

LEGAL SERVICES BOARD  
ANNUAL REPORT 2007



Legal Services **BOARD**

# Contents

<b>Chairperson's Message</b>	<b>2</b>
<b>Message from the CEO</b>	<b>4</b>
<b>Role of the Legal Services Board</b>	<b>5</b>
<b>Achievements and Review of Operations</b>	<b>6</b>
Regulatory	6
• Continuing Professional Development and Supervised Legal Practice Rules	6
• Implementation of Interstate Protocols	6
• Incorporated Legal Practices – Liaison with Interstate Regulatory Authorities	6
• Exemption Policies	6
• Changes to the <i>Legal Profession Act 2004</i> and other Acts	7
• External Interventions	7
• Regulatory Impact Statement – Practising Certificate fees	7
• Service Level Agreement	8
• Performance of Functions Required under the <i>Legal Profession Act 2004</i>	8
Corporate Governance and Financial Management	9
• Advocate Board Member Election	9
• Strategic Plan and Business Plan	9
• Review of Bank Arrangements – Deeds of Arrangement	9
• Tender for Investment Advisor	9
• Tender for Internal Auditor	9
• Review of IT Security	9
• Continued Development of the Integrated Data Base	9
<b>Governance Structure</b>	<b>10</b>
• Board Members	10
• Board Meetings	11
• Organisational Chart	11
• Committees	12
<b>Practitioner and Law Practices Information</b>	<b>14</b>
• Register of Practitioners	14
• Practitioner Statistics	14
• Litigation	17
• General Trust Accounts	18
• Statutory Deposit Accounts	18
<b>Legal Services Board – Public Purpose Fund</b>	<b>20</b>
• General Account	20
• Statutory Deposit Account	20
• Distribution Account	20
Investment Policy	22
Review of Financial Operations and Financial Condition	23
• Overview of Financial Results	23
• Payments to Professional Associations	23
<b>Legal Practitioners Fidelity Fund</b>	<b>25</b>
• Statistics	25
• Contributions	25
• Fidelity Fund Litigation	27
<b>Supplementary Information</b>	<b>28</b>
Human Resource Management	28
• Workforce Data	28
• Executive Staff and their Responsibilities	28
• Merit and Equity Principles	28
• Occupational Health and Safety	28
• Public Sector Values and Principles	28
Freedom of Information	29
Compliance with the <i>Building Act 1993</i>	29
National Competition Policy	29
<i>Whistleblowers Protection Act 2001</i>	30
Implementation of the Victorian Industry Participation Policy	30
Consultancies (including disclosure of major contracts)	30
Categories of Documents held	31
Contact Details	31
<b>Delegations</b>	<b>32</b>
<b>Revocation of Delegations</b>	<b>39</b>
<b>Financial Statements</b>	<b>41</b>
<b>Disclosure Index</b>	<b>68</b>

## Chairperson's message

The first full year of operations of the Legal Services Board has been a period of consolidation. Given its role as the peak regulator of the legal profession in Victoria but with a very clear commitment to the national profession, the Board has forged strong links with interstate regulators and has dealt with a range of issues relevant to the Victorian profession, in a national context.

The Board has initiated and participated in some major regulatory and compliance initiatives which has required close co-operation with the regulatory authorities in all other Australian jurisdictions which has also involved the development of protocols with those authorities. An example of the effectiveness of these linkages was the joint regulatory response, with the NSW and Queensland Legal Services Commissioners, to the first initial public offering and ASX listing of a law practice in Australia.

Policies and procedures have been developed in relation to exemptions from statutory deposit accounts, external examiners, professional indemnity insurance and supervised legal practice requirements and from trust account regulations.

The Board made Supervised Legal Practice Rules and approved the Victorian Bar Inc (VicBar) Continuing Legal Education Rules and the Law Institute of Victoria Ltd (LIV) Continuing Professional Development Rules. The Board has also been involved in providing guidance for the profession in areas such as exemption policies, continuing professional development and supervised legal practice rules, integrated database development and the Board's overall policy program.

The Board has increased the funds available for distribution to Victoria Legal Aid. The amount of \$31.9M is an increase of \$5.4M over the \$26.5M distributed in 2005/2006.

This result reflected the Board's prudent approach to investment, coupled with our sophisticated financial systems, which enable income to be maximised. The position of Investment Adviser was put out for tender during the period, as was the tender for Internal Auditor. The Board has continued to work with the banks to review the Deeds of Arrangement.

An important practical tool rolled out over the year was progressive implementation of the Integrated Data Base, known as AXIOM, which allows consistent and up-to-date practitioner and entity information to be accessed by the Board, the LIV and VicBar.



The Board has established two new sub-committees. The Grants Committee assists the Board manage its funding responsibilities to other organisations. It also determines the criteria for issuing grants. The Continuing Education Committee will have a policy and oversight role for the delivery of compulsory continuing legal education.

The professional associations, the LIV and VicBar, have performed the functions delegated to them in collaboration with the Board. The Board could not undertake all of its functions without the assistance and support of these associations. The Board relies on the LIV and VicBar to deliver many of its goals, including the maintenance of professional standards and ensuring practitioners manage trust accounts in accordance with their obligations to do so.

A range of challenges face the Board as the regulatory regime evolves over the next three years and beyond. These include reviewing legal profession rules, development of a national approach to the audit of Incorporated Legal Practices management systems, enhancing professional standards and awareness of regulatory compliance within the legal profession, and ensuring national consistency of regulatory responses. I am confident these challenges will be met with a strong and informed Board and a well resourced, committed and qualified staff.

I would like to thank all Board members and staff for their contributions, and recognise the service of former Board members, John Middleton QC and Mark Derham QC and welcome Hugh Fraser who was elected to the Board as the advocate member in February 2007.

**Colin Neave**

Chairperson

## Message from the CEO

This has been a successful period for the Legal Services Board, as it has consolidated a new model for regulating lawyers in Victoria. Highlights include a very healthy cash surplus in the Public Purpose Fund General Account of \$91M. This has come about through the experience and competence of the Board and its fund management regime, and resulted in increased funds being available to organisations including Victoria Legal Aid. It will also help fund, as from the next year, an expanded program of grants for areas including law reform, legal education and legal research.

The Board, as the peak regulator for the profession, has undertaken its responsibility of regulating the members of the legal profession with the support of its delegates, the Law Institute of Victoria Ltd and the Victorian Bar Inc.

The Board oversees compliance with the Legal Profession Act 2004 by a diverse population of nearly 14,000 practitioners. This includes responsibility for ensuring that they are adhering to the practising certificate regime and the requirements prescribed for administration and management of legal practitioners' trust accounts.

As Legal Services Commissioner and CEO of the Board, I am also responsible for all staff, who have been supported throughout the year by introduction of performance progression and development plans, and by relevant training. Staff of the two organisations, the Legal Services Commissioner and the Legal Services Board, have all now been relocated to one central office in Collins St, which allows for easier liaison between these organisations and the profession.

As CEO, I appreciate the support of the staff and delegates in undertaking the Board's day to day work as a regulator. The Board could not have achieved all we have to date without the co-operation of all groups working together.

### **Victoria Marles**

CEO



## Role of the Legal Services Board

The Board was established on 12 December 2005 and administers the *Legal Profession Act 2004*.

The Board is the peak regulator of the legal industry in Victoria. It is a body corporate with perpetual succession, and a public authority, but it does not represent the Crown. The Attorney-General is the responsible Minister.

The main roles of the Board are:

- to maintain a register of all legal practitioners currently practising in Victoria;
- to oversee practitioner trust accounts and the Statutory Deposit Account;
- to administer the Legal Practitioners' Fidelity Fund, oversee the investigations of claims against the Fund and to determine whether such claims should be allowed;
- to maintain the Public Purpose Fund, which involves the direct supervision and management of funds held by the Board and distribute funds as required by the Act;
- to ensure the compliance by Victorian conveyancers with the requirements of the Act; and
- to prosecute matters that relate to unqualified legal practice.

## Objectives of the Board

The Board's objectives as stated in s.6.2.3 of the *Legal Profession Act 2004*, are:

- to ensure the effective regulation of the legal profession and the maintenance of professional standards;
- to 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;
- to ensure the adequate management of trust accounts; and
- to ensure that the Victorian system is at the forefront of regulation of legal practitioners.

## Achievements and Review of Operations

The Board has worked throughout the year to improve the regulation of the profession in a number of areas. Key achievements and activities include:

### Regulatory:

#### Continuing Professional Development and Supervised Legal Practice Rules

The Board has the power to make or approve legal profession rules, for any aspect of legal practice by Australian legal practitioners in Victoria. In September 2006, following public consultation, the Board made the Supervised Legal Practice Rules 2006. These rules extend the capacities for legal practitioners to undertake supervised legal practice under s.2.4.18 of the Act.

Two sets of rules made by the professional associations, relating to continuing professional development obligations of legal practitioners, were also approved by the Board for a period of one year. The Board worked with these associations on new CPD rules implemented following recommendations made by Ms Susan Campbell in the Review of Legal Education Report 2006. The Compulsory Continuing Legal Education Rules 2007 were subsequently made by the VicBar, for barristers. The Continuing Professional Development Rules 2007 were made by the LIV, for legal practitioners other than barristers. The Board also began a further review to refine the rules.

#### Implementation of Interstate Protocols

The Board may enter into protocols with regulatory authorities of other jurisdictions under s.2.4.39 of the Act. These may cover matters such as determinations concerning legal practitioners' principal place of practice and when the practice of a legal practitioner in one jurisdiction is regarded as being of a temporary nature.

On 21 December 2006, the Board adopted and executed the Protocols for Australian Regulatory Authorities as agreed at the Conference of Regulatory Officers, held in November 2005. The Protocols, entered into by all State and Territory regulatory authorities, deal with a range of matters including information sharing and jurisdictional issues.

#### Incorporated Legal Practices – Liaison with Interstate Regulatory Authorities

The Board has a broad supervisory role in respect of incorporated legal practices and legal practitioner directors who control and manage them. The Act requires incorporated legal practices to utilise management systems appropriate to this type of legal practice. The Board is empowered to conduct audits of incorporated legal practice management systems.

Victoria is working jointly with NSW and Queensland Legal Services Commissioners to develop as far as is practicable a common approach to Incorporated Legal Practices.

This includes policy and information technology development for dealing with these practices, and the audit processes used by the regulators to assess management of the provision of legal services in these law practices. In March this year, together with the NSW and Queensland Legal Services Commissioners, the Board provided a joint regulatory response to the first initial public offering and ASX listing of a law practice in Australia.

The work in relation to incorporated legal practices is ongoing.

#### Exemption Policies

The Board has power to grant exemptions from the following requirements - supervised legal practice; to maintain professional indemnity insurance; to comply with trust account regulations; to be an approved external examiner and to comply with the statutory deposit requirement. The policies for these exemptions are available on the Board's website.

## Changes to the *Legal Profession Act 2004* and other Acts

Amendments to legislation have affected the Board's duties and functions during the financial year.

The *Justice Legislation (Further Amendment) Act 2006*, assented to on 10 October 2006, and the *Legal Profession Amendment Act 2006* (the Act), assented to on 8 May 2007, were enacted to reflect amendments to the national model provisions for the regulation of the legal profession. The *Conveyancers Act 2006* was assented to on 10 October 2006, and is expected to commence in March 2008. It creates a regime of licensing and regulatory supervision for conveyancers in parallel with the legal profession. It will allow conveyancers to engage in legal practice in limited circumstances in conveyancing transactions.

### External Interventions

Part 5 of the Act empowers the Board, when it becomes aware of specific circumstances, to appoint a supervisor or manager to a law practice or to apply to the Supreme Court for an order appointing a receiver to a law practice. In making its determination, the Board considers, amongst other things, the interests of the clients of the practice.

#### External Interventions current as at 30 June 2007:

Part of Act	Type of External Intervention	Number
Part 5.5	Receiverships	6
Part 5.4	Managements	3
Part 5.3	Supervisions	0

#### External Interventions completed as at 30 June 2007:

Part of Act	Type of External Intervention	Number
Part 5.5	Receiverships	1
Part 5.4	Managements	2
Part 5.3	Supervisions	2

### Regulatory Impact Statement – Practising Certificate Fees

Under Section 7.2.17 of the Act, the Governor-in-Council may make regulations that prescribe the fees for practising certificates upon a recommendation from the Board. In making a recommendation the Board must take into account the cost of regulating the different classes of legal practitioners, and must consult with the professional associations regarding the appropriate levels for fees and classes of local legal practitioners. The Board has begun this process. The current fee structure has been in place since 1997.

A Regulatory Impact Statement is also required and the Board has assisted the Department of Justice with its preparation.



## Achievements and Review of Operations

### Service Level Agreement (SLA)

A number of the Board's regulatory functions are delivered through delegation by the LIV and the VicBar. The Board has initiated the development of a Service Level Agreement (SLA) with the LIV to clarify expectations of service delivery.

The delegated functions which the SLA covers are: the issuing of practising certificates; trust account investigations and Fidelity Fund claim investigations. In addition, external interventions are also covered by the SLA.

The SLA identifies delivery processes, key interfaces and dependencies and includes performance measures and targets. The SLA contains processes for testing and reviewing measures and targets.

### Performance of functions required under the *Legal Profession Act 2004*

The Board has performed all the functions it was required to perform under the Act.

## Corporate Governance and Financial Management:

### Advocate Board Member Election

Following the resignation of Mr John Middleton QC, on his appointment to the Federal Court in July 2006, Mr Mark Derham QC was appointed to the Board by the Governor-in-Council as acting Advocate member. In February 2007, Mr Hugh Fraser was elected as the Advocate member of the Board following an election run from late 2006 to early 2007. Mr Fraser will serve for the remainder of the current term.

### Strategic Plan and Business Plan

During the year the Board's staff commenced work on a strategic plan and business plan. An external facilitator was engaged to assist with the process which resulted in a draft strategic plan being reviewed by the Board.

The draft plan incorporates those functions which have transferred from the previous legislation, being the *Legal Practice Act 1996*, plus new functions under the *Legal Profession Act 2004*, which were identified in a project prior to the strategic plan. Once completed, the strategic plan will be used as the basis for a business plan.

### Review of Bank Arrangements – Deeds of Arrangement

The Board has continued the review of the arrangements with Approved Deposit Taking Institutions for the keeping of trust accounts. The Board currently has arrangements with nine banks. The review covers the administrative requirements for providing information to the Board; the interest rate to be applied to the residual balances in solicitors' general trust accounts; bank fees applicable to general trust accounts.

### Tender for Investment Advisor

During May 2007, the Board appointed Mercer Investment Consulting as its new investment advisor following a tender process. The Board is working with Mercer Investment to review its investment policy including objectives, strategy and asset allocation.

### Tender for Internal Auditor

The Board appointed RSM Bird Cameron as its internal auditors during March 2007, following a tender process.

### Review of IT Security

In March 2007, an independent evaluation of security of the Board's IT system was undertaken. The IT system is designed to support the maintenance of the register of legal practitioners and law firms in Victoria. In addition, several modules are incorporated into the system which handle: trust account and statutory deposit account monitoring, trust account investigation reporting, external examinations, Fidelity Fund claims and the issuing of practising certificates.

