

The cover features a dark blue background with a large, light blue diagonal band. The band is divided into three horizontal sections: a top section with fine white diagonal lines, a middle white section containing the title, and a bottom section with fine white diagonal lines. The title '2015 ANNUAL REPORT' is centered in the white section. '2015' is in a large, bold, lime green font, while 'ANNUAL REPORT' is in a smaller, bold, dark blue font.

2015 ANNUAL REPORT

Victorian Legal Services
BOARD + COMMISSIONER


18 August 2015

Dear Attorney General


We are pleased to provide you with the 2014-15 Annual Report of the Victorian Legal Services Board + Commissioner. This report provides an overview of the operations and financial status of the Board and Commissioner for the reporting year and has been prepared in accordance with the requirements of the *Financial Management Act 1994*.

This will be the final report prepared by the Board and Commissioner under the *Legal Profession Act 2004*. All subsequent annual reports will be prepared under the new *Legal Profession Uniform Law Application Act 2014* which commenced operating on 1 July 2015.

Yours sincerely



Fiona Bennett
Chairperson
Victorian Legal Services Board



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

VICTORIAN LEGAL SERVICES BOARD + COMMISSIONER 2015 ANNUAL REPORT

Ordered to be published
VICTORIAN GOVERNMENT PRINTER
September, 2015
PP No. 92, Session 2014-2015

Victorian Legal Services Board + Commissioner

Level 5, 555 Bourke Street
Melbourne Victoria 3000

GPO Box 492
Melbourne Victoria 3001

Ausdoc	DX185 Melbourne
Telephone	03 9679 8001
Local call within Victoria	1300 796 344
Fax	03 9679 8101
Email	admin@lsbc.vic.gov.au
Board + Commissioner Website	www.lsbc.vic.gov.au
Board ABN	82 518 945 610
Commissioner ABN	66 489 344 310

CONTENTS

CHAPTER 01 INTRODUCTION	02	CHAPTER 05 CORPORATE OPERATIONS AND GOVERNANCE	20
About the Victorian Legal Services Board and Commissioner	02	Educating the legal profession and consumers of legal services	20
Abbreviations, statutory objectives and values	03	Grants Program	21
Significant achievements and events	04	Working with the professional associations	23
Chairperson's report	05	Strengthening our financial practices	23
CEO and Commissioner's report	06	Workforce data and staffing trends	27
		Governance and compliance statements	30
		Office based environmental impacts	32
		Attestations	35
CHAPTER 02 BOARD MEMBERSHIP AND FUNCTIONS	07	APPENDICES	36
Meeting attendance	07	APPENDIX 01	
Board Committees	07	Snapshot of Victoria's Legal Profession	37
Board membership during 2014-15	08	APPENDIX 02	
		Complaints and related data	47
		APPENDIX 03	
		Prosecutions in VCAT and the Courts	53
		APPENDIX 04	
		Board and Commissioner consolidated financial report	62
		APPENDIX 05	
		Board delegations	126
		APPENDIX 06	
		Commissioner delegations	142
		APPENDIX 07	
		Disclosure Index	155
CHAPTER 03 REPORT OF OPERATIONS: REGULATION	11		
Ensuring the effective regulation of the legal profession	11		
Providing for the protection of consumers of legal services	12		
Ensuring the proper management of trust accounts	13		
Ensuring the Victorian system is at the forefront of legal regulation	15		
CHAPTER 04 REPORT OF OPERATIONS: COMPLAINTS	16		
Enquiries received	16		
Complaints received	16		
Dealing with complaints: dispute resolution and conciliation	17		
Dealing with complaints: disciplinary investigations	18		
Complaints finalised and outstanding	18		
Applications to VCAT	19		
Removals from the roll of legal practitioners	19		

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

The Board and Commissioner were established on 12 December 2005 under the *Legal Profession Act 2004* (the Act).

The responsible minister is the Attorney-General, The Hon. Martin Pakula MP.

As the Board and Commissioner function effectively as one body, the annual report of operations and the financial statements have been consolidated.

At the time of this report's publication, the Board and Commissioner operate under the new *Legal Profession Uniform Law Application Act 2015* (Vic). As this report covers the period 1 July 2014 to 30 June 2015, the report has been prepared with reference to the *Legal Profession Act 2004* (Vic) which was in operation during this timeframe.

ABOUT THE LEGAL SERVICES BOARD

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

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

- issuing, renewing, suspending, cancelling and imposing conditions upon practising certificates (PCs)
- maintaining the Register of Legal Practitioners and Law Practices, and the Register of Disciplinary Action (RODA)
- administering funds set out under the Act
- monitoring, inspecting and investigating lawyers' trust accounts
- investigating and determining claims against the Fidelity Fund

- administering external interventions of law practices
- making and approving legal profession rules
- prosecuting breaches of the Act, including applying for removal of lawyers' names from the Supreme Court roll where necessary, and
- making grants to enhance the legal system, legal services and legal education.

