while engaged in legal practice in Victoria. Community legal centres are also required to maintain insurance, but are not required to hold that insurance with the LPLC. Instead they must hold insurance on terms and conditions approved by the Board.

The Board has power to exempt law practices from the requirement to hold PII with the LPLC, or an exemption to hold PII altogether. During 2013-14 such an exemption was granted by the Board to interstate barristers and Tasmanian solicitors. The exemptions were granted in line with the objectives of the Act to facilitate interstate legal practice.

A further 51 applications for PII exemption were received by the Board during the year, compared with 75 in 2012-13. The decrease in number of exemption applications received is partly attributable to the class exemptions granted by the Board. Table 4 shows the outcome of the 2013-14 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

	2012-13	2013-14
Applications received	75	51
Exemptions granted	71	51
Applications declined	0	0
Decisions pending at 30 June	0	0
Application withdrawn*	5	0

*Includes applications received in one reporting year and withdrawn in the next.

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 31 foreign lawyer applications in 2013-14 compared with 18 in 2012-13. Table 5 shows the applications and their outcomes.

Table 5: Applications for foreign lawyer registration

	2012-13	2013-14
Applications received	18	31
Applications granted*	24	29
Applications declined	0	0
Decisions pending at 30 June	2	2
Applications withdrawn	1	0

*Includes applications received in one reporting year but granted in the next.

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.

In March 2014, the Board delegated the function of ILP auditing to the LIV. The ILPs chosen for audit are identified by risk profiling, which is informed by complaints received by the Commissioner and reports of non-compliance by external examiners, among other factors.

As at 30 June 2014, there were 14 ILP audits currently in progress.

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 non-compliance matters through a range of means, 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 practising certificates, strike-off applications and criminal prosecution.

UNQUALIFIED LEGAL PRACTICE

Practising law in Victoria without a local or interstate PC 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 26 new complaints regarding possible unqualified legal practice. Seven of those complaints were about Australian lawyers without a PC and the remaining 19 complaints were about people who had no legal qualifications. The Board commenced three unqualified legal practice prosecutions in the Magistrates' Court during the year; all of which were still ongoing as at 30 June 2014 and proceeding as contested matters. These are typically protracted matters and so are complex and time consuming to resolve.

Three additional unqualified practice prosecutions commenced prior to 1 July 2013 were concluded in the 2013-14 period:

- On 29 November 2013, the County Court of Victoria dismissed an appeal by Mr Lewis Batten against his conviction and penalty for unqualified legal practice. Mr Batten received an increased fine of \$5,000 with conviction and was ordered to pay the Board's costs of \$25,000.
- On 21 January 2014, Ms Khirsty Khan pleaded guilty to unqualified legal practice before the Melbourne Magistrates' Court. Ms Khan was convicted, fined \$6,300 and ordered to pay the Board's costs of \$6,400.
- A third matter was determined in the Melbourne Magistrates' Court in June 2014 with the individual found guilty of unqualified legal practise. As the matter has since been appealed, the Board has elected not to publish the name pending the outcome of the appeal.

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. This power helps to protect the interests of the general public and the trust money 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. For further information on external interventions, visit the Board website.

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 internal staff handled three external interventions (all supervisions) while the balance (receiverships or managements) were allocated to the LIV or panel members to undertake. Table 6 shows the number of external interventions undertaken in 2013-14.

For the first time the Board used its statutory power to institute a partial receivership of a law practice. This allowed the Board to obtain the benefit of a receivership, whilst still allowing the law practice to continue to function and enabling continued cooperation from the principal of the law firm.

Table 6: External interventions

Type of External Intervention	Continuing from 2012-13	Commenced 2013-14	Closed during 2013-14	Ongoing interventions as at 30 June 2014
Receiverships	10	1	4	7
Managements	7	4	3	8
Supervisions	3	3	5	1

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 a lawyer's PC may be suspended or cancelled. The LIV, as the Board's delegate, cancelled eight PCs during the year. The LIV did not suspend any PCs in 2013-14.

REMOVING LAWYERS FROM THE LOCAL ROLL

Where the Board determines that a 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 of Victoria for that lawyer's name to be removed from the roll of legal practitioners maintained by the Court. This is commonly 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 2013-14, the Board successfully sought to have Mr Anthony Coleman removed from the roll of practitioners, after Mr Coleman was found guilty of 11 charges of obtaining financial advantage by deception, one charge of obtaining property by deception, one charge of theft and one charge of creating a deficiency in a trust account. Mr Coleman was convicted of stealing \$32,731.78 of clients' trust funds and dishonestly obtaining funds totalling \$294,970.22 over a period of more than five years from 13 separate transactions. As Mr Coleman pleaded guilty and was convicted on these serious criminal charges, the Board applied to the Supreme Court of Victoria on the basis that Mr Coleman was no longer a fit and proper person to remain on the roll of legal practitioners.

COOPERATION WITH CRIMINAL PROSECUTORS AND OTHER REGULATORS

Throughout 2013-14 the Board continued to improve its capabilities for detecting and investigating serious criminal conduct on the part of lawyers and employees of law practices. As some conduct investigated may constitute both a breach of the *Legal Profession Act 2004* as well as offences under *Crimes Act 1958*, the Board continues to develop its relationship with the Victoria Police and the Office of Public Prosecutions (OPP).

The Board worked closely with both the Victoria Police and/or the OPP in a number of matters across the year, including in the prosecution of Mr Philip Linacre, a former solicitor who pleaded guilty to 21 charges of obtaining over \$12 million by deception from 17 of his former law practice clients.

Mr Linacre also pleaded guilty to five charges of failing to deliver or pay trust money totalling over \$200,000 to five former clients.

As at 30 June, Mr Linacre was yet to be sentenced.

REGISTER OF DISCIPLINARY ACTION (RODA)

The Board maintains a publicly accessible RODA to record disciplinary action taken against lawyers. 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. If the disciplinary action has effect for more than five years, the RODA will hold the information for the duration of that disciplinary action, otherwise the publication ceases after five years. Further information on the RODA is available on the Board's website.

In addition to the RODA, the Board's website now lists the names of non-lawyers who, because of a court or tribunal order, are classified as disqualified persons under the Act and earlier equivalent legislation. These persons are prohibited from working for a lawyer or law practice in any capacity, without prior approval of the Board. They form part of a broader category known as prohibited lay associates. For further information see the Non-lawyer Disciplinary Action page of the Board's website.

Ensuring the proper management of trust accounts

Law practices and barristers' clerks are often entrusted with client's money in the course of or in connection with providing 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 trust accounts held by law practices in Victoria. To ensure law firms comply with general trust account regulations, trust accounts are audited regularly. The Board has delegated its general trust account surveillance and investigations functions to the LIV and the Bar. In 2013-14 the LIV carried out 412 trust account inspections. The Bar was not asked to undertake any inspections during 2013-14. During this period, trust account inspections were initiated by the Board and Commissioner by identifying issues through risk profiling of entities. Types of risks identified included complaints data; trust account issues; failure to respond to Board or Commissioner requests; and intelligence from Approved External Examiners and other practitioners.

Barristers' clerks are also permitted to hold trust accounts in Victoria and the Board has supervisory powers over their handling of trust money. In July 2013 the Board commenced a program of investigating all 12 approved clerks' trust accounts to review their compliance with the Act and regulations. Investigations were carried out by LIV and other Board-appointed trust inspectors.

The process revealed several areas of non-compliance to varying degrees. In light of the issues identified and the responses received from the approved clerks, the Board determined that the issues should be addressed through an education program and follow-up investigations in late 2014.

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). The Board allocates individual SDAs for each law practice or approved clerk. These SDAs are linked to the law practice or approved clerk's trust account.

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 Jun 2014 are shown in Table 7.

BANKING SERVICES REVIEW

In 2012-13 the Board initiated a major review of its banking arrangements. The review was primarily motivated by the very significant impact of low and declining interest rates on the Board's revenue. In addition, there was a desire to test the market to ensure the Board and law firms across Victoria were receiving the best banking services available.

The review was finalised in December 2013 with the change from Westpac Banking Corporation to the Commonwealth Bank of Australia as the Board's main banking service provider. The review delivered very

positive financial outcomes, including an annual increase in interest revenue of more than \$4m per annum, and the ability to diversify income sources by establishing and developing an expanded investment portfolio, thereby reducing the Board's exposure to interest rates.

Banking services available to the Board and Victorian law firms have also been greatly improved and are now mostly conducted electronically. Regular transfers are highly automated and law firms are able to transfer funds between accounts using the Board's online portal, *LSB Online*, with 24/7 access.

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, an employee of a law practice or a barristers' 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 2013-14 the Board received 58 claims against the Fidelity Fund. A total of 36 payments were made for claims, totalling \$2,724,351.27, including claims received both during the current and previous reporting years. Table 8 shows the claims made and those paid during 2013-14.

Table 7: SDA holdings and residual balances as at 30 June 2014

	SDA \$'000	Residual Balance \$'000	Total \$'000
30 June 2014	636,985	1,467,156	2,104,141
30 June 2013	524,717	1,149,997	1,674,714

Table 8: Fidelity Fund claims in 2013-14

	2012-13		2013-14	
	Number of Claims	Amount \$'000s	Number of Claims	Amount \$'000s
Claims received during period	54	13,740	58	11,492
Claims paid during the period	23	1,709	36	2,724
Claims outstanding as at 30 June	50	15,426	45	18,951
Actuarial Valuation	N/A	16,110	N/A	19,070
Fidelity Fund recoveries		-	1	5

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.

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.

LEGAL PROFESSION UNIFORM LAW

In 2013-14 the Board and Commissioner made submissions to, consulted with, and seconded a staff member to, the Department of Justice to contribute to the uniform legal profession reforms.

The *Legal Profession Uniform Law Application Bill 2013* was introduced into the Victorian Parliament in December 2013. The Bill passed both Houses and received Royal Assent on 25 March 2014. In anticipation of the uniform scheme commencing operation in Victoria and NSW from early 2015, the Board and Commissioner began developing internal and external stakeholder engagement plans. The plans include education and communications strategies and are amended as more information becomes available.

ONLINE RENEWAL OF PCs

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

The 2014 renewal period ran from 24 March to 30 June. Of the 18,727 lawyers who held a Victorian practising certificate as at 30 June (see Figure 2 in Appendix 1), 99% had renewed by the closing date. Approximately 87% (or 16,365 lawyers) who renewed used the *LSB Online* facility. To assist practitioners use *LSB Online* the Board also operated a help desk, which handled approximately 2,495 queries during the renewal period.

BPay was successfully added as a payment method for all lawyers in 2014.

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 includes the number of lawyers holding PCs, age and gender balances of lawyers, types of PC held and the number and types of law practices operating in Victoria. Figures 2-5 and Tables 9-16 in Appendix 1 provide more information on the size, diversity and geographic distribution of the legal profession in Victoria as at 30 June 2014.

The Board also publishes monthly updates of legal profession demographics on its website.

DEVELOPING POLICIES AND GUIDELINES FOR THE PROFESSION

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

STUDENTS

This year the Board and Commissioner accepted five student interns from the University of Melbourne as part of its internship program in second semester 2013 and first semester 2014. Students completed 20 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 2013-14 the Board and Commissioner made or contributed to submissions in response to the following:

- Victorian Competition & Efficiency Commission (VCEC) Wrongs Act Inquiry
- VCEC Regulator Efficiency and Cost Recovery
- Consultation on LIV Mental Health Project
- Productivity Commission Access to Justice Inquiry
- Department of Justice Law Reform - Legal Profession Act & Regulations; and
- Legal Profession Uniform Law

The Board and Commissioner also contributed to the Fitzroy Legal Service's Law Handbook by revising and updating the chapter on legal regulation for the 2014 edition.

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 that they 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 2013-14 reporting year. Detailed statistics for 2013-14 are available in Appendix 2. For a full explanation of the complaints handling process, please visit the Commissioner's website.

Enquiries 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. Enquiries 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.

The Commissioner explains what complaints can and cannot be accepted, the time limitations for making a complaint and how a potential complaint would be handled. In many instances the Commissioner is able to offer suggestions and information which help the enquirer to resolve the issue themselves. People wishing to lodge a formal complaint may lodge their complaint in writing via the formal complaint form (available from the Commissioner's website), or via a letter, email or faxed document.

If the enquiry falls outside the Commissioner's jurisdiction, where possible the Commissioner will provide information on other ways of resolving the problem and any other organisations which may be of assistance in the matter.

The Commissioner received 5,305 enquiries in 2013-14 compared with 4,905 in 2012-13. On 2,701 occasions the Commissioner provided the enquirer with information on its functions and jurisdiction, and no further action was required. Assistance was provided in 1,295 matters to help people resolve issues themselves, while a further 258 enquiries resulted in a conciliated outcome. Complaint forms were provided to 968 people. Table 17 in Appendix 2 describes the outcomes from enquiries 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 conduct). 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 2013-14

The Commissioner received 1,812 new complaints in 2013-14. This figure is significantly lower than the previous year when 2,039 formal complaints were received. The 11% decrease is the result of the Commissioner's ongoing efforts to resolve issues before they escalate to formal complaints, wherever appropriate. This approach continues to be very successful and enables many minor issues to be resolved faster and more efficiently for both the client and the lawyer concerned, without the Commissioner's direct involvement.

As with previous years, the number of disciplinary complaints outnumbered civil complaints. Due to the Commissioner's focus on assisting people resolve issues before they lodge a formal complaint, the number of disciplinary complaints lodged decreased by approximately 20% on the previous year. Full details of the number and type of complaints received in 2013-14 are provided in Table 18 in Appendix 2.

Significantly more complaints were received about solicitors (96%) than barristers (4%). This is to be expected as there are nine times more solicitors than barristers. Consumers also have considerably more contact with solicitors compared to barristers, as solicitors handle the majority of legal matters on behalf of clients. Table 19 in Appendix 2 illustrates the number and type of complaints received against solicitors and barristers for 2013-14.

The top five areas of law that attract complaints are relatively consistent year to year. Family/de facto, probate and estate, conveyancing, commercial and criminal law again featured prominently in 2013-14 complaints statistics (see Table 20 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, poor handling of trust money and poor handling of documents. Full details of the types of allegations featured in complaints received in 2013-14 are provided in Table 21 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 were allocated approximately 62% of complaints received by the Commissioner in the reporting period: 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 primarily deals with 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 924 new complaints involving civil allegations in 2013-14, and closed 964 complaints (including complaints received in the 2012-13 reporting year). Of all civil complaints closed, the Commissioner had power to handle 765 complaints. The remaining 199 were beyond 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 legal action).

Where the Commissioner had power to resolve the complaint, the DRT handled 373 matters, and was able to assist the parties resolve their differences in 257 (69%) of those matters. The DRT was unable to settle disputes in 116 cases and therefore advised the parties of their right to seek a determination of their dispute from the Victorian Civil and Administrative Tribunal (VCAT). In such instances either party may apply to VCAT for a hearing. Table 22 in Appendix 2 illustrates the outcomes of civil complaints resolved in 2013-14.

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 unpaid costs.

During the year \$561,106.60 in disputed costs were lodged with the Commissioner. This money was held in an interest bearing trust 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, 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

The RRT was allocated 520 complaints that were received during the year; 29% of the total number of complaints received by the Commissioner's office in 2013-14. A team of experienced mediators and conciliators correspond with both sides of the complaint to bring about, in many cases, a mutually agreeable resolution of the complaint. A total of 412 complaints were resolved by the RRT during the year, including complaints received in the previous reporting year. Where complaints were not able to be resolved by the RRT they were 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 dispute resolution are assigned to investigation officers for further assessment. An intensive investigation process determines whether a lawyer may have committed any offence under the Act or the legal profession 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 334 investigations as a result of complaints received, compared with 395 in 2012-13. A further 64 investigations were undertaken as *own motion* investigations by the Commissioner.

Own Motion Investigations

The Act permits the Commissioner to 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 in a complaint which is 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 23 in Appendix 2 shows the reasons for the own motion investigations initiated in 2013-14.

Referral of investigations to a Prescribed Investigatory Body

The Commissioner can refer investigations to a prescribed investigatory body (PIB) to undertake on its behalf. The findings of all investigations undertaken by a PIB are reported back to the Commissioner who will make the final decision on the matter. Both the Bar and the LIV are PIBs. In 2013-14 the Commissioner chose to refer four investigations to the Bar. No complaints were referred to the LIV (see Table 24 in Appendix 2).

OUTCOMES OF DISCIPLINARY INVESTIGATIONS

Where evidence of one or more disciplinary breaches are discovered in an investigation, the Commissioner will determine whether the conduct may amount to professional misconduct or unsatisfactory professional conduct. 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, or as a condition of not prosecuting the lawyer in VCAT, requiring compensation to be paid to the client. Further details of alternative disciplinary actions which the Commissioner can apply to a lawyer can be found on the Commissioner's website.

Investigation findings

In 2013-14 the Commissioner reached the conclusion in 100 disciplinary complaints that VCAT would likely find the lawyer guilty of some form of disciplinary breach. A further 135 investigations revealed evidence which indicated that VCAT was unlikely to find the lawyer guilty of a disciplinary breach. A detailed breakdown of the 2013-14 disciplinary complaint outcomes is provided in Table 25 in Appendix 2.

In 81 complaints, the Commissioner decided to take alternative disciplinary action against the lawyer. This included 36 matters where a lawyer was reprimanded, and 20 where a lawyer was issued with a caution. Table 26 in Appendix 2 illustrates the alternative disciplinary findings taken against lawyers in 2013-14 resulting from a complaint. The Commissioner also reprimanded 8 lawyers and cautioned a further 5 as a result of own motion investigations (see Table 27 in Appendix 2).

Complaints finalised and outstanding

The Commissioner finalised 2,020 complaints in 2013-14, including matters received in previous years. Table 28 in Appendix 2 shows the number of complaints finalised in 2013-14 by complaint type.

TIME TAKEN TO FINALISE COMPLAINTS

The time it takes to finalise a complaint will vary depending on the complexity of the matters involved and the degree to which the parties involved participate with the Commissioner's processes. The Commissioner closed 698 complaints within a 30 day period compared with 633 in 2012-13. A majority of complaints were resolved within three months of their receipt. Less than 30% of complaints closed in 2013-14 took more than 120 days to conclude. Typically, these involved the more complex investigations. Table 29 in Appendix 2 illustrates the time taken to resolve complaints in 2013-14 compared with previous years.

COMPLAINTS OUTSTANDING

By 30 June 2014 the Commissioner had 401 outstanding complaints (excluding own motion investigations), compared with 517 in 2013-13; a decrease of 22%. A total of 183 complaints took longer than 120 days to conclude, compared with 163 at 30 June 2013. Table 30 shows the number of complaints outstanding as at 30 June 2014 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 2013-14 the Commissioner granted a total of \$17,380 in *ex-gratia* payments to four people.

Applications to VCAT

In 2013-14 the Commissioner made 32 new applications to VCAT following investigations where the Commissioner believed that VCAT would find the lawyer guilty of a disciplinary breach. 12 of these applications were heard and determined during 2013-14 while 20 were yet to be heard or were awaiting orders. Table 31 in Appendix 2 shows the status of disciplinary applications made to VCAT in 2013-14.

APPEARANCES IN VCAT

During the reporting year the Commissioner was a party before VCAT on 106 days. The Commissioner was represented by Counsel on 90 days, including five days where the Commissioner was represented by a Senior or Queen's Counsel. Staff appeared for the Commissioner on 16 days.

STATUS OF VCAT APPLICATIONS AND COURT ACTION

The status of all applications made to VCAT are listed in Appendix 3. A total of 41 matters were heard and determined at VCAT during 2013-14, including matters carried over from previous years (see Table 32). By 30 June, 28 matters were still awaiting a hearing and/or decision (Table 33), while one matter was re-heard and determined by VCAT during the year (Table 34). Six outcomes were appealed to the Supreme Court; four of which were determined during the year, and two were yet to be heard as at 30 June 2014 (see Tables 35 and 36 in Appendix 3).

Strike-offs

On 23 August 2013, the Supreme Court of Victoria ordered that the name of Mr Andrew Nguyen be removed from the roll of legal practitioners held by the Court. Mr Nguyen, a former corporate lawyer, was struck off following a recommendation by the VCAT in early 2013, which determined that he was "not a person of honesty". VCAT had found Mr Nguyen guilty of 16 charges of professional misconduct brought by the Commissioner, including lying to a Judge in a previous disciplinary hearing, engaging in unqualified legal practice, and holding himself out as being entitled to practise law when he was not entitled to do so.

During the year the Commissioner also applied to the Supreme Court to have another lawyer struck from the roll of legal practitioners. The solicitor was granted the pseudonym 'PFM' by VCAT due to concerns over his current state of mental health. PFM was similarly found guilty of multiple misconduct charges and VCAT determined that he was not fit and proper to practice as a lawyer, before recommending his name be removed from the roll. A hearing was scheduled in the Supreme Court for July 2014.

CHAPTER 05

Corporate Operations and Governance

The Board and Commissioner have a range non-regulatory functions which are largely proactive. They include providing education to the legal profession and consumers of legal services, and the administration of grant money from the Public Purpose Fund (PPF). In addition there is a considerable volume of work 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 practise 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 2013-14 the Board and Commissioner delivered 26 presentations to groups of lawyers, reaching a combined audience of over 1,786, including audiences from Melbourne-based law firms, State and Commonwealth government organisations, suburban and regional law associations, and the Bar.

The Commissioner and Board also gave 15 guest lectures to over 1,170 undergraduate and postgraduate law and legal studies students enrolled at four Victorian universities: Monash University, La Trobe University, Victoria University and RMIT. These typically covered the regulation of the legal profession as well as traps to avoid for new lawyers.

In February 2014 the Commissioner spoke at the *Wellness for Law* conference held in Brisbane. The presentation titled *Confronting Regulatory Forgiveness* explored how the Commissioner deals with disciplinary complaints against lawyers where mental ill health is a factor contributing to their conduct.

On-line and electronic information for lawyers

The Board and Commissioner websites are regularly updated to keep the profession informed about relevant issues. A major feature of the two websites is the blog, RPA News, which is used to summarise the outcomes of most VCAT and court hearings where the Board or Commissioner appear as a party. The Commissioner's website also features links to VCAT and court decisions published on the Australasian Legal Information Institute (AustLII) website for matters where the Board or Commissioner have appeared as a party.

Publishing disciplinary outcomes on the website contributes to the Commissioner's statutory responsibility to educate lawyers by enabling lawyers to benchmark their practices against those who have been prosecuted for disciplinary offences. It also serves to remind lawyers that they should seek assistance if similar issues arise in their practice.

The Board and Commissioner also produce fact sheets on various topics for the benefit of lawyers. In the reporting year the following 10 new fact sheets were published for lawyers:

- Letters of demand: traps for lawyers
- Delays: Common issues in legal practice
- Acting in motor vehicle accident claims
- Overseas-based Victorian legal practitioners
- Opening a Trust Account
- Closing a Trust Account
- Barristers and the Uniform law
- Corporate lawyers and the Uniform Law
- Government lawyers and the Uniform Law
- Lawyers and the Uniform law.

In addition to website information, the Board and Commissioner publish an email bulletin called *RPA Alerts*. These bulletins are sent to over 18,000 Victorian lawyers and are issued on an as-needs basis to promote important issues to the profession. Eight alerts were issued in 2013-14 covering issues including undertakings, changes to trust accounts, consultation on the Victorian Solicitors' Conduct Rules and on uniform legal regulation. Alerts are available for download from both the Board and Commissioner websites.

Social media is another means of communicating with the profession. The Board and Commissioner use Twitter to promote practice tips, RPA News updates, RPA Alerts, Board notices, Grants program launches and other messages to their followers. These posts (tweets) often include links to specific resources on the Board or Commissioner websites. Followers are able to on-forward tweets they find interesting to their followers, thereby expanding the reach of the messages.

The Commissioner uploaded a video recording of its first web-based seminar (webinar) to YouTube, and provided a link on the Commissioner's website. The webinar was held in December 2013 and provided an overview of the Commissioner's functions, followed by a more detailed exploration of the issues involved in civil disputes and disciplinary complaints. Invitations had been emailed to randomly selected lawyers from small firms in regional Victoria and suburban Melbourne and over 30 lawyers participated.

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 seven outreach visits were conducted across Victoria to engage with community support services. Five visits were made to areas within metropolitan Melbourne (St Albans/Sunshine, Werribee, Springvale, Melbourne CBD and Moorabbin), and two visits were made to regional Victoria (Morwell and Bendigo).

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 2013-14 meetings were held with 31 organisations. Staff again participated in several forums and group networks, which allows the regulator to engage with both users and providers of legal and non-legal services at the same time. Examples include the Western Legal Forum, meetings with Local Councils, and attending the launch of the law handbook 2014 edition.

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 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 covering 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 throughout the year.

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 2013-14 the Commissioner produced two new fact sheets for consumers:

- Investing money with your lawyer
- Consumer rights under the new Uniform Law.

Further fact sheets were also in development and will be published in the 2014-15 year.

ENGAGEMENT WITH MEMBERS OF PARLIAMENT

As part of the Education and Outreach Program, two visits were made to the electorate offices of Members of Parliament. Information was provided which could be made available to constituents who enquire about lawyer-client related issues.

COMMUNITY ADVOCATE ORGANISATIONS

Community and specialist legal centres 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 2013-14 meetings were held with representatives from four community and specialist legal centres. Ongoing discussions were also held with the Fitzroy Legal Service about contributions to the Law Handbook.