### Continued Development of the Integrated Data Base

The following projects to expand and maintain the Board's business applications were completed:

- development of a Trust Account External Examinations Module
- upgrade to Great Plains Financial System
- review of IT security
- enhancement of the existing database of practitioners
- enhancement of the database supporting practising certificate renewals

Work in progress at the end of June included:

- development of a trust account investigations module
- development of a new website with improved practitioner information
- investigation of a system to support auditing of Incorporated Legal Practices in conjunction with NSW and Queensland

# Governance Structure



## Board Members

**1. Chairperson**

Mr Colin Neave, AM

**2. Practitioner Member**

Mr John Corcoran

**3. Practitioner Member**

Ms Gail Owen, OAM

**4. Advocate Member**

Mr Hugh Fraser

**5. Non-Practitioner Member**

Ms Carolyn Bond

**6. Non-Practitioner Member**

Mr Mark Madden

**7. Non-Practitioner Member**

Ms Jane Harvey

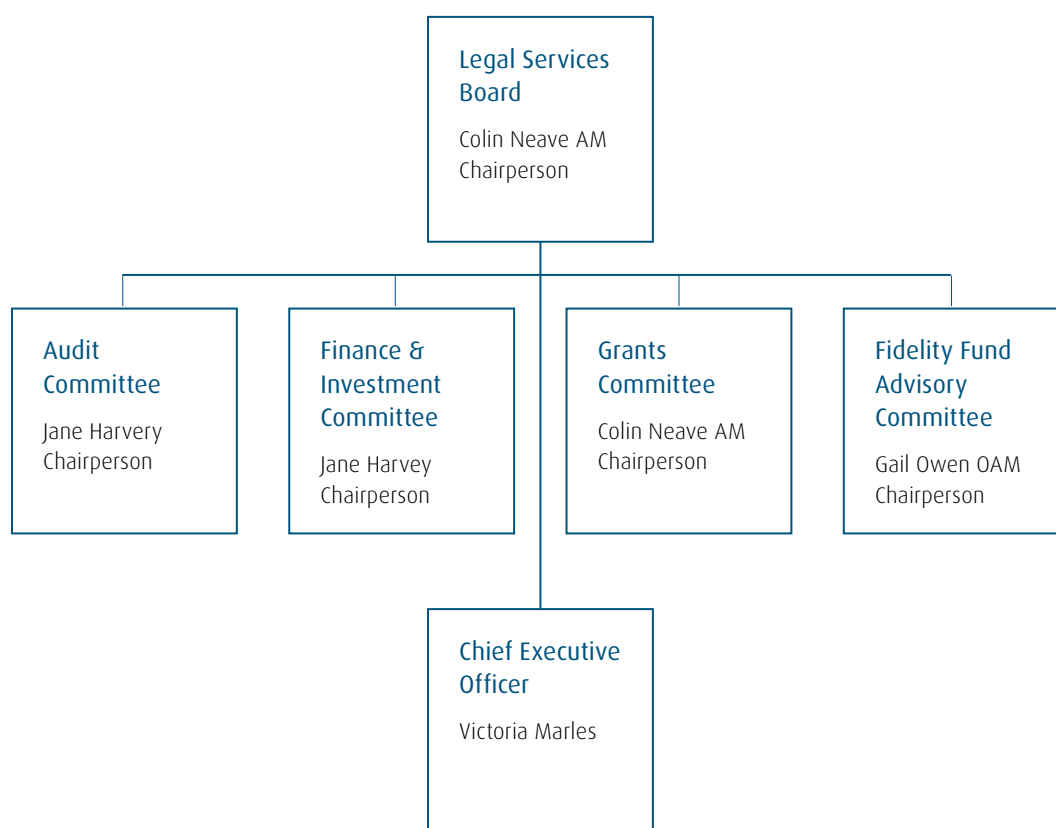
## Board Meetings

The Board met 11 times between 1 July 2006 and 30 June 2007. Due to the resignation from the Board of Mr John Middleton QC in July 2006, Mr Mark Derham QC was appointed by the Governor in Council for the period 17 October 2006 to 16 February 2007. Mr Hugh Fraser was then elected to the Board in February 2007.

Member	No. of meetings attended
Mr Colin Neave, AM	11
Mr John Corcoran	11
Ms Gail Owen, OAM	11
Mr Hugh Fraser*	4
Mr Mark Derham QC*	4
Ms Carolyn Bond	10
Mr Mark Madden	10
Ms Jane Harvey	10

\*part year

## Organisational Chart



# Governance Structure

## Committees

### Audit Committee

Chair       **Ms Jane Harvey**  
Members   Mr Mark Madden  
              Ms Gail Owen

The main responsibilities of the Audit Committee are to:

- review the maintenance of the accounting system and ensure there are effective internal audit controls;
- review the Board's accounting policies and application of relevant accounting standards and requirements of government departments including those set out in the Financial Management Compliance Framework;
- review the findings of the auditors (internal and external) and actuarial assessments and make appropriate recommendations to the Board on any action to be taken;
- review the half yearly and annual financial statements with the Chief Executive Officer and auditors and recommend acceptance to the Board; and
- review and monitor the risk management practices of the Board on an annual basis.

### Finance & Investment Committee

Chair       **Ms Jane Harvey**  
Members   Mr John Corcoran  
              Ms Carolyn Bond  
              Mr Hugh Fraser

The main responsibilities of the Finance and Investment Committee are to:

- recommend yearly funding for VCAT;
- recommend funding for the LIV and the VicBar for delegated functions;
- recommend funding for legal education;
- recommend any amount to be transferred to the Fidelity Fund;
- recommend the amount to be transferred to the Distribution Account;
- recommend investments for the Statutory Deposit Account and Fidelity Fund; and
- recommend the investment strategy; allocation of assets and the appointment/termination of Investment Managers.

## Grants Committee

Chair **Mr Colin Neave, AM**

Members Ms Carolyn Bond

Mr Mark Madden

Mr John Corcoran

The main responsibilities of the Grants Committee are to:

- recommend to the Board the quantum of yearly grants to be made under the Act for law reform, legal education, legal research and other purposes relating to the legal profession and for the Legal Aid fund and Law Reform Commission; and
- determine the criteria for issuing grants.

## Fidelity Fund Claims Advisory Committee

Chair **Ms Gail Owen, OAM**

Members Ms Carolyn Bond

Mr Roger Batrouney

Mr Huan Walker

The main function of this committee is to assist the Board in determining whether claims on the Legal Practitioners' Fidelity Fund should be allowed or disallowed.

## Practitioner and Law Practices information

### Register of Practitioners

The Register of Legal Practitioners is maintained by the Board under s.6.2.23 of the Act, and may be inspected without charge, at the Board's offices during business hours. A person may, in most circumstances, obtain an extract from the Register, free of charge.

Where a request is made for information from the Board that will require the Board to perform work that will take more than one day to complete, a fee of \$200 plus outgoings is charged.

### Practitioner statistics

The figures listed below are taken as at 31 March 2007, as the next practising certificate renewal period commences on 1 April each year.

- a) Supreme Court Admissions April 2006 – March 2007: 999
- b) Practitioners who did not renew as at 31/3/2007 (Non-Renewals for 2006 – 2007 year): 737
- c) Number of Practitioners as at 31/3/2007: 13,724

### PC Type by Age and Gender as at 31/3/2007

PC Type	Age in Years												Totals		
	20-30		31-40		41-50		51-60		61-70		> 70		Female	Male	All
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male			
Corporate	191	124	590	424	266	232	70	123	7	24	0	4	1,124	931	2,055
Employee	1,350	843	989	747	325	274	135	213	35	138	2	45	2,836	2,260	5,096
Principal	67	88	259	434	254	592	140	721	33	326	7	67	760	2,228	2,988
Principal with Trust	20	24	195	400	214	982	123	1,066	38	399	7	36	597	2,907	3,504
Volunteer	25	7	11	10	11	3	3	7	2	2	0	0	52	29	81
<b>Totals</b>	<b>1,653</b>	<b>1,086</b>	<b>2,044</b>	<b>2,015</b>	<b>1,070</b>	<b>2,083</b>	<b>471</b>	<b>2,130</b>	<b>115</b>	<b>889</b>	<b>16</b>	<b>152</b>	<b>5,369</b>	<b>8,355</b>	<b>13,724</b>

### Practitioners by Location

Location	Total
City	8,280
Country	1,260
Interstate	104
Overseas	208
Suburb	3,872
<b>Grand Total</b>	<b>13,724</b>

### Number of First Practising Certificate's Issued as at 31/3/2007

Practitioner Type	Total
Advocate	20
Non Advocate	1,008
N/A	165
<b>Total</b>	<b>1,193</b>

#### d) Position in Entity

<b>Position in Entity</b>	<b>Total</b>
Legal Director (Incorporated Practices)	<b>716</b>
Legal Partner	<b>1,617</b>
Legal Practitioner Employee	<b>4,936</b>
Legal Practitioner Employee - Corporate	<b>2,214</b>
Non-Legal Employee	<b>9</b>
Sole Practitioner	<b>4,197</b>
Supervising Legal Practitioner	<b>59</b>
Volunteer At Community Legal Centre	<b>232</b>
<b>Grand Total</b>	<b>13,980*</b>

\* Please note this figure is higher than the total number of practitioners because practitioners can hold positions with a number of entities.

#### e) Number of Interstate Practitioners as at 31/3: 339

### Entity Statistics

#### a) Total number of entities registered as at 31/3: 5,776

#### b) Entities by Location

<b>Entity Type</b>	<b>City</b>	<b>Country</b>	<b>Interstate</b>	<b>Overseas</b>	<b>Suburb</b>	<b>Grand Total</b>
Community Legal Centre	12	9			27	<b>48</b>
Incorporated Legal Practice	168	91	2		176	<b>437</b>
Law Firm	140	59	1		89	<b>289</b>
Multi-Disciplinary Partnership					2	<b>2</b>
Corporate	349	24	21	32	267	<b>693</b>
Sole Practitioner	2,132	391	6	144	1,512	<b>4,185</b>
Government Employer	54	4	2		18	<b>78</b>
Interstate Entity	12	4	11		10	<b>37</b>
Overseas Entity				7		<b>7</b>
<b>Grand Total</b>	<b>2,867</b>	<b>582</b>	<b>43</b>	<b>183</b>	<b>2,101</b>	<b>5,776</b>



## Practitioner and Law Practices information

### c) Entities by number of Principals

Entity Type	1	2-3	4-5	6-10	11-20	21-40	>40	Grand Total
Community Legal Centre	38	9	1					48
Incorporated Legal Practice	324	81	20	9	2	1		437
Law Firm	13	195	34	19	11	7	10	289
Corporate	693							693
Multi-Disciplinary Partnership	1		1					2
Sole Practitioner	4,184	1						4,185
Government Employer	78							78
Interstate Entity	32	5						37
Overseas Entity	7							7
<b>Grand Total</b>	<b>5,370</b>	<b>291</b>	<b>56</b>	<b>28</b>	<b>13</b>	<b>8</b>	<b>10</b>	<b>5,776</b>

### d) Entities by Number of Employees

Entity Type	0	1	2-3	4-5	6-10	11-20	21-40	>40	Grand Total
Community Legal Centre	5	5	14	5	11	4	2	2	48
Government Employer		30	27	7	7	4	2	1	78
Incorporated Legal Practice	226	82	67	27	23	3	5	4	437
Interstate Entity	22	8	7						37
Law Firm	75	55	57	17	41	22	3	19	289
Multi-Disciplinary Partnership	1			1					2
Non-Legal Employer		433	154	42	43	12	3	6	693
Overseas Entity		6	1						7
Sole Practitioner	3,803	246	100	27	7	2			4,185
<b>Grand Total</b>	<b>4,132</b>	<b>865</b>	<b>427</b>	<b>126</b>	<b>132</b>	<b>47</b>	<b>15</b>	<b>32</b>	<b>5,776</b>

### e) Entities by Total Number of Principals and Employees

Entity Type	< 5	5 - 10	11 - 20	21 - 50	51-100	101-200	> 200	Grand Total
Community Legal Centre	24	14	6	2	1		1	48
Government Employer	59	12	4	2	1			78
Incorporated Legal Practice	359	60	9	4	4	1		437
Interstate Entity	36	1						37
Law Firm	144	80	29	15	10	7	4	289
Multi-Disciplinary Partnership	1	1						2
Non-Legal Employer	616	56	12	4	5			693
Overseas Entity	7							7
Sole Practitioner	4,150	33	2					4,185
<b>Grand Total</b>	<b>5,396</b>	<b>257</b>	<b>62</b>	<b>27</b>	<b>21</b>	<b>8</b>	<b>5</b>	<b>5,776</b>

#### f) Entities Newly Registered by Type in period 01//04/2006-31/03/2007

Number of Community Legal Centres	4
Number of Incorporated Legal Practices	128
Number of Law Practices	18
Number of Multi-Disciplinary Partnerships	1
Number of Corporates/Government	111
Number of Sole Practices	451
<b>Total Number of Entities Registered 1/4/06-31/3/07</b>	<b>713</b>

### Litigation

#### Outstanding Litigation as at 30 June 2007

<b>Plaintiff/Applicant</b>	<b>Defendant/s</b>	<b>Nature of Claim</b>	<b>Current Position</b>
*Zarah Garde-Wilson	Legal Services Board	Application for review of practising certificate decision.	VCAT application currently in interlocutory stage.
*Zarah Garde-Wilson	Legal Services Board	Application for judicial review of practising certificate decision.	Supreme Court application. Practice Court made a preliminary determination to dismiss the application.
*Zarah Garde-Wilson	Legal Services Board Corrs Chambers Westgarth	Injunctive and bias application.	Decision pending.

\* This litigation follows a decision by the Board on 7 December 2006 to refuse a practising certificate renewal application submitted by this applicant.

### General Trust Accounts

One of the Board's objectives is to ensure the adequate management of trust accounts. At least one partner (or director of an incorporated practice) in a law practice that receives trust money must hold a full practising certificate with authorisation to receive trust money. A practitioner must attend a Board approved trust account seminar before the initial practising certificate is issued.

Law firms that receive trust money in Victoria are required to maintain a general trust account in an approved financial institution. Under s3.3.59 of the *Legal Profession Act 2004*, the Board has arrangements with nine authorised deposit-taking institutions. These arrangements provide for the interest on money held in general trust accounts to be paid to the Board, and require the banks to supply the Board with regular information about these accounts.

The information concerning practitioners' trust accounts, which is supplied by the banks, is used as part of the Board's monitoring of trust accounts. This achieves the two-fold purpose of assisting practitioners to maintain their accounts, and of the Board ensuring that the accounts are kept in accordance with the requirements of the Act.

The Board has delegated some elements of its responsibility for the supervision of trust accounts to the LIV and the VicBar. The Board's direct responsibility includes:

- giving directions and guidelines for the conduct of trust account audits;
- prescribing appropriate educational courses for external examiners (trust account auditors); and
- monitoring trust accounts to ensure compliance with the Act, eg. identifying irregular transactions.

The LIV and the VicBar act as the Board's delegate for trust account surveillance, inspections, investigations and prosecutions for breaches of the Act and regulations.

The LIV, as the Board's delegate, carried out 502 investigations of the trust accounts of law practices under Division 3 of Part 3.3 of the Act during the period. These investigations are to ensure compliance with the trust account regulations.