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

ABOUT THE LEGAL SERVICES COMMISSIONER

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

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

ABBREVIATIONS AND ACRONYMS USED IN THIS REPORT

the Act	the <i>Legal Profession Act 2004</i>
the Bar	Victorian Bar Inc
Board	the Legal Services Board
Commissioner	the Legal Services Commissioner (Michael McGarvie)
CPD	continuing professional development
DRT	Dispute Resolution Team
FTE	full time equivalent
FMA	the <i>Financial Management Act 1994</i>
ILP	incorporated legal practice
LIV	Law Institute of Victoria Inc
LSB	Legal Services Board
LSC	Legal Services Commissioner
PC	practising certificate
PPF	the Public Purpose Fund
RODA	the Register of Disciplinary Action
RRT	Rapid Resolution Team
SDA	statutory deposit account
Uniform Law	Legal Profession Uniform Law
VCAT	Victorian Civil and Administrative Tribunal

STATUTORY OBJECTIVES AND VALUES OF THE BOARD AND COMMISSIONER

Under the Act, the Board's statutory objectives are to:

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

The Commissioner's statutory objectives are to:

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

Our corporate values mirror the Victorian Public Sector values:

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

SIGNIFICANT ACHIEVEMENTS AND EVENTS IN 2014-15

Over **99%** of PC renewals were undertaken using the Board's web portal, **LSB Online** (page 15).

28 ILP audits were concluded, with a further 25 audits still in progress.

1,590 complaints were finalised for the year.

408 trust account investigations were undertaken by the LIV as the Board's delegate.

The number of open complaints at the end of the year decreased to **382**, **5% fewer** than the previous year (page 18).

The Dispute Resolution Team helped the parties resolve their differences in **57%** of the **211 civil disputes** allocated to them (page 17).

The Board awarded **\$2.6 million** in grants to nine organisations (page 21).

The Commissioner's Rapid Resolution Team were allocated **46%** of the complaints received during the year and resolved **23.6%** of all complaints closed for the year (page 17).

9 new fact sheets were prepared for lawyers (page 20).

18 external interventions of law practices were concluded and five new investigations initiated (page 13).

Energy smart design of the new offices delivered a **19% decrease** in electricity usage.



CHAIRPERSON'S REPORT

Throughout the past year the Board and its staff have put in a considerable effort in preparing for the commencement of the Legal Profession Uniform Law; the most significant regulatory change for lawyers in a decade. A major focus of our work has been ensuring that all lawyers, law practices, the courts, and indeed the Board and Commissioner as regulators, were ready for the changes that would take place.

The change to a uniform regulatory scheme brings with it greater efficiencies and an increased capacity to share resources and material between the local state-based regulators. It will also reduce the regulatory burdens on those practitioners and legal practices operating across jurisdictional boundaries.

When the Legal Services Council was established in October 2014 I was fortunate to be appointed as a Council member, together with fellow Board member, Steven Stevens. In acknowledgement of the Council's role for policy setting under the Uniform Law from 1 July, the Board decided in December 2014 to wind up its own policy advisory committee, the Legal Practice Committee. The Board now offers its technical and practical expertise to assist the Council in its policy development.

In July 2014 we welcomed a new member, Cate Dealehr. Cate's expertise with legal costing has been a great asset to the Board and Commissioner. Cate replaced Richard Fleming whose term expired on 30 June 2014.

One of our more ambitious projects was realised this year with the shift to processing all PC renewals via our *LSB Online* service and issuing all PCs via email. While we have been working towards this point for several years, this substantial change to long established habits was expected to affect a large number of practitioners who had not yet embraced the online process. I am very pleased to report that the project was a striking success. Online renewal proved to be a barrier for only a handful of lawyers who were able to obtain further assistance from Board staff to renew their PCs. It is a credit to our Practitioner Services, IT and support staff who worked tirelessly for months leading up to the renewal cycle to ensure the process worked as smoothly as it did.

In another significant outcome, the Board's Grants Program awarded \$2.6 million to nine projects, improving access to justice by Victorians. This year we focussed our efforts on supporting a relatively new model of service delivery: co-locating legal services within community health services. We know that for a range of reasons people are more likely to seek treatment for health issues, but neglect seeking assistance with related legal issues which often arise simultaneously. By sponsoring greater access to legal assistance in a safe and convenient location, the Board is helping people experiencing disadvantage, such as homelessness, domestic violence, or substance abuse to address their existing legal problems early, thereby potentially preventing new legal problems from developing. Initial reports from the project coordinators are extremely promising.

The total amount of Grants funding provided by the Board over the past eight years has now reached \$27m. The Board has also been able to maintain the funding allocated to Victoria Legal Aid in real terms over the past five years. In an economic climate of record low interest rates, this feat has only been possible thanks to the Board's careful investment strategies and responsible financial management practices.

This will be the final report for the Legal Services Board under the *Legal Profession Act 2004*. The change to the Uniform Law brings with it new powers, new responsibilities and a uniform approach to legal profession regulation between Victoria and New South Wales.

I offer my sincere thanks to my fellow Board members for their insights, hard work and expertise, and especially to the Board CEO, Michael McGarvie, for his enthusiasm and capability in delivering the accomplishments presented in this report. Michael's reappointment for a further five-year term as CEO and Legal Services Commissioner in September 2014 shows that his value to the regulator is also recognised by the government. I would also like to thank the staff who support the operations of the Board for their efforts throughout the year, without whom we would not have been ready for the year ahead; the first year of the Uniform Law.