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 \$24 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 (Table 37); and Major Grants, which have a budget over \$60,000 and a duration of up to three years (Table 38). In 2013-14 the Board allocated a combined total of over \$2.3 million in funding to the Project and Major Grants programs, as described on page 29.

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

PROJECT GRANTS AWARDED IN 2013-14

The Board distributed \$274,817 in funding to five Project Grants recipients in 2013-14, as detailed in Table 37.

Table 37: Project Grants awarded

Organisation	Project description	Amount awarded
Women's Legal Service Victoria	Skype Outreach Project	\$60,000
Footscray Community Legal Centre	Taxi Driver Legal Clinic	\$59,048
Domestic Violence Resource Centre Victoria	Improving legal intervention for technology-facilitated stalking: A mobile app	\$60,000
Youthlaw	Youth Fines Clinic	\$60,000
Flemington Kensington Community Legal Centre	Flemington Kensington Community Legal Centre / Doutta Galla Medical Legal Partnership	\$35,769

MAJOR GRANTS AWARDED IN 2013-14

The Board awarded \$2,028,771 in funding to eight Major Grants recipients in 2013-14.

The projects which received funding are listed in Table 38, with further details provided on the Board's website.

Table 38: Major Grants awarded

Organisation	Summarised project description	Amount awarded
Moonee Valley Legal Service	'Safe from Harm': Culturally and linguistically diverse family violence prevention program	\$230,000 over 2 years
Court Network	Supporting access to justice for people appearing unrepresented	\$179,000 over 2 years
McCabe Centre for Law and Cancer	Making the law work better for people affected by cancer	\$248,025 over 2 years
Women's Legal Service Victoria	Stepping Stones: Creating pathways to economic well-being for women and their children through legal and financial counselling partnerships	\$246,556 over 2 years
Domestic Violence Resource Centre Victoria	Improving legal responses to domestic homicides: a study of homicides in Victoria 2005-14	\$148,590 over 2 years
Aboriginal Family Violence Prevention and Legal Service	Koori Family Violence Community Legal Education Project	\$265,000 over 2 years
North Melbourne Legal Service Inc.	Acting on the Warning Signs: Stage 2 - addressing violence against women through the hospital setting	\$421,600 over 2 years
Kirby Centre, Monash University	Establishing a Victorian model of health legal partnerships in hospitals	\$290,000 over 2 years

Building and maintaining relationships

The Board and Commissioner aim to build and maintain positive relationships with the Victorian government, 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 Chairperson and CEO/Commissioner met with The Hon. Robert Clark MP, several times throughout 2013-14. The meetings covered various topics including uniform legal regulation, the Board Grants program and Board finances, the restructure of staffing arrangements, the banking services review and the 2014 Board elections.

The Attorney-General also attended the June 2014 Board meeting by invitation from the Board.

Shadow Attorney-General, The Hon. Martin Pakula MP

The Board Chairperson and CEO/Commissioner also met with the Shadow Attorney-General, The Hon. Martin Pakula MP, on one occasion in 2013-14. This meeting provided the Shadow Attorney General with a briefing on the Board's Grants program and Board finances, uniform legal regulation, the 2014 Board election and Board activities generally.

Victorian Ombudsman

During the year meetings were held with the former Victorian Ombudsman, Mr George Brouwer and his Deputy Ombudsman, Mr John Taylor. An introductory meeting was also held with the new Victorian Ombudsman, Ms Deborah Glass OBE who was appointed to the position in March 2014.

To help foster a closer relationship with the Ombudsman, two Board and Commissioner staff were seconded to the Ombudsman's office at various times during the year. An investigation officer from the Ombudsman's office was also seconded to the Board and Commissioner for six months.

Other 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, VLA, the Victorian Government Solicitor's Office and the Independent Broad-based Anti-corruption Commission.

OTHER MEETINGS

Interstate regulators

Each month staff from the Board and Commissioner participate in a teleconference involving the interstate legal regulators. The teleconferences offer the opportunity to maintain close working relationships between each organisation, and to discuss matters including the Legal Profession Uniform Law, the sharing of information across borders and consumer matters.

In addition the Board and Commissioner participate in the yearly Conference of Regulatory Officers which involves both the regulators and the professional associations from each Australian jurisdiction, and representatives of the New Zealand Law Society. The annual conference was held in Darwin in October 2013 and was hosted by the Northern Territory Law Society. Several staff attended and participated in presentations and panel discussions covering issues common to all jurisdictions.

MEETINGS WITH THE LEGAL PROFESSION

Suburban and regional law associations

Staff met with representatives from the Gippsland, Bendigo, Western Suburbs and Northern Suburbs Law Associations over 2013-14. Each of these meetings was associated with a presentation to their members about Board and Commissioner functions.

Professional associations

Regular meetings were held with senior executives of the LIV and the Bar, the peak professional associations representing solicitors and barristers in Victoria. Meetings were also held with the LIV President, Mr Geoff Bowyer and the Bar Council Chairman, Mr Wil Alstergren SC.

The LIV and Bar provide advice to the Board and Commissioner on issues relevant to their members.

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. Table 39 shows the funding provided to the LIV and Bar in 2013-14.

Table 39: Payments made to the LIV and Bar for the discharge of Board functions in 2013-14

	2012-13 \$'000s	2013-14 \$'000s
Public Purpose Fund		
Law Institute of Victoria		
Trust accounts	2,478	2,354
Practising certificates	490	465
Other regulatory costs	167	159
External interventions	1,518	1,202
Total	4,653	4,180
Victorian Bar		
Trust regulation	Nil	Nil
Practising certificates	102	87
Other regulatory costs	Nil	Nil
External interventions	Nil	Nil
Total	102	87
Fidelity Fund investigations		
Law Institute of Victoria	166	158
Victorian Bar	Nil	Nil
Commissioner payments for Complaints handling		
Law Institute of Victoria	782	Nil
Victorian Bar	60	71

Strengthening our financial practices

The Board is responsible for supervising a number of key accounts and funds. Accordingly, it is important that the Board 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 a 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 SDAs, 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 Board
- the 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 balance in the account is the sum of each of the individual SDAs. 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. Under the Act, funding is provided to the VLA Fund and the Victorian Law Reform Commission for funding of law-related services and activities.

At the end of the reporting year the surplus in the general account was \$83,772,021 compared with \$86,165,000 as at 30 June 2013. The distributions made during 2013-14, as determined by the Board and with the approval of the Attorney-General, are set out in Table 40 and in the financial statements in Appendix 4 of this report.

Table 40: Board distributions - Actual 2014, Planned 2015

PPF General Account balance	2014 \$'000s	2015 \$'000s
General Account balance as at 30 June	86,165	83,772
Allocation of fund		
Allocated to Distribution Account	(43,083)	(41,898)
Commissioner	(5,288)	(8,128)
Payments to professional associations for programs	(2,431)	(2,523)
Legal Law List - VCAT	(1,451)	(1,484)
Council for Legal Education and Board of Examiners	(1,113)	(1,138)
Delegated functions: LIV	(4,021)	(4,357)
Delegated functions: the Bar	(87)	(92)
Cost of professional development: LIV	(159)	(163)
Sub-total	(14,550)	(16,985)
Funding available for Board & Investment	28,533	24,990
Distribution Account		
	2014 \$'000s	2015 \$'000s
Opening balance - Actual	25,178	37,545
Transfer from General Account	43,083	(41,898)
Project grants approved and paid	(275)	-
Major grants paid#*	(1,549)	(1,023)
Sub-total - Grants	(2,811)	(1,023)
Funding/grants approved for distribution during the next financial year		
Victoria Legal Aid	(25,663)	(27,461)
Victorian Law Reform Commission	(1,645)	(1,682)
Victoria Law Foundation	(1,584)	(1,620)
National Reform - Uniform Law Scheme	-	(1,100)
Sub-total - Funding Grants	(28,892)	(31,863)
Actual/Forecast closing balance	39,545	46,557
#Major grants approved but unpaid as at 30 June	3,848	-
*Budgeted new major projects to be approved	-	(1,023)

REVIEW OF THE BOARD'S FINANCIAL OPERATIONS AND CONDITION

Table 41 provides the financial condition of the Board and Commissioner operations. As the 2013-14 report is the second consolidated report for the Board and Commissioner, only three years of composite data is available for comparison.

Table 41: Financial operation and condition of the Board

	2011-12	2012-13	2013-14
Financial Performance (\$'000)			
Revenue from investments and solicitors trust accounts	62,228	55,628	56,498
Other revenue	8,449	8,529	9,023
Total revenue	70,677	64,157	65,521
Total expenditure	60,138	59,933	61,567
Net operating result	10,539	4,224	3,954
Net gain/(loss) on financial instruments or actuarial valuations	(6,184)	16,275	16,915
Net results from continuing operations	4,355	20,499	20,869
Financial Position (\$'000)			
Total Assets	620,791	703,232	841,695
Total Liabilities	492,488	554,430	672,024

EXPLANATION OF RESULTS

The net result of \$20.869 million for 2013-14 was \$0.370 million up on last year's surplus of \$20.499 million. This increase was primarily due to better than expected gains on investments from non-cash mark to market adjustments of \$20.9 million. The gains above were partly negated by an increase in the Fidelity Fund provision for defalcations which was increased by \$3.9 million, based on an actuarial assessment.

Revenue from transactions

Interest and dividend revenue was \$56,498 million compared to \$55.628 million in 2012-13. The increase of \$0.87 million was primarily driven by stabilised investment performance.

Other revenue is dominated by PC fees and Fidelity Fund contributions. It increased slightly in 2013-14 from \$8.529 million to \$9.023 million.

Expenses from transactions

Total expenses from transactions increased by \$1.634 million; from \$59.933 million to \$61.567 million:

- Grants and funding increased by \$0.272 million. VLA and most other funded bodies received the same level of funding as they had in 2012-13. On the recommendation of the Board, the Attorney-General approved \$2.028 million in discretionary major grants. This was approximately \$50,000 lower than in 2012-13.
- Despite lower staffing levels, employee benefits expense rose slightly by \$0.598 million, reflecting the impact of the Victorian Public Service Workplace Determination.
- Fidelity Fund claims paid/payable increased to \$3.485 million, compared to \$1.018 million in 2012-13.

Net gain/(loss) from other economic flows

A net gain of \$20.867 million was made on financial instruments reflecting exceptionally strong investment markets. This compares to a profit of \$17.842 million in the previous year, highlighting the inherent volatility in the Board's investment returns.

Fidelity Fund provisions increased by \$3.700 million; from \$15.370 million to \$19.070 million. This increase is in line with actuarial valuations.

Summary

The improvement in the financial position reflects the continued high investment returns and tight cost controls maintained by the Board and Commissioner, against a prolonged period of historically low interest rates.

The Board and Commissioner are conservative and prudent financial managers and seek opportunities to increase revenue within acceptable risk parameters. The banking services review delivered both improved banking services and greater revenue due to more favourable interest rates on trust account deposits.

The 2013-14 net result of \$20.869 million was once again well above what was budgeted. As in 2012-13 this primarily reflects the exceptionally high returns on the Board's investment portfolios. With the continued low interest rate regime an operating surplus of \$2.483 million has been budgeted for 2014-15. Budgeted investment returns are assumed to be broadly in line with long-term averages.

INVESTMENT POLICY STATEMENT

The Board held \$791 million in investments and operating accounts as at 30 June 2014, compared with \$691 million in 2013. Table 42 shows the types of investments managed by the Board.

Table 42: Investments managed by the Board as at 30 June 2014 – \$'000s

2014	General Account	Statutory Deposit Account	Distribution Account	Total	Fidelity Fund	Net Funds Managed by the Board
Australian equities	7,929	41,845	21,761	71,535	6,503	78,038
Australian fixed interest	18,731	53,214	-	71,945	7,811	79,756
Cash trust accounts	-	387,982	184	388,166	-	388,166
Diversified growth fund	19,940	62,445	-	82,385	5,575	87,960
Global fixed interest	1,585	45,000	15,600	62,185	7,713	69,898
Overseas equities hedged	21,731	20,850	-	42,581	4,172	46,753
Overseas equities unhedged	10,777	25,650	-	36,427	4,075	40,502
Total	80,693	636,986	37,545	755,224	35,849	791,073

2013	General Account	Statutory Deposit Account	Distribution Account	Total	Fidelity Fund	Net Funds Managed by the Board
Australian equities	21,316	41,845	-	63,161	5,554	68,715
Australian fixed interest	16,920	53,214	-	70,134	7,356	77,490
Australian list property	-	-	-	-	-	-
Cash Management	7,197	22,445	-	29,642	19,249	48,891
Cash trust accounts	-	275,713	178	275,891	4,304	280,195
Diversified growth fund	10,559	40,000	-	50,559	5,133	55,692
Global fixed interest	5,417	45,000	25,000	75,417	7,476	82,893
Overseas equities hedged	13,967	20,850	-	34,817	3,411	38,228
Overseas equities unhedged	9,865	25,650	-	35,515	3,395	38,910
Term deposits	-	-	-	-	-	-
Total	85,241	524,717	25,178	635,136	55,878	691,014

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

- a. The Board aims to restrict the frequency of a negative return to not exceed one in every 30 years for the SDA when modelling its long term asset allocation and risk/return objectives, and
- b. The Board aims to restrict the frequency of a negative return to not exceed one in every 20 years for the Fidelity Fund when modelling its long term asset allocation and risk/return objectives.
- c. Achieve a 2% per annum return for the SDA.
- d. Maintain a CPI +3% per annum return for the Fidelity Fund.

The asset allocations determined to achieve the objectives are set out in Table 43.

Table 43: Asset allocations for 2013-14

Asset Allocation	Public Purpose Fund		Fidelity Fund	
	Benchmark Ranges	Actual 30/6/14	Benchmark Ranges	Actual 30/6/14
Australian shares	5 - 25%	19.49%	5 - 15%	11.69%
Overseas shares	5 - 25%	21.52%	5 - 15%	14.82%
Diversified property	10 - 50%	22.44%	10 - 15%	10.02%
Growth Assets	30 - 60%	63.46%	20 - 40%	36.53%
Australian fixed interest	15 - 30%	19.60%	10 -20%	14.04%
Global fixed interest	15 - 30%	16.94%	10 -20%	13.86%
Cash	0 - 10%	0.0%	30 - 50%	35.57%
Defensive Assets	30 - 70%	36.54%	40 - 80%	63.47%
Total	100%	100%	100%	100%

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 functions. 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 2014 is shown in Figure 6. Staff are employed under Part 3 of the *Public Administration Act 2004*.

WORKFORCE DATA AND STAFFING TRENDS

Tables 44-46 show the profile of the workforce employed by the Commissioner as at 30 June 2014.

Note: Full time equivalent (FTE) numbers have been rounded to the nearest whole number. This rounding causes the inconsistencies between the FTE tallies and the headcount figure.

Table 44: Five-year staffing trend (headcount)

	2010	2011	2012	2013	2014
Total	77	83	76	76	79

Table 45: Profile of ongoing, fixed term and casual employees

	Ongoing Employees				Fixed term & casual
	Number (headcount)	Fulltime (headcount)	Part time (headcount)	FTE (rounded)	FTE (rounded)
June 2014	71	58	13	66	8
June 2013	70	58	12	66	5

Legal Services Commissioner

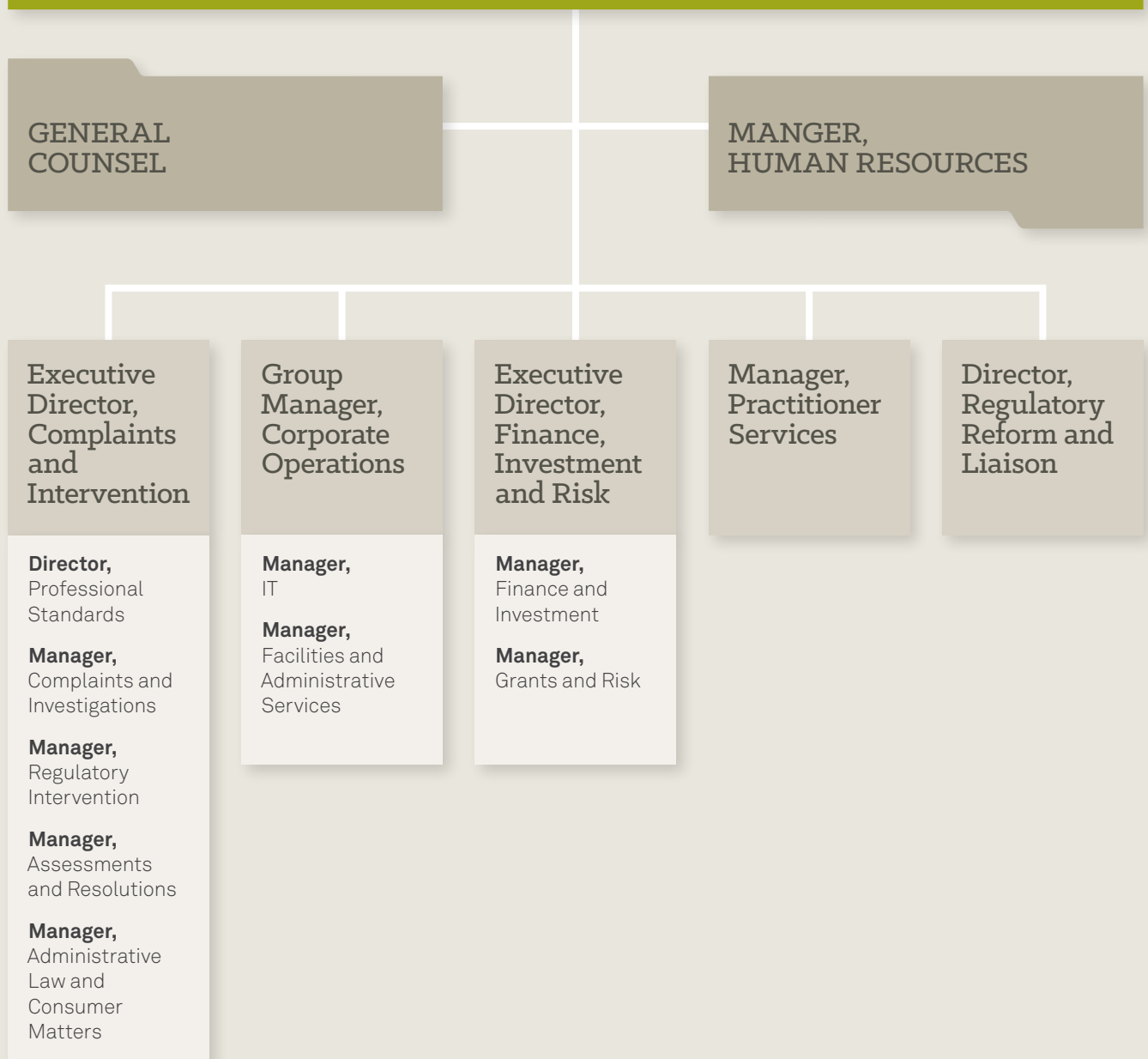


Figure 6: Organisational structure and employment arrangements for the Board and Commissioner as at 30 June 2014

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 2014.

The Definition of an executive officer does not include Governor In Council appointments as statutory office holders, therefore the Executive Officer figures do not include the Board Chairperson nor the non-lawyer members of the Board who are all appointees of the Governor in Council.

'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 2014 there were no vacant executive positions. There were no 'Special Projects' executives employed by the Commissioner during 2013-14. Tables 47 and 48 show the executive officers employed by the Commissioner for 2013-14.

Note 23 in the Financial Report lists the actual number and amount of remuneration paid to executive officers over the course of the reporting period. The Financial Report Note 23 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 in Table 48.

PERFORMANCE, PLANNING AND DEVELOPMENT

Each year staff complete a Professional Development Plan which includes provision for further training activities. Staff are also encouraged to rotate into other work groups or undertake specific projects or activities. This allows the Board and Commissioner to more effectively manage changing priorities and workloads, and mitigates the impact which staff leave and departures have on the organisation. It also serves to further develop staff skills and knowledge of the Board and Commissioner functions.

PUBLIC ADMINISTRATION VALUES AND EMPLOYMENT PRINCIPLES

On 1 April 2014 the State Services Authority was replaced by the Victorian Public Service Commission (VPSC). The new structure of the VPSC and stronger links to the Victorian public service will better support public administration in Victoria.

The Legal Services Commissioner continues to uphold the public sector conduct principles of managing and valuing diversity, managing underperformance, reviewing personal grievances and selecting on merit.

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.

Labour Sustainability Cap

As the employer, the Commissioner is required to comply with the State Government's Labour Sustainability Cap (previously called the Sustainable Government Initiative). The Labour Sustainability Cap sought to reduce staff levels across the public service by December 2013 and carefully manage them into future years.

The Commissioner had advertised 14 positions during the reporting year, many of which were maternity leave positions. The selection of applicants was made applying merit and equity principles in line with the standards set by the VPSC. There were no selection grievances lodged this year.

The total number of employees as at 30 June 2014 is higher than for the same time in 2013 (Table 46). This is due to a review of delegations and the withdrawal of some functions from the LIV. The review had the effect of reducing the staffing expenses of the LIV that were funded by the Board, but required the appointment by the Commissioner of some additional staff that amounted to less than one third of the number of personnel previously funded.

Table 46: Employees of the Commissioner

	30 June 2013			30 June 2014		
	Ongoing		Fixed term & Casual	Ongoing		Fixed term & Casual
	Number (headcount)	FTE (rounded)	FTE (rounded)	Number (headcount)	FTE (rounded)	FTE (rounded)
Gender						
Male	23	22	2	28	27	2
Female	47	44	3	43	39	6
Total	70	66	5	71	66	8
Age						
Under 25	0	0	1	0	0	1
25-34	15	15	3	11	9	3
35-44	23	20	0	27	26	3
45-54	16	15	0	17	16	0
55-64	12	12	1	12	11	0
Over 64	4	4	0	4	4	1
Total	70	66	5	71	66	8
Classification						
VPS1	0	0	0	0	0	0
VPS 2	2	2	2	0	1	1
VPS 3	11	11	2	10	10	2
VPS 4	11	10	0	13	11	2
VPS 5	23	21	1	26	23	2
VPS 6	19	18	0	18	17	1
STS	1	1	0	1	1	0
Executives	2	2	0	2	2	0
Other [#]	1	1	0	1	1	0
Total	70	66	5	71	66	8

[#]Employee reported as 'Other' is the Commissioner, Michael McGarvie, who is a statutory office holder.

Table 47: Number of executive officers classified as 'ongoing'

Classification	2012-13		2013-14	
	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 48: Reconciliation of executive numbers

Category		2012-13	2013-14
Add	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
Less	Separations*	0	0
Total executive numbers as at 30 June		3	3

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

STAFF TRAINING AND PROFESSIONAL DEVELOPMENT

The Commissioner places a high value on strengthening staff knowledge and specialist skills. During 2013-14 training was provided to staff on the following topics:

- online legal databases
- the functions of the Independent Broad-based Anti-Corruption Commission
- Board and Commissioner delegations and administrative law processes
- cost recovery processes for investigations and gathering of evidence
- Victoria Legal Aid functions and processes
- Equal Opportunity and Human Rights
- the operation of the *Freedom of Information Act 1982*
- implications of Uniform law on legal regulation in Victoria
- the daily operations of a wills and probate practice
- mental health in the workplace, and
- embedding organisational values.

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 staff and visitors to the premises. Issues relating to the maintenance of a safe workplace and practices are considered through an active Occupational Health and Safety 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. The Committee also organised the annual Occupational Health and Safety week to raise staff awareness of healthy lifestyles and safety issues in the workplace. There were no reported health and safety related incidents in the reporting year.

RESTRUCTURE

During the year the Board and Commissioner commenced a review of operational structures and the resources allocated to each statutory function. This was prompted by the anticipated changes to regulatory functions under the new uniform regulatory scheme, and in response to potential further changes to external delegations. The review identified where new resources and the consolidation or realignment of existing functions would address future needs. Opportunities for staff career progression were also assessed.

After extensive consultation with senior management, the planned restructure was announced to staff in February 2014. A detailed consultation process commenced involving staff and the Victorian Public Sector Union. The final restructure and realignment of staff functions took effect in early April 2014. There were no job losses and all positions moved to their new reporting lines at grade and with minimal disruption to operations. As illustrated in Figure 6, page 37 the restructure has created six reporting lines to the Commissioner: Finance; Operations; CEO's Office; Practitioner Services; Regulatory Reform; and Complaints & Interventions.

OFFICE RELOCATION

At the same time as the planning for the restructure was underway, the Board and Commissioner commenced a review of the office accommodation. With the lease to the 330 Collins Street offices due to be renegotiated in mid-2014, alternative options for accommodation were canvassed.

Several office locations across Melbourne were reviewed and a final decision was made to relocate the office to 555 Bourke Street by 1 September 2014. Factors considered in the decision included amenity, floor space available, office design and layout (including having all staff on one level), the proximity to VCAT, the courts and the professional associations, and limiting disruption to staff and operations. Individual staff needs have been incorporated into the new office design including standing desks, quiet work rooms and improved computing and communication facilities. Regular information bulletins were issued to staff via email to keep them informed about the move.

Governance and compliance statements

BUILDING ACT 1993

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 2013 and 30 June 2014, the Board received four new valid requests made under the FOI Act. Partial access was granted in relation to two requests and access was refused in full in relation to two requests.

During the same period the Commissioner received 13 new valid requests. Partial access was granted in relation to four requests and access was refused in full in relation to eight requests. Partial access was granted in relation to a request made late in the 2012-13 reporting year. The Commissioner did not hold any documents in relation to the remaining request.