### Statutory Deposits Accounts

Under Division 6 of the Act, a law practice which is required to maintain a general trust account must deposit into a statutory deposit account (SDA), the required deposit amount on a quarterly basis. The statutory deposit must be made within 21 days of the end of each designated quarter in which the "prescribed amount" exceeds \$14,286.

Individual SDAs are allocated for each law practice and are linked to a law practice's trust account. The SDAs are held by the Board with Westpac Banking Corporation. Electronic funds transfer arrangements ensure that deposits and withdrawals from the SDA can be made with minimum disruption to a law practice.

The balance in the general trust account after the transfer of funds to the Statutory Deposit Account is known as the Residual Trust Account Balance.

Below are details of the SDA holdings and Residual Trust Account balances at the end of the current and preceding financial years.

Mth	2006/2007			2005/2006		
	SDA	Residual Balance	Total	SDA	Residual Balance	Total
July	\$312,178,336	\$638,316,656	\$950,494,991	\$256,349,770	\$683,584,083	\$939,584,083
August	\$353,352,592	\$610,291,034	\$963,643,626	\$251,912,012	\$679,245,449	\$931,157,460
September	\$331,679,908	\$609,261,908	\$940,941,816	\$247,314,317	\$678,056,033	\$925,370,350
October	\$316,599,522	\$630,167,915	\$946,767,438	\$247,105,104	\$620,311,553	\$867,416,657
November	\$350,899,849	\$641,013,573	\$991,913,422	\$252,530,169	\$664,227,756	\$916,757,925
December	\$322,199,648	\$648,881,233	\$971,080,881	\$250,622,866	\$687,145,131	\$937,767,997
January	\$306,832,478	\$609,662,635	\$916,495,113	\$247,426,956	\$634,709,484	\$882,136,440
February	\$345,289,846	\$596,939,884	\$942,229,730	\$244,048,427	\$637,609,492	\$875,657,919
March	\$327,647,223	\$613,386,632	\$941,033,855	\$240,207,872	\$635,027,593	\$875,235,465
April	\$319,100,790	\$512,590,324	\$831,691,114	\$234,858,694	\$667,513,873	\$902,372,567
May	\$369,975,533	\$675,137,619	\$1,045,113,152	\$340,911,844	\$641,032,430	\$981,944,274
June	\$347,502,057	\$735,705,091	\$1,083,207,148	\$328,042,743	\$607,607,365	\$935,650,108

The interest and investment earnings from the SDA and residual trust account balances are used to pay for the regulation of the legal profession, and to provide funding for Victoria Legal Aid and grants for legal education, law reform and legal research.

## Legal Services Board – Public Purpose Fund

Part 6.7 of the *Legal Profession Act 2004* requires the Board to maintain a fund called the Public Purpose Fund. The Board must keep in this fund three separate accounts: the General Account, the Statutory Deposit Account and the Distribution Account. The Act sets out details of which monies are to be paid into and withdrawn from each account.

### Public Purpose Fund – General Account

Under s.6.7.3 interest from Law Practices Residual Trust Accounts, Statutory Deposit Account (SDA), Investments, fines as a result of hearings in the Legal Law List at the Victorian Civil and Administration Tribunal (VCAT) and Practising Certificate Fees are deposited to the account.

Funding for the Legal Services Board, the Legal Services Commissioner, Legal Law List at VCAT, Council of Legal Education, Board of Examiners, and payments to professional associations for Continuing Legal Education programs are paid out of the account.

### Public Purpose Fund – Statutory Deposit Account

Under s.6.7.4 each law practice with a General Trust Account has an individual SDA held in its name by the Board.

The Public Purpose Fund – Statutory Deposit Account is the sum of the individual SDAs. The funds held in the account are invested by the Board according to its Investment Policy Statement.

### Public Purpose Fund – Distribution Account

Section 6.7.5 of 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 are made under section s.6.7.9 for Legal Aid funding and s.6.7.10 for funding of law-related services and activities, and includes funding to the Law Reform Commission.

At the end of June 2007, the surplus in the General Account was \$91,031,000 compared to \$75,836,864 as at 30 June 2006.

The distributions made during 2007/2008, as determined by the Board with the approval of the Attorney-General, are set out below and in the financial statements of this report.

	<b>30.06.07</b>	<b>30.06.06</b>
	<b>(\$000's)</b>	<b>(\$000's)</b>
<b>Surplus in General Account</b>		
<i>Surplus from PPF General Account as at 30 June 2007</i>		
General Account Surplus	91,031	75,837
Transfer to Distribution Account	(45,516)	(37,919)
	45,515	37,918
<b>Grants approved for distribution during 2007/2008</b>		
Victorian Legal Aid	(31,860)	(26,542)
Leo Cussen Institute	(2,145)	(2,015)
Department of Justice	(1,900)	(1,890)
Victorian Law Reform Commission	(1,640)	(1,600)
Victorian Law Foundation	(1,650)	(1,527)
Monash University	-	(250)
	(39,195)	(33,824)
Unallocated	(6,321)	(4,095)
<i>Surplus from General Account transferred to the Distribution Account</i>	(45,516)	(37,919)
<b>Distribution Account</b>		
Opening balance in Distribution Account	4,095	-
Transfers from other accounts	60	-
	4,155	-
Transfer from General Account	45,516	37,919
Prescribed Grants approved for distribution during 2007/2008	(39,195)	(33,824)
<i>Available for future minor and major grants</i>	10,476	4,095
Not longer than 1 year	39,195	33,824
Longer than 1 year but not later than 5 years	10,476	4,095
Longer than five years	-	-
<b>Total Grant commitments</b>	<b>49,671</b>	<b>37,919</b>

## Legal Services Board – Public Purpose Fund

### Investment Policy

The Board held approximately \$490million in assets at 30 June 2007, compared with \$451million in assets at 30 June 2006.

Investments	Special Arrangements	Cash Managed	Fixed Interest	Australian Equities	Overseas Equities	Listed Property	Total
SDA	\$148.5	\$144.6	\$58.0	\$43.2	\$20.9	\$13.1	<b>\$428.3M</b>
General Account/ Distribution Account	\$5.3	\$2.5	-	-	-	-	<b>\$7.8M</b>
Other Accounts	\$7.6	-	-	-	-	-	<b>\$7.6M</b>
	\$161.4	\$147.1	\$58.0	\$43.2	\$20.9	\$13.1	<b>\$443.7M</b>
Fidelity Fund	\$1.0	\$17.0	\$13.5	\$6.5	\$2.4	\$1.4	<b>\$41.8M</b>
	\$162.4	\$164.1	\$71.5	\$49.7	\$23.3	\$14.5	<b>\$485.5M</b>

The Board appointed Mercer Investment Consulting as its investment advisor in May 2007. The Board is working with Mercer Investment to review the Investment Policy Statement including its objectives, strategy and asset allocation.

The current objectives are:

Statutory Deposit Account

- earn investment returns of at least 4.5% per annum (averaged over rolling 3-year periods);
- ensure a negligible risk of capital losses over 1-year periods; and
- maintain at least 10% of assets in cash.

Fidelity Fund

- earn investment returns of at least 4.5% per annum (averaged over rolling 3-year periods);
- ensure a low risk of capital losses over 1-year periods; and
- maintain at least 10% of assets in cash.

The asset allocations for the reporting period were:

Investments	Special Arrangement and Cash	Fixed Interest	Australian Equities	Overseas Equities	Listed Property	Total
<b>SDA</b>	69.5%	13.1%	9.7%	4.7%	2.9%	<b>100.0%</b>
<i>Asset Allocation</i>	<i>65.0%</i>	<i>17.5%</i>	<i>10.0%</i>	<i>5.0%</i>	<i>2.5%</i>	
<b>Fidelity Fund</b>	43.0%	32.3%	15.6%	5.7%	3.3%	<b>100.0%</b>
<i>Asset Allocation</i>	<i>47.5%</i>	<i>35.0%</i>	<i>10.0%</i>	<i>5.0%</i>	<i>2.5%</i>	

Investments were divided between several organisations – a Westpac Special Deposit Arrangement; cash enhanced deposits with BT Finance; fixed interest investments with Credit Suisse Asset Management; Australian equities with Maple Brown Abbott; overseas equities with Capital National Alliance; and listed property with Vanguard Investments.

## Review of Financial Operations and Financial Condition

### (a) Overview of Financial Results

	2006/2007	12/12/2005 to 30/06/2006
	\$'000s	\$'000s
Revenue from Investments and Solicitors Trust Accounts	72,771	31,434
Other Revenue	4,252	86,882
Total Revenue	77,023	118,316
Total Expenditure	57,739	9,732
Net Results from Operating Expenses	19,284	108,584
Net Cash Flow from operating activities	22,474	235,448
Total Assets	493,117	451,554
Total Liabilities	365,248	342,970

In the financial year ending June 2007, the Legal Services Board's result from ordinary activities was affected by

- an increase in revenue from operations of approximately \$13m after allowance made for the shorter comparative period and the \$85.9m gain on the net assets transferred from the Legal Practice Board on 12 December 2005.
- the payment of grants and funding during the year of \$43.7m, including \$26.5m for Victoria Legal Aid.

### Payments to Professional Associations

Section 6.2.19 of the *Legal Profession Act 2004* allows the Board to delegate some of its functions. The Board has provided funding to the LIV and the VicBar to cover the cost of delegated functions, which are: issuing of practising certificates; trust account investigations; and Fidelity Fund claim investigations. In addition, costs in relation to external interventions are covered by the Board.

Funding has also been provided to the LIV and the VicBar, under s.6.7.14 of the Act, for legal education and other activities, including the legal assistance schemes which are administered by the Public Interest Law Clearing House (PILCH).



## Legal Services Board – Public Purpose Fund

<b>Law Institute of Victoria Ltd.</b>	<b>2006/2007</b>	<b>12/12/2005 to 30/6/2006</b>
	<b>\$'000s</b>	<b>\$'000s</b>
<b>Delegations &amp; External Interventions</b>		
Trust Account Regulation	2,202	1,025
Practising Certificates	641	320
Other Regulatory Costs	414	1,271
External Interventions	1,164	577
	4,421	3,193
<b>Other funding</b>		
Payments to Professional Associations	1,927	856
<b>Total</b>	<b>6,348</b>	<b>4,049</b>
<b>Victorian Bar Inc.</b>		
	<b>2006/2007</b>	<b>12/12/2005 to 30/6/2006</b>
	<b>\$'000s</b>	<b>\$'000s</b>
<b>Delegations &amp; External Interventions</b>		
Trust Account Regulation	0	0
Practising Certificates	164	90
Other Regulatory Costs	0	355
External Intervention	0	0
	164	445
<b>Other funding</b>		
Payments to Professional Associations	592	196
<b>Total</b>	<b>756</b>	<b>641</b>
<b>Totals</b>		
	<b>2006/2007</b>	<b>12/12/2005 to 30/6/2006</b>
	<b>\$'000s</b>	<b>\$'000s</b>
Delegations & External Interventions	4,585	3,638
Other funding	2,519	1,052
<b>Total</b>	<b>7,104</b>	<b>4,690</b>

# Legal Practitioners' Fidelity Fund

## Statistics

Under the Act, clients who have suffered a "default" of money or property held by a law practice may be able to claim their loss through the Legal Practitioners' Fidelity Fund, which is administered by the Board.

The table below details the following:

- claims received during the period;
- claims paid during the period;
- claims outstanding at the end of the period;
- the actuarial valuation, which is prepared annually by the Board's independent actuaries, am Actuaries. The valuation includes the amount of all outstanding claims on the Fund, actual claims received, an allowance for claims that the fund may incur, but which have not yet been lodged, as well as a further risk margin.
- The Board pursues practitioners and employees of law practices in the recovery of misappropriated trust moneys, wherever possible.

	2006/2007		2005/2006	
	No. of Claims	Amount	No. of Claims	Amount
Claims Received during the period	12	\$836,589	34	\$2,599,151
Claims Paid during the period	12	\$2,367,227	40	\$2,145,685
Claims Outstanding as at 30 June	27	\$3,561,954	32	\$6,542,559
Actuarial Valuation	N/A	\$9,300,000	N/A	\$7,800,000
Fidelity Fund Recoveries	N/A	\$23,514	N/A	\$808,688

N/A= not applicable

## Contributions

The Act requires practitioners, foreign practitioners and interstate practitioners to make an annual contribution to the Fidelity Fund.

The Legal Services Board must determine the amount of contribution annually and must have regard to any advice of an actuary engaged by the Board and the solvency level of the Fidelity Fund.

If at any time the Legal Services Board is of the opinion that the credit of the Fidelity Fund is insufficient to the meet its liabilities, the Board may impose a levy to classes of legal practitioners.

Legal practitioners who hold a current Victorian practising certificate pay their contribution with their practising certificate fees.

Foreign and interstate practitioners are required to pay their contribution directly to the Board.

## Fidelity Fund Contribution Rates for 2006-2007

The Board, acting under Division 3 of Part 6.7 of the Act, has determined that the following contributions be paid:

<b>Class of Persons</b>	<b>Contribution</b>
<p><b>1. Local Practitioner authorised to receive trust money – exceeding \$500,000</b></p> <p>An approved clerk or the holder of a local practising certificate that authorises the receipt of trust money, who received, or was a principal, employee, or a director of a law practice that received trust money exceeding \$500,000 in total during the year ending on 31 October 2005.</p>	\$240
<p><b>2. Local Practitioner authorised to receive trust money – not exceeding \$500,000</b></p> <p>An approved clerk or the holder of a local practising certificate that authorises the receipt of trust money, who received, or was a principal, employee or a director of a law practice that received trust money not exceeding \$500,000 in total during the year ending on 31 October 2005.</p>	\$120
<p><b>3. Interstate Practitioner authorised to receive trust money – exceeding \$500,000</b></p> <p>An interstate legal practitioner who has established an office in Victoria and received, or was a principal, employee, or a director of a law practice that received trust money in Victoria, exceeding \$500,000 in total during the year ending 31 October 2005 AND who is authorised to withdraw money from a local trust account.</p>	\$240
<p><b>4. Interstate Practitioner authorised to receive trust money – not exceeding \$500,000</b></p> <p>An interstate legal practitioner who has established an office in Victoria and received, or was a principal, employee, or a director of a law practice that received trust money in Victoria, not exceeding \$500,000 in total during the year ending on 31 October 2005 AND who is authorised to withdraw money from a local trust account.</p>	\$125
<p><b>5. Employee practising certificate and not authorised to receive trust money</b></p> <p>The holder of a practising certificate that authorises the person to engage in legal practice as an employee, but that does not authorise the receipt of trust money, and who is employed by a law practice that is authorised to receive trust money.</p>	\$60
<p><b>6. Exempt practitioners</b></p> <p>Corporate practitioners, sole practitioners not authorised to receive trust money, employee practitioners employed by a sole practitioner or law firm not authorised to receive trust money, and employees at community legal centres are not required to make a contribution.</p> <p>An interstate legal practitioner who has established an office in Victoria and has not received trust money in Victoria during the year ending on 31 October 2005 OR who is not authorised to withdraw money from a local trust account, are not required to make a contribution.</p>	\$0

## Fidelity Fund Litigation

A person is entitled to appeal against a Board decision to wholly or partly disallow their claim against the fund.

Proceedings may be commenced against the Board within 30 days of the claimant receiving a written information notice confirming the disallowance of the claim.