Fiona Bennett
Chairperson, Legal Services Board



CEO AND COMMISSIONER'S REPORT

During the year, the Board Chairperson, my staff and I liaised extensively with other Victorian regulatory, enforcement and educational bodies and the courts to discuss the transition to the Uniform Law and how it would affect regulation of the legal profession in Victoria. We also commenced working with the newly appointed Legal Services Council and the Commissioner for Uniform Legal Regulation to assist with preparations for the commencement of the Uniform Law.

A considerable effort was made to communicate with government lawyers in particular over this time as the Uniform law requires them to hold a PC for the first time. Through an extensive education campaign involving online and direct engagement we explained how the Uniform Law will affect them and what transitional arrangements had been put in place to accommodate their unique circumstances when applying for a PC.

The Board and Commissioner also continued to develop its relationship with Victoria Police. Our objective was to minimise delay in the investigation and charging of lawyers and legal practice employees suspected of committing indictable offences. The benefits of this are already being seen. While our case against Alan Munt received media attention for the delays experienced in bringing the matter to trial, we saw three other former practitioners: Philip Linacre; David Maloney; and Euan Vance all receive substantial prison terms this year for fraud and related offences that were detected in previous years.

Internally, we embarked on strategic planning process to develop a new three-year plan; a timely activity with the pending commencement of the Uniform Law. Coinciding with this, we refined aspects of our corporate operations to better support the staff body through the changes experienced from last year's restructure and those anticipated to occur under the Uniform Law. We also became a signatory to the Tristan Jepson Memorial Foundation to aid our own work in continually improving our internal culture and processes, as well as helping us to be well-informed enough to assist lawyers in improving their working environments, or their health, through our regulatory functions.

In early September 2014 we moved into a new office on Bourke Street. Our custom fit-out included interview rooms for private discussions with complainants and lawyers and improved workspaces to encourage collaboration and information sharing across the organisation. The new location places us closer to the Courts and the professional associations.

The Board signed a new service level agreement with the LIV. The agreement sets out our mutual legal obligations and the agreed funding parameters for the work the Board has delegated to the LIV. A feature of the new agreement is the pairing of Board and LIV teams, which will facilitate a more collaborative approach to legal regulation.

The Commissioner received a record low number of 1,571 formal complaints this year, despite the number of enquiries received remaining reasonably consistent with previous years. The decrease in complaints is a direct result of the effort we put in to resolving the issues raised by callers as early as possible. In a large number of instances we were able to help potential complainants understand how to address their concerns themselves without the need for the Commissioner's intervention. It is a win for consumers and lawyers alike.

I sent a delegation of staff to participate in the annual Conference of Regulatory Offices, which this year was held in Wellington, New Zealand. The Board and Commissioner have always been strong supporters of CORO as it offers us a unique opportunity to share ideas for improving the work we do with other legal regulators.

I was also fortunate enough to travel to Boston in March this year to attend a course at Harvard University's John Kennedy School of Government. The course covered strategic management of regulatory enforcement for government agencies and was conducted by Professor Malcom Sparrow. One focus of the course was in identifying trends and risks through data assessment and then planning proactive regulatory action around those risks. This is an approach which the Board and Commissioner are implementing in trust account auditing and complaints handling.

I am pleased to be reporting on our achievements this year, particularly in light of many of the challenges that regulating a 19,000 + strong profession throws up. I must thank the Board Chairperson and the Board members for their stewardship and directions in a time of significant regulatory change, and I also offer my sincere thanks to our staff; for their loyalty, their diligent work and their ability to accept change and continue to deliver such exceptional results for the year.

Michael McGarvie
CEO, Legal Services Board
Legal Services Commissioner

The Board consists of a Chairperson, three non-lawyer members and three lawyer members. The Chairperson and the non-lawyer members are appointed by the Governor in Council on the recommendation of the Attorney General.

Non-lawyer members bring with them extensive experience in finance, investment, accounting, governance processes, consumer protection and an understanding of community needs.

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

This chapter covers the composition of the Board and the committees operated by the Board. Biographies of all Board members and the Board CEO are found on the following pages.

MEETING ATTENDANCE

The Board met eight times for in the reporting year (Table 01), including two special meetings: once to approve the Board and Commissioner annual financial reports for the 2013-14 financial year, and once to approve the Board and Commissioner budgets for the 2015-16 financial year and to consider recommendations for the 2015 Grants program.

Table 01: Board membership and meeting attendance in 2014-15

Board member	No. of Board meetings attended
Ms Fiona Bennett	8
Ms Carolyn Bond AO	8
Ms Cate Dealehr	8
Mr Peter Jopling AM QC	6
Mr Harvey Kalman	6
Mr Steven Stevens	7
Dr Lynne Williams	7

DEPARTING BOARD MEMBER

On 30 June 2014 Richard Fleming completed his four-year term as one of the two elected non-advocate Board members. The results of the 2014 Board election saw Ms Cate Dealehr voted in as a non-advocate Board member, replacing Richard. Cate commenced her term on 1 July 2014.