Applications for review and to complaints to the FOI Commissioner

There were no complaints made to the FOI Commissioner about the Legal Services Commissioner's FOI decisions. A complaint made to the FOI Commissioner in the 2012-13 reporting year about a decision made by the Board was informally resolved.

There were six applications for review by the FOI Commissioner about Legal Services Commissioner decisions. Five have yet to be finalised while one was dismissed as the FOI Commissioner considered that the review would be appropriately dealt with by VCAT. There was one application for review by the FOI Commissioner about a Board decision. This was dismissed as the FOI commissioner considered that the review would be more appropriately dealt with by VCAT.

Applications to VCAT during the year

There was one VCAT appeal lodged against a decision made by the Board and one against a decision made by the Commissioner during 2013-14. Neither were finalised during the reporting year.

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 5, 555 Bourke 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 5, 555 Bourke 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.

PROTECTED DISCLOSURE ACT 2012

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 this legislation, 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

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 greater than \$10million during 2013-14.

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. Departments and public bodies are required to apply the policy 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 policy applies.

CONSULTANCIES

Details of consultancies over \$10,000

Table 49 lists the consultants engaged in 2013-14 where the cost of the engagement was \$10,000 or above.

Details of consultancies under \$10,000

In 2013-14 the Board and Commissioner did not engage consultants other than those shown in Table 49.

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 49: Details of consultancies over \$10,000

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (excluding GST)*	Expenditure 1/7/13 to 30/6/14 (excluding GST)	Future Expenditure (excluding GST)
PWC	Banking Services Review	01/03/13	27/09/13	\$75,400	\$77,382	-

*Carry over from 2012-13

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 tables below. 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.

2013-14 activities

Total electricity consumption (Table 50) decreased by 9% from the previous year, and consumption per FTE also fell by 13% for the same period. Significantly, energy use per FTE has decreased by 24% 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 8.5% lower than in the previous year (representing more than 11 tonnes of carbon over the year), and have decreased by 44% from the baseline data, just short of the Target. 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 during 2013-14 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.

2013-14 activities

Total daily waste to landfill decreased this year by a further 8% from 2012-13, and is 32% below the 2007-08 baseline (Table 51). A waste audit conducted by an independent contractor in April 2014 revealed the Board and Commissioner were recycling an average of 85% of all daily general office waste through the building-supplied commingled recycling program.

The Board and Commissioner also use other recycling facilities to dispose of office waste. A secure paper disposal service was used to recycle 8.3 tonnes of paper and cardboard, and 345.8kg of excess stationery, e-waste (computer components and peripherals), used printer cartridges, batteries and other material, were also recycled or re-purposed through the social enterprise, Green Collect.

Table 50: Electricity consumption

Total electricity usage	Baseline 2007-08	2010-11	2011-12	2012-13	2013-14
Total usage (MJ)	591,185	696,917	669,856	625,403	567,246
Total green power usage (MJ)	0	311,040	258,533	235,723	242,340
Greenhouse gas emissions associated with electricity use (tonnes)	217.65	145.59	139.81	133.09	121.8
Percentage of electricity purchased as Green Power	0	44.63	45.87	44.08	42.72
Electricity used per FTE (MJ/FTE)	10,070	9,317	8,644	8,808	7,666
Electricity used per unit of office area (MJ/m ²)	398	385	370.50	345.91	313.74

Table 51: Waste generation

Daily waste generation	Baseline 2007-08	2010-11	2011-12	2012-13	2013-14
Total waste to landfill (kg)	10.9	12.5	13.57	8.04	7.41
Waste to landfill / FTE (kg)	0.19	0.17	0.18	0.11	0.10

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.

2013-14 activities

The Board and Commissioner recorded a 2% increase in total paper consumption compared with the previous reporting year and 20.5% decrease compared with the baseline data, maintaining performance against the target (Table 52). Despite the small rise in total paper consumption, the long-term decrease in paper usage is attributable to the adoption of electronic document management processes, 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 its use, 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.

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.

2013-14 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 53 shows a majority of staff use public transport, car-pooling, walk or cycle to work most days.

GREENHOUSE GAS EMISSIONS

Table 54 summarises the greenhouse gas emissions of the Board and Commissioner for the 2013-14 year, based on energy consumption, transport used and waste generated.

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

2013-14 activities

Carbon emissions generated through air travel increased in 2013-14 due to staff travelling to attend the annual Conference of Regulatory Offices, which was held in Darwin (see page 30). The Board and Commissioner have a travel policy which includes the purchase of carbon offset credits for all air travel undertaken.

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.

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

2013-14 activities

As one of the most prominent consumables for Board and Commissioner operations is paper, the majority of office paper purchased contains a minimum of 50% recycled content. The office's electricity supply also includes 42.72% 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, server infrastructure and multifunction devices).

Table 52: Paper consumption

Total paper usage	Baseline 2007-08	2010-11	2011-12	2012-13	2013-14
Number of A4 reams of copy paper used	1,555	1,974	1841	1209	1,237
Number of A4 reams of copy paper used per FTE	26.5	26.4	24.22	17.03	16.72
Percentage of 75-100% recycled content copy paper purchased (%)	5.8	0.0	2.2	0.2	0.16
Percentage of 50-75% recycled content copy paper purchased (%)	91.3	1.9	93.7	96.3	96.2
Percentage of 0-50% recycled content copy paper purchased (%)	2.9	98.1	4.1	3.6	3.64

Table 53: Transport use

Business related travel	Baseline 2007-08	2010-11	2011-12	2012-13	2013-14
Total distance travelled by aeroplane (km)	57,370	19,816	30,044	52,342	84,226
Total distance travelled by car (km) (excluding taxis)	Not recorded	2,780	2,849	2,499	1,590
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	92.68	94.74	93.06	93.75

Table 54: Board and Commissioner greenhouse gas emissions

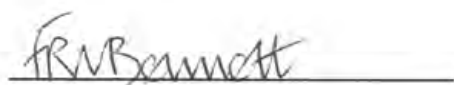
Greenhouse gas emissions	Baseline 2007-08	2010-11	2011-12	2012-13	2013-14
Total greenhouse gas emissions associated with energy use (t CO ₂ -e)	217.65	145.59	139.81	133.09	121.8
Total greenhouse gas emissions associated with vehicle hire (t CO ₂ -e)		Not recorded			
Total greenhouse gas emissions associated with air travel (t CO ₂ -e) (approximate)	17.36	4.38	6.7	12.4	17.9
Total greenhouse gas emissions associated with waste production (t CO ₂ e)	N/A	4.12	6.43	1.24	0.94
Greenhouse gas emissions offsets purchased (t CO ₂ -e)		N/A			

Attestations

Legal Services BOARD

June 2014 Attestation on compliance with the Australian/New Zealand International Risk Management Standard

I, Fiona Bennett, 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.



Fiona Bennett

Chairperson, Legal Services Board

26 June 2014

Legal Services **COMMISSIONER**

June 2014 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

26 June 2014

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APPENDIX 01

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 who generally do not have financial means to obtain privately funded legal services.

Corporate lawyer means a practitioner 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 Australian legal practitioners.

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 Australian legal practitioners and/or one or more ILPs and/or one or more Australian registered foreign lawyers.

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

Director is an Australian legal practitioner engaging in legal practice as the principal of an ILP.

Partner is an Australian legal practitioner engaging in legal practice as the principal of a law practice.

Employee is an Australian legal practitioner holding an employee practising certificate employed by a law practice for the provision of legal services.

Multi-Disciplinary Partnership (MDP) is a partnership between one or more Australian legal practitioners and persons who are not Australian legal practitioners, 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 an Australian legal practitioner 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 an Australian legal practitioner who engages in legal practice for his or her own profit, without being in partnership or through an ILP.

Supervising lawyer is an Australian legal practitioner who is the principal for the legal services provided by a CLC.

Volunteer at CLC is an Australian legal practitioner who provides legal services in a volunteering capacity at a CLC.

Practitioner statistics

Below is a summary of the profile of the legal profession in Victoria as at 30 June 2014.

There were 18,727 lawyers registered in Victoria at 30 June 2014. The number of lawyers registered in the state grew by 573, a 3% increase over the previous year. 1,418 new lawyers were admitted to the legal profession between 1 July 2013 and 30 June 2014, 2% more new admittees than recorded last year. The number of lawyers who did not renew their PCs for the year end 30 June 2014 was 631 lawyers. Figure 2 illustrates this change.



Figure 2: Numbers of lawyers registered in Victoria

PRACTITIONERS BY AGE AND GENDER

Consistent with the trend in previous years, a greater percentage of lawyers registered in Victoria as at 30 June 2014 were male (53%) compared to female (47%). 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 9 illustrates the registered lawyers by age and gender in 2013-14.

LAWYER TYPE AND GENDER

As shown in Table 10, the majority of lawyers registered in Victoria practise as solicitors (89%) while 11% practise as barristers.

LAWYERS BY POSITION TYPE

There were 19,985 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 community legal centre 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 11 indicates that again more lawyers are recorded as employees than in any other position type, followed by self-employment (sole practitioners).

Table 9: Lawyers by age and gender

	Age in years						Total
	20-30	31-40	41-50	51-60	61-70	>70	
Male							
2012-13	1,420	2,354	2,036	2,228	1,439	361	9,838
2013-14	1,426	2,361	2,059	2,201	1,525	390	9,962
Female							
2012-13	2,435	3,049	1,662	894	241	35	8,316
2013-14	2,482	3,243	1,763	954	284	39	8,765
Total							
2012-13	3,855	5,403	3,698	3,122	1,680	396	18,154
2013-14	3,908	5,604	3,822	3,155	1,809	429	18,727

Table 10: Lawyer type and gender

Gender	Type					
	Solicitors		Barristers		Total	
	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14
Male	8,382	8,513	1,456	1,449	9,838	9,962
Female	7,801	8,234	515	531	8,316	8,765
Total	16,183	16,747	1,971	1,980	18,154	18,727

Table 11: Lawyers by position type

Position Type	2012-13	2013-14
Employee	6,677 (35%)	6,986 (35%)
Sole practitioner	5,004 (26%)	5,126 (26%)
Corporate lawyer	3,364 (17%)	3,635 (18%)
Partner	1,877 (10%)	1,934 (9%)
Director	1,326 (7%)	1,455 (7%)
Volunteer at CLC	746 (4%)	751 (4%)
Supervising lawyer	98 (1%)	98 (1%)
Total	19,092	19,985

LOCATION OF PRACTICE

The majority of lawyers registered in Victoria are based in the inner city area (57%), followed by the suburbs (32%). Figure 3 shows the distribution of lawyers.

	Solicitors	Barristers	Total
YEAR		CITY	
2012–13	8,574	1,899	10,473
2013–14	8,736	1,915	10,651
		SUBURB	
2012–13	5,675	57	5,732
2013–14	6,015	50	6,065
		COUNTRY	
2012–13	1,308	9	1,317
2013–14	1,366	10	1,376
		OVERSEAS	
2012–13	410	2	412
2013–14	430	2	432
		INTERSTATE	
2012–13	216	4	220
2013–14	200	3	203
		TOTAL	
2012–13	16,183	1,971	18,154
2013–14	16,747	1,980	18,727

Figure 3: Location of lawyers by type

LAWYERS BY ADMISSION ORIGIN AND GENDER

Figure 4 shows the number of lawyers registered in Victoria as at 30 June 2014 by the origin of their admission and their gender. Lawyers that obtained admission to practice in an interstate jurisdiction accounted for approximately 7% of the total number of lawyers registered in Victoria.

	Male	Female	Total
YEAR	VICTORIAN		
2012-13	9,326	7,651	16,977
2013-14	9,401	8,028	17,429
	INTERSTATE		
2012-13	512	665	1,177
2013-14	561	737	1,298
	FOREIGN*		
2012-13	12	4	16
2013-14	10	5	15
	TOTAL		
2012-13	9,850	8,320	18,154
2013-14	9,972	8,770	18,727

*Foreign Lawyers are not included in the total number of admitted lawyers for each year.

Figure 4: Number of lawyers by gender and origin of admission

LAWYERS BY PRACTISING CERTIFICATE TYPE AND AGE

Table 12 and 13 show the number of male and female lawyers registered in Victoria broken down by the type of PC held and age. Employee PCs were the most common certificate type with approximately 28% of lawyers recorded as such. The largest proportion of employees was those aged between 20 and 30, followed by the 31 and 40 age group. Approximately 57% of all lawyers held a principal PC, while 14% of lawyers held a corporate PC.

MALE LAWYERS

Table 12 shows the number of male lawyers in Victoria broken down by PC type and age. There was little change in the types of PCs held by male lawyers at 30 June 2014 compared to the previous year. The largest shift was an increase in the number of principal certificates held, with an increase of 1.3% 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 12: Male lawyers by PC type and age

	Age in years						Total
	20-30	31-40	41-50	51-60	61-70	>70	
Employee							
2012-13	1,112	901	287	219	200	79	2,798
2013-14	1,098	914	286	216	212	76	2,802
Principal with trust authorisation							
2012-13	13	295	664	1,029	610	103	2,714
2013-14	21	278	648	1,014	628	120	2,709
Principal							
2012-13	118	600	699	763	579	170	2,929
2013-14	126	620	712	744	626	182	3,010
Corporate							
2012-13	142	529	371	205	48	6	1,301
2013-14	147	526	399	214	57	9	1,352
Volunteer							
2012-13	35	29	15	12	2	3	96
2013-14	34	23	14	13	2	3	89
Total							
2012-13	1,420	2,354	2,036	2,228	1,439	361	9,838
2013-14	1,426	2,361	2,059	2,201	1,525	390	9,962

FEMALE LAWYERS

Table 13 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 in corporate PC applications (a 7.5% increase). 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 13: Female lawyers by PC type and age

	Age in years						Total
	20-30	31-40	41-50	51-60	61-70	>70	
Employee							
2012-13	1,932	1,465	462	208	56	8	4,131
2013-14	1,941	1,548	502	209	63	11	4,274
Principal with trust authorisation							
2012-13	11	172	269	208	72	13	745
2013-14	13	180	274	204	84	12	767
Principal							
2012-13	120	513	444	276	88	13	1,454
2013-14	127	541	466	306	104	13	1,557
Corporate							
2012-13	304	850	456	180	15	0	1,805
2013-14	319	915	488	208	23	0	1,953
Volunteer							
2012-13	68	49	31	22	10	1	181
2013-14	82	59	33	27	10	3	214
Total							
2012-13	2,435	3,049	1,662	894	241	35	8,316
2013-14	2,482	3,243	1,763	954	284	39	8,765

Employment statistics

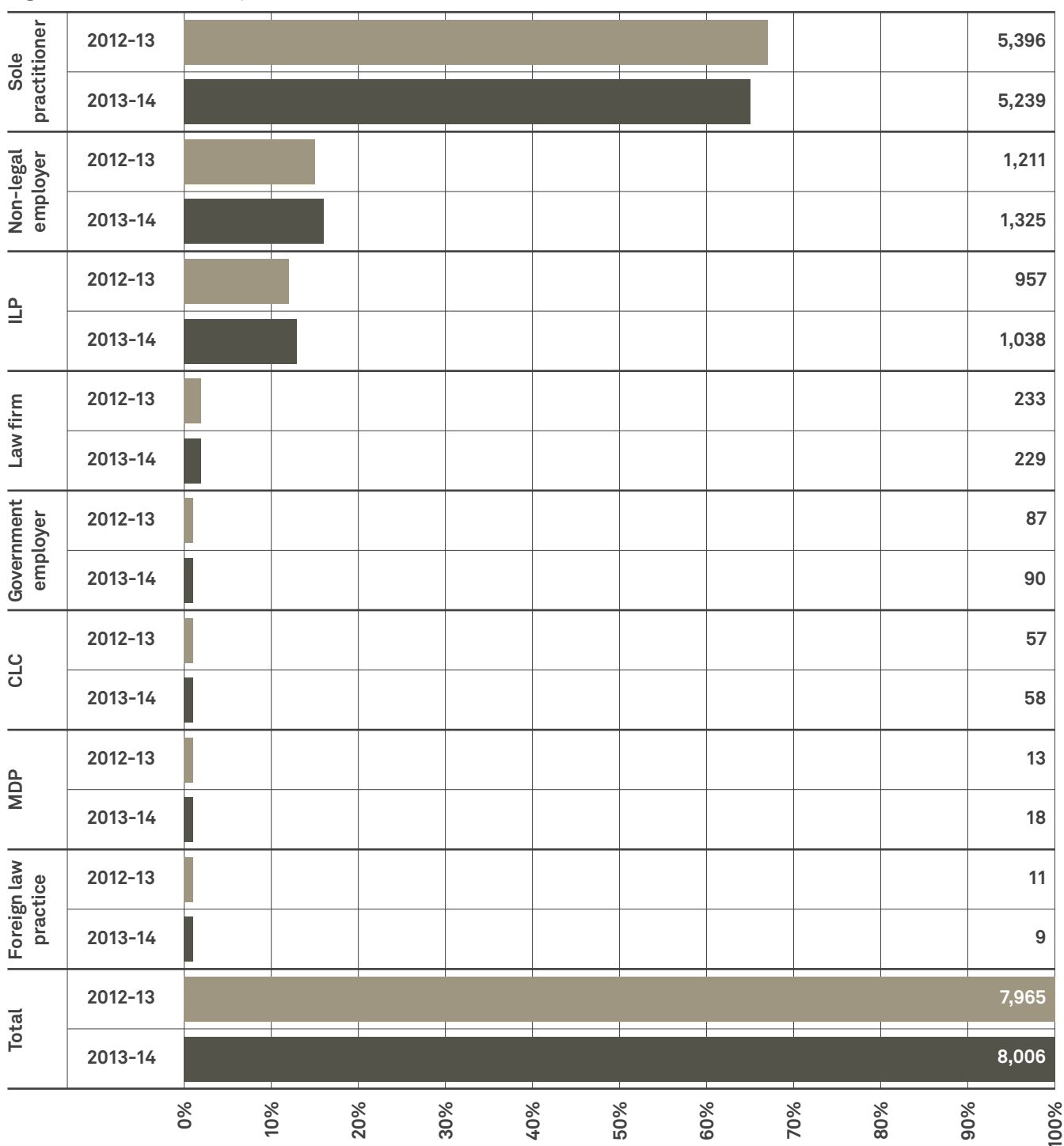
NUMBER OF ENTITIES EMPLOYING LAWYERS IN VICTORIA

The Board records all law firms, companies, charities and other organisations which employ lawyers. As at 30 June 2014 there were 8,006 such entities registered in Victoria; an increase of 0.5% over the previous year. The largest change was an increase of 114 new non-legal employers registered (1% more than last year), followed by an increase of 81 new ILPs.

The number of sole practitioners decreased by 157 (2% fewer than in 2012-13), however sole practitioners still count for the largest proportion of registered entities (65%). There were also four fewer law firms and two fewer foreign law practices registered in Victoria as at 30 June 2014.

Figure 5 shows the number of entities registered in Victoria as at 30 June 2014.

Figure 5: Number of employer entities in Victoria



LOCATION OF EMPLOYERS

Table 14 shows the number of employer entities registered in Victoria by entity type and location as at 30 June 2014. 47% of sole practitioners are city-based while a further 39% are located in the suburbs. Approximately 49% of registered law firms are based in the city.

Table 14: Location of employers

Type	City	Suburb	Country	Interstate	Overseas	Total
Sole practitioner						
2012-13	2,519	2,099	392	58	328	5,396
2013-14	2,482	2,031	377	56	293	5,239
Non-legal employer						
2012-13	535	461	41	38	136	1,211
2013-14	589	506	41	40	149	1,325
ILP						
2012-13	361	426	125	45	0	957
2013-14	396	472	126	44	0	1,038
Law firm						
2012-13	118	69	34	12	0	233
2013-14	112	80	28	9	0	229
Government employer						
2012-13	61	22	3	1	0	87
2013-14	63	22	3	1	1	90
CLC						
2012-13	16	31	7	2	1	57
2013-14	16	32	7	3	0	58
MDP						
2012-13	7	3	1	2	0	13
2013-14	9	4	2	3	0	18
Foreign law practice						
2012-13	5	5	0	0	1	11
2013-14	2	5	0	0	2	9
Total						
2012-13	3,622	3,116	603	158	466	7,965
2013-14	3,669	3,152	584	156	445	8,006

ENTITIES BY TYPE AND NUMBER OF PRINCIPALS

The vast majority of entities only employ one principal (sole practitioners), with law firms the only entity type employing more than 40. Table 15 shows the number of employer entities by entity type and the number of principals.

Table 15: Entities by type and number of principals

Type	0 – 1#	2-3	4-5	6-10	11-20	21-40	>40	Total
Sole practitioner								
2012-13	5,049	1	0	0	0	0	0	5,050
2013-14	5,182	2	0	0	0	0	0	5,184
ILP								
2012-13	715	159	35	7	5	0	0	921
2013-14	805	181	30	12	3	0	0	1,031
Law firm								
2012-13	5	162	12	13	14	9	10	225
2013-14	2	166	12	13	16	9	10	228
CLC								
2012-13	37	16	1	0	0	1	0	55
2013-14	37	17	2	0	0	1	0	57
MDP								
2012-13	4	3	0	0	2	2	2	13
2013-14	7	3	0	2	2	2	2	18
Non Legal Employer*								
2012-13	0	0	0	0	0	0	0	0
2013-14	0	0	0	0	0	0	0	0
Government employer*								
2012-13	0	0	0	0	0	0	0	0
2013-14	0	0	0	0	0	0	0	0
Foreign law practice								
2012-13	10	0	0	1	0	0	0	11
2013-14	8	0	1	0	0	0	0	9
Total								
2012-13	5,820	341	48	21	21	12	12	6,275
2013-14	6,041	369	45	27	21	12	12	6,527

*Government and non-legal employers have no principals assigned, as all lawyers 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 ENTITY TYPE AND NUMBER OF EMPLOYEES

Sole practitioners, as an entity type, continue to be the largest single employer of lawyers. Table 16 shows the number of legal entities registered in Victoria by entity type and the number of employees.

Table 16: Entities by entity type and number of employees

Type	0-1#	2-3	4-5	6-10	11-20	21-40	>40	Total
Sole practitioner								
2012-13	4,666	310	50	25	2	0	0	5,053
2013-14	4,790	311	57	25	2	1	0	5,186
Non-legal employer								
2012-13	600	204	72	61	17	8	7	969
2013-14	643	219	78	65	22	8	7	1,042
ILP								
2012-13	437	247	103	87	37	8	6	925
2013-14	480	278	127	88	40	12	6	1,031
Law firm								
2012-13	3	84	39	41	21	14	24	226
2013-14	0	87	35	47	22	15	22	228
Government employer								
2012-13	16	22	12	10	13	2	2	77
2013-14	23	21	7	13	11	4	2	81
CLC								
2012-13	5	6	6	8	16	7	7	55
2013-14	5	7	8	7	15	8	8	58
MDP								
2012-13	4	1	0	1	1	1	5	13
2013-14	6	2	0	3	1	1	5	18
Foreign law practice								
2012-13	9	1	1	0	0	0	0	11
2013-14	7	0	2	0	0	0	0	9
Total								
2012-13	5,740	875	283	233	107	40	51	7,329
2013-14	5,954	925	314	248	113	49	50	7,653

#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.

APPENDIX
02

Complaints and related data

Table 17: Number and outcome of enquiries

Year	Complaint Form sent	Information provided – no further action taken	Conciliated outcome	Suggestions to enable self-resolution	Referral to other body / No jurisdiction	Total enquiries received
2013-14	968 (18%)	2,701 (51%)	258 (5%)	1,295 (24%)	83 (2%)	5,305
2012-13	2,260 (46%)	2,350 (48%)	51 (1%)	0*	244 (5%)	4,905[#]
2011-12	2,779 (52%)	2,154 (41%)	23 (0.5%)	0*	360 (7%)	5,316

*Figures were not recorded.

[#]In the 2012-13 report this figure included an additional 68 instances where staff attempted to return phone calls from enquiries, but were unable to contact them.