The Board is defending four cases relating to disallowed claims against the Fidelity Fund, as summarised in the following table:

### Outstanding Fidelity Fund Litigation as at 30 June 2007

<b>Claimant</b>	<b>Alleged defalcating solicitor(s)/firm</b>	<b>Defendant/s</b>	<b>Amount of Claim</b>	<b>Current Position</b>
Alan Tresize	John Williams	Legal Practice Board Martin Brown Mary Tresize Brown Maree Lorraine Tresize	\$50,000	County Court Writ served on the Board 31 March 2003. Proceeding stayed on 28 April 2004, pending plaintiff's exhaustion of all other rights and remedies.
Vaughan & Ralph	Julie Anne Laird	Legal Practice Board Julie Anne Laird Graeme Stephen Knott (auditor)	\$1.69 million	Supreme Court Writ served on the Board on 28 February 2002. Pursuant to an order of the Court, the plaintiffs are in the process of preparing and exchanging expert material in relation to their claim against the third named defendant auditor.
Peter Van Tu Nguyen	Julie Anne Laird	Legal Services Board Graeme Stephen Knott (auditor)	\$450,000	Supreme Court Writ served on the Board in October 2006. Interlocutory steps have commenced.
Connie Yim Tong Yap	Sheh How Young	Legal Services Board	\$128,325	County Court Writ served on the Board on 20 December 2006. A Directions Hearing was held on 22 March 2007. Interlocutory steps have commenced.

## Supplementary Information

### Human Resource Management:

#### Workforce Data

Under s.6.4.1 of the Act, the Legal Services Commissioner employs staff for the purposes of the Legal Services Board, as well as for the Commissioner. Staff are employed by the Commissioner under Part 3 of the *Public Sector Management and Employment Act 1998*.

For workforce data relating to the Legal Services Commissioner, please see the Commissioner's Annual Report.

#### Executive Staff and their Responsibilities

##### **Ms Victoria Marles – Chief Executive Officer**

To lead and manage the office of the Legal Services Board, and to ensure the delivery of the various statutory, regulatory, financial and administrative functions vested in the Board under the Act.

##### **Ms Diana Gillespie – Director, Corporate and Governance**

Employed by the Legal Services Commissioner to engage in Legal Services Board functions; to provide the Board with a financial overview, funds management capability, accounting capacity and IT, as well as maintain a database for practitioners and law practices.

##### **Mr Adam Cockayne – Director, Legal and Policy**

Employed by the Legal Services Commissioner to engage in Legal Services Board functions; to provide policy advice as to the regulatory functions of the Board, to implement Board decisions, to act for the Board, and to oversee the Fidelity Fund administration, to oversee litigation on the Board's behalf.

#### Merit and Equity Principles

The Board is committed to applying merit and equity principles and requires the Legal Services Commissioner to ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection and other accountabilities without discrimination.

#### Occupational Health and Safety

The Board, as supplier of premises in which Legal Services Commissioner staff are also located, is committed to Occupational Health and Safety compliance, as well as the general health and well being of those persons occupying the premises.

Issues relating to the maintenance of a safe working environment and safe working practices are also considered and reported, according to legislative and internal procedures.

#### Public Sector Values and Principles

In the reporting period the Public Sector Values and Employment Principles were introduced to all staff. Managers and staff were trained and Performance Progression and Development Plans included specific reference to the Public Sector Values. Providing staff with an understanding of the Public Sector Values is a core element of the Induction Program for new staff.

## Freedom of Information

The *Freedom of Information Act 1982* (Fol Act) allows the public a right of access to documents held by the Board.

For the period ending 30 June 2007 the Board received two personal requests for access to Board documents. Both requests were denied in full. One decision was reviewed internally under s.51 of the Fol Act. The reviewer released some documents and otherwise upheld the initial decision. No appeals to the Victorian Civil and Administrative Tribunal were lodged as a result of the Board's Freedom of Information decisions.

The following exemptions were used in the requests and internal review on the number of occasions specified.

Requests:

- s.30 – internal working documents – two times;
- s.32 – documents affecting legal proceedings – once;
- s.33 – documents affecting personal privacy – two times;
- s.35 – documents containing material obtained in confidence – two times;
- s.38 – documents to which secrecy provisions of enactments apply – two times.
- Internal review: s.30 - internal working documents – once;
- s.32 – documents affecting legal proceedings – once;
- s.33 – documents affecting personal privacy – once;
- s.35 – documents containing material obtained in confidence – once;
- s.38 – documents to which secrecy provisions of enactments apply – once.

Freedom of Information decision makers: M Mooney, Litigation Officer, Legal and Policy; D Forbes, General Counsel, Legal and Policy.

Application fees of \$21.50 were collected. Application fees of \$21.50 were waived. No charges were collected.

## Compliance with the *Building Act 1993*

In accordance with the requirements of the Minister for Finance, the annual report must include a statement about compliance with the building and maintenance provisions of the Building Act 1993, for publicly owned buildings controlled by the Board. However, the Board does not own or control any government buildings.

## National Competition Policy

In 1995, all Australian governments (Federal, State and Territory) agreed to review and, where appropriate, reform all existing legislative restrictions on competition. Under 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 continues to comply with the requirements of the National Competition Policy.

## Supplementary Information

### Whistleblowers Protection Act 2001

The following is a summary of the application and operation of the *Whistleblowers Protection Act 2001*.

	Number	Type
The number and types of disclosures made to public bodies during the year	Nil	-
The number of disclosures referred to the Ombudsman for determination as to whether they are public interest disclosures	Nil	-
The number and types of disclosed matters referred to the public body by the Ombudsman for investigation	Nil	-
The number and types of disclosures referred by the public body to the Ombudsman for investigation	Nil	-
The number and types of investigations taken over from the public body by the Ombudsman	Nil	-
The number of requests made by a whistleblower to the Ombudsman to take over an investigation by the public body	Nil	-
The number and types of disclosed matters that the public body has declined to investigate	Nil	-
The number and types of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation	Nil	-
Any recommendations made by the Ombudsman that relate to the public body	Nil	-

### Implementation of the Victorian Industry Participation Policy

In October 2003, the Victorian Parliament passed the *Victorian Industry Participation Policy Act 2003*, which requires public bodies and departments to report on the implementation of the Victorian Industry Participation Policy (VIPP). Departments and public bodies are required to apply VIPP in all tenders over \$3million in metropolitan Melbourne, and \$1million in regional Victoria.

For the reporting period, the Board did not commence any contracts to which the VIPP applies.

### Consultancies (including disclosure of major contracts)

Consultant	Project	Total approved project fee	Expenditure 1/7/06 to 30/6/07	Future Expenditure
Kaz Group Pty Ltd	Development of practitioner register for the Legal Profession	\$1,072,241	\$882,303	\$189,939

In addition, a further three consultancies where the total fees payable to the consultant were less than \$100,000 were engaged during the period to 30 June 2007, at a total cost of \$127,506. Total approved project fees and expenditure for the period are exclusive of GST.

## Categories of Documents held

The documents held by the Board are:

- notifications and applications by legal entities and legal practitioners for registration and notification of changes to practitioner and entity details;
- applications by legal practitioners for enrolment as electors in elections for practitioner Board members;
- board papers and minutes for each Board and Board Committee meeting;
- applications and supporting documents for claims against the Fidelity Fund;
- applications and exemptions, as well as any supporting documents required to be made to the Board under the Act;
- applications for grant and renewal of practising certificates;
- trust account and fidelity fund investigation records; and
- management records;
- administration records;
- accounting records; and
- records relating to external interventions.

The documents held by the Board's delegates are:

- applications for grant and renewal of practising certificates;
- trust account and fidelity fund investigation records; and
- records relating to external intervention.

## Contact Details

Legal Services Board  
Level 10, 330 Collins Street  
MELBOURNE VICTORIA 3000  
GPO BOX 4937 V V  
MELBOURNE VICTORIA 3001  
Ausdoc: DX170  
ABN 82 518 945 610  
Telephone: (03) 9679 8000  
Fax: (03) 9679 8100  
Email: [admin@lsb.vic.gov.au](mailto:admin@lsb.vic.gov.au)  
Website: [www.lsb.vic.gov.au](http://www.lsb.vic.gov.au)



## Delegations

Under section 6.2.21(a) of the Act, the table below details the delegations in force as at the end of the reporting period.

### Key to table:

<b>LSC</b>	the person for the time being performing the duties of the Legal Services Commissioner
<b>DLP</b>	the person for the time being performing the duties of Director, Legal & Policy, Legal Services Board
<b>GC</b>	the person for the time being performing the duties of General Counsel, Legal Services Board
<b>DCG</b>	the person for the time being performing the duties of Director, Corporate & Governance, Legal Services Board
<b>MLP</b>	the person for the time being performing the duties of Manager, Legal & Policy, Legal Services Board
<b>LIV</b>	Law Institute of Victoria Ltd.
<b>CEO LIV</b>	the person for the time being performing the duties of Chief Executive Officer of the LIV
<b>VICBAR</b>	Victorian Bar Inc.
<b>ILP</b>	incorporated legal practice
<b>MDP</b>	multi-disciplinary partnership
<b>CLC</b>	community legal centre

Standard Delegation Conditions (apply to all unless otherwise noted):

1. The delegate is to exercise the functions duties and powers herein delegated in accordance with any applicable policy guideline published by the Legal Services Board from time to time.
2. In accordance with section 42A of the *Interpretation of Legislation Act 1984 (Vic)*, this delegation does not prevent the discharge, exercise or performance by the Legal Services Board of the functions duties and powers herein delegated.
3. In any particular case, where at any stage the Legal Services Board gives notice to the delegate that the Board intends to discharge, exercise or perform its functions duties and powers herein 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.

Section or reg.	Delegate	Date of delegation	Description of function
<b>NB The delegations listed below this row exclude functions as they apply to persons who engage in practice solely as barristers</b>			
s. 2.2.6(1)	LIV	14-Dec-05	apply to Tribunal for order that a person is a disqualified person
s. 2.4.3 (1)	LIV	14-Dec-05	grant practising certificates
s. 2.4.3(3)	LIV	14-Dec-05	determine conditions on practising certificates
s. 2.4.3(4)	LIV	14-Dec-05	conditions on practising certificates
s. 2.4.3(5)	LIV	14-Dec-05	conditions to appear on face of certificate
s. 2.4.4	LIV	14-Dec-05	consider if a person is fit and proper to hold a practising certificate
s. 2.4.7	LIV	14-Dec-05	assess criteria for grant or renewal of practising certificate
s. 2.4.8(1)	LIV	14-Dec-05	receive application for grant or renewal of practising certificate
s. 2.4.9(4)	LIV	14-Dec-05	refund surcharge
s. 2.4.9(5)	LIV	14-Dec-05	receive evidence of professional indemnity insurance
s. 2.4.9(6)	LIV	14-Dec-05	give notice of failure to comply or restore deficiency
s. 2.4.9(7)	LIV	14-Dec-05	assess whether failure to comply or deficiency is remedied
s. 2.4.9(8)	LIV	14-Dec-05	request surrender of certificate
s. 2.4.11	LIV	14-Dec-05	receive late application for practising certificate
s. 2.4.12	LIV	14-Dec-05	grant or renew practising certificate
s. 2.4.13	LIV	14-Dec-05	amend or issue new certificate with conditions
s. 2.4.14	LIV	14-Dec-05	impose conditions on practising certificate
s. 2.4.15	LIV	14-Dec-05	vary or revoke conditions on practising certificate
s. 2.4.16	LIV	14-Dec-05	impose or vary conditions pending criminal proceedings
s. 2.4.21	LIV	14-Dec-05	amend, suspend or vary practising certificate
s. 2.4.22	LIV	14-Dec-05	immediate suspension of practising certificate
s. 2.4.23	LIV	14-Dec-05	lift suspension of practising certificate
s. 2.4.24	LIV	14-Dec-05	other amendment or cancellation of practising certificate
s. 2.4.26	LIV	14-Dec-05	receive written statement from applicant for practising certificate if show cause event applies
s. 2.4.27	LIV	14-Dec-05	receive show cause notice and statement from holder of local practising certificate
s. 2.4.28	LIV	14-Dec-05	refusal, amendment, suspension or cancellation – failure to show cause
s. 2.4.29	LIV	14-Dec-05	restrict entitlement to apply for practising certificate
s. 2.4.30	LIV	14-Dec-05	receive surrendered practising certificate
s. 2.4.31	LIV	14-Dec-05	require return of practising certificate
s. 2.4.40	LIV	14-Dec-05	require provision of information or documents
s. 2.5.3	LIV	14-Dec-05	request criminal record check
s. 2.5.4	LIV	14-Dec-05	require health assessment
s. 2.5.5	LIV	14-Dec-05	appoint health assessor
s. 2.5.6	LIV	14-Dec-05	receive health assessment report
s. 2.5.7	LIV	14-Dec-05	pay for health assessment
s. 2.7.22	LIV	14-Dec-05	audit ILP
s. 2.7.23	LIV	14-Dec-05	investigative power over ILP
s. 2.7.24	LIV	14-Dec-05	ban ILP
s. 2.7.25	LIV	14-Dec-05	disqualify from managing ILP
s. 2.7.26	LIV	14-Dec-05	disclose information to ASIC
s. 2.7.50	LIV	14-Dec-05	apply to Supreme Court for order prohibiting partner in MDP
s. 2.9.3(1)	LIV	14-Dec-05	receive notice of engagement of temporary supervising legal practitioner at CLC
s. 3.3.4	LIV	14-Dec-05	determine if money is trust money