BOARD COMMITTEES

The Board operates four ordinary committees, each with a Board member appointed as Chair.

The Board and Commissioner each operate an Audit Committee, however these committees meet together for operational reasons. The functions of Board Committees do not change from year to year. A detailed description of Committee functions can be found on the Board and Commissioner's website.

The membership of all Board Committees and the Commissioner's Audit Committee is detailed in Figure 01 on the following pages.

CESSATION OF LEGAL PRACTICE COMMITTEE

In its December 2014 meeting, the Board determined that it would cease convening its Legal Practice Committee. The Committee was established by the Board for making and approving all Rules and policies for the Victorian legal profession under the *Legal Profession Act 2004*. In light of the appointment of the Legal Services Council in October 2014, and the expectation that the Uniform Law would commence in mid-2015, the Board determined that it would be ineffective for both the Committee and the Council to be involved in developing the Rules. Instead the Board resolved to offer assistance to the Council with the development of the Rules and policies, as appropriate.

BOARD MEMBERSHIP DURING 2014-15



MS FIONA BENNETT

**CHAIRPERSON
NON-LAWYER MEMBER**

Fiona is a non-executive director of Beach Energy Ltd and Hills Ltd. She is a Chartered Accountant with extensive experience in commercial and financial management, governance, risk management and auditing. Fiona has held senior executive positions at BHP Billiton Ltd and Coles Group Ltd, and has been Chief Financial Officer of several organisations in the health sector. She is a Fellow of the Institute of Chartered Accountants, the Australian Institute of Company Directors and the Australian Institute of Management. Fiona was appointed to the Board in January 2008 and appointed Chairperson by the Attorney General in January 2013. Fiona was appointed as a member of the Legal Services Council in October 2014.



MS CAROLYN BOND AO

NON-LAWYER MEMBER

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



MS CATE DEALEHR

LAWYER (NON-ADVOCATE) MEMBER

Cate is a lawyer with over 30 years' experience, starting her career at the Victorian Government Solicitor's office before becoming a legal advisor to the Victorian Chief Commissioner of Police. In 1990 Cate established the Australian Legal Costing Group. A long-term member of the LIV's costs policy committee, in 2010 Cate became one of Victoria's first LIV accredited specialists in costs law. Beyond legal practice, Cate is a passionate advocate for women in business and politics. Her roles have included director of the International Women's Federation of Commerce & Industry, and in 2007 she founded an annual scholarship for leadership in politics for women. Cate has been a Fellow of Leadership Victoria since 1999, and in 2014 received the LIV Access to Justice Pro Bono award. She is also a graduate of the Australian Institute of Company Directors.



MR PETER JOPLING AM QC

LAWYER (ADVOCATE) MEMBER

Peter is a Queen's Counsel specialising in commercial law and trade practices law. He was admitted to practice in 1978 and signed the Victorian roll in 1980. Peter served as an Associate to High Court Justices Sir Keith Aickin and Sir Ninian Stephen. He was appointed QC in 1996. Peter has held positions as director, member and chair for a range of organisations and committees. He is currently a Governor of the Florey Neurosciences Institutes, director of the Ian Potter Museum of Art, member of the Victorian Legal Admissions Committee, member of the Victorian College of the Arts Foundation, a member of the advisory board of the Centre for Ethical Leadership at the University of Melbourne, a director of the Menzies Foundation and a trustee of the McClelland Sculpture Park and Gallery.

MR HARVEY KALMAN

NON-LAWYER MEMBER

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



MR STEVEN STEVENS

LAWYER (NON-ADVOCATE) MEMBER

Steven joined the Board in July 2013 as an elected legal practitioner representative. He is a former President of the LIV and Director of the Law Council of Australia. Steven has been the Chair of the Law Council's Professional Ethics Committee since 2009 and is currently Co-Vice Chair of the International Bar Association's Professional Ethics Committee. Steven is an Australian tax practitioner specializing in the taxation of financial services and trusts and in State Taxation. He is a former tax partner at Herbert Smith Freehills. Prior to commencing legal practice in 1988, Steven practised for 12 years as an economist and was a senior Victorian Treasury officer. He is also a member of the American Bar Association and The Tax Institute. Steven was appointed as a member of the Legal Services Council in October 2014.



DR LYNNE WILLIAMS

NON-LAWYER MEMBER

Lynne is an economist with over 30 years' experience with the public sector, and is currently involved in several government boards, being the Chair of the Victorian Government Procurement Board, the Deputy Chair of the Essential Services Commission of South Australia and a Commissioner with the Victorian Building Authority. Lynne is also a member of the Faculty of Business and Economics Advisory Board of the University of Melbourne, and has previously held senior executive roles within several State Government Departments. Lynne has Masters degrees in economics from the University of Melbourne and the London School of Economics, a PhD from Monash University and is also a Member of the Australian Institute of Company Directors. Lynne was appointed to the Board by the Governor in Council on 9 October 2013.