Table 18: Number and type of complaints received

Year	Civil only	Disciplinary only	Mixed	Total complaints
2013-14	831 (46%)	888 (49%)	93 (5%)	1,812
2012-13	831 (41%)	1,100 (54%)	108 (5%)	2,039
2011-12	886 (45%)	994 (50%)	102 (5%)	1,982

Table 19: New complaints by lawyer type

	Civil	Disciplinary	Mixed	Total 2012-13
Solicitors	811 (45%)	834 (46%)	91 ((5%)	1,736 (96%)
Barristers	20 (1%)	54 (3%)	2 (0.1%)	76 (4%)
Total	831	888	93	1,812

Table 20: Areas of law featured in new complaints

Area of Law	2011-12	2012-13	2013-14
Family/Defacto	497 (25%)	515 (25%)	408 (23%)
Probate & Estate	214 (11%)	203 (10%)	211 (12%)
Conveyancing	174 (9%)	186 (9%)	173 (10%)
Commercial	167 (8%)	202 (10%)	156 (9%)
Criminal	118 (6%)	144 (7%)	128 (7%)
Personal Injury	67 (3%)	56 (3%)	69 (4%)
Debt Collection	70 (4%)	78 (4%)	58 (3%)
Industrial Relations	56 (3%)	47 (2%)	53 (3%)
Leasing	32 (2%)	42 (2%)	52 (3%)
Mortgages	27 (1%)	37 (2%)	50 (3%)
Workers Compensation	64 (3%)	58 (3%)	47 (3%)
Building	49 (2%)	51 (3%)	38 (2%)
Wills	64 (3%)	49 (2%)	37 (2%)
Motor Vehicle Repairs / Claims	35 (2%)	35 (2%)	35 (2%)
Body Corporate / Strata Title	9 (1%)	16 (1%)	21 (2%)
Insolvency	9 (1%)	23 (1%)	19 (1%)
Guardianship / Administration	7 (1%)	20 (1%)	19 (1%)
Immigration	14 (1%)	23 (1%)	12 (0.6%)
Company	22 (1%)	15 (1%)	12 (0.6%)
Defamation	9 (1%)	14 (1%)	12 (0.6%)
Civil Liberties	6 (1%)	7 (1%)	12 (0.6%)
Breach of Legal Profession Act / Regulations	10 (1%)	19 (1%)	11 (0.6%)
Crimes Compensation	29 (1%)	14 (1%)	11 (0.6%)
Intellectual Property	6 (1%)	11 (1%)	11 (0.6%)
Personal Injury – Motor Vehicle Accident	6 (1%)	6 (1%)	10 (0.6%)
Planning	19 (1%)	15 (1%)	10 (0.6%)
Equal Opportunity	10 (1%)	22 (1%)	7 (0.4%)
Taxation	8 (1%)	9 (1%)	6 (0.3%)
Environmental	2 (1%)	2 (1%)	3 (0.2%)
Banking	1 (1%)	10 (1%)	2 (0.1%)
Freedom of Information	6 (1%)	1 (1%)	2 (0.1%)
Trade Practices	2 (1%)	3 (1%)	1 (0.05%)
Other / Unsure	173 (9%)	106 (5%)	116 (6%)
Total	1,982	2,039	1,812

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.

Table 21: Allegations featured in new complaints

Nature of Allegation	2011-12	2012-13	2013-14
Costs/Bills	777 (32%)	728 (30%)	665 (32%)
Negligence – including bad case handling	336 (14%)	404 (17%)	328 (16%)
Dishonest/ Mised	163 (7%)	148 (6%)	131 (6%)
Trust money – including failure to account, mismanagement of funds	134 (5%)	125 (5%)	110 (5%)
Documents / Trust property – including retention and lost	130 (5%)	111 (5%)	86 (4%)
Breach of Act, rules, court order or undertaking	76 (3%)	64 (3%)	82 (4%)
Conflict of interest	86 (3%)	73 (3%)	80 (4%)
Communication with client – including failure to return calls, give progress reports	99 (4%)	91 (4%)	63 (3%)
Duress / Pressure / Intimidation	65 (3%)	73 (3%)	62 (3%)
Instructions – including failure to comply	57 (2%)	60 (2%)	58 (3%)
Delays	87 (4%)	82 (3%)	53 (3%)
Costs communication – including failure to comply with s3.4.9; s3.4.10; s.3.4.16 of the Act	48 (2%)	61 (3%)	49 (2%)
Gross overcharging	25 (1%)	41 (2%)	48 (2%)
Abusive/Rude	52 (2%)	64 (3%)	43 (2%)
Debts – including practitioner’s failure to pay	54 (2%)	51 (2%)	41 (2%)
Confidentiality breach	16 (1%)	22 (1%)	12 (0.6%)
Communication with other party	16 (1%)	14 (1%)	9 (4%)
Court system	4 (1%)	3 (1%)	5 (0.2%)
Sexual impropriety	2 (1%)	3 (1%)	3 (0.1%)
Advertising	1 (1%)	1 (1%)	1 (0.05%)
Other disciplinary issues	174 (7%)	208 (9%)	162 (8%)

Table 22: Outcomes of closed civil complaints (including the civil complaint outcomes from ‘mixed’ complaints)

Civil complaint outcome	2011-12*	2012-13	2013-14
Commissioner assisted dispute resolution between lawyer and consumer	496 (55%)	504 (56%)	606 (57%)
Dispute was unable to be settled and parties were advised of their right to apply to VCAT	168 (19%)	164 (18%)	159 (15%)
Complainant failed to lodge unpaid disputed costs	59 (6%)	64 (7%)	91 (9%)
Complaint made out of time	33 (4%)	41 (5%)	34 (3%)
Complaint involved costs dispute which exceeded \$25,000	25 (3%)	31 (3%)	27 (3%)
Complainant failed to provide further information when requested	8 (1%)	5 (1%)	8 (0.7%)
Complaint made before (or subject of another complaint)	8 (1%)	8 (1%)	7 (0.6%)
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)	18 (2%)	15 (2%)	27 (3%)
Complaint lacked legal substance (eg. dispute already settled)	41 (5%)	48 (5%)	60 (6%)
Lawyer had already issued debt collection proceedings	36 (4%)	28 (3%)	38 (3%)
Total	892	908	1,057

*The civil complaint outcomes from ‘mixed’ complaints were shown in a separate table in the 2011-12 report.

Table 23: Own motion investigations initiated

Basis for own motion investigation	Preliminary Investigation		Own Motion Investigation		Total	
	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14
Trust account report	1	1	10	11	11	12
Referral from other agency (including a court)	5	6	16	14	21	20
LSC complaint file	1	4	12	7	13	11
Media	0	1	0	2	0	3
Possible unqualified practice	1	1	2	3	3	4
Other	1	7	5	7	6	14
Total	9	20	45	44	54	64

Table 24: Investigations commenced by the Commissioner and referred to PIBs

Investigations	2011-12	2012-13	2013-14
Investigations undertaken by Commissioner	348*	317	330
Investigations referred to LIV as a PIB	81	66	0 [#]
Investigations referred to Bar as a PIB	15	12	4
Total Investigations	444*	395	334

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

[#]No investigations were referred to LIV during the reporting year.

Table 25: Outcomes of closed disciplinary complaints (including the outcomes of the disciplinary issues in 'mixed' complaints)

Investigation outcome	2011-12*	2012-13	2013-14
VCAT likely to find lawyer guilty of a disciplinary breach	117 (9%)	103 (9%)	100 (9%) [#]
VCAT unlikely to find lawyer guilty of a disciplinary breach	164 (13%)	133 (12%)	135 (12%)
Lawyer already struck off – not in the public interest to pursue further action	22 (2%)	0	2 (<1%)
Complainant satisfied with lawyer's explanation & withdrew complaint	366 (29%)	335 (30%)	323 (29%)
Complaint made out of time	18 (2%)	32 (3%)	12 (1%)
Complaint made before (or subject of another complaint)	13 (1%)	21 (2%)	13 (1%)
Complainant failed to provide further information when requested	30 (3%)	18 (2%)	25 (2%)
Complaint lacked legal substance etc (eg. alleged conduct was not inappropriate)	165 (13%)	176 (16%)	175 (16%)
Complaint about lawyer/client relationship and duties but made by third party (eg. not the client)	51 (4%)	55 (5%)	76 (7%)
Commissioner formed the view that complaint required no further investigation (eg. lawyer not obliged to accept instructions from complainant)	193 (16%)	141 (12%)	120 (11%)
Commissioner has no power to deal with the complaint (eg. involves question of law and therefore should be dealt with by a court)	68 (6%)	101 (9%)	94 (8%)
Lawyer deceased	0	2 (<1%)	0
Lawyer ill health or not located	2 (<1%)	1 (<1%)	5 (<1%)
Closed due to ongoing proceedings	20 (2%)	14 (1%)	11 (1%)
Total	1,229	1,132	1,091

Own motion investigation outcomes are not included in this table. Refer to Table 27.

*The disciplinary complaint outcomes from 'mixed' complaints were shown in a separate table in the 2011-12 report.

[#]This figure is the total of complaints where LSC determines practitioner is likely to be found guilty of professional misconduct or unsatisfactory professional conduct.

Table 26: Alternative disciplinary actions taken by the Commissioner on complaint files, ie, the LSC determines the practitioner is likely to be found guilty of unsatisfactory professional conduct

Alternative Disciplinary Action	2011-12*	2012-13	2013-14
Commissioner reprimanded lawyer	57	26	36
Commissioner cautioned lawyer	6	13	20
Lawyer found generally competent: no further action	14	18	20
Lawyer paid compensation to complainant	7	1	5
Total	84*	58	81

*Figures for 2011-12 include alternative disciplinary actions taken after an own motion investigation. These outcomes are listed separately for 2012-13 and 2013-14 (see Table 27).

Table 27: Own motion investigations outcomes

Outcome	2012-13	2013-14
VCAT likely to find lawyer guilty of professional misconduct, therefore charges laid	16	14
Commissioner reprimanded lawyer (likely finding of unsatisfactory professional conduct)	8	8
Commissioner cautioned lawyer (likely finding of unsatisfactory professional conduct)	6	5
Lawyer found generally competent: no further action (likely finding of unsatisfactory professional conduct)	1	5
No conduct identified	13	14
Commissioner forms the view no further investigation required	0	13
Lawyer unable to be located	1	3
Total	45	62

Table 28: Finalised complaints

Year	Civil	Disciplinary	Mixed	Total
2013-14	854 (42%)	1,056 (52%)	110 (5%)	2,020
2012-13	862 (42%)	1,055 (52%)	123 (6%)	2,040
2011-12	892 (38%)	1,229 (54%)	183 (8%)	2,304

Table 29: Time taken to finalise complaints

Days since receipt of complaint	<30	31-60	61-90	91- 120	>120	Total
Civil Dispute						
2013-14	291	190	140	77	156	854
2012-13	223	202	147	109	181	862
2011-12	233	212	130	109	208	892
Disciplinary						
2013-14*	394	147	79	63	373	1,056
2012-13*	403	172	102	71	307	1,055
2011-12	320	181	123	90	515	1,229
Mixed						
2013-14	13	6	8	12	110	71
2012-13	7	8	16	8	87	123
2011-12	10	14	11	11	137	183
Total						
2013-14	698	343	227	152	600	2,020
2012-13	633	382	265	188	571	2,040
2011-12	563	407	264	210	860	2,304

*Figures for 2013 and 2014 exclude own motion investigations

Table 30: Number of complaints outstanding

Days since receipt of complaint	<30	31-60	61-90	91- 120	>120	Total
Civil Dispute						
2013-14	47	18	18	8	14	105
2012-13	53	34	12	13	26	138
2011-12	66	52	30	8	25	181
Disciplinary						
2013-14*	54	28	20	37	134	239*
2012-13*	50	50	44	50	133	327
2011-12	53	48	25	38	163	327
Mixed						
2013-14	10	2	5	5	35	57
2012-13	6	4	6	6	30	52
2011-12	4	6	6	9	38	63
Total						
2013-14	111	48	43	50	183	401*
2012-13	109	88	62	69	163	517*
2011-12	123	106	61	55	226	571

*Figures for 2013 and 2014 exclude own motion investigations

Table 31: Disciplinary applications made to VCAT

Disciplinary applications under Legal Profession Act 2004	Heard by VCAT during 2013-14	Filed and yet to be heard and/or awaiting orders by VCAT as at 30 June 2014	Total
Disciplinary applications made in 2013-14	12	20	32
Disciplinary applications made in previous year(s)	29**	8	37
Total	41	28	69

**2 matters determined in this period are currently on appeal to Supreme Court

Prosecutions in VCAT and the Courts

Table 32: Disciplinary applications heard and determined at VCAT in 2013-14 (by date of application)

No.	VCAT ref.	Date application made	Hearing dates	Lawyer	Charges	VCAT findings	Date and orders made
1	J172/2011	23/12/2011	17/04/2013; 18/04/2013; 19/04/2013; 13/06/2013; 25/11/2013; 10/02/2014 (penalty hearing only)	NOMIKOS, Victoria	Professional misconduct: allowing the law firm name to be used by a debt collection agency in a manner likely to mislead (x2); permitting or assisting a person who was not an Australian legal practitioner to engage in legal practice; failure to provide costs disclosure in writing; failure to maintain direct control and supervision of proceedings; failure to maintain direct control and supervision over correspondence or communications	Professional misconduct	26/09/2013 & 12/03/2014 – Reprimanded; Tribunal accepts undertaking by Respondent (as per order); fined \$25,000; pay LSC costs fixed at \$75,000
2	J16/2011	10/02/2011	28/01/2014	BLACKBERRY, Kim	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	Struck out with right of reinstatement	28/01/2013 – as Respondent has not been able to be located, matters are struck out with a right of reinstatement, in the event that the respondent is located at some time in the future
3	J17/2011	10/02/2011	28/01/2014	BLACKBERRY, Kim	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)	Struck out with right of reinstatement	28/01/2013 – Refer J16/2011
4	J63/2012	10/05/2012	01/7/2013	BAUER, Lorraine Robertson	Professional misconduct: misrepresenting the amount of charges for services; taking Executor's commission without authorisation and when already charged the estate for executorial work; failure to make full disclosure when seeking consent to Executor's commission (x4)	Professional misconduct; Unsatisfactory professional conduct	01/07/2013 – Reprimanded; complete six CPD points by 30/7/2014; engage in six face to face mentoring sessions with a mentor approved by LSC at own expense; repay executor's commission to residuary beneficiary in relation to the estate the subject of this proceeding; fined \$5,000; pay LSC costs to be taxed
5	J115/2012	20/08/2012	13/08/2013	SAMPSON, Pippa	Professional misconduct: sent notices to debtors which made representations to the debtor 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 and which grossly exceeded the legitimate assertion of the rights or entitlements of her clients (x3)	Professional misconduct	16/08/2013 – Reprimanded; undertake courses or activities approved by LIV for two CPD points in the area of ethics and professional responsibility during each of the CPD years ending 31 March 2014 and 2015; pay half of the LSC's costs to be determined

No.	VCAT ref.	Date application made	Hearing dates	Lawyer	Charges	VCAT findings	Date and orders made
6	J127/2012	30/08/2012	25/11/2013; 10/02/2014 (penalty hearing only)	NOMIKOS, Victoria	Professional misconduct: allowed the law firm name to be used by a debt collection agency in a manner likely to mislead; permitted or assisted a person 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, correspondence and communication with the client and debtor to which the practitioner 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	Professional misconduct; Misconduct at common law	26/09/2013 & 12/03/2014 – Refer J172/2011
7	J139/2012	26/09/2012	09/12/2013	BOOTH, Robert	Professional misconduct: income tax returns not lodged for each of financial years from 1 July 1989 to 30 June 2001 and 1 July 2001 to 30 June 2005, failure to disclose income earned, failure to make provision for and to pay at all or on time income tax on income earned; 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 employees of the legal practice; failure to lodge on time superannuation guarantee statements for employees; failure to make provision for and pay superannuation contributions or assessed superannuation guarantee charges for employees (x2)	Professional misconduct	09/12/2013 – No local practising certificate be granted for a period of 36 months commencing 9/12/13; 28 months of the suspension period be wholly suspended for a period of five years; during this suspended period a local PC may be granted; not to engage in or commit any act of professional misconduct or unsatisfactory professional conduct; conditions imposed from date of order on each PC (as per Order); in event of failure to comply with conditions, LSC may make application to revoke suspended order and Tribunal may order further restrictions on PC (as per Order) will be applied; declared a disqualified person for period of eight months; pay LSC costs, to be taxed in default of agreement
8	J138/2012	28/09/2012	29/07/2013	GALATAS, Nick	Professional misconduct: failure to use best endeavours to effect property transfer; failure to communicate effectively and promptly with clients; failure to ascertain from the clients whether they had terminated retainer to effect a transfer	Professional misconduct	29/07/2013 – Reprimanded; to arrange supervision by a senior practitioner approved by LSC for a period of 12 months at own expense, and involve meeting monthly or less frequently, if agreed by the LSC; fined \$2,000; pay LSC costs \$15,649.14 (taxed and allowed by Supreme Court Costs Court on 20/01/2014)
9	J161/2012	19/10/2012	18/07/2013	NELSON, DARROLL	Professional misconduct: 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	Professional misconduct	02/08/2013 – PC cancelled from 02/09/2013, no PC to be issued for eight months from date of cancellation; any PC issued as principal in future subject to conditions (as per Order); liberty to apply re date cancellation comes into effect; pay LSC costs fixed at \$9,000. (See also Table 36: Cases on appeal to the Supreme Court)
10	J164/2012	30/10/2012	14/08/2013	MINGOS, John	Professional misconduct: failure to return documents when requested; engaged in substantial and consistent failure to reach or maintain a reasonable standard of competence and diligence	Professional misconduct; Unsatisfactory professional conduct	14/08/2013 – PC suspended for a period of one month; may practice as employee solicitor only for a period until 28/02/2015; additional CPD units to be obtained for years ending 31/03/2014 & 2015; pay LSC costs fixed at \$12,500
11	J2/2013	21/12/2012	14/08/2013	MINGOS, John	Professional misconduct: failed to pay or deliver trust money; 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; failed to respond to requests for documents	Professional misconduct; Unsatisfactory professional conduct	14/08/2013 – refer J164/2012

No.	VCAT ref.	Date application made	Hearing dates	Lawyer	Charges	VCAT findings	Date and orders made
12	J4/2013	21/12/2012	30/08/2013	EGAN, Paul	Professional misconduct: disbursing trust money without clients knowledge, authority, consent or direction, purporting to pay the client when there were insufficient funds; failure to make payment of third party fees incurred; specifically requesting the funds and failing to remit; failure to hold trust money deposited in a general trust account (x2); deficiency in the trust ledger account; failure to pay or deliver trust money; (x2) irregularity in the trust account records and failure to notify Board (x2)	Struck out with right of reinstatement	30/08/2013 – Proceeding is struck out with a right of reinstatement
13	J6/2013	03/01/2013	15/07/2013	POWELL, Sydney	Professional misconduct: failure to communicate and neglect of estate assets; Unsatisfactory professional conduct: poor file management	Professional misconduct; Unsatisfactory professional conduct	15/07/2013 – As Respondent gave signed undertaking he will not to apply for a PC again; no PC be granted again; pay LSC costs, to be taxed in default of agreement
14	J25/2013	25/01/2013	07/09/2013; 08/09/2013; 13/09/2013; 22/11/2013	BEKTAS, Sammy	Professional misconduct (x79); Unsatisfactory professional conduct (x7) arising from: <ul style="list-style-type: none"> Costs & 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) Excessive charging No itemised bill within 21 days Refusal and failure to act on instructions 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) Misleading the LSC Breach of retainer Threatening or substituting greater bill Lack of honesty and significant errors Failure to act in best interests of client Failure to properly advise Undue and improper pressure Failed to communicate effectively and promptly 	Professional misconduct; Unsatisfactory professional conduct	16/12/2013 – PC cancelled on 31/01/2014; ineligible to apply for the issue or renewal of any PC prior to the fourth anniversary of the date upon which the current PC is cancelled; ineligible to apply for any PC other than an employee or corporate PC (with conditions as per Order); any principal PC issued subject to special conditions (as per Order); pay LSC costs fixed at \$200,000; Tribunal makes further Special Conditions (as per Order)
15	J26/2013	30/01/2013	12/07/2013	MERCADER, Fe	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	Withdrawn	12/07/2013 – By consent – LSC given leave to withdraw the application for order
16	J33/2013	06/02/2013	14/08/2013	MINGOS, John	Professional misconduct: failure to provide further information regarding disciplinary complaint	Professional misconduct; Unsatisfactory professional conduct	14/08/2013 – refer J164/2012
17	J34/2013	07/02/2013	14/08/2013	MINGOS, John	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	Professional misconduct; Unsatisfactory professional conduct	14/08/2013 – refer J164/2012

No.	VCAT ref.	Date application made	Hearing dates	Lawyer	Charges	VCAT findings	Date and orders made
18	J42/2013	28/02/2013	07/08/2013	BARRETT, John	Professional misconduct: charged executor's commission in circumstances where there was no entitlement to do so	Misconduct at common law	07/08/2013 – Respondent gave Undertaking to the Tribunal; Reprimanded; prohibited from acting as executor of a Will or administrator of deceased estate without written authority of LSC; undertake additional CPD course(s) of not less than six units in areas of trust accounting (including legal costing) and approved by LSC; Tribunal makes further Orders relating to fees and disbursements incurred in handling client matters; Fined \$25,000; pay LSC costs fixed at \$4,147.91
19	J53/2013	20/03/2013	31/07/2013	TUFERU, Mohammed	Professional misconduct: dealt directly with an opponent's client being a minor, without consent (x2)	Professional misconduct;	31/07/2013 – No person other than a party to the proceeding may inspect the Tribunal file; any evidence given before Tribunal and contents of any documents which identifies or may identify any party to Children's Court proceeding must not be published in any form; PC is cancelled; not to re-apply for a PC before 1/08/2014 and until respondent completes a course in legal ethics as approved by Board; pay LSC costs fixed at \$8,132.32. (See also Table 36: Cases on Appeal to Supreme Court)
20	J54/2013	22/03/2013	12/12/2013	MACGREGOR, Sue	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; made misleading statements to the LSC	Professional Misconduct	16/12/2013 – Reprimanded; pay LSC costs fixed at \$17,595
21	J79/2013	15/04/2013	24/09/2013	TELEHUS, Nicholas	Professional misconduct: failed to pay and deliver monies to client (x2); caused disbursement of monies without authorisation from client; failed to adequately explain 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; practised without current PC; 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)	Professional misconduct	06/12/2013 & 14/01/2014 – Reprimanded; no PC to be granted before 1 April 2023; any future PC issued subject to the condition that Respondent not be able to act as a principal or hold trust money; ordered to make payment to former client; pay LSC costs of \$11,481.11; Tribunal recommends to Supreme Court that the Respondent's name be removed from the local roll of practitioners
22	J78/2013	16/04/2013	03/10/2013; 20/11/2013	ADAMAKIS, (AKA GIOUTLOU), Irene	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	Misconduct at common law; Unsatisfactory professional conduct	03/10/2013 & 26/11/2013 – Reprimanded; no local PC be issued before 26/11/2018; pay LSC costs fixed at \$8,353.16

No.	VCAT ref.	Date application made	Hearing dates	Lawyer	Charges	VCAT findings	Date and orders made
23	J93/2013	14/05/2013	07/02/2014 & 12/03/2014	CARROLL, Patricia	Professional misconduct: failure to provide LSC with information or documents sought; obtained Executor's commission; alternatively professional misconduct; withdrew money from the trust account thereby creating a deficiency; withheld making a final distribution for the purpose of attempting to place pressure on beneficiary to accede	Professional misconduct	07/02/2014 & 19/06/2014 – Pay LSC costs to be taxed in default of agreement
24	J117/2013	12/06/2013	11/09/2013	KATZ, Joseph	Professional misconduct: retained deposit without any proper basis to do so; failed to comply at the required or any time to provide further information to the LSC	Professional misconduct	11/09/2013 – Reprimanded; pay compensation to client; fined \$4,000; pay LSC costs fixed at \$6,577.80
25	J124/2013	28/06/2013	10/02/2014	RIPPER, Geoffrey	Professional misconduct: received trust money without appropriate PC; upon termination of the engagement refused to give documents to the former clients and/or caused reasonable delay	Unsatisfactory professional conduct	10/02/2014 – Reprimanded; must complete a trust accounting course approved by LSC and prior to recommencing practice; pay LSC costs fixed at \$4,500
26	J123/2013	28/06/2013	02/04/2014	NGUYEN, Long	Professional misconduct: failure to maintain a general trust account; failure to notify the Board of 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 ledger account (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 arrange an approved external examiner to examine trust records	Professional misconduct	19/06/2014 – Must not apply for a local PC before 01/07/2015; from this date be eligible to apply for a local PC as an employee and subject to conditions (as per Order); pay LSC costs fixed at \$7,606
27	J125/2016	28/06/2013	04/12/2013	SAW, Kevin	Professional misconduct: substantial failure to reach or maintain a reasonable standard of competence and diligence; alternatively Unsatisfactory professional conduct	Unsatisfactory professional conduct	04/12/2013 – Respondent gave undertaking not to apply for practicing certificate for 6 months; before recommencing practice, in the course of any application for a PC, must undergo an appropriate health assessment as determined by Board or its delegate; pay LSC costs fixed at \$15,000
28	J128/2013	03/07/2013	15/08/2013	ELLINGHAUS, Rainer	Professional misconduct: failure to comply with LSC's request for a full written explanation regarding a disciplinary complaint; failure to provide the LSC with further documents	Professional misconduct	15/08/2013 – Reprimanded; fined \$500; pay LSC costs fixed at \$1,000
29	J137/2013	24/07/2013	30/08/2013	EGAN, Paul	Professional misconduct: failure to deposit trust money into the trust account; causing unauthorised withdrawal of trust money (x3); deficiency in the trust account (x4); deliberately altered documents filed in Supreme Court proceeding and gave to the client; misleading the client	Struck out with right of reinstatement	30/08/2013 – refer J4/2013
30	J163/2013 (J103/2013: LIV matter concerning PC heard with J163)	16/08/2013	25-28/11/2013 & 02/12/2013	SPAULDING, Lewis	Professional misconduct: failure to provide costs disclosure; failure to account payment of client's costs; failure to pay Barrister when directed to do so; causing a deficiency in firm's trust account and failure to deposit costs in a general trust account as soon as practicable after receiving those costs; delay in lodging documents causing additional expense to be incurred; failure to account for costs; failure to comply with requirements of an inspector; failure to provide full written explanations of conduct to LSC (x2)	Professional misconduct	17/12/2013 – Ineligible to apply for the issue or renewal of any local PC prior to 01/07/2015; declared a disqualified person for the period of disqualification; following the period of disqualification, ineligible to apply for any local PC other than an employee PC which is subject to conditions (as per Order); pay LSC costs, certified for Counsel and including reserved costs