## Delegations

Section or reg.	Delegate	Date of delegation	Description of function
s. 3.3.27	LIV	14-Dec-05	request trust balance
s. 3.3.28	LIV	14-Dec-05	conduct trust investigation
s. 3.3.29	LIV	14-Dec-05	appoint trust inspector
s. 3.3.47	LIV	14-Dec-05	receive trust investigator's report
s. 3.3.48	LIV	14-Dec-05	determine if costs of investigation are payable by law practice
s. 3.3.54	LIV	20-Feb-06	receipt of annual report of trust records examination or statutory declaration
s. 3.6.7(3)	LIV	14-Dec-05	require fidelity fund claimant to provide further information
s. 3.6.12(1)	LIV	14-Dec-05	investigate fidelity fund claims
s. 3.6.12(2)	LIV	14-Dec-05	require fidelity fund claimant to produce security, document or statement of evidence
s. 6.2.24	LIV	20-Apr-06	receipt of notifications of changes of information recorded on the register in performance of delegated Part 2.4 functions
s. 7.2.5(1)	LIV	3-Jan-06	produce certificate stating whether person holds practising certificate
s. 7.2.6(b)	LIV	3-Jan-06	appoint fidelity fund investigator
s. 7.2.8	LIV	3-Jan-06	receive fidelity fund investigator's report
s. 7.2.10(1)(a)	LIV	3-Jan-06	file charge for offence under Act – only local lawyers, local legal practitioners
s. 7.2.13(1)	LIV	3-Jan-06	apply for injunction re conduct that constitutes contravention of Act
r. 2.7.2(2)	LIV	14-Dec-05	publicise disqualifying order re ILP
r. 2.7.2(3)	LIV	14-Dec-05	give notice of disqualifying order re ILP to corresponding authority
r. 3.3.38(1)(a)	LIV	14-Dec-05	require statement as to whether trust money held
r. 3.3.38(1)(b)	LIV	14-Dec-05	require statement specifying categories of trust money held
r. 3.3.40(3)	LIV	14-Dec-05	approve external examiner otherwise not eligible
r. 3.3.41	LIV	14-Dec-05	receive notice of appointment of external examiner and examiner's consent
r. 3.3.42(1)	LIV	14-Dec-05	termination of appointment of external examiner – show cause
r. 3.3.42(2)	LIV	14-Dec-05	require termination of appointment of external examiner
r. 3.3.43(2)	LIV	14-Dec-05	approve external examiner otherwise disqualified
r. 3.3.44(3)	LIV	14-Dec-05	approve request for termination of external examiner
r. 3.3.44(4)	LIV	14-Dec-05	require evidence re request for termination of external examiner
r. 3.3.44(5)	LIV	14-Dec-05	receive notice of termination of external examiner
r. 3.3.46(1)	LIV	14-Dec-05	receive statement of trust money
s. 3.3.4	CEO LIV	14-Dec-05	determine if money is trust money
s. 3.3.28	CEO LIV	14-Dec-05	conduct trust investigation
s. 3.3.29	CEO LIV	14-Dec-05	appoint trust inspector
s. 3.3.47	CEO LIV	14-Dec-05	receive trust investigator's report
s. 3.3.48	CEO LIV	14-Dec-05	determine if costs of investigation are payable by law practice
<b>NB The delegations listed below this row include functions as they apply only to persons who engage in practice solely as barristers</b>			
s. 2.2.6(1)	VICBAR	14-Dec-05	apply to Tribunal for order that a person is a disqualified person
s. 2.4.3 (1)	VICBAR	14-Dec-05	grant practising certificates
s. 2.4.3(3)	VICBAR	14-Dec-05	determine conditions on practising certificates
s. 2.4.3(4)	VICBAR	14-Dec-05	conditions on practising certificates
s. 2.4.3(5)	VICBAR	14-Dec-05	conditions to appear on face of certificate
s. 2.4.4	VICBAR	14-Dec-05	consider if a person is fit and proper to hold a practising certificate
s. 2.4.7	VICBAR	14-Dec-05	assess criteria for grant or renewal of practising certificate
s. 2.4.8(1)	VICBAR	14-Dec-05	receive application for grant or renewal of practising certificate

Section or reg.	Delegate	Date of delegation	Description of function
s. 2.4.9(4)	VICBAR	14-Dec-05	refund surcharge
s. 2.4.9(5)	VICBAR	14-Dec-05	receive evidence of professional indemnity insurance
s. 2.4.9(6)	VICBAR	14-Dec-05	give notice of failure to comply or restore deficiency
s. 2.4.9(7)	VICBAR	14-Dec-05	assess whether failure to comply or deficiency is remedied
s. 2.4.9(8)	VICBAR	14-Dec-05	request surrender of certificate
s. 2.4.11	VICBAR	14-Dec-05	receive late application for practising certificate
s. 2.4.12	VICBAR	14-Dec-05	grant or renew practising certificate
s. 2.4.13	VICBAR	14-Dec-05	amend or issue new certificate with conditions
s. 2.4.14	VICBAR	14-Dec-05	impose conditions on practising certificate
s. 2.4.15	VICBAR	14-Dec-05	vary or revoke conditions on practising certificate
s. 2.4.16	VICBAR	14-Dec-05	impose or vary conditions pending criminal proceedings
s. 2.4.21	VICBAR	14-Dec-05	amend, suspend or vary practising certificate
s. 2.4.22	VICBAR	14-Dec-05	immediate suspension of practising certificate
s. 2.4.23	VICBAR	14-Dec-05	lift suspension of practising certificate
s. 2.4.24	VICBAR	14-Dec-05	other amendment or cancellation of practising certificate
s. 2.4.26	VICBAR	14-Dec-05	receive written statement from applicant for practising certificate if show cause event applies
s. 2.4.27	VICBAR	14-Dec-05	receive show cause notice and statement from holder of local practising certificate
s. 2.4.28	VICBAR	14-Dec-05	refusal, amendment, suspension or cancellation – failure to show cause
s. 2.4.29	VICBAR	14-Dec-05	restrict entitlement to apply for practising certificate
s. 2.4.30	VICBAR	14-Dec-05	receive surrendered practising certificate
s. 2.4.31	VICBAR	14-Dec-05	require return of practising certificate
s. 2.4.40	VICBAR	14-Dec-05	require provision of information or documents
s. 2.5.3	VICBAR	14-Dec-05	request criminal record check
s. 2.5.4	VICBAR	14-Dec-05	require health assessment
s. 2.5.5	VICBAR	14-Dec-05	appoint health assessor
s. 2.5.6	VICBAR	14-Dec-05	receive health assessment report
s. 2.5.7	VICBAR	14-Dec-05	pay for health assessment
s. 2.9.3(1)	VICBAR	14-Dec-05	receive notice of engagement of temporary supervising legal practitioner at CLC
s. 3.3.4	VICBAR	14-Dec-05	determine if money is trust money
s. 3.3.27	VICBAR	14-Dec-05	request trust balance
s. 3.3.28	VICBAR	14-Dec-05	conduct trust investigation
s. 3.3.29	VICBAR	14-Dec-05	appoint trust inspector
s. 3.3.47	VICBAR	14-Dec-05	receive trust investigator's report
s. 3.3.48	VICBAR	14-Dec-05	determine if costs of investigation are payable by law practice
s. 3.3.54	VICBAR	20-Feb-06	receipt of annual report of trust records examination or statutory declaration
s. 3.6.7(3)	VICBAR	14-Dec-05	require fidelity fund claimant to provide further information
s. 3.6.12(1)	VICBAR	14-Dec-05	investigate fidelity fund claims
s. 3.6.12(2)	VICBAR	14-Dec-05	require fidelity fund claimant to produce security, document or statement of evidence
s. 6.2.24	VICBAR	20-Apr-06	receipt of notifications of changes of information recorded on the register in performance of delegated Part 2.4 functions
s. 7.2.5(1)	VICBAR	3-Jan-06	produce certificate stating whether person holds practising certificate
s. 7.2.6(b)	VICBAR	3-Jan-06	appoint fidelity fund investigator
s. 7.2.8	VICBAR	3-Jan-06	receive fidelity fund investigator's report

## Delegations

Section or reg.	Delegate	Date of delegation	Description of function
s. 7.2.10(1)(a)	VICBAR	3-Jan-06	file charge for offence under Act – only local lawyers, local legal practitioners
s. 7.2.13(1)	VICBAR	3-Jan-06	apply for injunction re conduct that constitutes contravention of Act
r. 3.3.38(1)(a)	VICBAR	14-Dec-05	require statement as to whether trust money held
r. 3.3.38(1)(b)	VICBAR	14-Dec-05	require statement specifying categories of trust money held
r. 3.3.40(3)	VICBAR	14-Dec-05	approve external examiner otherwise not eligible
r. 3.3.41	VICBAR	14-Dec-05	receive notice of appointment of external examiner and examiner's consent
r. 3.3.42(1)	VICBAR	14-Dec-05	termination of appointment of external examiner – show cause
r. 3.3.42(2)	VICBAR	14-Dec-05	require termination of appointment of external examiner
r. 3.3.43(2)	VICBAR	14-Dec-05	approve external examiner otherwise disqualified
r. 3.3.44(3)	VICBAR	14-Dec-05	approve request for termination of external examiner
r. 3.3.44(4)	VICBAR	14-Dec-05	require evidence re request for termination of external examiner
r. 3.3.44(5)	VICBAR	14-Dec-05	receive notice of termination of external examiner
r. 3.3.46(1)	VICBAR	14-Dec-05	receive statement of trust money

**NB The delegations listed below this row include functions as they apply to persons who engage in practice either as barristers or solicitors**

s. 2.2.6(1)	LSC	14-Dec-05	apply to Tribunal for order that a person is a disqualified person
s. 2.4.3 (1)	LSC	14-Dec-05	grant practising certificates
s. 2.4.3(3)	LSC	14-Dec-05	determine conditions on practising certificates
s. 2.4.3(4)	LSC	14-Dec-05	conditions on practising certificates
s. 2.4.3(5)	LSC	14-Dec-05	conditions to appear on face of certificate
s. 2.4.4	LSC	14-Dec-05	consider if a person is fit and proper to hold a practising certificate
s. 2.4.7	LSC	14-Dec-05	assess criteria for grant or renewal of practising certificate
s. 2.4.8(1)	LSC	14-Dec-05	receive application for grant or renewal of practising certificate
s. 2.4.9(4)	LSC	14-Dec-05	refund surcharge
s. 2.4.9(5)	LSC	14-Dec-05	receive evidence of professional indemnity insurance
s. 2.4.9(6)	LSC	14-Dec-05	give notice of failure to comply or restore deficiency
s. 2.4.9(7)	LSC	14-Dec-05	assess whether failure to comply or deficiency is remedied
s. 2.4.9(8)	LSC	14-Dec-05	request surrender of certificate
s. 2.4.11	LSC	14-Dec-05	receive late application for practising certificate
s. 2.4.12	LSC	14-Dec-05	grant or renew practising certificate
s. 2.4.13	LSC	14-Dec-05	amend or issue new certificate with conditions
s. 2.4.14	LSC	14-Dec-05	impose conditions on practising certificate
s. 2.4.15	LSC	14-Dec-05	vary or revoke conditions on practising certificate
s. 2.4.16	LSC	14-Dec-05	impose or vary conditions pending criminal proceedings
s. 2.4.21	LSC	14-Dec-05	amend, suspend or vary practising certificate
s. 2.4.22	LSC	14-Dec-05	immediate suspension of practising certificate
s. 2.4.23	LSC	14-Dec-05	lift suspension of practising certificate
s. 2.4.24	LSC	14-Dec-05	other amendment or cancellation of practising certificate
s. 2.4.26	LSC	14-Dec-05	receive written statement from applicant for practising certificate if show cause event applies
s. 2.4.27	LSC	14-Dec-05	receive show cause notice and statement from holder of local practising certificate
s. 2.4.28	LSC	14-Dec-05	refusal, amendment, suspension or cancellation – failure to show cause
s. 2.4.29	LSC	14-Dec-05	restrict entitlement to apply for practising certificate
s. 2.4.30	LSC	14-Dec-05	receive surrendered practising certificate

Section or reg.	Delegate	Date of delegation	Description of function
s. 2.4.31	LSC	14-Dec-05	require return of practising certificate
s. 2.4.40	LSC	14-Dec-05	require provision of information or documents
s. 2.5.3	LSC	14-Dec-05	request criminal record check
s. 2.5.4	LSC	14-Dec-05	require health assessment
s. 2.5.5	LSC	14-Dec-05	appoint health assessor
s. 2.5.6	LSC	14-Dec-05	receive health assessment report
s. 2.5.7	LSC	14-Dec-05	pay for health assessment
s. 2.7.22	LSC	14-Dec-05	audit ILP
s. 2.7.23	LSC	14-Dec-05	investigative power over ILP
s. 2.7.24	LSC	14-Dec-05	ban ILP
s. 2.7.25	LSC	14-Dec-05	disqualify from managing ILP
s. 2.7.26	LSC	14-Dec-05	disclose information to ASIC
s. 2.7.50	LSC	14-Dec-05	apply to SC for order prohibiting partner in MDP
s. 2.9.3(1)	LSC	14-Dec-05	notification of temporary engagement of supervised legal practitioner by a CLC
s. 3.2.21	LSC	14-Dec-05	require law practice or practitioner to provide information or documents re competition investigation
s. 3.2.22	LSC	14-Dec-05	give opportunity to law practice or practitioner to comment on adverse report re competition investigation
s. 3.3.4	LSC	14-Dec-05	determine if money is trust money
s. 3.3.27	LSC	14-Dec-05	request trust balance
s. 3.3.28	LSC	14-Dec-05	conduct trust investigation
s. 3.3.29	LSC	14-Dec-05	appoint trust inspector
s. 3.3.30(1)	LSC	14-Dec-05	issue identity card (except power to approve form of card)
s. 3.3.47	LSC	14-Dec-05	receive trust investigator's report
s. 3.3.48	LSC	14-Dec-05	determine if costs of investigation are payable by law practice
s. 3.3.65	LSC	14-Dec-05	determine amount and timing of required deposit
s. 3.6.7	LSC	14-Dec-05	receive claims about defaults
s. 3.6.7(3)	LSC	14-Dec-05	require fidelity fund claimant to provide further information
s. 3.6.8	LSC	14-Dec-05	allow further period to lodge fidelity fund claim
s. 3.6.12(1)	LSC	14-Dec-05	investigate fidelity fund claims
s. 3.6.12(2)	LSC	14-Dec-05	require fidelity fund claimant to produce security, document or statement of evidence
s. 3.6.21	LSC	14-Dec-05	notify applicant of delay in determination of fidelity fund claim
s. 3.6.35	LSC	14-Dec-05	act as agent of corresponding authority – default to which corresponding law applies
s. 3.6.36(3)	LSC	14-Dec-05	act as agent of corresponding authority – concerted interstate default
s. 7.2.5(1)	LSC	14-Dec-05	produce certificate stating whether person holds practising certificate
s. 7.2.5(3)	LSC	14-Dec-05	certify copy of legal profession rules
s. 7.2.6(b)	LSC	14-Dec-05	appoint fidelity fund investigator
s. 7.2.8	LSC	14-Dec-05	receive fidelity fund investigator's report
s. 7.2.10(1)(a)	LSC	14-Dec-05	file charge for offence under Act
s. 7.2.13(1)	LSC	14-Dec-05	apply for injunction re conduct that constitutes contravention of Act
s. 7.2.14	LSC	14-Dec-05	disclosure of information by local regulatory authorities
Sch2 cl 4.5(2)	LSC	14-Dec-05	account to former RPA for costs of investigation recovered
r. 2.7.2(2)	LSC	14-Dec-05	publicise disqualifying order re ILP
r. 2.7.2(3)	LSC	14-Dec-05	give notice of disqualifying order re ILP to corresponding authority
r. 3.3.38(1)(a)	LSC	14-Dec-05	require statement as to whether trust money held

Section or reg.	Delegate	Date of delegation	Description of function
r. 3.3.38(1)(b)	LSC	14-Dec-05	require statement specifying categories of trust money held
r. 3.3.40(3)	LSC	14-Dec-05	approve external examiner otherwise not eligible
r. 3.3.41	LSC	14-Dec-05	receive notice of appointment of external examiner and examiner's consent
r. 3.3.42(1)	LSC	14-Dec-05	termination of appointment of external examiner – show cause
r. 3.3.42(2)	LSC	14-Dec-05	require termination of appointment of external examiner
r. 3.3.43(2)	LSC	14-Dec-05	approve external examiner otherwise disqualified
r. 3.3.44(3)	LSC	14-Dec-05	approve request for termination of external examiner
r. 3.3.44(4)	LSC	14-Dec-05	require evidence re request for termination of external examiner
r. 3.3.44(5)	LSC	14-Dec-05	receive notice of termination of external examiner
r. 3.3.46(1)	LSC	14-Dec-05	receive statement of trust money
s. 2.4.9(6)	MLP	14-Dec-05	give notice of failure to comply or restore deficiency
s. 2.6.5(2)	MLP	14-Dec-05	give notice to corresponding authorities of refusal to grant or suspension, cancellation or refusal to renew practising certificate
s. 2.6.5(5)	MLP	14-Dec-05	give notice to corresponding authorities of condition imposed on local practising certificate
s. 2.6.10(2)	MLP	14-Dec-05	cancel local practising certificate upon receipt of notice of removal from interstate roll
s. 2.6.10(3)	MLP	14-Dec-05	give notice to person whose certificate Board proposes to cancel
s. 2.6.10(4)	MLP	14-Dec-05	give notice of cancellation
s. 2.6.13	MLP	14-Dec-05	give information received from interstate authorities to local authorities
s. 3.6.22	MLP	14-Dec-05	notify claimant of decision about fidelity fund claim
s. 3.6.33	MLP	14-Dec-05	forward claims to which a corresponding law applies to corresponding authority
s. 3.6.34	MLP	14-Dec-05	request corresponding authority to act as agent to process or investigate claim
s. 3.6.36	MLP	14-Dec-05	investigation of concerted interstate defaults
s. 3.6.39(1)	MLP	14-Dec-05	request another jurisdiction to investigate aspects of claim
s. 7.1.6	MLP	14-Dec-05	require information and documents from conveyancers
s. 2.4.18(3)	DLP	05-Jun-07	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
s. 3.3.51(2)	DLP	05-Jun-07	exempt a person from the external examiner requirements
s. 3.5.7	DLP	26-Apr-07	grant exemptions from professional indemnity requirements
r. 3.3.52	DLP	05-Jun-07	exempt a law practice or approved clerk from complying with the trust money and trust account provisions
s. 2.4.18(3)	GC	05-Jun-07	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
s. 3.3.51(2)	GC	05-Jun-07	exempt a person from the external examiner requirements
s. 3.5.7	GC	26-Apr-07	grant exemptions from professional indemnity requirements
r. 3.3.52	GC	05-Jun-07	Exempt a law practice or approved clerk from complying with the trust money and trust account provisions
s. 2.4.9(6)	DCG	14-Dec-05	give notice or failure to comply or restore deficiency in trust account
s. 3.3.68	DCG	01-Nov-06	exempt a law practice or approved clerk from statutory deposit requirements

## Revocation of delegations

Pursuant to section 6.2.21(b) of the *Legal Profession Act 2004*, the table below details the delegations that were revoked during the year, and the reasons for their revocation.