MR MICHAEL MCGARVIE

CHIEF EXECUTIVE OFFICER

Michael was appointed as the Commissioner and Board CEO in December 2009 and reappointed for a second five-year term in September 2014. Prior to this, Michael was the CEO of the Supreme Court of Victoria for three years. He practised as a solicitor at Holding Redlich for 23 years, where he specialised in personal injuries, civil litigation and dispute resolution. Michael is a Graduate of the Australian Institute of Company Directors and also a graduate in strategic management of regulatory and enforcement agencies from the John Kennedy School of Government, Harvard.



Figure 01: Board Committees and membership as at 30 June 2015



*Denotes external member

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

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

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

ENSURING EFFECTIVE REGULATION OF THE LEGAL PROFESSION

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

CONTINUING PROFESSIONAL DEVELOPMENT VERIFICATIONS

The Board has delegated the role of auditing lawyers' compliance with their continuing professional development (CPD) obligations to the LIV and the Bar's Continuing Legal Education Committee. During 2014-15 the LIV audited 550 individual lawyers for CPD compliance. The Bar assesses each barrister's declared compliance upon renewing their practising certificate annually, as well as carrying out an audit of barristers at random. Table 2 shows the outcome of these audits. The Bar report on the 2014-15 audit was not completed prior to publication of this annual report. Further details on CPD, including the CPD rules and the implications of failure to comply with CPD requirements, are available on the Board's website.

Table 02: CPD Audits conducted by the LIV

Audit details	2013-14		2014-15	
	LIV	Bar	LIV	Bar*
Total number of lawyers audited	550	94	550	N/A
Lawyers who complied	537	87	542	N/A
Lawyers who did not comply	4	5	3	N/A
Lawyers exempted (e.g. on maternity leave, surrendered PC, had already been audited in previous two years etc)	9	2	5	N/A

*Final report not yet available

FOREIGN LAWYER APPLICATIONS

In 2014-15 the Board received 24 applications for a Victorian practising certificate from persons who are registered as a lawyer in an overseas jurisdiction. Table 03 shows the applications and their outcomes.

Further information on foreign lawyers is available on the Board's website.

Table 03: Applications for foreign lawyer registration

	2013-14	2014-15
Applications received	31	24
Applications granted*	29	8
Applications declined	0	2
Decisions pending at 30 June	2	14
Applications withdrawn	0	0

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

INCORPORATED LEGAL PRACTICE AUDITS

The Board has the power to audit an incorporated legal practice (ILP) to ensure that it is complying with the relevant legislative requirements, regulations and practice rules. Audits are also used to determine whether appropriate management systems are in place. The Board's audit powers and rationale for selecting firms to audit are explained on the website.

During 2014-15, the Board completed 28 ILP audits. A further 25 audits were still in progress as at 30 June. After analysing the results of completed audits, the Board issued a profession-wide email bulletin, publicising the purpose of the audits and the expansion of audit powers under the forthcoming Uniform Law. The Board also published a new fact sheet which reviewed several major practice management issues identified in the audits, and provided guidance on how such issues could be addressed.

Several self-assessment audits were also initiated with new ILPs. This enabled the Board to maintain long-term contact with those practices from their commencement and to assist them with developing appropriate management systems.

PROVIDING FOR THE PROTECTION OF CONSUMERS OF LEGAL SERVICES

The Board has a role in protecting the interests of consumers of legal services obtained from lawyers and from people falsely claiming to be lawyers. Board staff and delegates pursue non-compliance matters through a range of means, commencing with assistance over mistakes or education and counselling for minor breaches. This escalates to referrals for disciplinary investigation, external interventions of law practices, suspension or cancellation of practising certificates, strike-off applications and criminal prosecution. The Board also maintains a publicly accessible register of disciplinary action (RODA) which publishes Court and Tribunal orders made against lawyers.

UNQUALIFIED LEGAL PRACTICE

The Board is responsible for investigating suspected cases of unqualified legal practice, and if required, prosecuting unqualified persons who perform legal work or who falsely hold themselves out as lawyers.

During the reporting period, the Board opened 67 new cases regarding possible unqualified legal practice. A total of 24 of those matters related to Australian lawyers without practising certificates and the remaining 43 related to people with no legal qualifications.

Six unqualified practice prosecutions were concluded in the Magistrates' Court during 2014-15, being:

- Ms Tracey Burnell (non-lawyer): On 4 August 2014, Ms Burnell pleaded guilty to unqualified legal practice while operating her debt collection business. Ms Burnell was convicted, fined \$7,500 and ordered to pay the Board's costs of \$7,133.
- Mr Rick Teow Liew (non-lawyer): On 6 August 2014, Mr Liew was found guilty of unqualified legal practice for providing legal advice on a commercial transaction. He was convicted, fined \$20,000 and ordered to pay the Board's costs of \$7,100. To date, this is the highest penalty that has been handed down for such offences.
- Mr Petrus Chow (non-lawyer): On 29 September 2014, Mr Chow pleaded guilty to unqualified legal practice for actions undertaken when employed in a suburban law practice. He was fined \$7,500 without conviction and ordered to pay the Board's costs of \$3,972.
- Mr Graeme Steart (former solicitor): On 8 October 2014, Mr Steart pleaded guilty to unqualified legal practice after he continued to performing legal work without a current practising certificate. Mr Steart was fined \$8,000 without conviction and ordered to pay the Board's costs of \$3,500.
- Mr John Drummond (a.k.a. John Lo Presti, former solicitor – struck off): On 27 October 2014, Mr Drummond pleaded guilty to one count of unqualified legal practice. Mr Drummond entered into an Undertaking to not engage in nor represent an entitlement to engage in legal practice for three years, and was ordered to pay costs to the Board of \$1,800.
- Ms Barbara Chabaud (non-lawyer): On 14 April 2015, Ms Chabaud pleaded guilty to unqualified legal practice for her conduct in assisting a suspect in the course of a Victoria Police investigation. Ms Chabaud received a 12 month good behaviour bond.