No.	VCAT ref.	Date application made	Hearing dates	Lawyer	Charges	VCAT findings	Date and orders made
31	J160/2013	27/08/2013	18/12/2013	O'HAIRE, Denis	Professional misconduct: engaging in unqualified legal practice; incorporated legal practice operating without a legal practitioner director; dealing with trust money when not authorised to do so	Professional misconduct	21/01/2014; Reprimanded; no PC to operate as a principal of a practice to be granted before 01/07/2015 and with conditions (as per Order); pay LSC costs fixed at \$3,460.80
32	J180/2013	07/10/2013	06/03/2014	NEEDHAM, Garry	Professional misconduct: failure to avoid conflict of interest arising between two or more clients; allowed an interest of an associate to conflict with interest of clients; assisted or permitted an associate to borrow from clients	Professional Misconduct	21/03/2014 (amended on 31/03/2014): Respondent gave an undertaking that he will not apply for a PC prior to 01/07/2015; reprimanded; pay LSC costs fixed \$16,000
33	J191/2013	30/10/2013	24/03/2014	MIRABELLA, Giovanni	Amended Application (20/03/2014) – Unsatisfactory professional conduct: gave misleading advice; Professional misconduct: failure to progress legal matter; preparing a false and misleading document; giving false and misleading advice as to the true state of work conducted and progress of legal matter	Professional misconduct Unsatisfactory professional conduct Misconduct at common law	28/03/2014: Reprimanded; ordered to engage services of (named) mentor or such other person nominated by LSC at own expense for a period of 12 months; (as per Order); pay LSC costs fixed at \$9,500
34	J205/2013	22/11/2013	25/02/2014	SPAULDING, Lewis	Professional misconduct: failure to comply with LSC request for a full written explanation to the LSC regarding the complaint, provide file and other documents (x4)	Professional misconduct	26/02/2014 (amended on 25/06/2014): fined \$4,000; pay LSC costs fixed at \$2,145.20
35	J218/2013	04/12/2013	24/02/2013	KATZ, Joseph	Professional misconduct: failure to provide entitled documents to the client or person authorised on behalf of client; failure to comply with LSC request for a full written explanation of conduct and/or other information or documents requested	Professional misconduct	24/02/2014 – Reprimanded; fined \$8,000; pay LSC costs fixed at \$4,340.86
36	J219/2013	04/12/2013	08/4/2014	LOGAN, Nicholas	Professional misconduct: failure to comply with LSC request for a full written explanation of conduct relating to a complaint, and failure to provide documents requested relating to a complaint	Professional misconduct	08/04/2014: Reprimanded; to provide LSC with a copy of all (identified) documents related to the matter; fined \$1,000; pay LSC costs fixed at \$2,000
37	J18/2014	17/01/2014	11/03/2014	SHABA, Paul	Professional misconduct: failure to comply with LSC request to provide information and documents; failure to provide a full written explanation of conduct regarding a complaint	Professional misconduct	11/03/2014: Respondent must provide to LSC information and documents (as per Order); any practice at which Respondent is employed is to be subject to inspection once a month by a person or persons nominated by LSC for a period of six months to monitor way in which Respondent is conducting matters; fined \$2,000; pay LSC costs fixed at \$1,000
38	J17/2014	24/01/2014	16/05/2014	GRICE, William	Unsatisfactory professional misconduct: causing transfer of trust funds to be made without proper authority	Unsatisfactory professional conduct	Finding made 06/05/2014: Penalty hearing listed for 4/7/2014
39	J51/2014	25/02/2014	16/06/2014	LOGAN, Nicholas	Misconduct at common law: signed and caused to be sent to a client a letter containing a threat; alternatively professional misconduct	Misconduct at common law	16/06/2014 – Reprimanded; complete two additional CPD points in the area of ethics and professional responsibility; pay LSC costs fixed at \$5,000

Table 33: Disciplinary applications to VCAT, where application is awaiting hearing and/or determination as at 30 June 2014

No.	Date application made	Type of charges	Status
1	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 10/11/2014 to 05/12/2014
2	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 10/11/2014 to 05/12/2014
3	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 (x2)	Hearing listed for 10/11/2014 to 05/12/2014
4	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 10/11/2014 to 05/12/2014
5	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 10/11/2014 to 05/12/2014
6	04/01/2012	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 10/11/2014 to 05/12/2014
7	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 10/11/2014 to 05/12/2014
8	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 (Vic)</i>	Listed for an administrative mention on 17/11/2014
9	25/07/2013	Professional misconduct: in having received or caused or suffered the practice to receive trust money but did not maintain or cause the practice to maintain a general trust account – contravening the Act (x 2); in having received or caused or suffered the practice to receive trust money, Respondent failed to establish and maintain or failed to cause the Practice to establish and maintain a general trust account in accordance with Regulations (x 2); in having received or caused or suffered the Practice to receive trust money, Respondent failed or caused or suffered the Practice to fail to deposit trust money in a general trust account of the practice as soon as practicable after receiving trust money or at all (x 2); Respondent paid or caused or suffered the Practice to pay trust money into the Practice's office account, thereby mixing trust money with other money; contravention of Rules (x 3) in failure to use best endeavours to complete legal work as soon as reasonably possible, failure to communicate effective and promptly with client; Respondent received or caused or suffered the Practice to receive trust money into the Practice's office account, thereby mixing trust money with other money; failure to provide the LSC with a full written explanation of conduct in respect of a trust money investigation and in respect of a complaint; making a statutory declaration to the LSB that was likely to or had a tendency to mislead the Board	Hearing listed for 25/09/2014
10	11/09/2013	Unsatisfactory professional conduct: failure to provide a costs disclosure statement; failure to provide an itemised bill; and Professional misconduct: Respondent acting without instructions; failure to complete legal work; failure to comply with requests for an itemised bill	Heard. Awaiting decision
11	31/10/2013	Professional misconduct: failure to lodge on time income tax returns for each of the financial years from 01/07/1996 to 30/06/2007 which would have disclosed professional income earned for that financial year; failure to lodge on time BAS for each of the quarters from 01/04/2001 to 30/09/2009 which would have disclosed the professional income earned for the quarter and any PAYG withheld; conviction for tax offences for failing to lodge on time income tax returns and BAS; failure to discharge on time the obligation to pay amounts owing for income tax, PAYG tax withheld and GST on professional income; recklessly failing to comply with the Act after being found guilty of tax offences; failure to provide a show cause notice; making a show cause notice dated 30/04/2010 in which the respondent knowingly made a misleading statement	Hearing listed for 01/08/2014
12	15/11/2013	Professional misconduct pursuant to section 4.4.3(1)(b) of the Act; alternatively misconduct at common law	Heard. Awaiting decision
13	27/11/2013	Professional misconduct; conduct in sending a facsimile to a third party mortgagee which falsely represented that the practitioner acted on behalf of persons that he did not act on behalf of; alternatively common law misconduct	Hearing listed for 24/07/2014
14	18/12/2013	Misconduct at common law: acting in breach of Rules by accepting a loan from a client; breach of obligations to client to act in best interests and to avoid any conflict of interest; acting dishonestly in making representations where Respondent knew, or reasonably believed, representations were untrue (x4); breach of undertaking to clients; further or alternatively professional misconduct (x7)	Hearing listed for 04/08/2014
15	08/01/2014	Unsatisfactory professional conduct: failure to furnish trust account statement as soon as practicable; Professional misconduct: after termination of retainer, neither provided an invoice nor returned money held on trust to the client; failure to provide all documents, files and papers held relating to the engagement, to which client was entitled	Hearing listed for 03/07/2014

No.	Date application made	Type of charges	Status
16	15/01/2014	Misconduct at common law: gross breach of professional duty by executing and submitting a Statutory declaration to the Legal Services Board in circumstances where Respondent knew or ought to have known that the contents were false; alternatively professional misconduct	Hearing listed for 17/07/2014
17	16/01/2014	Misconduct at common law: being paid, accepting, retaining executor's commission in circumstances where there was no basis to do so; Professional misconduct: writing a letter to the beneficiaries of an estate, the content of which was in part false and misleading; Unsatisfactory professional conduct: precluding beneficiaries from giving their informed consent to Respondents request to charge executor's commission	Awaiting hearing date
18	16/01/2014	Misconduct at common law: being paid, accepting and retaining executors commission in circumstances where there was no basis to do so	Partially heard. Awaiting further hearing date
19	16/01/2014	Professional misconduct: Charging excessive legal costs in connection with the practice of law in the administration of an estate (x2); failure to comply with the PCPR 2005 in allowing the interest of an associate to conflict with the interest of a client. Unsatisfactory professional conduct: failure to comply with the PCPR 2005 when preparing a will; Misconduct at common law: acting in breach of fiduciary duties towards a beneficiary of an estate	Hearing listed for 18/08/2014
20	05/02/2014	Unsatisfactory professional conduct: failure to forward biannual dividend statements between October 2004 and April 2012 to the co-executors of an estate; failure to take any steps in relation to trust money held on behalf of an estate between October 2004 and April 2012; failure to prepare or provide to co-executors, trust account statements for the eight years ended 30/06/2005 to 30/06/2012; failure to communicate promptly; failure to perform work requested	Heard. Awaiting decision
21	06/03/2014	Professional misconduct: breach of Rules in that the Respondent borrowed money from the client	Hearing listed for 15/08/2014
22	08/04/2014	Professional misconduct: failure to comply at the required or at any time, with a request of the LSC for a full written explanation of Respondents conduct; failure to comply with a request of the LSC for further information about conduct	Hearing listed for 18/07/2014
23	09/04/2014	Professional misconduct: settling, approving and swearing an affidavit in circumstances where Respondent knew and intended that it would be filed and served in Supreme Court proceeding in which he was personally involved; knew that its contents did not set out the whole truth thereby creating a false or misleading impression as to the true state of facts	Hearing listed for 15/07/2014
24	09/05/2014	Professional misconduct: breach of practicing certificate condition in that Respondent was not authorised to receive trust money and must engage in supervised legal practice only; retained clients credit card details without their knowledge or authority and made eight transactions for Respondent's own benefit; alternatively misconduct at common law	Hearing listed for 01/07/2014
25	09/05/2014	Professional misconduct: failure to lodge on time income tax returns for each of the financial years from 01/07/1998 to 30/06/2009 which would have disclosed professional income earned for that financial year; conviction for tax offences for failing lodge on time income tax returns; failure to discharge on time the obligation to pay amounts owing for income tax; failure to comply with orders of the Magistrates Court re lodgement of income tax returns; convictions in Magistrates Court; failure to pay fine ordered by the Magistrates Court; further or alternative misconduct at common law; failure to comply with the Act in respect of being found guilty of tax offences; failure to respond to LSC for a written explanation	Hearing listed for 01/08/2014
26	13/05/2014	Misconduct at common law: signed and caused letters to be sent to the Chief Justice of the Supreme Court and Premier of Victoria, which by reason of the content of the letters, constituted conduct that lawyers of good repute and competency would regard as dishonourable and disgraceful (x2)	Hearing listed for 02/10/2014
27	11/06/2014	Misconduct at common law: conflated conduct – in relation to dishonesty in job applications, statements to the Admissions Board of NSW and other bodies; failure to provide a full written explanation of Respondents conduct	Listed for hearing on 11/07/2014
28	16/06/2014	Professional misconduct: engaging in legal practice when Respondent was not an Australian legal practitioner; representing that Respondent was entitled to engage in legal practice; failure to comply with LSC requests for Respondents version of events	Listed for hearing on 18/07/2014

Table 34: Re-hearing applications heard and determined in VCAT in 2013-14

No.	VCAT Ref	Date Application made	Hearing Dates	Lawyer	Charge	Date and orders made
1	J10/2012	13/01/2013	01/07/2013	KIATOS, Con	Professional misconduct: in that Respondent (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	19/07/2013 & 13/09/2013 – VCAT order made on 8/11/2012 is set aside. Further amended application for order dated 20/06/2013 is substituted as the application for order in the proceeding. Reprimanded; fined \$3,000; pay LSC costs to be taxed; certificates for two counsel and for senior counsel for hearings on 18/4/2013 & 1/7/2013; no order as to costs of the proceeding prior to 5/12/2012

Table 35: Appeals heard and determined at Supreme Court in 2013-14

No.	Date of application	Hearing dates	Name of lawyer	Appealed grounds	Order made at Supreme Court
1	24/04/2012	17/09/2013	STIRLING, Mathew	Leave to appeal against Order 4 of the orders made by VCAT on 28/3/2012 (J30/2011); there be a stay on the operation of order 4 until hearing and determination of the application for leave to appeal and if leave to appeal is granted, until the hearing and determination of the appeal; costs of the application be costs in the appeal; further or other orders as the Court may think fit	17/12/2013 – Appeal allowed. Orders 2 & 3 made by VCAT dated 28/03/2012 to be set aside in lieu thereof, local PC be suspended for a period of 30 months to commence on 1/12/2013 ('the head suspension period'); 24 months of head sentence be wholly suspended for a period of 5 years and local PC may be granted subject to conditions; during suspended period appellant shall not engage in or commit any act of Professional misconduct or Unsatisfactory professional conduct; reprimanded
2	11/06/2013	11/03/2014	SIMON, Paul	Leave to appeal against Orders made by VCAT on 14/05/2013. If leave is granted, the operation of the Orders made by the Tribunal be stayed pending the hearing and determination of appeal. The Tribunal committed errors of law in making the orders	29/4/2014 – Leave to appeal is granted; Appeal is allowed; the Order of VCAT made on 14/05/2013 (J158/2012) is set aside; remitted back to VCAT differently constituted; LSC to pay Mr Simon's costs of the proceeding on a standard basis, to be taxed in default of agreement. Mr Simon granted a certificate pursuant to section 4(1) of the <i>Appeal Costs Act 1998</i> (Vic). Listed for rehearing by VCAT on 18/09/2014
3	6/8/2013	18/10/2013	TUFERU, Mohammed	The decision of the Tribunal made on 31/7/2013 be set aside; LSC pay applicants costs of this appeal and such further order or other relief as this Court deems	25/11/2013 – Application for leave to appeal is dismissed; pay LSC costs fixed at \$7,250
4	04/09/2013	13/09/2013	NELSON, Darroll	The decision of the Tribunal made on 2/08/2013	09/09/2013– The application for stay is refused. Mr Nelson to pay LSC's costs of application. 13/09/2013: The appeal is dismissed. No order as to costs

Table 36: Cases on appeal to the Supreme Court

No.	Date on VCAT orders were made	Date of appeal application to Supreme Court	Name of lawyer	Status as at 30 June 2014
1	18/11/2013	27/11/2013	MCDONALD, Alan	Listed for hearing on 15 September 2014 VCAT made a decision as to the conduct, but before penalty was decided, the practitioner appealed to Supreme Court. Not determined as at 30 June 2014
2	13/05/2014	04/06/2014	HORAK, Jan	Listed for hearing on 6 August 2014

Financial statements for the financial year ended 30 June 2014

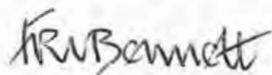
Accountable officers' and chief finance and accounting officer's declaration

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 2014 and financial position of the Legal Services Board and Legal Services Commissioner at 30 June 2014.

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 16 September 2014.



F Bennett
Chairperson, Legal Services Board
Melbourne
16 September 2014



R Daily
Acting CEO, Legal Services Board
Acting Legal Services Commissioner
Melbourne
16 September 2014



J Ireson
Chief Finance and Accounting Officer
Legal Services Board and Legal Services Commissioner
Melbourne
16 September 2014

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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 until 31 August 2014 were:

Legal Services Board

Level 10, 330 Collins Street Melbourne

Legal Services Commissioner

Level 9, 330 Collins Street Melbourne

The principal address from 1 September 2014 is:

Legal Services Board and Commissioner

Level 5, 555 Bourke 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 4 to 47 which does not form part of this financial report.

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

Legal Services Board and Commissioner

03 9679 8001 or email: admin@lsbc.vic.gov.au

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$'000	2013 \$'000
Income from transactions			
Interest and dividends	3(a)	56,498	55,628
Other income	3(b)	9,023	8,529
Total income from transactions		65,521	64,157
Expenses from transactions			
Employee benefits expense		(8,847)	(8,249)
Grants and other payments	4(a)	(37,003)	(36,731)
Payments to service providers	4(b)	(4,338)	(5,597)
Fidelity fund claim/costs and administration expenses	4(c)	(3,485)	(1,018)
Depreciation and amortisation expense	4(d)	(1,143)	(709)
Board and Committee members fees	4(e), 23	(281)	(245)
Consultants and legal expenses	4(f)	(2,873)	(2,667)
Other operating expenses	4(g)	(3,596)	(4,717)
Total expenses from transactions		(61,567)	(59,933)
Net result from transactions		3,954	4,224
Other economic flows included in net result			
Net gain/(loss) on financial instruments	5	20,867	17,842
Net gain/(loss) on non-financial assets	5	14	-
Other gain/(loss) from other economic flows	5	(3,966)	(1,567)
Total other economic flows included in net result		16,915	16,275
Net result		20,869	20,499
Other economic flows - other comprehensive income		-	-
Comprehensive result		20,869	20,499

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

BALANCE SHEET AS AT 30 JUNE 2014

	Notes	2014 \$'000	2013 \$'000
Assets			
Financial assets			
Cash and deposits	6,20	415,875	333,874
Receivables	7	18,953	5,467
Investments and other financial assets	8	402,906	361,928
Total financial assets		837,734	701,269
Non-financial assets			
Property, plant and equipment	9	601	791
Intangible assets	10	1,192	1,054
Prepayments		2,168	118
Total non-financial assets		3,961	1,963
Total assets		841,695	703,232
Liabilities			
Payables	11	5,758	5,038
Borrowings	12	61	23
Provisions	13	20,799	16,864
Income received in advance	15	8,420	7,788
Statutory deposit account balances	17	636,986	524,717
Total liabilities		672,024	554,430
Net assets		169,671	148,802
Equity			
Contributed equity		29	29
Accumulated surplus		169,642	148,773
Net worth		169,671	148,802

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Note	Contributed Equity \$'000	Accumulated Surplus \$'000	Total Equity \$'000
Balance at 1 July 2012	29	128,274	128,303	128,303
Net Result	-	20,499	20,499	20,499
Other comprehensive income for the year	-	-	-	-
Balance at 30 June 2013	29	148,773	148,802	148,802
Balance at 1 July 2013	29	148,773	148,802	148,802
Net Result	-	20,869	20,869	20,869
Other comprehensive income for the year	-	-	-	-
Balance at 30 June 2014	29	169,642	169,671	169,671

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Receipts			
Interest and dividend received		43,219	52,293
Receipts from practising certificates fees and fidelity fund contributions		8,991	8,438
Other receipts		363	398
Goods and Services Tax recovered from ATO		1,279	1,338
Total Receipts		53,852	62,467
Payments			
Payments to suppliers and employees		(21,126)	(20,958)
Payments to fidelity fund claims		(3,489)	(1,018)
Payments of grants		(38,648)	(37,961)
Total Payments		(63,263)	(59,937)
Net cash flows from/(used in) operating activities	6(b)	(9,410)	2,530
Cash flows from investing activities			
Payments for non-financial assets	9	(275)	(204)
Payment for intangible assets	10	(604)	(456)
Payments for investments and other financial assets		(20,018)	(127,146)
Net cash flows from/(used in) investing activities		(20,897)	(127,806)
Cash flows from financing activities			
Repayment of finance leases		38	(21)
Deposits into statutory deposit accounts by solicitors		566,630	469,737
Withdrawals from statutory deposit accounts by solicitors		(454,360)	(408,760)
Net cash flows from/(used in) financing activities		112,308	60,956
Net increase/(decrease) in cash and cash equivalents held		82,001	(64,320)
Cash and cash equivalents at the beginning of the financial year		333,874	398,194
Cash and cash equivalents at the end of the financial year		415,875	333,874

The above cash flow statement 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 ended 30 June 2014.

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 27.

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 16 September 2014.

(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.

In the application of AAS, 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; and
- financial instruments and managed investment schemes after initial recognition, which are measured at fair value with changes reflected in the comprehensive operating statement (fair value through profit and loss);

Consistent with AASB 13 Fair Value Measurement, the Board determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, financial instruments and for non recurring fair value measurements such as non financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Board has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the Board determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(C) REPORTING ENTITY

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.

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. 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 until 31 August 2014 were:

Legal Services Board

Level 10, 330 Collins Street Melbourne VIC 3000

Legal Services Commissioner

Level 9, 330 Collins Street Melbourne VIC 3000

From 1 September 2014 their principal address is:

Legal Services Board and Commissioner

Level 5, 555 Bourke Street Melbourne VIC 3000

(D) SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two, together with the net result from discontinued operations, represents the net result.

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

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

'Other economic flows' are changes arising from market re-measurements. They include:

- gains or losses from disposals;
- revaluations and impairments of non-financial physical and intangible assets;

- actuarial gains and losses; and
- fair value changes of financial assets.

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 27 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 2014 to 30 June 2015 are required by legislation to be paid and issued prior to 30 June 2014. Income from such practising certificates has been accounted for as income received in advance.

1 Summary of significant accounting policies (continued)

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 2014 to 30 June 2015 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.

(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:

Class of Asset	2014	2013
Leasehold improvements	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

*During 2014, the depreciation has been accelerated due to discontinuation of the existing lease.

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 27 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 another 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 flows", 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.

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

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. More information about the inputs used in determining the fair value of non-financial assets are discussed in note 9.

The initial cost for non-financial physical asset under a finance lease (refer note 1(l) *Leases*) is measured at an amount 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 comprehensive income' 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 comprehensive income' 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 comprehensive income' 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.

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 2014 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 the 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. Based on the actuarial assessment the Board recognised a provision for Fidelity Fund liabilities.

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 wholly settled within 12 months of the reporting period, are measured at their nominal values.

Those liabilities which are not expected to be wholly settled within 12 months are to be recognised in the provision for employee benefits as non-current liabilities, and measured at a discounted value similar to other long term employee benefits. The discounted value of this liability is not material and therefore no separate disclosure is made in these statements.

(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

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

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.

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 Note 19) 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) MATERIALITY

In accordance with the transitional requirement in the revised AASB 1031 Materiality, accounting policies need only be identified in the summary of accounting policies where they are considered material. Accounting policies will be considered material if their omission, misstatement or non disclosure has the potential, individually or collectively, to:

- (a) influence the economic decisions that users make on the basis of the financial statements; and
- (b) affect the discharge of accountability by the management or governing body of the entity

(S) CHANGES IN ACCOUNTING POLICY

AASB 13 Fair Value Measurement

The Board has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements. The fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other A-IFRS require or permit fair value measurements and disclosures about fair value measurements. AASB13 does not apply to share-based payment transactions that are within the scope of AASB 2 Share-based Payment, leasing transactions that are within the scope of AASB 17 Leases, and measurements that have some similarities to fair value but not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Board has not made any new disclosures required by AASB 13 for the 2012-13 comparative period. Other than the additional disclosures, the application of AASB13 has not had any material impact on the amounts recognised in the composite financial statements.

AASB 119 Employee benefits

In the current year, the Board has applied AASB 119 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

AASB 119 (as revised in 2011) changes the accounting for defined benefit superannuation plans and termination benefits. The most significant change relates to the accounting for changes in superannuation defined benefit obligations and plan assets. This change has no impact on the Board because the entity has no legal or constructive obligation to pay superannuation future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial statements.

In addition, AASB 119 also changes the definition of short-term employee benefits. These were previously benefits that were due to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by the Board as short-term benefits no longer meet this definition and are now classified as long-term benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis.

This change in classification has not materially altered the Board's measurement of the annual leave provision.

1 Summary of significant accounting policies (continued)

(T) AASs ISSUED THAT ARE NOT YET EFFECTIVE

Certain new AASs have been published that are not mandatory for 30 June 2014 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 2014, 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 <i>Financial Instruments</i>	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 2017	The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer reported through the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 10 <i>Consolidated Financial Statements</i>	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 Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured 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)	For the public sector, AASB 10 builds on the control guidance that existed in AASB 127 and Interpretation 112 and is not expected to change which entities need to be consolidated. Ongoing work is being done to monitor and assess the impact of this standard.
AASB 11 <i>Joint Arrangements</i>	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)	Based on current assessment, entities already apply the equity method when accounting for joint ventures. It is anticipated that there would be no material impact. Ongoing work is being done to monitor and assess the impact of this standard.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 12 <i>Disclosure of Interests in Other Entities</i>	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.	1 Jan 2014 (not-for-profit entities)	The new standard is likely to require additional disclosures and ongoing work is being done to determine the extent of additional disclosure required.
AASB 127 <i>Separate Financial Statements</i>	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)	Current assessment indicates that there is limited impact on Victorian Public Sector entities. Ongoing work is being done to monitor and assess the impact of this standard.
AASB 128 <i>Investments in Associates and Joint Ventures</i>	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)	Current assessment indicates that there is limited impact on Victorian Public Sector entities. Ongoing work is being done to monitor and assess the impact of this standard.
AASB 1055 <i>Budgetary Reporting</i>	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 July 2014	Separate budget is not presented to the Parliament. This Standard is not applicable as no budget disclosure is required.

2 Funds administered

The Board and Commissioner were established 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 consumers 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)).

The Commissioner is an independent statutory authority accountable to the Victorian Parliament. Michael McGarvie is the Commissioner and the Commissioner is the Chief Executive Officer of the Board.

The Commissioner's statutory objectives as stated in s.6.3.2 of the Act 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.