### Key to table:

<b>LSC</b>	the person for the time being performing the duties of the Legal Services Commissioner
<b>DLP</b>	the person for the time being performing the duties of Director, Legal & Policy, Legal Services Board
<b>GC</b>	the person for the time being performing the duties of General Counsel, Legal Services Board
<b>DGC</b>	the person for the time being performing the duties of Director, Corporate & Governance, Legal Services Board
<b>MLP</b>	the person for the time being performing the duties of Manager, Legal & Policy, Legal Services Board
<b>LIV</b>	Law Institute of Victoria Ltd.
<b>CEO LIV</b>	the person for the time being performing the duties of Chief Executive Officer of the LIV
<b>VICBAR</b>	Victorian Bar Inc.

<b>Section or reg.</b>	<b>Delegate</b>	<b>Description of function</b>	<b>Date revoked</b>	<b>Reason for revocation</b>
s.3.5.7	LSC	grant exemptions from professional indemnity insurance requirements	26-Apr-07	delegated to DLP & GC, Legal & Policy, Legal Services Board
s.3.3.51(2)	LSC	exempt a person from the external examiner requirements	05-Jun-07	delegated to DLP & GC, Legal & Policy, Legal Services Board
r.3.3.52	LSC	exempt a law practice or approved clerk from complying with the trust money and trust account provisions	26-Apr-07	delegated to DLP & GC, Legal & Policy, Legal Services Board





# Financial Statements

	<b>Page</b>
Operating Statement	42
Balance Sheet	43
Statement of Recognised Income and Expenses	44
Statement of Cashflow	45
Note 1 Summary of Accounting Policies	46
Note 2 Funds administered by the Legal Services Board	52
Note 3 Income	53
Note 4 Expenses	53
Note 5 Cash and cash equivalents	56
Note 6 Receivables	56
Note 7 Other financial assets	56
Note 8 Plant and equipment	57
Note 9 Intangible assets	58
Note 10 Payables	58
Note 11 Income received in advance	58
Note 12 Statutory deposit account balances	59
Note 13 Provisions	59
Note 14 Equity and movements in equity	60
Note 15 Commitments for expenditure	60
Note 16 Contingent liabilities and contingent assets	61
Note 17 Financial instruments	62
Note 18 Reconciliation of the Net Result to Net Cash Flows From Operating Activities	63
Note 19 Responsible persons	63
Note 20 Remuneration of the Accountable Officer	64
Note 21 Remuneration of Auditor	64
Note 22 Subsequent events	64
Accountable officer's and chief finance and accounting officer's declaration	65
Auditor-General's Report	66

This financial report covers the Legal Services Board as an individual entity and is presented in Australian currency.

The Legal Services Board is a not-for-profit government agency of the state of Victoria. The Board was established pursuant to the *Legal Profession Act 2004*. Its principal address is Level 10 330 Collins street Melbourne.

A description of the nature of the Board's operations and its principal activities is included in the report of operations on page 5 which does not form part of this financial report.

The financial report was authorised for issue by the CEO and Chief Financial Officer on 20 September 2007.

For queries in relation to our reporting please call (03) 9679 8000, email [admin@lsb.vic.gov.au](mailto:admin@lsb.vic.gov.au) or see our website [www.lsb.vic.gov.au](http://www.lsb.vic.gov.au).

# Operating Statement

for period ended 30 June 2007

Notes	Note	Public Purpose Fund (\$000's)	Legal Practitioners Fidelity Fund (\$000's)	Total Legal Services Board 30.06.07 (\$000's)	Public Purpose Fund (\$000's)	Legal Practitioners Fidelity Fund (\$000's)	Total Legal Services Board 12.12.05 to 30.06.06 (\$000's)
<b>Income</b>							
Revenue	3	72,409	4,614	77,023	30,119	2,259	32,378
<b>Expenses</b>							
Grants and Funding	4(a)	43,693		43,693	4,941		4,941
Payments to service providers	4(b)	5,771		5,771	4,055		4,055
Fidelity fund claims costs and provisions expense/(credit)	4(c)		4,243	4,243		(1,100)	(1,100)
Directors fees	4(d)	208		208	136		136
Depreciation and amortisation expense	4(e)	507		507	123		123
Other expenses	4(f)	2,919		2,919	1,062		1,062
Transition expenses	4(g)	398		398	515		515
		53,496	4,243	57,739	10,832	(1,100)	9,732
Net result from continuing operations		18,913	371	19,284	19,287	3,359	22,646
Gain on net assets transferred from Legal Practice Board on 12 December 2005					59,666	26,272	85,938
Net result for the period		18,913	371	19,284	78,953	29,631	108,584

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

# Balance Sheet

as at 30 June 2007

	Note	Public Purpose Fund (\$000's)	Legal Practitioners Fidelity Fund (\$000's)	Total Legal Services Board 30.06.07 (\$000's)	Public Purpose Fund (\$000's)	Legal Practitioners Fidelity Fund (\$000's)	Total Legal Services Board 12.12.05 to 30.06.06 (\$000's)
<b>Current Assets</b>							
Cash and cash equivalents	5, 17	308,536	17,995	326,530	288,711	16,672	305,383
Receivables	6, 17	4,258	15	4,273	4,180	28	4,208
Prepayments		132		132	60		60
<b>Total Current Assets</b>		<b>312,926</b>	<b>18,010</b>	<b>330,935</b>	<b>292,951</b>	<b>16,700</b>	<b>309,651</b>
<b>Non Current Assets</b>							
Other financial assets	7, 17	135,177	23,814	158,991	117,999	21,237	139,236
Plant and equipment	8	1,785		1,785	1,606		1,606
Intangible Assets	9	1,405		1,405	1,061		1,061
<b>Total Non Current Assets</b>		<b>138,367</b>	<b>23,814</b>	<b>162,181</b>	<b>120,666</b>	<b>21,237</b>	<b>141,903</b>
<b>Total Assets</b>		<b>451,293</b>	<b>41,824</b>	<b>493,117</b>	<b>413,617</b>	<b>37,937</b>	<b>451,554</b>
<b>Current Liabilities</b>							
Statutory deposit account balances	12, 17	347,502		347,502	328,043		328,043
Income received in advance	11	3,893	356	4,249	3,683	357	4,040
Payables	10, 17	2,032	2,165	4,197	2,938	149	3,087
Provisions	13		3,400	3,400		2,700	2,700
<b>Total Current Liabilities</b>		<b>353,427</b>	<b>5,921</b>	<b>359,348</b>	<b>334,664</b>	<b>3,206</b>	<b>337,870</b>
<b>Non Current Liabilities</b>							
Provisions	13	-	5,900	5,900	-	5,100	5,100
<b>Total Non Current Liabilities</b>		<b>-</b>	<b>5,900</b>	<b>5,900</b>	<b>-</b>	<b>5,100</b>	<b>5,100</b>
<b>Total Liabilities</b>		<b>353,427</b>	<b>11,821</b>	<b>365,248</b>	<b>334,664</b>	<b>8,306</b>	<b>342,970</b>
<b>Net Assets</b>		<b>97,866</b>	<b>30,002</b>	<b>127,868</b>	<b>78,953</b>	<b>29,631</b>	<b>108,584</b>
<b>Equity</b>							
Accumulated Surplus	14	97,866	30,002	127,868	78,953	29,631	108,584
Commitments for Expenditure	15						
Contingent Liabilities and Contingent Assets	16						

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

# Statement of Recognised Income and Expense

## for the period ended 30 June 2007

Notes	Note	Public Purpose Fund (\$000's)	Legal Practitioners Fidelity Fund (\$000's)	Total Legal Services Board 30.06.07 (\$000's)	Public Purpose Fund (\$000's)	Legal Practitioners Fidelity Fund (\$000's)	Total Legal Services Board 12.12.05 to 30.06.06 (\$000's)
Net result from continuing operations	14	18,913	371	19,284	78,953	29,631	108,584
Total recognised income and expenses for the period		18,913	371	19,284	78,953	29,631	108,584

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

### Correction of Error in Published statement for year ended 30 June 2007

Please note that above comparatives are as per an Erratum to the Statement of Recognised Income and Expense issued with the 2006 Annual Report.

# Cash Flow Statement

for the period ended 30 June 2007

Notes		30.06.07 (\$000's)	12.12.05 to 30.06.06 (\$000's)
<b>Cash Flows from operating activities</b>			
Receipts of interest and income from investments		72,288	29,058
Receipts from practising certificates fees, fines, Fidelity Fund contributions and recoveries		4,461	4,985
Cash and cash equivalents transferred from the Legal Practice Board on 12 December 2005		-	214,898
Payments to fidelity fund claims, suppliers and employees		(10,392)	(9,208)
Payments of Grants		(44,100)	(4,164)
Goods and Services Tax recovered from ATO		1,544	634
Goods and Services Tax paid to ATO		(1,327)	(755)
<b>Net Cash Inflow/(Outflow) from operating activities</b>	18	<b>22,474</b>	<b>235,448</b>
<b>Cash Flows from investing activities</b>			
Receipts/(Payments) for investments		(19,755)	(7,026)
Receipts/(Payments) for property, plant and equipment	8,9,10	(1,030)	(715)
<b>Net Cash Inflow/(Outflow) from investing activities</b>		<b>(20,785)</b>	<b>(7,741)</b>
<b>Cash Flows from financing activities</b>			
Transfers in/(out) of statutory deposit accounts by solicitors		19,460	77,676
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>19,460</b>	<b>77,676</b>
Net Increase/(Decrease) in Cash Held		21,149	305,383
Cash and cash equivalents at the beginning of the reporting period		305,382	-
<b>Cash and cash equivalents at the end of the reporting period</b>	5	<b>326,531</b>	<b>305,383</b>

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

# Notes to the Financial Statements

## for the period ended 30 June 2007

### Note 1. Summary of Accounting Policies

**a) Statement of compliance**

This general-purpose financial report has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, applicable Australian Accounting Standards and Interpretations. Accounting Standards include Australian equivalents to International Financial Reporting Standards Board (A-IFRS').

**b) Basis of preparation**

The financial report has been prepared on the basis of historical cost, except for the valuation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of A-IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed throughout the notes in the financial statements.

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 transaction or other event is reported.

**c) Reporting entity**

The Legal Services Board commenced on 12 December 2005 following the proclamation of the *Legal Profession Act 2004*.

Part 8 of the *Legal Professional Act 2004* provided that all rights, property and assets and all debts, liabilities and obligations of the Legal Practice Board immediately before the commencement day be transferred to the Legal Services Board.

The transfer on 12 December 2005 was as follows:

	Public Purpose Fund* (\$000's)	Fidelity Fund (\$000's)	Total (\$000's)
<b>Current Assets</b>			
Cash and cash equivalents	197,882	17,016	214,898
Receivables	1,533	3	1,536
Prepayments	102	-	102
<b>Total Current Assets</b>	<b>199,517</b>	<b>17,019</b>	<b>216,536</b>
<b>Non Current Assets</b>			
Other Financial Assets	111,897	20,314	132,211
Property, plant and equipment	1,734	-	1,734
<b>Total Non Current Assets</b>	<b>113,631</b>	<b>20,314</b>	<b>133,945</b>
<b>Total Assets</b>	<b>313,148</b>	<b>37,333</b>	<b>350,481</b>
<b>Current Liabilities</b>			
Statutory Deposit Account Balances	250,368	-	250,368
Payables	944	61	1,005
Fidelity fund claims provision	-	3,600	3,600
Law Reform and Research (held in trust)	2,014	-	2,014
Employee Benefits	156	-	156
<b>Total Current Liabilities</b>	<b>253,482</b>	<b>3,661</b>	<b>257,143</b>
<b>Non current Liabilities</b>			
Fidelity fund claims provision	-	7,400	7,400
<b>Total Non Current Liabilities</b>	<b>-</b>	<b>7,400</b>	<b>7,400</b>
<b>Total Liabilities</b>	<b>253,482</b>	<b>11,061</b>	<b>264,543</b>
<b>Net Assets</b>	<b>59,666</b>	<b>26,272</b>	<b>85,938*</b>

\* The Legal Services Board Public Purpose Fund is made up of the Legal Practice Board Public Purpose Fund and the Legal Practice Fund

As the assets transferred to the Legal Services Board from the Legal Practice Board did not meet the criteria for recognition of contributions of Assets under AASB1004 the assets have been recognised as income through the Operating Statement in line with FRD2A.

The Legal Services Board is a government agency responsible for regulation of the Legal Profession. The powers and functions of the Board are set out in section 6.2.4 of the *Legal Profession Act 2004*.

The Board holds balances relating to trust funds on behalf of parties external to the Victorian Government. Balances are held on a fiduciary and custodial basis, and therefore not controlled by the Board or the Victorian Government. Balances are reported in Note 12.

The financial statements of the Legal Services Board cover the Public Purpose Fund and the Legal Practitioners Fidelity Fund.



# Notes to the Financial Statements

## for the period ended 30 June 2007

### Note 1. Summary of Accounting Policies continued

#### d) Objectives and funding

The objectives of the Board are:

- To ensure the effective regulation of the legal profession and the maintenance of professional standards;
- To 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;
- To ensure the adequate management of trust accounts
- To ensure that the Victorian system is at the forefront of regulation of legal practitioners.