In addition, on 19 June 2014, Mr Malcolm McClure was found guilty of unqualified legal practice. He appealed the conviction and sentence to the County Court. On 19 December 2014, Judge Ryan found McClure guilty of the charge and imposed a conviction and a sentence of a two year community correction order, with the condition that he complete 300 hours of unpaid community work. Mr McClure was also ordered to pay the Board's costs of \$39,174.15.

EXTERNAL INTERVENTIONS

During the reporting period, the Board supervised the trust accounts of two law practices using its own staff, and outsourced all other external interventions to the LIV or one of a panel of experienced external lawyers maintained by the Board. Table 04 shows the number of external interventions undertaken in 2014-15.

Table 04: External interventions

Type of External Intervention	Continuing from 2013-14	Commenced 2014-15	Closed during 2014-15	Ongoing interventions as at 30 June 2015
Receiverships	7	0	4	3
Managements	10	4	10	4
Supervisions	3	1	4	0

The Board ensured external interventions were funded by the relevant law practice, where possible, as provided for by the Act. Five such external interventions were funded by the individual law practice during 2014-15.

REMOVALS FROM THE LOCAL ROLL OF LEGAL PRACTITIONERS

During the reporting period, the Board made three successful applications to the Victorian Supreme Court to remove a particular lawyer's name from the roll (commonly called a strike-off application).

The following lawyers were removed following an application by the Board:

- **Mr Brian Maloney** on 29 August 2014, following his conviction for various theft and trust account offences. On 16 December 2014, Mr Maloney was sentenced to a total effective sentence of 5 years imprisonment with a minimum non-parole period of 3 years.
- **Mr Euan Vance** on 5 September 2014, following his conviction for various theft and trust account offences. Mr Vance was sentenced to four years and six months imprisonment, with a minimum non-parole period of two years and three months.
- **Mr Alan Munt** on 9 April 2015, following his February 2015 conviction for theft, obtaining property by deception, causing a deficiency in trust accounts, and obtaining a financial advantage by deception. Mr Munt was sentenced to 8.5 years imprisonment, with a non-parole period of 5.5 years.

For information on lawyers removed from the roll of legal practitioners following an application made by the Commissioner, see the following chapter.

ENSURING THE PROPER MANAGEMENT OF TRUST ACCOUNTS

The Board is responsible for the administration of all trust accounts held by law practices and approved barristers' clerks in Victoria. To ensure law firms and approved clerks comply with general trust account regulations, trust accounts are audited regularly. The Board has delegated its general trust account surveillance and investigations functions for solicitors' trust accounts to the LIV. The Board investigates the trust accounts of barristers' clerks.

In 2014-15 the LIV carried out 408 trust account inspections. During this period, trust account inspections were initiated by the Board and Commissioner by identifying issues through risk profiling of entities. Types of risks identified included complaints data, trust account issues, failure to respond to Board or Commissioner requests and information provided by Approved External Examiners and other practitioners.

In late 2014, the Board commenced a program of investigating 11 approved barristers' clerks' trust accounts to review their compliance with the Act and regulations. Investigations were carried out by LIV's own employed trust inspectors and other Board-appointed trust inspectors. The process revealed an improvement on the areas of non-compliance identified in the previous year audits.

STATUTORY DEPOSIT ACCOUNTS

In accordance with the Act, law practices and approved clerks who operate a general trust account must also maintain a Statutory Deposit Account (SDA). The Board allocates individual SDAs for each law practice or approved clerk. These SDAs are linked to the law practice or approved clerk's trust account. Details of the SDA holdings and residual trust account balances as at 30 Jun 2015 are shown in Table 05.

Table 05: SDA holdings and residual balances as at 30 June 2015

	SDA \$'000	Residual Balance \$'000	Total \$'000
30 June 2014	636,985	1,467,156	2,104,141
30 June 2015	825,465	1,873,727	2,699,192

THE FIDELITY FUND

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

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

The Board anticipates that the introduction of e-conveyancing and electronic certificates of title will reduce the liability of the Fidelity Fund. Defaults comprising a fraudulent dealing with trust property have historically occurred by a fraudulent dealing with a certificate of title.

Once all certificates of title are electronic law practices will no longer hold certificates of title as trust property, thereby eliminating this type of default.

In 2014-15 the Board received 39 claims against the Fidelity Fund. 30 payments were made for claims, totalling in excess of \$3.71 million. This includes claims received during the previous reporting years. Table 06 shows the claims made and those paid during 2014-15.