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; and
- 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)
Net General Account 2014			
General Account	4,712	80,692	85,404
less Loan from Commissioner	(1,632)	-	(1,632)
Net General Account	3,080	80,692	83,772
Net Board and Commissioner Funds - 2014			
Net General Account	3,080	80,692	83,772
Distribution Account	184	37,361	37,545
Statutory Deposit Account	387,982	249,004	636,986
Public Purpose Fund	391,245	367,057	758,303
Legal Practitioners Fidelity Fund	22,818	35,848	58,666
Total Legal Services Board Funds	414,063	402,905	816,969
Legal Services Commissioner Funds	1,811	-	1,811
Total composite entity funds per balance sheet	415,874	402,905	818,780
Net General Account 2013			
General Account	11,844	78,044	89,888
less Loan from Commissioner	(3,723)	-	(3,723)
Net General Account	8,121	78,044	86,165
Net Board and Commissioner Funds - 2013			
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
Public Purpose Fund	306,457	329,603	636,060
Legal Practitioners Fidelity Fund	23,544	32,325	55,869
Total Legal Services Board Funds	330,001	361,928	691,929
Legal Services Commissioner Funds	3,873	-	3,873
Total composite entity funds per balance sheet	333,874	361,928	695,802

3 Income from transactions

(A) INTEREST AND DIVIDENDS

	2014 \$'000	2013 \$'000
Public Purpose Fund - Interest and dividend		
Statutory Deposit Account	29,473	28,000
Law Practice Residual Trust Accounts	24,473	23,360
Operating Accounts	248	467
Total Public Purpose Fund	54,194	51,827
Legal Practitioners Fidelity Fund - Interest and dividend		
Legal Practitioners Fidelity Fund	2,304	3,801
Total Fidelity Fund	2,304	3,801
Total interest and dividend	56,498	55,628

(B) OTHER INCOME

	2014 \$'000	2013 \$'000
Public Purpose Fund		
Practising Certificate Fees	6,235	5,973
Income from fines	88	188
Income from Commissioner - asset usage	602	316
Sundry Income	15	30
Total Public Purpose Fund	6,940	6,507
Fidelity Fund		
Fidelity Fund contributions	2,126	2,018
Fidelity Fund recoveries	5	45
Total Fidelity Fund	2,131	2,063
Legal Services Commissioner		
Board funding (FF)	5,288	7,988
Employee benefits	3,854	3,743
Income from Board - asset usage	9	11
Costs recoveries	550	272
Sundry Income	4	3
Total Legal Services Commissioner	9,705	12,017
Elimination of intercompany income	(9,753)	(12,057)
Total Other income	9,023	8,529

4 Expenses from transactions

(A) GRANTS AND OTHER PAYMENTS

	2014 \$'000	2013 \$'000
Grants and Other Payments (Public Purpose Fund)		
Grants paid during the year from prior year accumulated surplus in the Distribution Account		
Victorian Legal Aid	25,663	25,663
Victorian Law Reform Commission	1,645	1,828
Victorian Law Foundation	1,584	1,760
Payments for projects approved in prior years or minor projects	275	253
	29,167	29,504
Other Payments during the year from the General Account		
Payments to professional associations for programs	2,431	2,837
Legal Law List - Victorian Civil and Administration Tribunal	1,451	1,527
Council for Legal Education and Board of Examiners	1,113	1,172
	4,995	5,536
Unused major grant funding returned	-	(48)
	34,162	34,992
Major grants approved during the year	2,841	1,739
Total grants and other payments	37,003	36,731

4 Expenses from transactions (continued)

(B) PAYMENTS TO SERVICE PROVIDERS

	2014 \$'000	2013 \$'000
Public Purpose Fund		
Recharge from the Legal Services Commissioner		
Employee benefits	3,854	3,743
Cost of functions delegated to the Law Institute of Victoria		
Issuing of Practising Certificates	465	490
Trust Account Inspections	2,354	2,478
Total Cost of functions delegated to the Law Institute of Victoria	2,819	2,968
Other payments to the Law Institute of Victoria		
Cost of professional development	159	167
External Interventions	1,202	1,518
Total other payments to the Law Institute of Victoria	1,361	1,685
Total payments to the Law Institute of Victoria	4,180	4,653
Payments to the Victorian Bar		
Issuing of Practising Certificates	87	102
Total payments to the Victorian Bar	87	102
Total payments from Public Purpose Fund	8,121	8,498
Legal Services Commissioner		
Cost of services: Law Institute of Victoria	-	782
Cost of services: Victorian Bar	71	60
Total payments by the Legal Services Commissioner	71	842
Elimination of payment to the Legal Services Commissioner	(3,854)	(3,743)
Net payments to service providers	4,338	5,597

(C) FIDELITY FUND CLAIMS, COSTS AND ADMINISTRATIVE EXPENSES

	2014 \$'000	2013 \$'000
Legal Practitioners Fidelity Fund		
Fidelity Fund Claims Details		
Capital Claims Paid	2,766	461
Interest Claims Paid	34	9
Costs Paid	30	11
Increase/(decrease) in claims payable	209	25
Legal Expenses	219	295
Administration Expenses	69	51
Payment to LIV for claims administration	158	166
Total fidelity fund claims cost and movements in provisions	3,485	1,018

(D) DEPRECIATION AND AMORTISATION EXPENSE

	2014 \$'000	2013 \$'000
Public purpose fund		
Leasehold improvements	479	211
Office equipment	25	20
Office furniture	55	14
Computer equipment	90	65
Motor vehicles	-	-
Intangible assets	477	321
Public purpose fund - depreciation and amortisation	1,126	631
Legal Services Commissioner		
Office equipment	-	1
Office furniture	-	-
Computer equipment	-	1
Motor vehicles	17	20
Intangible assets	-	56
Legal Services Commissioner - depreciation and amortisation	17	78
Total depreciation	1,143	709

4 Expenses from transactions (continued)

(E) BOARD AND COMMITTEE FEES

	2014 \$'000	2013 \$'000
Board and committee members fees		
Board members remuneration	254	218
Board members superannuation	23	18
Commissioner audit committee fees	4	9
Total Board and committee members fees	281	245

(F) CONSULTANTS AND LEGAL EXPENSES

	2014 \$'000	2013 \$'000
Consultants and legal expenses		
Investigations	1,995	1,198
Legal expenses	852	1,459
Consultants	26	10
Total consultants and legal expenses	2,873	2,667

(G) OTHER OPERATING EXPENSES

	2014 \$'000	2013 \$'000
Information technology	570	966
Occupancy	928	900
Administration	1,461	1,651
Grants and Consultants expenses	253	506
External audit fees	83	71
Internal audit fees	84	66
Investment advice and management expenses	159	153
Other staff costs	168	74
Provision for doubtful debts	(129)	322
Community and education	2	4
Ex-gratia payments	17	4
Total other operating expenses	3,596	4,717

5 Other economic flows included in net result

Other economic flows	2014 \$'000	2013 \$'000
Public Purpose Fund		
Net gain/(loss) on financial instruments arising from changes in fair value	19,121	17,723
Bad debts written off	(10)	(148)
Net gain/(loss) on disposal of property, plant and equipment	4	-
Total net gain/(loss) on financial instruments	19,115	17,575
Legal Practitioners Fidelity Fund		
Net gain/(loss) on financial instruments arising from changes in fair value	1,838	359
Change due to actuarial valuations	(3,955)	(1,300)
Provision for costs settlement	-	(300)
Total net gain/(loss) on non-financial instruments	(2,117)	(1,241)
Legal Services Commissioner		
Bad debts written off	(82)	(92)
Net gains/(losses) on disposal of property, plant and equipment	10	-
Net gain/(loss) from the revaluation of present value of annual leave	-	-
Net gain/(loss) from the revaluation of present value of long service leave	(11)	33
Total other gains/(losses) from other economic flows	-	-
Total net gain/(loss) on non-financial instruments	(83)	(59)
Total other economic flows included in net result	16,915	16,275

Other economic flows by type	2014 \$'000	2013 \$'000
Net gain/(loss) on financial instruments		
Net gain/(loss) on financial instruments arising from changes in fair value	20,958	18,082
Net gain/(loss) arising from disposal of investments	-	-
Bad debts written off	(91)	(240)
Total net gain/(loss) on financial instruments	20,867	17,842
Net gain/(loss) on non-financial assets		
Net gains/(losses) on disposal of property, plant and equipment	14	-
Total net gain/(loss) on non-financial instruments	14	-
Other gains/(loss) from other economic flows		
Change due to actuarial valuations	(3,955)	(1,300)
Provision for costs settlement	-	(300)
Net gain/(loss) from the revaluation of present value of annual leave	-	-
Net gain/(loss) from the revaluation of present value of long service leave	(11)	33
Total Other gains/(loss) from other economic flows	(3,966)	(1,567)
Total other economic flows included in net result	16,915	16,275

6 Cash and deposits

(A) RECONCILIATION OF CASH AND CASH EQUIVALENTS

	2014 \$'000	2013 \$'000
Public Purpose Fund		
General Account		
Cash on hand	1	1
General Operating Account	4,169	1,489
Practising Certificate Fees	532	3,148
Cash Management	-	7,197
Inter-entity balance - FF	10	9
Total General Account - cash and cash equivalents	4,712	11,844
Distribution Account	184	178
Statutory Deposit Account		
Cash Trust Accounts	387,982	275,713
Cash Management	-	22,445
Total Statutory Deposit Account - cash and cash equivalents	387,982	298,158
Total Public Purpose Fund - cash and cash equivalents	392,878	310,180
Legal Practitioners Fidelity Fund		
Legal Practitioners Fidelity Fund Operating Account	3,041	4,304
Cash management	19,787	19,249
Total Fidelity Fund - cash and cash equivalents	22,828	23,553
Legal Services Commissioner		
Cash on hand	1	1
Bank balances	178	149
Total Legal Services Commissioner	179	150
Elimination of intercompany balances		
Intercompany - Board	(10)	(9)
Total amounts eliminated	(10)	(9)
Balances per statement of cash flows	415,875	333,874

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

	2014 \$'000	2013 \$'000
Net result for the year	20,869	20,499
Non-cash movements:		
Depreciation and amortisation	1,143	709
Net (gain)/loss on financial instruments	(20,867)	(17,842)
Net (gain)/loss on non-financial instruments	(14)	-
Other net (gain)/loss from other economic flows	3,966	1,567
Movements in assets and liabilities:		
(Increase)/decrease in receivables	(13,575)	(1,807)
(Increase)/decrease in prepayments	(2,053)	(14)
Increase/(decrease) in payables	266	(1,237)
Increase/(decrease) in provisions	224	219
Increase/(decrease) in income received in advance	631	436
Net cash inflow (outflow) from operating activities	(9,410)	2,530

7 Receivables

Public Purpose Fund	2014 \$'000	2013 \$'000
Contractual Receivables		
Trade Receivables	115	137
Provision for impairment of receivables 7(A)	(40)	(33)
Accrued cash distributions - investments	14,917	2,840
Accrued interest - Residual Trust Accounts	2,429	1,674
Accrued interest - Statutory Deposit Accounts	1,002	585
Accrued other income	29	-
Total contractual receivables	18,452	5,203
Statutory Receivables		
GST recoverable	202	203
Total statutory receivables	202	203
Total receivables - Public Purpose Fund	18,654	5,406
Fidelity Fund		
Contractual Receivables		
Accrued other income	5	-
Total contractual receivables	5	-
Statutory Receivables		
GST recoverable	-	-
Total statutory receivables	-	-
Total receivables - Fidelity Fund	5	-
Legal Services Commissioner		
Contractual Receivables		
Trade receivables	620	525
Provision for impairment of receivables 7(A)	(327)	(464)
Accrued other income	1	-
Total contractual receivables	294	61
Statutory Receivables		
GST recoverable	-	-
Total statutory receivables	-	-
Total receivables - Legal Services Commissioner	294	61
Total receivables	18,953	5,467

All receivables are current.

(A) MOVEMENT IN THE PROVISION FOR DOUBTFUL DEBTS

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

	2014 \$'000	2013 \$'000
Balance at beginning of the year	497	175
Increase in provision recognised in the net result	(38)	562
Receivables written off during the year as uncollectable	(91)	(240)
Balance at 30 June	368	497

(B) AGEING ANALYSIS OF CONTRACTUAL AND STATUTORY RECEIVABLES

Please refer to note 20(e) for the ageing analysis of contractual and statutory receivables.

(C) NATURE AND EXTENT OF RISK ARISING FROM CONTRACTUAL AND STATUTORY RECEIVABLES

Please refer to note 20(a) for the nature and extent of risks arising from contractual and statutory receivables.

8 Investments and other financial assets

Current investments and other financial assets	2014 \$'000	2013 \$'000
Public Purpose Fund		
Australian equities	71,535	63,161
Australian fixed interest	71,945	70,134
Diversified growth fund	82,385	50,559
Global fixed interest	62,185	75,417
Overseas equities - hedged	42,581	34,817
Overseas equities - unhedged	36,427	35,515
Total Public Purpose Fund	367,058	329,603
Legal Practitioners Fidelity Fund		
Australian equities	6,502	5,554
Australian fixed interest	7,811	7,356
Diversified growth fund	5,575	5,133
Global fixed interest	7,713	7,476
Overseas equities - hedged	4,172	3,411
Overseas equities - unhedged	4,075	3,395
Total Legal Practitioners Fidelity Fund	35,848	32,325
Total investments and other financial assets	402,906	361,928

(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

Public safety and environment	2014	2013
	\$'000	\$'000
Computer equipment		
Fair Value	488	497
less: accumulated depreciation	(356)	(352)
Net carrying amount - computer equipment	132	145
Office equipment		
Fair Value	124	213
less: accumulated depreciation	(114)	(177)
Net carrying amount - office equipment	10	36
Leasehold improvements		
Fair Value	2,278	1,931
less: accumulated depreciation	(1,883)	(1,403)
Net carrying amount - leasehold improvements	395	528
Office furniture		
Fair Value	129	129
less: accumulated depreciation	(125)	(70)
Net carrying amount - office furniture	4	59
Motor Vehicles		
Fair Value	68	73
less: accumulated depreciation	(8)	(50)
Net carrying amount - motor vehicles	60	23
Net carrying amount of property, plant and equipment	601	791

9 Plant and equipment (continued)

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

Year ended 30 June 2014	Opening balance \$'000	Additions \$'000	Transfer \$'000	Disposals \$'000	Depreciation \$'000	Closing balance \$'000
Computer equipment	145	77	-	-	(90)	132
Office furniture	59	-	-	-	(55)	4
Office equipment	37	-	-	(2)	(25)	10
Leasehold improvements	527	359	(12)	-	(479)	395
Motor vehicles	23	68	-	(14)	(17)	60
Total	791	504	(12)	(16)	(666)	601
Year ended 30 June 2013						
Computer equipment	83	128	-	-	(66)	145
Office furniture	37	36	-	-	(14)	59
Office equipment	57	-	-	-	(20)	37
Leasehold improvements	699	40	-	-	(212)	527
Motor vehicles	44	-	-	-	(20)	23
Total	920	204	-	-	(332)	791

(C) FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS

Year ended 30 June 2014	Carrying amount as at 30 June 2014 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Computer equipment	132	-	-	132
Office equipment	10	-	-	10
Leasehold improvements	395	-	-	395
Office furniture	4	-	-	4
Motor Vehicle	60	-	-	60
Total	601	-	-	601

Notes: (i) Classified in accordance with the fair value hierarchy, see note 1(b).

(ii) There is no transfer between classes during the year

(D) RECONCILIATION OF LEVEL 3 FAIR VALUE

Year ended 30 June 2014	Opening Balance \$'000	Gains or losses recognised in net result		Acquisition/ (Disposal) \$'000	Closing Balance \$'000
		Depreciation \$'000	Impairment \$'000		
Computer equipment	145	(90)	-	77	132
Office equipment	37	(25)	(2)	-	10
Leasehold improvements	527	(479)	-	348	395
Office furniture	59	(55)	-	-	4
Motor Vehicle	23	(17)	(14)	68	60
Total	791	(666)	(16)	493	601

(E) DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATIONS

Asset	Valuation Technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Motor Vehicles	Depreciated replacement cost	Cost Per unit	\$32,000-\$33,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	3 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Computer Equipment	Depreciated replacement cost	Cost Per unit	\$12,000-\$14,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	3-5 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Office Furniture	Depreciated replacement cost	Cost Per unit	\$8,000-\$10,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	5-10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Office Equipment	Depreciated replacement cost	Cost Per unit	\$14,000-\$16,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	5-10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Leasehold Improvement	Depreciated replacement cost	Cost Per unit	\$66,000-\$69,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

10 Intangible assets

Computer software	2014 \$'000	2013 \$'000
At cost	4,644	4,029
less: accumulated amortisation and impairment	(3,452)	(2,975)
Net book value at end of financial year	1,192	1,054
Year ended 30 June 2014	Computer software \$'000	
Opening balance		1,054
Additions		604
Transfer		12
Amortisation expense		(477)
Closing balance		1,193
Year ended 30 June 2013	Computer software \$'000	
Opening balance		975
Additions		456
Amortisation expense		(377)
Closing balance		1,054

Intangible assets are non-current.

11 Payables

Public Purpose Fund	2014 \$'000	2013 \$'000
Contractual payables and accrued expenses	1,248	1,117
Major Grants	3,848	3,495
Total payables Public Purpose Fund	5,096	4,612
Fidelity Fund		
Contractual payables and accrued expenses	239	74
Total payables Fidelity Fund	239	74
Legal Services Commissioner		
Contractual payables and accrued expenses	245	212
Disputed costs	178	140
Total payables Legal Services Commissioner	423	352
Total payables	5,758	5,038

(A) MATURITY ANALYSIS OF CONTRACTUAL AND STATUTORY PAYABLES

Please refer to note 20(g) for the maturity analysis of contractual and statutory payables.

(B) NATURE AND EXTENT OF RISK ARISING FROM CONTRACTUAL AND STATUTORY PAYABLES

Please refer to note 20(a) for the nature and extent of risks arising from contractual and statutory payables.

All payables are current.

12 Borrowings

Borrowings	2014 \$'000	2013 \$'000
Lease liabilities (note 16)	61	23
Total borrowings	61	23

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

Current provisions	2014 \$'000	2013 \$'000
Fidelity Fund - current provision		
Fidelity Fund provision current claims lodged and anticipated	3,920	3,090
Fidelity Fund - current provision	3,920	3,090
Employee benefits - annual leave		
Unconditional and expected to be settled within 12 months	488	394
Unconditional and expected to be settled after 12 months	78	66
Employee benefits - annual leave	566	460
Employee benefits - long service leave		
Unconditional and expected to be settled within 12 months	106	73
Unconditional and expected to be settled after 12 months	624	440
Employee benefits - long service leave	730	513
Provisions related to employee benefits on-costs		
Unconditional and expected to be settled within 12 months	17	100
Unconditional and expected to be settled after 12 months	99	68
Provisions related to employee benefits on-costs	116	168
Total current provisions	5,332	4,231
Non-Current Provisions		
Fidelity Fund non-current claims lodged and anticipated	15,150	12,280
Employee benefits	274	306
Provisions relating to employee on-costs	43	47
Total non-current provisions	15,467	12,633
Total provisions	20,799	16,864

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	2014	2013
Later than one year discount rate	3.31%	3.37%

The discount rate shown above for the discounting of the outstanding defalcations liability as at 30 June 2014 is a term structure of rates based on current yields for medium term dated Commonwealth Government bonds.

Estimated outstanding defalcation liability as at 30 June

Actuarial central estimate	2014 \$'000	2013 \$'000
Undiscounted liability of lodged claims	8,370	5,480
Plus: estimated liability for claims already incurred but not lodged	4,720	4,720
Estimated undiscounted liability for incurred defalcations	13,090	10,200
Plus/(minus) adjustments		
Less: discounted to net present value	(1,250)	(1,010)
Plus: Claim expenditure	1,780	1,390
Plus: Loading non-client claims	-	-
Plus: Risk margin (30%) (2013:30%)	4,080	3,170
Plus: Allowance for large claim dispute settlement	1,370	1,320
Net provision per actuarial report	19,070	15,070
Plus: Allowance for specific legal case	-	300
Net provision including allowance for costs	19,070	15,370

In 2013, a provision of \$0.30 million was included on account of a decision made by the High Court of Australia in the case of Legal Services Board v Gillespie Jones.

Movements in provisions for Fidelity Fund

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

	2014 \$'000	2013 \$'000
Opening balance	15,370	13,770
Additions/ (reductions) in provisions recognised	3,700	1,600
Closing balance	19,070	15,370

(B) EMPLOYEE PROVISIONS – LEGAL SERVICES COMMISSIONER

(i) Employee benefits and related on-costs

Current employee benefits	2014 \$'000	2013 \$'000
Annual leave entitlements	472	460
Long service leave entitlements	730	513
Total current employee benefits	1,202	973
Non-current employee benefits		
Long service leave entitlements	274	306
Total non-current employee benefits	274	306
Total employee benefits	1,476	1,279
Current on-costs	209	169
Non-current on-costs	43	47
Total on-costs	252	216
Total employee benefits and related on-costs	1,728	1,495

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:

	2014 \$'000	2013 \$'000
Opening balance	216	186
Unwind of discount an effect of changes in the discount rate	2	(93)
Additional provisions recognised	34	123
Closing balance	252	216

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 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 \$23,381 (2013: 17,606).

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

	Paid contribution		Outstanding	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Defined benefit plans⁽ⁱ⁾:				
State Superannuation Fund - revised and new	12	11	1	1
Defined contribution plans:				
VicSuper	295	296	26	22
AMP Flexible	18	16	2	1
Australian Super	60	48	5	5
Care	9	11	1	1
Legal Super	68	53	6	5
MLC Masterket	15	53	2	1
Other	135	72	13	10
Total	612	560	56	46

Notes: (i) The bases for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

15 Income received in advance

	2014 \$'000	2013 \$'000
Practising certificate fees	6,209	5,901
Fidelity Fund contributions	2,211	1,887
Total income received in advance	8,420	7,788

16 Finance Leases

The Commissioner leases motor vehicles with a carrying amount of \$60,791 (2013 \$22,620) under finance leases expiring within the next 2-3 years. 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.

	2014 \$'000	2013 \$'000
Commitments in relation to finance leases are payable as follows:		
Less than one year	17	23
Greater than one year and not longer than five years	48	-
Minimum future lease payment	65	23
less future finance charges	(4)	-
Present value of minimum lease payments	61	23
Included in financial statements as:		
Current	15	23
Non-current	46	-
Total lease liabilities	61	23

17 Statutory Deposit Account balances – Public Purpose Fund

	2014 \$'000	2013 \$'000
Accounts held by the Board in individual law practices names totalled and were represented by the following investments:		
Bank - Statutory Deposit Account	636,986	524,717
Australian equities	41,845	41,845
Australian fixed interest	53,214	53,214
Cash trust accounts	387,982	275,713
Cash management	-	22,445
Diversified growth fund	62,445	40,000
Global fixed interest	45,000	45,000
Overseas equities - unhedged	25,650	25,650
Overseas equities - hedged	20,850	20,850
Total Statutory Deposit Account balances	636,986	524,717

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 (inclusive of GST) contracted for by the Board at the reporting date but not recognised as liabilities is as follows:

	2014 \$'000	2013 \$'000
Land & Building - Leasehold		
Less than 1 year*	1,535	-
Total Land & Building - Leasehold	1,535	-

*As per the lease deed, we are entitled to a lease incentive of \$1.040m and accordingly, the capital expenditure commitment has been reduced by the lease incentive amount.

(B) OPERATING COMMITMENTS

	\$'000	\$'000
Commitments in relation to operating contracts contracted for by the Board at the reporting date but not recognised as liabilities, payable:		
Less than 1 year	332	260
Greater than 1 year but not later than 5 years	51	-
Total commitments in relation to operating contracts	383	260

(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 2014 balance is \$41,898k (2013: \$43,083k). 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.

(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.

The Board has signed a lease for level 5, 555 Bourke Street, Melbourne. The lease is effective from September 2014 to August 2024.

	2014 \$'000	2013 \$'000
Future operating lease payments not recognised as liabilities, payable:		
Less than 1 year	780	980
Greater than 1 year but less than 5 years	3,512	164
Greater than 5 years	5,633	-
Total future operating lease payments	9,925	1,144

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 oversee the management of these risks.

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 Finance and Investment Committee of the Board.

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 instrument (continued)

(B) CATEGORIZATION 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.