The Board is funded from the interest earned on trust accounts and from interest funded from the Statutory Deposit Account requirements in Division 6 of the *Legal Profession Act 2004*.

#### e) Events after reporting date

Assets, liabilities, income and expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Board and other parties, the transactions are only recognized where the agreement is irrevocable at or before balance date. Amounts are recognized in the financial statements for events after balance date and the date that the statements are authorised for issue where information about the event existed at balance date and are considered to have a material impact on the results.

#### f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to the ATO is classified as operating cash flows.

#### g) Revenue recognition

Revenue is recognised for each of the Board's major activities as follows:

##### *Interest and Investment Income*

Interest is earned on Solicitors' Residual Trust Accounts and Investment of Statutory Deposit Account Investments deposited with Fund Managers as part of the Board's Investment Policy. The interest and earnings are recognised in the month they are earned.

##### *Practising Certificate Fees*

Practising certificate fees are prescribed by regulation under the *Legal Profession Act 2004*. The fees are payable by practitioners in order to engage in legal practice.

Practising Certificates for the year 1 July 2007 to 30 June 2008 are required by legislation to be paid and issued prior to 30 June 2007. Income from such practising certificates was accounted for as income received in advance as at 30 June 2007.

### ***Fidelity Fund Contributions***

Pursuant to section 6.7.25(1) of the *Legal Profession Act 2004* fidelity fund contributions are determined by the Board. The contributions are payable at the same time as the practising certificate fees.

Fidelity Fund Contributions for the year 1 July 2007 to 30 June 2008 are required by legislation to be paid prior to 30 June 2007. Income from such contributions was accounted for as income received in advance as at 30 June 2007.

### ***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 Legal Services 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.

## **h) Expenses**

### ***Grants and other payments***

Grants and payments to third parties are recognised as expenses in the reporting period in which they are paid or payable.

### ***Directors fees***

The amount charged to the Operating Statement in respect of directors fees represents fees set by the Governor in Council.

### ***Superannuation***

The amount charged to the Operating Statement in respect of superannuation represents the contributions made by the Board to the superannuation funds in respect of directors of the Legal Services Board.

### ***Depreciation***

Depreciation is provided on leasehold improvements, plant and equipment on a straight line basis, at rates which allocate their costs over the estimated useful life of the asset to the Board.

Leasehold improvements are stated at cost less accumulated depreciation and accumulated impairment losses. Improvements to leasehold premises are amortised over their useful life or the unexpired period of the lease, whichever is less.

The expected useful lives for each of the asset classes are as follows:

	<b>30.06.2007</b>	<b>30.06.2006</b>
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
Intangibles	5 years	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

### ***Amortisation***

Amortisation is allocated to intangible assets with finite useful lives on a systematic 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. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the asset concerned are tested as to whether their carrying value exceeds their recoverable amount.

# Notes to the Financial Statements

## for the period ended 30 June 2007

### Note 1. Summary of Accounting Policies continued

#### h) Expenses continued

##### *Impairment of assets*

Leasehold improvements, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the review indicates 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 by a charge to the operating statement. The recoverable amount for assets is measured at the higher of the depreciated replacement cost and fair value less costs to sell.

##### *Supplies and services*

Supplies and services generally represent the day-to-day running costs, including maintenance costs, incurred in the normal operation of the Board. These items are recognised as an expense in the reporting period in which they are incurred.

##### *Finance costs*

Finance costs are recognised as expenses in the period in which they are incurred and include interest on bank overdrafts and finance lease charges.

##### *Recharge of services*

The Legal Services Board to the Legal Services Commissioner

The Board charges the Commissioner for premises, depreciation and insurance on the basis of staff numbers and floor space.

The Legal Services Commissioner to the Legal Services Board

The Commissioner charges the Board for salaries and on-costs based on the time spent by Commissioner staff on Board work.

#### i) Assets

##### *Cash and cash equivalent*

For the purposes of the statement of cash flows, cash includes cash on hand, short term deposits that are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding cheques yet to be presented by the Legal Services Board's suppliers and creditors.

##### *Receivables*

Receivables are recognised at fair value and consist predominantly of accrued investment income, GST recoverable and debtors in relation to services provided.

A provision for doubtful receivables is made when there is objective evidence that the debts will not be collected. Bad Debts are written off when identified.

##### *Financial Assets*

Investments held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the Operating Statement.

Investments held with Fund Managers are stated at fair value, with any resultant gain or loss recognised in the Operating Statement.

##### *Intangible Assets*

Intangible assets represent identifiable non-monetary assets without physical substance, in the Boards case IT software.

Intangible assets are recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Board.

### ***Leased Assets***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Operating lease payments are charged as an expense in the period in which they are incurred.

Operating lease payments are recognised as an expense in a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### ***Non-Current Physical Assets***

Leasehold improvements, plant and equipment are recorded at cost less accumulated depreciation and impairment.

## **j) Liabilities**

### ***Payables***

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the organisation. The amounts reported in the Balance Sheet are their net market value. No interest is paid in respect of payables. Trade payables are ordinarily settled on 30 day terms.

### ***Commitments***

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value.

### ***Provisions***

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 *Legal Profession Act 2004*.

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.

Incurred but not lodged (IBNL) are incidents where the 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. (Note 13)

## **k) 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 and, if quantifiable, are measured at nominal value.

## **l) Cash Flow Statement**

For the purposes of the cash flow statement, cash comprises cash on hand, cash at bank, bank overdrafts and deposits at call, and highly liquid investments with short periods to maturity that are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

## **m) Functional and Presentation Currency**

The functional and presentation currency of the Board is the Australian dollar.

## **n) Comparative figures**

The Legal Services Board was proclaimed on 12 December 2005. Therefore the comparative figures are not a full financial year as they relate to the period 12 December 2005 to 30 June 2006. The presentation and classification of expenditure is consistent with the previous reporting period.

## **o) Rounding of amounts**

Amounts in the financial report have been rounded to the nearest thousand, unless otherwise stated.

# Notes to the Financial Statements

## for the period ended 30 June 2007

### Note 2. Funds Administered by the Legal Services Board

The Legal Services Board commenced on 12 December 2005 following the proclamation of the *Legal Profession Act 2004*. The Board is responsible for the following Funds under the specified sections of the Act:

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

*Statutory Deposit Account (SDA):* Section 6.7.4

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. Law Practices are required to have deposited in their SDA, 70% of the sum of the lowest balance in their trust account during the quarter plus the SDA balance on the last day of the quarter. The SDA balance in the Legal Services Board Financial Statements is the sum of the individual SDAs.

*General Account:* Section 6.7.3

Comprises interest from Law Practices Residual Trust Accounts, Statutory Deposit Account Investments, and fines as a result of hearings by the Legal Practice List at the Victorian Civil and Administration Tribunal (VCAT).

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

The Board has two operating accounts for administration purposes.

- Practising Certificate Fees: for the receipt of practicing certificate fees
- Legal Services Board: for the payment of expenses incurred in carrying out its functions other than regulating law practices or their trust account or functions relating to investigations of trust accounts.

*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 to recipients 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.

### Note 3. Income

	30.06.07 (\$000's)	30.06.06 (\$000's)
<b>Interest</b>		
Public Purpose Fund		
- Law Practice Residual Trust Accounts	34,289	17,154
- Statutory Deposit Account	9,199	4,050
- Operating Accounts	774	521
Legal Practitioners Fidelity Fund	37	25
<b>Investment Income</b>		
Public Purpose Fund		
- Statutory Deposit Account	24,426	8,093
- Operating Accounts	462	193
Legal Practitioners Fidelity Fund	3,584	1,397
<b>Other Income</b>		
Practising Certificate Fees	3,166	85
Sundry Income	93	23
Recoveries by the Fidelity Fund	24	809
Fidelity Fund Contributions	969	28
Revenue from continuing operations	77,023	32,378

### Note 4. Expenses

#### (a) Grants and Funding

Grants paid during the year from prior year accumulated surplus		
- Victorian Legal Aid	26,543	-
- Leo Cussen Institute	2,015	-
- Department of Justice	1,890	-
- Victorian Law Reform Commission	1,600	-
- Victorian Law Foundation	1,527	-
- Monash University	250	-
Funding paid during the year from current year surplus		
- Legal Services Commissioner (S 6.7.7)	5,350	2,950
- Payments to professional associations for programs (S 6.7.14)	2,519	1,052
- Legal Law List - Victorian Civil and Administration Tribunal ( S 6.7.8)	1,451	777
- Board of Examiners & Council for Legal Education (S 6.7.3(2)(viii))	548	162
	43,693	4,941

# Notes to the Financial Statements

## for the period ended 30 June 2007

### Note 4. Expenses continued

	30.06.07 (\$000's)	30.06.06 (\$000's)
<b>(b) Payments to service providers</b>		
Net Service Agreement: Payment to the Legal Services Commissioner		
- Salaries and temporary staff	1,531	472
- Superannuation	121	33
- Payroll Tax and Workcover	102	26
Net Service Agreement: Recharge from Legal Services Commissioner		
- Occupancy expenses	(371)	(35)
- Depreciation	(161)	(65)
- Insurance	(36)	(14)
	1,186	417
Cost of functions delegated to the Law Institute of Victoria and Victorian Bar Inc.		
- Issuing of Practising Certificates – LIV	641	320
- Issuing of Practising Certificates – Vic Bar	164	90
- Trust Account Inspections – LIV	2,202	1,025
- External Intervention – LIV	1,164	577
- Cost of other delegated services – LIV	189	1,271
- Cost of other delegated services – Vic Bar	-	355
Cost reimbursed to a Receiver	225	-
	4,585	3,638
	5,771	4,055
<b>(c) Fidelity fund claims costs and provisions expense/(credit)</b>		
Fidelity Fund Claims Details		
- Capital Claims Paid	2,171	1,329
- Interest Claims Paid	196	264
- Costs Paid	18	29
<b>Total Claims Paid</b>	2,385	1,622
Plus/(less) provision increase/(decrease)	1,500	(3,200)
Plus Administration Expenses	358	478
	4,243	(1,100)

	30.06.07 (\$000's)	30.06.06 (\$000's)
<b>(d) Directors fees</b>		
- Directors Remuneration	196	129
- Superannuation	12	7
	208	136
<b>(e) Depreciation and amortisation expense</b>		
- Leasehold improvements	117	60
- Office equipment	12	6
- Office furniture	53	28
- Computer equipment	81	28
- Intangible assets	244	1
	507	123
<i>Less Recharge from Service Agreement with the Legal Services Commissioner</i>	(161)	(65)
	346	58
<b>(f) Other expenses from ordinary activities</b>		
- Legal expenses	838	102
- EDP expenses	674	329
- Occupancy expenses	621	109
- Administrative expenses	473	262
- Consultants	201	208
- External audit fees	52	20
- Internal audit fees	45	16
- Investment advice and management expenses	15	16
	2,919	1,062
<i>Less Recharge from Service Agreement with the Legal Services Commissioner</i>	(407)	(49)
	2,512	1,013
<b>(g) Transition expenses</b>		
- Human resources and recruitment	132	239
- Communications and publicity	-	142
- Transition payments related to the Legal Profession Tribunal	147	115
- Other	119	19
	398	515



# Notes to the Financial Statements

## for the period ended 30 June 2007

### Note 5. Cash and cash equivalents

	30.06.07 (\$000's)	30.06.06 (\$000's)
<b>Cash on Hand</b>	-	-
<b>Cash at Bank</b>		
Public Purpose Fund		
- General Operating Account	1,109	7,715
- Distribution Account	4,155	61
- Statutory Deposit Account	148,498	199,039
- Practising Certificate Fees	7,270	3,869
- Legal Services Board	406	639
- Westpac Sector Pool – SDA Managed Cash	144,604	67,356
- Westpac Sector Pool – PPF Managed Cash	2,494	10,032
Legal Practitioners Fidelity Fund		
- Legal Practitioners Fidelity Fund Operating Account	995	681
- Westpac Sector Pool – FF Managed Cash	17,000	15,991
<b>Total</b>	<b>326,531</b>	<b>305,383</b>

### Note 6. Receivables

<b>Current</b>		
Accrued interest		
- Law Practice Residual Trust A/C Balances	3,219	2,562
- Statutory Deposit Account	822	995
GST Recoverable	170	388
Other Debtors	62	263
	<b>4,273</b>	<b>4,208</b>

### Note 7. Other Financial Assets

<b>Non Current – At fair value (through the Operating Statement)</b>		
Statutory Deposit Account		
- Credit Suisse Asset Management	58,045	55,643
- Maple Brown Abbott Investment Managers	43,135	33,633
- Capital National Alliance	20,938	18,375
- Vanguard Investments	13,059	10,348
Legal Practitioners Fidelity Fund		
- Credit Suisse Asset Management	13,507	12,948
- Maple Brown Abbott Investment Managers	6,531	5,092
- Capital National Alliance	2,410	2,115
- Vanguard Investments	1,366	1,082
	<b>158,991</b>	<b>139,236</b>

## Note 8. Plant and Equipment

	Leasehold improvements	Office equipment	Office furniture	Computer equipment	Total (\$'000's)
<b>(a) Book Value of Leasehold Improvements, plant and equipment</b>					
<b>30 June 2007</b>					
Cost at 30.06.07	1,325	217	546	342	2,430
Accumulated Depreciation	(290)	(39)	(142)	(174)	(645)
Net Book Value 30.06.07	1,035	178	404	168	1,785
<b>30 June 2006</b>					
Cost at 30.06.06	1,069	214	493	235	2,011
Accumulated Depreciation	(173)	(27)	(89)	(116)	(405)
Net Book Value 30.06.06	896	187	404	119	1,606
<b>(b) Assets written off</b>					
Cost	-	-	-	23	23
Accumulated Depreciation	-	-	-	(23)	(23)
Written down value 30.06.07	-	-	-	-	-
No assets were written down during the period 12 December 2005 to 30 June 2006.					
<b>(c) Reconciliation of plant and equipment</b>					
<b>30 June 2007</b>					
Opening balance	896	187	404	119	1,606
Additions	256	3	53	130	442
Depreciation and amortisation	(117)	(12)	(53)	(81)	(263)
Assets write down	-	-	-	-	-
<b>Closing balance</b>	1,035	178	404	168	1,785
<b>30 June 2006</b>					
<b>Opening balance</b>	-	-	-	-	-
Transfers from Legal Practice Board	956	191	432	147	1,726
Additions	-	2	-	-	2
Depreciation and amortisation	(60)	(6)	(28)	(28)	(122)
Assets write down	-	-	-	-	-
<b>Closing balance</b>	896	187	404	119	1,606

# Notes to the Financial Statements

## for the period ended 30 June 2007

### Note 9. Intangible Assets

	30.06.07 (\$000's)	30.06.06 (\$000's)
Balance 30.06.06	1,061	8
Additions	307	1054
Work in progress	281	-
Depreciation and amortisation	(244)	(1)
Balance 31.12.06	1,405	1,061

The Legal Services Board has capitalised software development expenditure for the following modules:

- Registration
- PC renewals
- Trust Account
- Statutory Monitoring
- Fidelity Fund
- Trust Account External Examination

Work in progress represents development of the Trust Accounts Investigations module.