While it is not unusual for the Board to receive large claims for ambit amounts, the value of claims reported for the 2014-15 year was inflated by a purported claim that was made for \$50.06 million. The claim was not accepted by the Board because it was made out of time and was substantially the same as a claim that was made in the previous year.

Table 06: Fidelity Fund claims in 2014-15

	2013-14		2014-15	
	No. of Claims	Amount \$'000s	No. of Claims	Amount \$'000s
Claims received during period	58	11,492	39	57,994
Claims paid during the period	36	2,724	30	3,711
Claims outstanding as at 30 June	45	18,951	44	15,124
Fidelity Fund recoveries	-	-	-	22

ENSURING THE VICTORIAN SYSTEM IS AT THE FOREFRONT OF LEGAL REGULATION

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

LEGAL PROFESSION UNIFORM LAW

The *Legal Profession Uniform Law Application Bill 2013* was introduced into the Victorian Parliament in December 2013. The Bill passed both Houses and received Royal Assent on 25 March 2014.

In 2014–15 the Board and Commissioner made submissions to, consulted with, and seconded two staff members to the Legal Services Council to contribute to the formal establishment of the Legal Services Council and assist it with its governance arrangements and structure. In anticipation of the uniform scheme commencing operation in Victoria and NSW from mid-2015, the Board and Commissioner began applying internal and external stakeholder engagement plans. The plans included education and communications strategies and were amended as more information becomes available. The Board and Commissioner also undertook a comprehensive engagement process with government departments as for the first time government lawyers were to be required to hold practicing certificates under the Uniform Law. A series of fact sheets were also produced outlining the main changes and effects of the Uniform Law for particular groups. For more information, see Chapter 5 of this report.

ONLINE RENEWAL OF PRACTISING CERTIFICATES

The 2015 renewal period ran from 23 March to 30 June. Of all lawyers who held a Victorian practising certificate as at 30 June, 99% had renewed by the closing date. To assist practitioners use *LSB Online* the Board also operated a help desk, which handled the majority of queries during the renewal period.

PRACTITIONER STATISTICS

The Board maintains the Register of Lawyers and Law Practices, and uses data within this register to report on the demographics of the legal profession. Figures 03–05 and Tables 23–31 in Appendix 01 provide detailed information on the size, gender balance and geographic distribution of the legal profession in Victoria as at 30 June 2015. The Board also publishes monthly updates of legal profession demographics on the website.

DEVELOPING POLICIES AND GUIDELINES FOR THE PROFESSION

While the Act provides the regulatory framework for the profession, the practical application of regulatory requirements often relies on the development of Board and Commissioner policies and guidelines.

Under the Legal Profession Uniform Law the Legal Services Council and Uniform Commissioner have policy and guideline making functions which are designed to ensure uniformity amongst the participating jurisdictions. The Board and Commissioner in Victoria have commenced working with the Legal Services Council, the Uniform Commissioner, and the other participating jurisdictions to help develop the Legal Services Council's policies and guidelines.

SUBMISSIONS

During 2014–15 the Board and Commissioner made or contributed to submissions and reviews in response to the following:

- The Legal Profession Uniform Law
- The Victorian Application Act in relation to the Uniform Law
- The Victorian Legal Profession Regulations under the Victorian Application Act in relation to the Uniform Law
- The Solicitors Conduct Rules; the Continuing Professional Development Rules; and the Legal Practice Rules to be made under the Uniform Law
- The Barristers Conduct Rules; and the Continuing Professional Development Rules to be made under the Uniform Rules
- The Admissions Rules to be made under the Uniform Law
- The Law Institute of Victoria Mental Health Project

The Commissioner is responsible for handling all complaints about lawyers in Victoria, including resolving disputes between clients and lawyers or law practices. Working with each complainant and lawyer, the Commissioner endeavours to ensure the process is clear, that all parties understand what is required of them and that they are informed of the outcomes of a complaint.

This chapter discusses the Commissioner's performance in carrying out its complaints handling functions in the 2014-15 reporting year. Detailed statistics are available in Appendix 02. For a full explanation of the complaints handling process, please visit the website.

ENQUIRIES RECEIVED

The Commissioner offers an enquiries service to assist members of the public with preliminary queries relating to the client-lawyer relationship and the complaints handling process in general. Many issues can be successfully resolved through this enquiries service, which has led to a decline in the number of formal complaints being made over recent years.

The Commissioner received 5,317 enquiries in 2014-15 compared with 5,305 in 2013-14. On 4,431 occasions the Commissioner talked through the enquirer's concerns with them, and no further action was required. Assistance was provided in 330 enquiries to help people resolve issues themselves, while a further 117 enquiries resulted in a conciliated outcome. Complaint forms were provided to 407 people. Table 32 in Appendix 02 describes the outcomes of enquiries received.

COMPLAINTS RECEIVED

Under the Act the Commissioner can accept two types of complaints: a **civil complaint** (most commonly a dispute about costs) and a **disciplinary complaint** (a complaint relating to the lawyer's conduct). Not all complaints received strictly fit either complaint type; a complaint can feature both civil and disciplinary aspects, which are referred to as **mixed complaints**, or might relate to the quality of service a lawyer has provided. For a detailed explanation of how complaints are categorised, please see the website.