2014	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
Contractual financial assets				
Cash and deposits	-	415,875	-	415,875
Receivables:				
Trade Receivables	-	75	-	75
Trade Receivables	-	293	-	293
Accrued Cash distributions - investments	-	14,917	-	14,917
Accrued interest - Residual Trust Account	-	2,429	-	2,429
Accrued interest - Statutory Deposit Account	-	1,002	-	1,002
Accrued other Income	-	35	-	35
Total Receivables	-	18,751	-	18,751
Investments and other contractual financial assets:				
Equities and managed investment schemes	402,906	-	-	402,906
Total contractual financial assets	402,906	434,626	-	837,532
Contractual financial liabilities				
Contractual payables and accrued expenses	-	-	1,732	1,732
Major grants	-	-	3,848	3,848
Disputed costs	-	-	178	178
Total	-	-	5,758	5,758
Borrowings:				
Lease liabilities	-	-	61	61
Statutory Deposit Account balances	-	-	636,986	636,986
Total contractual financial liabilities	-	-	642,805	642,805

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
Contractual financial assets				
Cash and deposits	-	333,874	-	333,874
Receivables:				
Trade Receivables	-	104	-	104
Trade Receivables	-	61	-	61
Accrued Cash distributions - investments	-	2,840	-	2,840
Accrued interest - Residual Trust Account	-	1,674	-	1,674
Accrued interest - Statutory Deposit Account	-	585	-	585
Accrued other Income	-	-	-	-
Total Receivables	-	5,264	-	5,264
Investments and other contractual financial assets:				
Equities and managed investment schemes	361,928	-	-	361,928
Total contractual financial assets	361,928	339,138		701,066
Contractual financial liabilities				
Contractual payables and accrued expenses	-	-	1,403	1,403
Major grants	-	-	3,495	3,495
Disputed costs	-	-	140	140
Total	-	-	5,038	5,038
Borrowings:				
Lease liabilities	-	-	23	23
Statutory Deposit Account balances	-	-	524,717	524,717
Total contractual financial liabilities	-	-	529,778	529,778

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

2014	Net holding gain/(loss) \$'000	Total interest income/(expense) \$'000	Total \$'000
Contractual financial assets			
Financial assets designated at fair value through profit/loss	20,958	56,498	77,457
Total contractual financial assets	20,958	56,498	77,457
2013			
Contractual financial assets			
Financial assets designated at fair value through profit/loss	18,082	55,628	73,710
Total contractual financial assets	18,082	55,628	73,710

20 Financial instrument (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 Commonwealth Bank of Australia. 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

	2014 \$'000	2013 \$'000
Cash and deposits		
Financial institutions AA ^{Am} (S&P)	19,787	48,891
Financial institutions AA ⁻ (S&P)	396,086	284,982
Other	2	2
	415,875	333,875
Receivables		
Financial institutions AA ⁻ (S&P)	3,431	2,259
Financial institutions A (Mercer)	10,933	2,840
Financial institutions A (T) (W) (Mercer)	3,273	-
Financial institutions B (W) (Mercer)	711	-
Other (excludes GST receivables)	403	143
	18,751	5,242
Investments and other financial assets		
Financial institutions: A (Mercer Insight)	319,147	333,715
Financial institutions: A (T) (W) (Mercer Insight)	39,277	28,213
Financial institutions: B (W) (Mercer Insight)	44,482	-
	402,906	361,928

(E) AGEING ANALYSIS OF CONTRACTUAL FINANCIAL ASSETS

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			Impairment \$'000
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	
2014						
Receivables:						
Accrued Cash distributions - investments	14,917	14,917	14,917	-	-	-
Accrued interest - Residual Trust Account	2,429	2,429	2,429	-	-	-
Accrued interest - Statutory Deposit Account	1,002	1,002	1,002	-	-	-
Trade receivables Public Purpose Fund	75	115	4	-	111	(40)
Trade receivables Legal Services Commissioner	293	620	22	109	490	(327)
Accrued Other Income	35	35	35	-	-	-
Total receivables	18,751	19,118	18,409	109	601	(367)
Investments and other contractual financial assets:						
Cash and deposits	415,875	415,875	-	-	-	-
Investments at fair value through profit or loss - held for trading	402,906	402,906	-	-	-	-
	818,781	818,781	-	-	-	-
Total	837,532	837,899	18,409	109	601	(367)
2013						
Receivables:						
Accrued Cash distributions - investments	2,840	2,840	2,840	-	-	-
Accrued interest - Residual Trust Account	1,674	1,674	1,674	-	-	-
Accrued interest - Statutory Deposit Account	585	585	585	-	-	-
Trade receivables Public Purpose Fund	104	137	89	1	47	(33)
Trade receivables Legal Services Commissioner	61	525	108	29	388	(464)
Total receivables	5,264	5,761	5,296	30	435	(497)
Investments and other contractual financial assets:						
Cash and deposits	333,874	333,874	-	-	-	-
Investments at fair value through profit or loss - held for trading	361,928	361,928	-	-	-	-
	695,802	695,802	-	-	-	-
Total	701,066	701,563	5,296	30	435	(497)

Notes:

(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 instrument (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

2014	Carrying amount \$'000	Interest rate exposure		Maturity dates		
		Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000
Contractual liabilities:						
Payables and accrued expenses Public Purpose Fund	1,248	1,248	1,248	-	-	-
Payables and accrued expenses Legal Practitioners Fidelity Fund	239	239	239	-	-	-
Payables and accrued expenses Legal Services Commissioner	245	245	245	-	-	-
Disputed costs	178	-	178	-	-	-
Borrowings	61	61	-	4	11	46
Major Grants	3,848	-	3,848	-	-	-
Statutory Deposit Account balances	636,986	636,986	636,986	-	-	-
Total	642,805	638,779	642,744	4	11	46
2013						
Contractual liabilities:						
Payables and accrued expenses Public Purpose Fund	1,117	1,117	1,117	-	-	-
Payables and accrued expenses Legal Practitioners Fidelity Fund	74	74	74	-	-	-
Payables and accrued expenses 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	-	-	-
Total	529,778	526,143	529,762	2	14	-

(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 \$87.25m as at 30 June 2014 compared with \$77.14m 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 2014 is \$69.89m. 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 Commonwealth Bank of Australia. 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 2014 the Commissioner has minimal exposure to cash flow interest rate risk as its Operating Bank Account is transferred over 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 instrument (continued)

(I) INTEREST RATE EXPOSURE OF FINANCIAL INSTRUMENTS

2014	Weighted average interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
Financial assets					
Cash and deposits	3.02%	415,875	-	415,875	-
Receivables:					
Trade receivables Public Purpose Fund		75	-	-	75
Trade receivables Legal Services Commissioner		293	-	-	293
Accrued Cash distributions - investments		14,917	-	-	14,917
Accrued interest - Residual Trust Account		2,429	-	-	2,429
Accrued interest - Statutory Deposit Account		1,002	-	-	1,002
Accrued other Income		35	-	-	35
Investments and other contractual financial assets					
Equities and managed investment schemes		402,906	149,654	-	253,252
Total Financial assets		837,532	149,654	415,875	272,003
Financial liabilities					
Payables					
Payables and accrued expenses		1,732	-	-	1,732
Major grants		3,848	-	-	3,848
Disputed costs		178	-	-	178
Borrowings	4.62%	61	61	-	-
Statutory Deposit Account balances		636,986	-	-	636,986
Total Financial liabilities		642,805	61	-	642,744
2013					
Financial assets					
Cash and deposits	3.05%	333,874	-	333,874	-
Receivables:					
Trade receivables Public Purpose Fund		104	-	-	104
Trade receivables Legal Services Commissioner		61	-	-	61
Accrued Cash distributions - investments		2,840	-	-	2,840
Accrued interest - Residual Trust Account		1,674	-	-	1,674
Accrued interest - Statutory Deposit Account		585	-	-	585
Investments and other contractual financial assets					
Equities and managed investment schemes		361,928	152,907	-	209,021
Total Financial assets		701,066	152,907	333,874	214,285
Financial liabilities					
Payables					
Payables and accrued expenses		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
Total Financial liabilities		529,778	23	-	529,755

(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 (2013: 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

	Carrying amount \$'000	Interest rate risk			
		-100 basis points		+100 basis points	
		Net result \$'000	Impact on retained earnings \$'000	Net result \$'000	Impact on retained earnings \$'000
At 30 June 2014					
Contractual financial assets					
Cash and deposits	415,875	(4,159)	(4,159)	4,159	4,159
Investments and other financial assets	402,906	-	-	-	-
Total impact		(4,159)	(4,159)	4,159	4,159
At 30 June 2013					
Contractual financial assets					
Cash and deposits	333,874	(3,339)	(3,339)	3,339	3,339
Investments and other financial assets	361,928	-	-	-	-
Total impact		(3,339)	(3,339)	3,339	3,339

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 2014 was \$24.47m (2013: \$23.36m).

Based on a rolling average balance in Residual Trust Funds as at 30 June 2014 of \$1,262m (2013 \$970m), a 100 basis point movement would impact the revenue attributable to the Board by \$12.62m (2013 \$9.704m).

20 Financial instrument (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 oversees the management of other price risk throughout the year.

	Carrying amount \$'000	Foreign exchange risk				Other price risk			
		10% (a)		-5% (b)		-15% (a)		10% (b)	
		Net result \$'000	Equity \$'000	Net result \$'000	Equity \$'000	Net result \$'000	Equity \$'000	Net result \$'000	Equity \$'000
At 30 June 2014									
Financial assets									
Other financial assets	402,906	11,040	11,040	(5,520)	(5,520)	(60,436)	(60,436)	40,291	40,291
Total increase/(decrease)		11,040	11,040	(5,520)	(5,520)	(60,436)	(60,436)	40,291	40,291
At 30 June 2013									
Financial assets									
Other financial assets	361,928	12,180	12,180	(6,090)	(6,090)	(54,289)	(54,289)	36,193	36,193
Total increase/(decrease)		12,180	12,180	(6,090)	(6,090)	(54,289)	(54,289)	36,193	36,193

- (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 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 \$11.040m in absolute terms, similarly a + or - 5% movement is \$5.520m.
- (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.

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).

	2014		2013	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Contractual financial assets				
Cash and deposits	415,875	415,875	333,874	333,874
Receivables				
Accrued Cash distributions - investments	14,917	14,917	2,840	2,840
Accrued interest - Residual Trust Account	2,429	2,429	1,674	1,674
Accrued interest - Statutory Deposit Account	1,002	1,002	585	585
Trade receivables Public Purpose Fund	75	75	104	104
Trade receivables Legal Services Commissioner	293	293	61	61
Accrued Other Income	35	35	-	-
Total Receivables	18,751	18,751	5,264	5,264
Investments and other contractual financial assets				
Investments at fair value through profit or loss held for trading	402,906	402,906	361,928	361,928
Total contractual financial assets	837,532	837,532	701,066	701,066
Contractual financial liabilities:				
Payables				
Payables and accrued expenses Public Purpose Fund	1,248	1,248	1,117	1,117
Payables and accrued expenses Legal Practitioners Fidelity Fund	239	239	74	74
Payables and accrued expenses Legal Services Commissioner	245	245	212	212
Major Grants	3,848	3,848	3,495	3,495
Disputed costs	178	178	140	140
Borrowings	61	61	23	23
Statutory Deposit Account balances	636,986	636,986	524,717	524,717
Total contractual financial liabilities	642,805	642,805	529,778	529,778

20 Financial instrument (continued)

(M) FINANCIAL ASSETS MEASURED AT FAIR VALUE

Financial assets at fair value through the profit and loss:

	30 June 2014		30 June 2013	
	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 and other financial assets at fair value through profit and loss	402,906	402,906	361,928	361,928

21 Ex-gratia payments

	2014 \$'000	2013 \$'000
The Legal Services Commissioner made ex-gratia payments under section 4.2.16 of the Act to complainants.	17	4

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 Responsible Minister, Board Member and Accountable Officer in the Legal Services Board and Legal Services Commissioner are as follows:

Attorney-General	The Hon. Robert Clark, MP	1 July 2013 to 30 June 2014
Acting Attorney-General	The Hon. Gordon Rich-Phillips, MLC	1 July 2013 to 19 July 2013
	The Hon. Louise Asher, MP	20 July 2013 to 21 July 2013
Accountable Officer	Mr Michael McGarvie	1 July 2013 to 30 June 2014
Acting Accountable Officer	Mr Russell Daily	16 September 2013 to 27 September 2013
Chairperson	Ms Fiona Bennett	1 July 2013 to 30 June 2014
Board Member	Ms Carolyn Bond AO	1 July 2013 to 30 June 2014
Board Member	Mr Richard Fleming	1 July 2013 to 30 June 2014
Board Member	Mr Peter Jopling AM QC	1 July 2013 to 30 June 2014
Board Member	Mr Harvey Kalman	1 July 2013 to 30 June 2014
Board Member	Mr Steven Stevens	10 July 2013 to 30 June 2014
Board Member	Dr Lynne Williams	9 October 2013 to 30 June 2014
Former Board Member	Mr John Corcoran	1 July 2013 to 8 July 2013

(B) REMUNERATION

Of the 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.

Remuneration received or receivable by the Responsible Persons and Accountable officer, excluding the responsible Minister during the reporting period was in the range:

	2014 No. \$	2013 No. \$
Income Band		
less than \$9,999	4	5
\$10,000 to \$29,999	1	2
\$30,000 to \$39,999	5	4
\$40,000 to \$59,999	-	1
\$60,000 to \$69,999	-	-
\$70,000 to \$79,999	1	-
\$260,000 to \$269,999	-	1
\$290,000 to \$299,999	1	-
Total Numbers	12	13
Total Amount	571,245	505,006

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet.

Board members superannuation

The Board made direct superannuation contributions for its members during the year ended 30 June 2014 of \$23,181 (2013: \$17,606).

23 Remuneration of executives and payments to other personnel

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.

Income Band	Total Remuneration		Base Remuneration	
	2014	2013	2014	2013
less than \$100,000	-	-	-	-
\$170,000 - \$179,999	-	-	-	-
\$180,000 - \$189,999	-	-	1	2
\$190,000 - \$199,999	-	-	1	-
\$200,000 - \$209,999	1	1	-	-
\$210,000 - \$219,999	1	1	-	-
Total numbers	2	2	2	2
Total annualised employee equivalent (AEE)	2.0	2.0	2.0	2.0
Total amount	420,546	421,297	378,489	373,000

*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 2013 to 30 June 2014 (2013: nil).

24 Remuneration of auditors

(A) VICTORIAN AUDITOR-GENERAL'S OFFICE

	2014 \$'000	2013 \$'000
Audit of financial statements	83	71
Total remuneration for audit and other assurance services	83	71

25 Related party transactions

	2014 \$'000	2013 \$'000
Expenses recovered from the Commissioner by the Board	1,074	773
Expenses recovered from the Board by the Commissioner	9,151	11,742
Intercompany loan (eliminated) as per Note 1 (f)	1,632	3,723

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.

26 Subsequent events

It is anticipated that the *Legal Profession Uniform Law Application Act 2014* (LPULA Act) will commence during the 2014-2015 year. The LPULA Act repeals the *Legal Profession Act 2004* and replaces it with new template legislation, the Legal Profession Uniform Law, for application in multiple States and Territories. Initially it will only apply in Victoria and NSW. The LPULA Act applies the Legal Profession Uniform Law as a law of Victoria, and includes Victorian-specific provisions dealing with the Victorian entities that will perform functions locally under the Uniform Law and related funding and administrative matters. Under the LPULA Act a new Victorian Legal Services Board and Victorian Legal Services Commissioner will be successors at law to the current Legal Services Board and Legal Services Commissioner in Victoria.

27 Glossary of terms and style conventions

ACT

Legal Profession Act 2004

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 or statutory 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
 - 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.

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.

27 Glossary of terms and style conventions (continued)

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 economic flows – other comprehensive income'.

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 2013-14 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 2014 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 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 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 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.

Auditing in the Public Interest

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

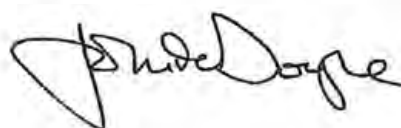
In my opinion, the financial report presents fairly, in all material respects, the financial position of the Legal Services Board and the Legal Services Commissioner as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian 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 2014 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 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.



MELBOURNE
2 October 2014

John Doyle
Auditor-General

Board Delegations

Under section 6.2.19(1) of the Act, the Board may delegate some of its functions to a member of the Board, the Legal Services Commissioner, an employee and a prescribed person. The LIV and the Bar are prescribed persons, as are officers and employees of the LIV and members of a committee of the Victorian Bar.

CURRENT DELEGATIONS

Table 55 lists all of the internal delegations and Table 56 lists all of the external delegations made by the Board in force as at 30 June 2014 and the date which the delegations were made.

Table 55: Internal Delegations made by the Board, current as at 30 June 2014

Date	Delegate	Functions Delegated
30 May 2013	Legal Services Commissioner	Legal Profession Act 2004
		Part 2.2, Division 2 – General prohibitions on unqualified persons
		Section 2.2.6(1) apply to Tribunal for order that a person is a disqualified person
		Part 2.4, Division 3 – Local practising certificates generally
		Section 2.4.3(1) grant local practising certificates
		Section 2.4.3(2) approve form of local practising certificate
		Section 2.4.3(3) determine conditions on local practising certificates
		Section 2.4.3(4) 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
		Part 2.4, Division 4 – Grant or renewal of local practising certificates
		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(1) approve form 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 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		

Date	Delegate	Functions Delegated
30 May 2013	Legal Services Commissioner (continued)	Part 2.4, Division 5 – Additional conditions on local practising certificates
		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
		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)
		Part 2.4, Division 6 – Amendment, suspension or cancellation of local practising certificates
		Section 2.4.21 amend, suspend or cancel local practising certificate and 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
		Part 2.4, Division 7 – Special Power in relation to local practising certificates – show cause events
		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; Approve the form of notice
		Section 2.4.28 refuse to grant or renew, amend, suspend or cancel local practising certificate – failure to show fit and proper person
		Section 2.4.29 restrict entitlement to apply for local practising certificate for a specified period
		Part 2.4, Division 8 – Further provisions relating to local practising certificates
		Section 2.4.30 receive surrendered local practising certificate
		Section 2.4.31 require return of local practising certificate
		Part 2.4, Division 11 – Miscellaneous
		Section 2.4.40 require provision of information or documents for purpose of considering an application for grant or renewal of local practising certificate
		Part 2.5, Division 2 – Police reports
		Section 2.5.3 request criminal record check
		Part 2.5, Division 3 – Health assessments
		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
		Part 2.6, Division 2 – Notifications to be given by local authorities to interstate authorities
		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
		Part 2.6, Division 4 – Taking of action by local authorities in response to notifications received
		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
		Part 2.7, Division 2 – Incorporated legal practices
		Section 2.7.7(1) approve form of written notice of corporation's intention to commence engaging in legal practice
		Section 2.7.7(3) approve form of written notice of corporation's failure to notify intention to commence engaging in legal practice
		Section 2.7.9(1) approve form of written notice of corporation's cessation of legal practice
		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 2.7.24 apply to the Supreme Court for order banning incorporated legal practice
		Section 2.7.25 apply to the Supreme Court for order disqualifying an Australian legal practitioner from managing an incorporated legal practice
		Section 2.7.26 disclose information to Australian Securities and Investments Commission

Date	Delegate	Functions Delegated
30 May 2013	Legal Services Commissioner (continued)	Part 2.7, Division 3 – Multi-disciplinary partnerships
		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
		Section 2.7.50 apply to Supreme Court for order prohibiting an Australian legal practitioner from being a partner in a multi-disciplinary partnership
		Part 2.8, Division 4 – Application for grant or renewal of local registration
		Section 2.8.19(1)(a) approve form for the grant or renewal of registration as a foreign lawyer
		Section 2.8.19(6) specify content of form for grant or renewal of registration as a foreign lawyer
		Section 2.8.19(7) specify content of form for grant or renewal of registration as a foreign lawyer
		Section 2.8.19(8) specify content of form for grant or renewal of registration as a foreign lawyer
		Section 2.8.20(2) specify requirements of application for grant or renewal of registration as a foreign lawyer
		Part 2.8, Division 5 – Grant or renewal of registration
		Section 2.8.21 grant or renewal of registration of foreign lawyers; Approve 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
		Part 2.8, Division 7 – Special powers in relation to local registration – show cause events
		Section 2.8.31 receive show cause notice from locally registered foreign lawyer; Approve the form of notice
		Part 2.9 – Community legal centres
		Section 2.9.3(1) receive notification of temporary engagement of a supervised legal practitioner by a community legal centre
		Part 3.2, Division 7 – Competition
		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
		Part 3.3, Division 1 – Preliminary
		Section 3.3.4 determine if money is trust money
		Part 3.3, Division 2 – Trust accounts and trust money
		Section 3.3.27 request trust balance of any trust account
		Part 3.3, Division 3 – Investigations
		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
		Part 3.3, Division 4 – External examinations
		Section 3.3.51(2) exempt a person from the external examiner requirements
		Part 3.3, Division 6 – Statutory deposits
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		
Part 3.5 – Professional indemnity insurance		
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	Legal Services Commissioner (continued)	Part 3.6, Division 3 – Claims about defaults
		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
		Part 3.6, Division 4 – Determination of claims
		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
		Part 3.6, Division 8 – Inter-jurisdictional provisions
		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
		Part 7.2, Division 1 – Notices and evidentiary matters
		Section 7.2.5(3) certify copy of legal profession rules
		Part 7.2, Division 2 – Investigation and prosecution of offences
		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
		Part 7.2, Division 3 – General
		Section 7.2.13(1) apply for injunction regarding conduct that constitutes contravention of Act/Regulations or attempting to contravene Act/Regulations
		Section 7.2.14 disclosure of information by local regulatory authorities
		Legal Profession Regulations 2005
		Part 2.7 – Incorporated legal practices and multi-disciplinary partnerships
		Regulation 2.7.2(2) publicise disqualifying order regarding incorporated legal practice and multi-disciplinary partnership
		Regulation 2.7.2(3) give notice of disqualifying order regarding incorporated legal practice to corresponding authority
		Part 3.3, Division 5 – Transit money
		Regulation 3.3.38(1)(a) require statement as to whether trust money held by law practice or clerk
		Regulation 3.3.38(1)(b) require statement specifying categories of trust money held
		Part 3.3, Division 7 – External examinations
		Regulation 3.3.40(3) approve external examiner who is otherwise not eligible
		Regulation 3.3.40(4) approve form of written consent
		Regulation 3.3.41 receive notice of appointment of external examiner and examiner's consent
		Regulation 3.3.42(1) require law practice or clerk to provide show cause why external examiner's appointment should not be terminated
		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(3) approve request for termination of external examiner by law practice or clerk
		Regulation 3.3.44(4) require evidence re 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; Approve the form of notification
		Regulation 3.3.46(1) receive statement of trust money within one month after end of audit year; Approve the form of notification
Regulation 3.3.48(a) approve form of report and certificate by approved external examiner		
Part 3.3, Division 8 – Miscellaneous		
Regulation 3.3.52 exempt a law practice or approved clerk from complying with the trust money and trust account provisions		

Date	Delegate	Functions Delegated
5 May 2014	Board members who are members of the Fidelity Fund Claims Advisory Committee	Legal Profession Act 2004
		Part 3.6, Division 4 – Determination of Fidelity Fund Claims
		Section 3.6.14 determination of claims
		Section 3.6.15 maximum amount allowable
		Section 3.6.16 costs
5 May 2014	Executive Director, Finance Risk and Audit	Legal Profession Act 2004
		Part 2.4, Division 4 – Grant or renewal of local practising certificates
		Section 2.4.9(4) refund surcharge
		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
		Part 2.4, Division 5 – Additional conditions on local practising certificates
		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)
		Part 2.6, Division 2 – Notifications to be given by local authorities to interstate authorities
		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
		Part 2.6, Division 4 – Taking of action by local authorities in response to notifications received
		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
		Part 2.7, Division 2 – Incorporated legal practices
		Section 2.7.26 disclose information to Australian Securities and Investments Commission
		Part 2.8, Division 5 – Grant or renewal of registration
		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
		Part 3.3, Division 4 – External examinations
		Section 3.3.51(2) exempt a person from the external examiner requirements
		Part 3.3, Division 6 – Statutory deposits
		Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements
		Part 3.5 – Professional indemnity insurance
		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
		Part 3.6, Division 3 – Claims about defaults
		Section 3.6.8 allow further period to lodge fidelity fund claim
Part 3.6, Division 8 – Inter-jurisdictional provisions		
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		
Legal Profession Regulations 2005		
Part 3.3, Division 8 – Miscellaneous		
Regulation 3.3.52 exempt a law practice or approved clerk from complying with the trust money and trust account provisions		

Date	Delegate	Functions Delegated
5 May 2014	Executive Director, Complaints and Intervention	Legal Profession Act 2004
		Part 2.4, Division 11 – Miscellaneous
		Section 2.4.40 require provision of information or documents for purpose of considering an application for grant or renewal of local practising certificate
		Part 2.6, Division 2 – Notifications to be given by local authorities to interstate authorities
		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
		Part 2.7, Division 2 – Incorporated legal practices
		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
Part 3.3, Division 3 – Investigations		
Section 3.3.28 conduct trust investigation		
Section 3.3.29 appoint trust inspector		
Section 3.3.47 receive trust inspectors report		
Part 7.2, Division 2 – Investigation and prosecution of offences		
Section 7.2.6(b) appoint investigator		
Section 7.2.8 receive investigator's report		
5 May 2014	Director, Regulatory Reform and Liaison	Legal Profession Act 2004
		Part 2.4, Division 5 – Additional conditions on local practising certificates
		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)
		Part 2.6, Division 4 – Taking of action by local authorities in response to notifications received
		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
		Part 2.7, Division 2 – Incorporated legal practice
		Section 2.7.26 disclose information to Australian Securities and Investments Commission
		Part 2.8, Division 5 – Grant or renewal of registration
		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
		Part 3.3, Division 4 – External examinations
		Section 3.3.51(2) exempt a person from the external examiner requirements
		Part 3.3, Division 6 – Statutory deposits
		Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements
		Part 3.5, Professional indemnity insurance
		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		
Part 3.6, Division 2 – Defaults to which this Part applies		
Section 3.6.8 allow further period to lodge fidelity fund claim		
Part 3.6, Division 8 – Inter-jurisdictional provisions		
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		