### Note 10. Payables

Payables and accrued expenses – Public Purpose Fund	2,032	2,598
Payables and accrued expenses – Legal Practitioners Fidelity Fund	2,165	149
Plant and Equipment	-	340
	4,197	3,087

### Note 11. Income Received in Advance

Practising Certificate Fees	3,893	3,683
Fidelity Fund Contributions	356	357
	4,249	4,040

## Note 12. Statutory Deposit Account Balances

	30.06.07 (\$000's)	30.06.06 (\$000's)
At balance date deposits to the individual Statutory Deposit Accounts	(347,502)	(328,043)
Accounts held by the Legal Services Board in individual law practice names totalled:		
These were represented by the following investments:		
- Credit Suisse Asset Management	34,509	34,509
- Maple Brown Abbott Investment Managers	25,950	25,950
- Capital National Alliance	13,900	13,900
- Vanguard Investments	7,000	7,000
- Westpac Sector Pool – Managed Cash No 2	117,645	47,645
- Westpac Investment Account	148,498	199,039
	347,502	328,043

## Note 13. Provisions

Fidelity fund – provision for claims

The Fidelity Fund Claims provision at balance date has been set by the Board of Directors of the Legal Services Board after appropriate consideration of actuarial advice provided by an independent actuarial firm, am actuaries.

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:

Not later than one year discount rate	6.25%	5.75%
Later than one year discount rate	6.25%	5.75%

Provisions for lodged claims and anticipated claims against the Fund

Current Liability	3,400	2,700
Non current Liability	5,900	5,100

<b>Fidelity Fund Claims (Current/Non Current)</b>	<b>9,300</b>	<b>7,800</b>
---	--------------	--------------

Undiscounted Liability of Lodged Claims	2,800	4,500
Plus: estimated IBNL Liability	3,200	3,100

Projected Gross Liability	6,000	7,600
Less: discounted to Net Present Value	(700)	(700)
Plus: Claim Expenditure	900	900
Less: Claim Recoveries	-	-
Plus: Risk Margin (50%)	3,100	-

<b>Fidelity Fund Claims Liability</b>	<b>9,300</b>	<b>7,800</b>
---------------------------------------	--------------	--------------

# Notes to the Financial Statements

## for the period ended 30 June 2007

### Note 14. Equity and Movements in Equity

	30.06.07 (\$000's)	30.06.06 (\$000's)
<b>Accumulated Surplus</b>		
Opening balance	108,584	-
The aggregate net result for the reporting period	19,284	108,584
Aggregated accumulated surplus at the end of the reporting period	127,868	108,584
The aggregated accumulated surplus represents the surplus in the following funds:		
<b>Public Purpose Fund</b>		
Opening balance	78,953	-
Net result for the reporting period	18,913	78,953
Accumulated surplus at the end of the reporting period	97,866	78,953
<b>Legal Practitioners Fidelity Fund</b>		
Opening balance	29,631	-
Net result for the reporting period	371	29,631
Accumulated surplus at the end of the reporting period	30,002	29,631

### Note 15. Commitments for Expenditure

#### (a) Capital expenditure

##### *IT Project*

Not longer than 1 year	190	350
Longer than 1 year but not later than 5 years		
Longer than five years		
<b>Total Capital commitments</b>	190	350

#### (b) Operating lease commitments

The Board holds a lease for Level 9 and part of level 10, 330 Collins Street, Melbourne. The lease is effective until September 2014. At present Level 9 is occupied by the Legal Services Commissioner.

Future operating lease payments not provided for in the financial statements:

Not longer than 1 year	635	598
Longer than 1 year but not later than 5 years	3,502	3,408
Longer than five years	899	1,654
<b>Total Operating lease commitments</b>	5,036	5,660

	30.06.07 (\$000's)	30.06.06 (\$000's)
<b>(c) Other commitments – Grants</b>		
<i>Surplus from PPF General Account as at 30 June 2007</i>		
General Account Surplus	91,031	75,837
Transfer to Distribution Account	(45,516)	(37,919)
	45,515	37,918
<p>The Act requires that 50% of the surplus in the General Account at 30 June be transferred to the Distribution Account during the following year. Grants made under sections 6.7.9 and 6.7.10 and activities are paid to recipients from the Distribution Account.</p>		
<b>Grants approved for distribution during 2007/2008</b>		
Victorian Legal Aid	(31,860)	(26,542)
Leo Cussen Institute	(2,145)	(2,015)
Department of Justice	(1,900)	(1,890)
Victorian Law Reform Commission	(1,640)	(1,600)
Victorian Law Foundation	(1,650)	(1,527)
Monash University	-	(250)
	(39,195)	(33,824)
Unallocated	(6,321)	(4,095)
<i>Surplus from General Account transferred to the Distribution Account</i>	(45,516)	(37,919)
<b>Distribution Account</b>		
Opening balance in Distribution Account	4,095	-
Transfers from other accounts	60	-
	4,155	-
Transfer from General Account	45,516	37,919
Prescribed Grants approved for distribution during 2007/2008	(39,195)	(33,824)
Available for future minor and major grants	10,476	4,095
Not longer than 1 year	39,195	33,824
Longer than 1 year but not later than 5 years	10,476	4,095
Longer than five years	-	-
<b>Total Grant commitments</b>	49,671	37,919

## Note 16. Contingent Assets and Contingent Liabilities

There were no contingent liabilities or contingent assets at balance date.

# Notes to the Financial Statements

## for the period ended 30 June 2007

### Note 17. Financial Instruments

	Notes	Floating Interest	Less than One Year	One to Five Years	Five plus Years	Non-Interest Bearing	Total 30.06.07
<b>(a) Financial Assets:</b>							
Cash and cash equivalents	5	326,531				-	326,531
Other financial assets	7	158,991					158,991
Receivables	6					4,273	4,273
		485,522	-	-	-	4,273	489,795
Weighted average interest rate		9.07%					
<b>(b) Financial Liabilities</b>							
Statutory deposit account balances	12					347,502	347,502
Payables	10					4,197	4,197
			-	-	-	351,699	351,699

	Notes	Floating Interest	Less than One Year	One to Five Years	Five plus Years	Non-Interest Bearing	Total 30.06.06
<b>(a) Financial Assets:</b>							
Cash and cash equivalents	5	305,383				-	305,383
Other financial assets	7	139,236					139,236
Receivables	6					4,208	4,208
		444,619	-	-	-	4,208	448,827
Weighted average interest rate		7.32%					
<b>(b) Financial Liabilities</b>							
Statutory deposit account balances	12					328,043	328,043
Payables	10					3,087	3,087
			-	-	-	331,130	331,130

## Note 18. Reconciliation of the Net Result for the Period to net cash flows from operating activities

	30.06.07 (\$000's)	30.06.06 (\$000's)
<b>Cash Flows from operating activities</b>		
Net result for the reporting period	19,284	108,584
Depreciation and Amortisation	507	123
Gain on net assets transferred from Legal Practice Board on 12 December 2005	-	128,960
Changes in net assets and liabilities:		
(Increase)/decrease in prepayments	(71)	41
(Increase)/decrease in GST recoverable	217	(120)
(Increase)/decrease in receivables	(281)	(2,552)
Increase/(decrease) in provisions	1,500	(3,200)
Increase/(decrease) in income received in advance	209	4,040
Increase/(decrease) in payables	1,109	(428)
Net cash inflow from operating activities	22,474	235,448

## Note 19. Responsible Persons

### a) Responsible Minister

The responsible Minister during the period 1 July 2006 to 30 June 2007 was

The Hon. Rob Hulls MP, Attorney-General.

During the period the following Ministers were Acting Attorney-General:

The Hon. Bob Cameron MP 1 July 2006 to 16 July 2006

The Hon. John Lenders MP 23 December 2006 to 1 January 2007

The Hon. Tim Pallas MP 20 January 2007 to 21 January 2007

The Hon. Bob Cameron MP 22 January 2007 to 11 February 2007

The Hon. John Lenders MP 22 June 2007 to 30 June 2007

Board Members during the period included: Colin Neave (Chairman), Jane Harvey, Carolyn Bond, Gail Owen, John Corcoran, Mark Madden, John Middleton QC, Hugh Fraser and Mark Derham QC.

On 31 July 2006 John Middleton QC resigned from the Board of Directors. Mr. Mark Derham QC fulfilled an acting position until 20 February 2007 when an election of the advocate was held and Mr Hugh Fraser was elected.



# Notes to the Financial Statements

## for the period ended 30 June 2007

### Note 19. Responsible Persons continued

	30.06.07 No.	30.06.06 No.
<b>b) Remuneration of the Board</b>		
Income of: Less than \$10,000	2	
\$10,000 – \$19,999	1	6
\$20,000 – \$29,999	4	1
\$30,000 – \$39,999	1	
\$40,000 – \$49,999		
\$50,000 – \$59,999	1	
Total remuneration relating to the period received, or due and receivable, as member of the Legal Services Board amount to:	\$208,155	\$135,953

### (c) Related Party Transactions

During the period 1 July 2006 to 30 June 2007 the following related party transaction occurred:

- As practitioners, Messrs. Middleton QC, Corcoran, Derham and Fraser and Ms Owen were required to have a Practising Certificate.
- As set out in Note 1(j) and other notes there are recharges between the Legal Services Board and Legal Services Commissioner

All transactions directly between the Board and the responsible persons or their firm occur within a normal employee, customer or supplier relationship and are at arms length.

### Note 20. Remuneration of the Accountable Officer

Accountable Officer: Ms V Marles

S 6.3.4 of the Legal Profession Act 2004 states that the Legal Services Commissioner is the Chief Executive Officer of the Board.

Remuneration received or receivable by the Accountable Office has been included in the Legal Services Commissioner Financial Statements.

### Note 21. Remuneration of Auditor

	30.06.07 (\$000's)	30.06.06 (\$000's)
<b>External Audit – Victorian Auditor General's Office</b>		
Audit of the financial report	52	20
	52	20

### Note 22. Subsequent Events

There are no subsequent events to report.

# Accountable Officer's and Chief Finance and Accounting Officer's Declaration

## LEGAL SERVICES BOARD

### ACCOUNTABLE OFFICER'S AND CHIEF FINANCE AND ACCOUNTING OFFICER'S DECLARATION


We certify that the attached financial statements for the Legal Services Board have been prepared in accordance with Standing Director 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Operating Statement, Balance Sheet, Statement of Recognised Income and Expense, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial transactions during the period ended 30 June 2007 and financial position of the Legal Services Board as at 30 June 2007.

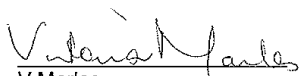
We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.



C Neave  
Chairperson  
Legal Services Board  
Melbourne



J Harvey  
Director  
Legal Services Board  
Melbourne



V Marles  
Chief Executive Officer  
Legal Services Board  
Melbourne



D Gillespie  
Chief Finance and Accounting Officer  
Legal Services Board  
Melbourne

Dated: 20.9.07

## VAGO

Victorian Auditor-General's Office

### INDEPENDENT AUDIT REPORT

#### Legal Services Board

#### To the Members of the Parliament of Victoria and the Members of the Board

##### *Matters Relating to the Electronic Presentation of the Audited Financial Report*

This auditor's report for the financial year ended 30 June 2007 relates to the financial report of the Legal Services Board included on its web site. The Members of the Legal Services Board are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

##### *The Financial Report*

The accompanying financial report for the year ended 30 June 2007 of the Legal Services Board which comprises the operating statement, balance sheet, statement of recognised income and expense, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

##### *The Responsibility of the Members of the Board for the Financial Report*

The Members of the Legal Services Board are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

##### *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. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance 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 internal control relevant to the Board Members' 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 Board'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, as well as evaluating the overall presentation of the financial report.

1

Level 24, 35 Collins Street, Melbourne Vic. 3000  
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*

# VAGO

Victorian Auditor-General's Office

## Independent Audit Report (continued)

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *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. The Auditor-General, his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

### *Auditor's Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Legal Services Board as at 30 June 2007 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
21 September 2007

  
D.D.R. Pearson  
Auditor-General

# Disclosure Index

The Report of the Legal Services Board is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Board's compliance with the statutory disclosure requirements.

## Ministerial Directions

### Report of Operations – FRD Guidance

#### *Charter and Purpose*

<b>Legislation</b>	<b>Requirement</b>	<b>Page Reference</b>
FRD 22B	Manner of establishment and the relevant Ministers	5
FRD 22B	Objectives, functions, powers and duties	5
FRD 22B	Nature and range of services provided	5

#### *Management and Structure*

FRD 22B	Organisational structure	11
---------	--------------------------	----

#### *Financial and other information*

FRD 22B	Operational and budgetary objectives and performance against objectives	NIL
FRD 22B	Employment and conduct principles	28
FRD 22B	Occupational Health and Safety	28
FRD 29	Workforce Data disclosures	N/A
FRD 15B	Executive Officer disclosures	28
FRD 22B	Summary of financial results for the year	41
FRD 22B	Significant changes in financial position during the year	NIL
FRD 22B	Major changes or factors affecting performance	NIL
FRD 22B	Subsequent events	64
FRD 22B	Application and operation of <i>Freedom of Information Act 1982</i>	29
FRD 22B	Compliance with building and maintenance provisions of Building Act 1993	29
FRD 22B	Statement on National Competition Policy	29
FRD 22B	Application and operation of the <i>Whistleblowers Protection Act 2001</i>	30
FRD 25	Victorian Industry Participation Policy disclosures	30
FRD 22B	Details of consultancies over \$100,000	30
FRD 22B	Details of consultancies under \$100,000	30
FRD 12A	Disclosure of major contracts	NIL
FRD 24A	Reporting of office-based environmental impacts	NIL
FRD 22B	Statement of availability of other information	31
FRD 10	Disclosure Index	68
FRD 8A	Budget portfolio outcomes	NIL

## Financial Statements

### *Financial Statements required under Part 7 of the FMA*

SD 4.2(f)	Model Financial Report	41
SD 4.2(b)	Operating Statement	42
SD 4.2(b)	Balance Sheet	43
SD 4.2(a)	Statement of Recognised Income and Expense	44
SD 4.2(b)	Cash flow Statement	45
SD 4.2(c)	Accountable Officer's Declaration	65
SD 4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements	46
SD 4.2(c)	Compliance with Ministerial Directions	63
SD 4.2(d)	Rounding of Amounts	51

### *Other disclosures in notes to the financial statements*

FRD 13	Disclosure of parliamentary appropriations	NIL
FRD 9A	Departmental disclosure of administered assets and liabilities	NIL
FRD 11	Disclosure of ex-gratia payments	NIL
FRD 21A	Responsible person and executive officer disclosures	65

## Legislation

<i>Legal Profession Act 2004</i>	7
<i>Freedom of Information Act 1982</i>	29
<i>Building Act 1993</i>	29
<i>Whistleblowers Protection Act 2001</i>	30
<i>Victorian Industry Participation Policy Act 2003</i>	30
<i>Financial Management Act 1994</i>	50
<i>Audit Act 1994</i>	9
<i>Public Administration Act 2004</i>	28

# Legal Services **BOARD**

Level 10, 330 Collins Street  
MELBOURNE VICTORIA 3000

GPO Box 4937 V V  
MELBOURNE VICTORIA 3001

ABN 44 489 403 800

Telephone: (03) 9679 8000

Fax: (03) 9679 8100

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