Date	Delegate	Functions Delegated
5 May 2014	Director, Regulatory Reform and Liaison (continued)	<p>Legal Profession Regulations 2005</p> <p>Part 3.3, Division 8 – Miscellaneous</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	General Counsel	<p>Legal Profession Act 2004</p> <p>Part 2.4, Division 4 – Grant or renewal of local practising certificates</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>Part 2.4, Division 5 – Additional conditions on local practising certificates</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> <p>Part 2.6, Division 2 – Notifications to be given by local authorities to interstate authorities</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> <p>Part 2.6, Division 4 – taking of action by local authorities in response to notifications received</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> <p>Part 2.7, Division 2 – Incorporated legal practices</p> <p>Section 2.7.26 disclose information to Australian Securities and Investments Commission</p> <p>Part 2.8, Division 5 – Grant or renewal of registration</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> <p>Part 3.3, Division 4 – External examinations</p> <p>Section 3.3.51(2) exempt a person from the external examiner requirements</p> <p>Part 3.3, Division 6 – Statutory deposits</p> <p>Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements</p> <p>Part 3.5, Professional Indemnity Insurance</p> <p>Section 3.5.3 approve professional indemnity insurance for Australian-registered foreign lawyer</p> <p>Section 3.5.4(1) approve professional indemnity insurance for community legal centre before it commences engaging in legal practice</p> <p>Section 3.5.4(2) approve professional indemnity insurance for community legal centre while it is engaging in legal practice</p> <p>Section 3.5.4A(1) approve professional indemnity insurance for corporate legal practitioner engaging in legal practice on a pro bono basis</p> <p>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</p> <p>Legal Profession Regulations 2005</p> <p>Part 3.3, Division 8 – Miscellaneous</p> <p>Regulation 3.3.52 exempt a law practice or approved clerk from complying with the trust money and trust account provisions</p>
5 May 2014	Manager, Regulatory Intervention	<p>Legal Profession Act 2004</p> <p>Part 2.7, Division 2 – Incorporated legal practices</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>
5 May 2014	Manager, Practitioner Services	<p>Legal Profession Act 2004</p> <p>Part 3.3, Division 6 – Statutory deposits</p> <p>Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements</p>

Table 56: External Delegations made by the Board current as at 30 June 2014

Date	Delegate	Function
19 June 2014	LIV	Legal Profession Act 2004
		Part 2.2 – Reservation of Legal Work and Legal Titles
		Section 2.2.6(1) apply to Tribunal for order that a person is a disqualified person
		Part 2.7, Division 1 – Incorporated Legal Practices
		Section 2.7.22 Audit incorporated legal practice
		Section 2.7.23 Investigate incorporated legal practice
		Part 3.3, Division 2 – Trust Accounts and Trust Money
		Section 3.3.27 request trust balance of any trust account
		Part 3.3, Division 3 – Investigations
		Section 3.3.28 conduct trust investigation
		Section 3.3.29 appoint trust inspector
		Section 3.3.47 receive trust inspector's report
		Part 3.3, Division 4 – External Examinations
		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
		Part 3.6, Division 3 – Claims about Defaults
		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		
Part 7.2, Division 1 – Notices and Evidentiary Matters		
Section 7.2.5(1) produce certificate stating whether person holds practising certificate		
Legal Profession Regulations 2005		
Part 3.3, Division 6 – Trust money generally		
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		
19 June 2014	CEO, LIV	Legal Profession Act 2004
		Part 3.3, Division 3 – Investigations
		Section 3.3.28 conduct trust investigation
		Section 3.3.29 appoint trust inspector
		Section 3.3.47 receive trust investigator's report
30 April 2008	CEO, LIV	Continuing Professional Development Rules 2008
		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	Continuing Professional Development Rules 2008
		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

Date	Delegate	Function
13 Sept 2012	Victorian Bar	Legal Profession Act 2004
		Part 2.2 – Reservation of Legal Work and Legal Titles
		Section 2.2.6(1) apply to Tribunal for order that a person is a disqualified person
		Part 2.4, Division 3 – Local Practising Certificates Generally
		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
		Part 2.4, Division 4 – Grant or Renewal of Local Practising Certificates
		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 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
		Part 2.4, Division 5 – Additional Conditions on Local Practising Certificates
		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
		Part 2.4, Division 6 – Amendment, Suspension or Cancellation of Local Practising Certificates
		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
		Part 2.4, Division 7 – Special Powers in relation to Local Practising Certificates – Show Cause Events
		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 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
		Part 2.4, Division 8 – Further Provisions Relating to Local Practising Certificates
		Section 2.4.30 receive surrendered local practising certificate and cancel certificate
		Section 2.4.31 require return of local practising certificate
		Part 2.4, Division 11 – Miscellaneous
Section 2.4.40 require provision of information or documents for purpose of considering an application for grant or renewal of local practising certificate		
Part 2.5, Division 2 – Police Reports		
Section 2.5.3 request criminal record check		
Part 2.5, Division 3 – Health Assessments		
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		
Part 3.3, Division 1 – Preliminary		
Section 3.3.4 determine if money is trust money		
Part 3.3, Division 2 – Trust Accounts and Trust Money		
Section 3.3.27 request trust balance of any trust account		

Date	Delegate	Function
13 Sept 2012	Victorian Bar (continued)	Part 3.3, Division 3 – Investigations
		Section 3.3.28 conduct trust investigation
		Section 3.3.29 appoint trust inspector
		Section 3.3.47 receive trust inspector's report
		Part 6.2 – Legal Services Board
		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)
		Part 7.2, Division 1 – Notices and Evidentiary Matters
		Section 7.2.5(1) produce certificate stating whether person holds practising certificate
		Part 7.2, Division 2 – Investigation and Prosecution of Offences
		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
		Part 7.2, Division 3 – General
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		
Legal Profession Regulations 2005		
Part 3.3, Division 6 – Trust money generally		
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		
Part 3.3, Division 7 – External examinations		
Regulation 3.3.40(3) approve external examiner otherwise not eligible		
30 April 2008	Continuing Legal Education Committee of the Victorian Bar	Continuing Professional Development Rules 2008
		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

REVOKED DELEGATIONS

The following tables list all of the delegations revoked by the Board during 2013-14. The first table covers delegations to internal positions. The second table covers external entities and positions.

The reason delegations to internal positions were revoked was to facilitate the restructure of staff (all of whom are employed by the Legal Services Commissioner) performing Board functions.

The reason delegations to external entities were revoked was to realign performance of functions between the Board and the Law Institute of Victoria.

Table 57: Internal Delegations revoked by the Board during 2013-14

Delegate	Function
Executive Director, Corporate and Governance	Legal Profession Act 2004
	Part 2.4, Division 4 – Grant or renewal of local practising certificates
	Section 2.4.9(4) refund surcharge
	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
	Part 2.4, Division 5 – Additional conditions on local practising certificates
	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)
	Part 2.6, Division 2 – Notifications to be given by local authorities to interstate authorities
	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
	Part 2.6, Division 4 – Taking of action by local authorities in response to notifications received
	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
	Part 2.7, Division 2 – Incorporated legal practices
	Section 2.7.26 disclose information to Australian Securities and Investments Commission
	Part 2.8, Division 5 – Grant or renewal of registration
	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
	Part 3.3, Division 4 – External examinations
	Section 3.3.51(2) exempt a person from the external examiner requirements
	Part 3.3, Division 6 – Statutory deposits
	Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements
	Part 3.5 – Professional indemnity insurance
	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
	Part 3.6, Division 3 – Claims about defaults
	Section 3.6.8 allow further period to lodge fidelity fund claim
	Part 3.6, Division 8 – Inter-jurisdictional provisions
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	
Legal Profession Regulations 2005	
Part 3.3, Division 8 – Miscellaneous	
Regulation 3.3.52 exempt a law practice or approved clerk from complying with the trust money and trust account provisions	

Delegate	Function
Executive Director, Regulation and Complaints	Legal Profession Act 2004
	Part 2.4, Division 11 – Miscellaneous
	Section 2.4.40 require provision of information or documents for purpose of considering an application for grant or renewal of local practising certificate
	Part 2.6, Division 2 – Notifications to be given by local authorities to interstate authorities
	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
	Part 2.7, Division 2 – Incorporated legal practices
	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
	Part 3.3, Division 3 – Investigations
	Section 3.3.28 conduct trust investigation
	Section 3.3.29 appoint trust inspector
	Section 3.3.47 receive trust inspectors report
	Part 7.2, Division 2 – Investigation and prosecution of offences
	Section 7.2.6(b) appoint investigator
	Section 7.2.8 receive investigator's report
	Director, Regulatory Reform and Policy
Part 2.4, Division 5 – Additional conditions on local practising certificates	
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)	
Part 2.6, Division 4 – Taking of action by local authorities in response to notifications received	
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	
Part 2.7, Division 2 – Incorporated legal practice	
Section 2.7.26 disclose information to Australian Securities and Investments Commission	
Part 2.8, Division 5 – Grant or renewal of registration	
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	
Part 3.3, Division 4 – External examinations	
Section 3.3.51(2) exempt a person from the external examiner requirements	
Part 3.3, Division 6 – Statutory deposits	
Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements	
Part 3.5, Professional indemnity insurance	
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	
Part 3.6, Division 2 – Defaults to which this Part applies	
Section 3.6.8 allow further period to lodge fidelity fund claim	
Part 3.6, Division 8 – Inter-jurisdictional provisions	
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	

Delegate	Function
Manager, Investigations and Regulation	Legal Profession Regulations 2005
	Part 3.3, Division 8 – Miscellaneous
	Regulation 3.3.52 exempt a law practice or approved clerk from complying with the trust money and trust account provisions
	Legal Profession Act 2004
	Part 2.7, Division 2 – Incorporated legal practices
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	
Manager, Practitioner Information	Legal Profession Act 2004
	Part 3.3, Division 6 – Statutory deposits
	Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements

Table 58: External Delegations revoked by the Board during 2013-14

Delegate	Function
LIV	Legal Profession Act 2004
	Part 2.4, Division 3 – Local Practising Certificates Generally
	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
	Part 2.4, Division 4 – Grant or Renewal of Local Practising Certificates
	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 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
	Part 2.4, Division 5 – Additional Conditions on Local Practising Certificates
	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
	Part 2.4, Division 6 – Amendment, Suspension or Cancellation of Local Practising Certificates
	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
	Part 2.4, Division 7 – Special Powers in relation to Local Practising Certificates – Show Cause Events
	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
	Part 2.4, Division 8 – Further Provisions Relating to Local Practising Certificates
	Section 2.4.30 receive surrendered local practising certificate and cancel certificate
	Section 2.4.31 require return of local practising certificate
Part 2.4, Division 11 – Miscellaneous	
Section 2.4.40 require provision of information or documents for purpose of considering an application for grant or renewal of local practising certificate	

Delegate	Function
LIV (continued)	Part 2.5, Division 2 – Police Reports
	Section 2.5.3 request criminal record check
	Part 2.5, Division 3 – Health Assessments
	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
	Part 3.3, Division 1 – Preliminary
	Section 3.3.4 determine if money is trust money
	Part 6.2 – Legal Services Board
	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)
	Part 7.2, Division 2 – Investigation and Prosecution of Offences
	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
	Part 7.2, Division 3 – General
	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
Legal Profession Regulations 2005	
Part 3.3, Division 7 – External examinations	
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 3.44(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)	
CEO, LIV	Legal Profession Act 2004
	Part 3.3, Division 1 – Preliminary
	Section 3.3.4 determine if money is trust money
	Part 7 – External Intervention
	Section 7.2.6(b) appoint investigator

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 2014. This table includes delegations to internal and external persons.

Table 59: Delegations made by the Commissioner

Date	Delegate	Functions delegated
23 April 2014	Executive Director, Complaints and Intervention	Legal Profession Act 2004
		Part 3.3 – Trust Money and Trust Accounts
		Section 3.3.44(2) comply with request from trust account inspector
		Part 4.1 – Introduction and Application
		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
		Part 4.2 – Making a Complaint
		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
		Part 4.3, Division 2 – Dealing with Civil Complaints
		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
		Part 4.3, Division 3 – Mediation
		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
		Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal
		Section 4.3.15 notice about unresolved disputes
		Part 4.4, Division 3 – Investigations
		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		

Date	Delegate	Functions delegated
23 April 2014 (continued)	Executive Director, Complaints and Intervention (continued)	Part 4.4, Division 3 – Investigations (continued)
		Section 4.4.12 investigation to be conducted expeditiously
		Section 4.4.13 powers following investigation, including in relation to professional misconduct, unsatisfactory professional conduct
		Section 4.4.14 notice of decision
		Part 4.4, Division 7 – Inter-jurisdictional provisions
		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
		Part 7.2 – General Provisions
		Section 7.2.14 disclosure of information by local regulatory authorities
		Schedule 2, Part 6 – Disputes and Discipline
		Clause 6.1 current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i>
Clause 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 December 2011	Director, Professional Standards	Legal Profession Act 2004
		Part 3.3 – Trust Money and Trust Accounts
		Section 3.3.44(2) comply with request from trust account inspector
		Part 4.1 – Introduction and Application
		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
		Part 4.2 – Making a Complaint
		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
		Part 4.3, Division 2 – Dealing with Civil Complaints
		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
		Part 4.3, Division 3 – Mediation
		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
		Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal
		Section 4.3.15 notice about unresolved disputes
		Part 4.4, Division 3 – Investigations
		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 powers following investigation		
Section 4.4.14 notice of decision		
Part 4.4, Division 7 – Inter-jurisdictional provisions		
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		

Date	Delegate	Functions delegated
23 April 2014 (continued)	Executive Director, Complaints and Intervention (continued)	Part 7.2 – General Provisions
		Section 7.2.14 disclosure of information by local regulatory authorities
		Schedule 2, Part 6 – Disputes and Discipline
		Clause 6.1 current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i> Clause 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>
30 April 2014	Manager Administrative Law and Consumer Matters	Legal Profession Act 2004
		Part 3.3 – Trust Money and Trust Accounts
		Section 3.3.44(2) comply with request from trust account inspector
		Part 4.2 – Making a Complaint
		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
		Part 4.3 – Civil Complaints and Disputes
		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
		Part 4.4 – Disciplinary Complaints and Discipline
		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		
Part 7.2 – General Provisions		
Section 7.2.14 disclosure of information by local regulatory authorities		
30 April 2014	Manager, Assessments and Resolutions	Legal Profession Act 2004
		Part 3.3 – Trust Money and Trust Accounts
		Section 3.3.44(2) comply with request from trust account inspector
		Part 4.1 – Introduction and Application
		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
		Part 4.2 – Making a Complaint
		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
		Part 4.3, Division 2 – Dealing with Civil Complaints
		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
		Part 4.3, Division 3 – Mediation
		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		

Date	Delegate	Functions delegated
30 April 2014 (continued)	Manager, Assessments and Resolutions (continued)	<p>Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal</p> <p>Section 4.3.15 notice about unresolved disputes</p> <hr/> <p>Part 4.4, Division 3 – Investigations</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>Part 4.4, Division 7 – Inter-jurisdictional provisions</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>Part 7.2 – General Provisions</p> <p>Section 7.2.14 disclosure of information by local regulatory authorities</p> <hr/> <p>Schedule 2, Part 6 – Disputes and Discipline</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>Clause 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>
30 April 2014	Manager, Regulatory Intervention	<p>Legal Profession Act 2004</p> <p>Part 3.3 – Trust Money and Trust Accounts</p> <p>Section 3.3.44(2) comply with request from trust account inspector</p> <hr/> <p>Part 4.1 – Introduction and Application</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>Part 4.2 – Making a Complaint</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>Part 4.3, Division 2 – Dealing with Civil Complaints</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>Part 4.3, Division 3 – Mediation</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>Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal</p> <p>Section 4.3.15 notice about unresolved disputes</p>

Date	Delegate	Functions delegated
30 April 2014 (continued)	Manager, Regulatory Intervention (continued)	Part 4.4, Division 3 – Investigations
		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
23 February 2011	Manager, Complaints and Investigations	Part 4.4, Division 7 – Inter-jurisdictional provisions
		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
23 February 2011	Manager, Complaints and Investigations	Part 7.2 – General Provisions
		Section 7.2.14 disclosure of information by local regulatory authorities
		Schedule 2, Part 6 – Disputes and Discipline
		Clause 6.1 current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i>
		Clause 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>
		Legal Profession Act 2004
		Part 3.3 – Trust Money and Trust Accounts
		Section 3.3.44(2) comply with request from trust account inspector
		Part 4.1 – Introduction and Application
		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
		Part 4.2 – Making a Complaint
		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		
23 February 2011	Manager, Complaints and Investigations	Part 4.3, Division 2 – Dealing with Civil Complaints
		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
		Part 4.3, Division 3 – Mediation
		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
		Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal
		Section 4.3.15 notice about unresolved disputes

Date	Delegate	Functions delegated
23 February 2011 (continued)	Manager, Complaints and Investigations (continued)	Part 4.4, Division 3 – Investigations
		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
		Part 4.4, Division 7 – Inter-jurisdictional provisions
		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		
Part 7.2 – General Provisions		
Section 7.2.14 disclosure of information by local regulatory authorities		
Schedule 2, Part 6 – Disputes and Discipline		
Clause 6.1 current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i>		
Clause 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>		
30 April 2014	Manager, Facilities and Administrative Services	Legal Profession Act 2004
		Part 3.3 – Trust Money and Trust Accounts
		Section 3.3.44(2) comply with request from trust account inspector
Part 7.2 – General Provisions		
Section 7.2.14 disclosure of information by local regulatory authorities		
10 January 2012	Assistant Manager, Complaints and Investigations	Legal Profession Act 2004
		Part 3.3 – Trust Money and Trust Accounts
		Section 3.3.44(2) comply with request from trust account inspector
		Part 4.2 – Making a Complaint
		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
		Part 4.3 – Civil Complaints and Disputes
		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
		Part 4.4 – Disciplinary Complaints and Discipline
		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		

Date	Delegate	Functions delegated
		Part 7.2 – General Provisions Section 7.2.14 disclosure of information by local regulatory authorities
30 April 2014	Assistant Manager, Administrative Law and Consumer Matters	Legal Profession Act 2004 Part 3.3 – Trust Money and Trust Accounts Section 3.3.44(2) comply with request from trust account inspector <hr/> Part 4.2 – Making a Complaint 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 Part 4.3 – Civil Complaints and Disputes 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 <hr/> Part 4.4 – Disciplinary Complaints and Discipline 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 <hr/> Part 7.2 – General Provisions Section 7.2.14 disclosure of information by local regulatory authorities
10 January 2012	Assistant Manager, Investigations and Regulation	Legal Profession Act 2004 Part 3.3 – Trust Money and Trust Accounts Section 3.3.44(2) comply with request from trust account inspector <hr/> Part 4.2 – Making a Complaint 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 <hr/> Part 4.3 – Civil Complaints and Disputes 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 <hr/> Part 4.4 – Disciplinary Complaints and Discipline 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 <hr/> Part 7.2 – General Provisions Section 7.2.14 disclosure of information by local regulatory authorities
24 January 2012	Principal Policy Officer	Legal Profession Act 2004 Part 7.2 – General Provisions Section 7.2.14 disclosure of information by local regulatory authorities

Date	Delegate	Functions delegated
13 December 2011	Investigations Officer	Legal Profession Act 2004
		Part 4.3 – Civil Complaints and Disputes 4.3.5(1) attempt to resolve civil dispute
		Part 4.4 – Disciplinary Complaints and Discipline 4.4.7 investigate disciplinary complaint
13 December 2011	Assistant Investigations Officer	Legal Profession Act 2004
		Part 4.3 – Civil Complaints and Disputes 4.3.5(1) attempt to resolve civil dispute
		Part 4.4 – Disciplinary Complaints and Discipline 4.4.7 investigate disciplinary complaint
3 March 2010	Dispute Resolution Officer	Legal Profession Act 2004
		Part 4.3 – Civil Complaints and Disputes 4.3.5(1) attempt to resolve civil dispute
		Part 4.4 – Disciplinary Complaints and Discipline 4.4.7 investigate disciplinary complaint
13 December 2011	Assistant Dispute Resolution Officer	Legal Profession Act 2004
		Part 4.3 – Civil Complaints and Disputes 4.3.5(1) attempt to resolve civil dispute
		Part 4.4 – Disciplinary Complaints and Discipline 4.4.7 investigate disciplinary complaint
13 December 2011	Conciliator	Legal Profession Act 2004
		Part 4.3 – Civil Complaints and Disputes 4.3.5(1) attempt to resolve civil dispute
		Part 4.4 – Disciplinary Complaints and Discipline 4.4.7 investigate disciplinary complaint
20 April 2010	LIV	Legal Profession Act 2004
		Part 4.3, Division 2 – Dealing with Civil Complaints 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 April 2010	Victorian Bar	Legal Profession Act 2004
		Part 4.3, Division 2 – Dealing with Civil Complaints 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 April 2010	Members of the Ethics Committee of the Victorian Bar	Legal Profession Act 2004
		Part 4.3, Division 2 – Dealing with Civil Complaints 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

REVOKED DELEGATIONS

The following table lists all of the delegations revoked by the Commissioner during 2013-14.

The reason delegations to the following internal positions were revoked was to facilitate the restructure of staff employed by the Legal Services Commissioner.

No external delegations made by the Commissioner were revoked during 2013-14.

Table 60: Internal Delegations revoked by the Legal Services Commissioner during 2013-14

Delegate	Function
Executive Director, Regulation and Complaints	Legal Profession Act 2004
	Part 3.3 – Trust Money and Trust Accounts
	Section 3.3.44(2) comply with request from trust account inspector
	Part 4.1 – Introduction and Application
	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
	Part 4.2 – Making a Complaint
	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
	Part 4.3, Division 2 – Dealing with Civil Complaints
	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
	Part 4.3, Division 3 – Mediation
	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
	Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal
	Section 4.3.15 notice about unresolved disputes
	Part 4.4, Division 3 – Investigations
	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 powers following investigation, including in relation to professional misconduct, unsatisfactory professional conduct
	Section 4.4.14 notice of decision
	Part 4.4, Division 7 – Inter-jurisdictional provisions
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	
Part 7.2 – General Provisions	
Section 7.2.14 disclosure of information by local regulatory authorities	
Schedule 2, Part 6 – Disputes and Discipline	
Clause 6.1 current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i>	
Clause 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>	

Delegate	Function
Manager, Complaints and Resolutions	Legal Profession Act 2004
	Part 3.3 Trust Money and Trust Accounts
	Section 3.3.44(2) comply with request from trust account inspector
	Part 4.1 – Introduction and Application
	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
	Part 4.2 – Making a Complaint
	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
	Part 4.3, Division 2 – Dealing with Civil Complaints
	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
	Part 4.3, Division 3 – Mediation
	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
	Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal
	Section 4.3.15 notice about unresolved disputes
	Part 4.4, Division 3 – Investigations
	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 powers following investigation, including in relation to professional misconduct, unsatisfactory professional conduct
	Section 4.4.14 notice of decision
Part 4.4, Division 7 – Inter-jurisdictional provisions	
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	
Part 7.2 – General Provisions	
Section 7.2.14 disclosure of information by local regulatory authorities	
Schedule 2, Part 6 – Disputes and Discipline	
Clause 6.1 current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i>	
Clause 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>	
Manager, Investigations and Regulation	Legal Profession Act 2004
	Part 3.3 – Trust Money and Trust Accounts
	Section 3.3.44(2) comply with request from trust account inspector
	Part 4.1 – Introduction and Application
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	

Delegate	Function
	Part 4.2 – Making a Complaint
	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
	Part 4.3, Division 2 – Dealing with Civil Complaints
	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
	Part 4.3, Division 3 – Mediation
	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
	Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal
	Section 4.3.15 notice about unresolved disputes
	Part 4.4, Division 3 – Investigations
	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	
Part 4.4, Division 7 – Inter-jurisdictional provisions	
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	
Part 7.2 – General Provisions	
Section 7.2.14 disclosure of information by local regulatory authorities	
Schedule 2, Part 6 – Disputes and Discipline	
Clause 6.1 current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i>	
Clause 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>	
Manager, Administrative Services	Legal Profession Act 2004
	Part 3.3 – Trust Money and Trust Accounts
	Section 3.3.44(2) comply with request from trust account inspector
	Part 7.2 – General Provisions
	Section 7.2.14 disclosure of information by local regulatory authorities
Manager Policy	Legal Profession Act 2004
	Part 7.2 – General Provisions
	Section 7.2.14 disclosure of information by local regulatory authorities

Delegate	Function
Assistant Manager, Dispute Resolution	Legal Profession Act 2004
	Part 3.3 – Trust Money and Trust Accounts
	Section 3.3.44(2) comply with request from trust account inspector
	Part 4.2 – Making a Complaint
	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
	Part 4.3 – Civil Complaints and Disputes
	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
	Part 4.4 – Disciplinary Complaints and Discipline
	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
	Part 7.2 – General Provisions
	Section 7.2.14 disclosure of information by local regulatory authorities

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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Ministerial Directions: Report of operations – FRD Guidance		
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FRD 22E	Nature and range of services provided	4
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FRD 22E	Employment and conduct principles	38
FRD 22E	Occupational health and safety policy	40
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FRD 22E	Significant changes in financial position during the year	33
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FRD 22E	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	41
FRD 22E	Statement on National Competition Policy	42
FRD 22E	Application and operation of the <i>Protected Disclosure Act 2012</i>	41
FRD 22E	Application and operation of the <i>Carers Recognition Act 2012</i>	NA
FRD 22E	Details of consultancies over \$10,000	42
FRD 22E	Details of consultancies under \$10,000	42
FRD 22E	Statement of availability of other information	42
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FRD 25A	Victorian Industry Participation Policy disclosures	42
FRD 29	Workforce Data disclosures	36, 39
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