PROFILE OF NEW COMPLAINTS RECEIVED IN 2014-15

The Commissioner received 1,571 new complaints in 2014-15; 13% lower than in the previous year. The decrease is the result of the Commissioner's ongoing efforts to resolve issues at the enquiry stage wherever appropriate before they escalate to formal complaints. This approach continues to be very successful and enables many minor issues to be resolved faster and more efficiently for both the client and the lawyer concerned, without the Commissioner's direct involvement. Full details of the number and type of complaints received in 2014-15 are provided in Table 33 in Appendix 02.

Significantly more complaints were received about solicitors (94%) than barristers (6%). This is to be expected as there are almost nine times more solicitors than barristers, and consumers also have considerably more contact with solicitors compared to barristers. Table 34 in Appendix 02 illustrates the number and type of complaints received against solicitors and barristers for 2014-15.

Tables 35 and 36 in Appendix 02 provide an overview of the areas of law that attract the most complaints, and the issues raised in those complaints. The 2014-15 data reveals no significant change in the areas of law or issues complained about compared to previous years.

DEALING WITH COMPLAINTS: DISPUTE RESOLUTION AND CONCILIATION

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

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

CIVIL COMPLAINTS RECEIVED AND DRT OUTCOMES

The Commissioner received 756 new complaints involving civil allegations in 2014-15, and closed 755 complaints (including complaints received in the 2013-14 reporting year). Of all civil complaints closed, the Commissioner had power to handle 580 complaints. The remaining 175 were beyond the Commissioner's jurisdiction (such as where the complaint had been made outside of the required time limits, or the matter was the subject of legal action).

Where the Commissioner had power to resolve the complaint, the DRT handled 211 matters, and was able to assist the parties resolve their differences in 121 (57%) of those matters. The DRT was unable to settle disputes in 90 cases and therefore advised the parties of their right to seek a determination of their dispute from the Victorian Civil and Administrative Tribunal (VCAT). In such instances either party may apply to VCAT for a hearing. Table 37 in Appendix 02 illustrates the outcomes of civil complaints resolved in 2014-15.

HANDLING OF UNPAID LEGAL COSTS IN CIVIL COMPLAINTS

During the year \$391,006.61 in disputed costs were lodged with the Commissioner. This money was held in an interest bearing trust account pending settlement of the dispute or the receipt of VCAT orders directing how the disputed monies, including interest, should be divided between the complainant and the lawyer. This represents only a proportion of the total amount of costs in dispute, as costs may have already been paid to the lawyer or the Commissioner may have determined that the unpaid costs need not be lodged for reasons of financial hardship.

SERVICE COMPLAINTS RECEIVED AND RRT OUTCOMES

The RRT was allocated 725 complaints that were received during the year; 46% of the total number of complaints received in 2014-15. A team of experienced mediators and conciliators correspond with both sides of the complaint to bring about, in many cases, a mutually agreeable resolution of the complaint. A total of 376 complaints were resolved by the RRT during the year, including complaints received in the previous reporting year. Where complaints were not able to be resolved by the RRT they were referred on for further assessment by Investigations officers.

DEALING WITH COMPLAINTS: DISCIPLINARY INVESTIGATIONS

INVESTIGATIONS UNDERTAKEN

During the reporting year the Commissioner commenced 342 disciplinary investigations. These are matters where either dispute resolution processes are not appropriate for dealing with the complaint, or where attempts to resolve a dispute had failed. This compares with 334 in 2013-14. A further 57 investigations were undertaken as *own motion* investigations by the Commissioner.

OWN MOTION INVESTIGATIONS

The Act permits the Commissioner to commence an investigation of his own motion if there is a suggestion that a lawyer's behaviour may amount to unsatisfactory professional conduct or professional misconduct. Own motion investigations and their requirements are explained in more detail on the website. Table 38 in Appendix 02 shows the reasons for the own motion investigations initiated in 2014-15.

REFERRAL OF INVESTIGATIONS TO THE VICTORIAN BAR

The Commissioner can refer complaints about barristers to the Victorian Bar for investigation, the findings of which are reported back to the Commissioner who will make the final decision. In 2014-15 the Commissioner referred nine investigations to the Bar (see Table 39 in Appendix 02).

ALTERNATIVE DISCIPLINARY ACTIONS

In certain circumstances, for example where conduct issues are less serious, it may be more appropriate for the Commissioner to deal with the conduct summarily. The Commissioner may take action, including issuing a reprimand or caution against the lawyer, or require compensation to be paid to the client. Alternative disciplinary actions are explained in greater detail on the website.

In 75 complaints, the Commissioner decided to take alternative disciplinary action against the lawyer. This included 32 matters where a lawyer was reprimanded and 15 where a lawyer was issued with a caution. Table 40 in Appendix 02 illustrates the alternative disciplinary findings taken against lawyers in 2014-15 resulting from a complaint. The Commissioner also reprimanded 12 lawyers as a result of own motion investigations (see Table 41 in Appendix 02).

OUTCOMES OF DISCIPLINARY INVESTIGATIONS

INVESTIGATION FINDINGS

In 2014-15 the Commissioner reached the conclusion in 106 disciplinary complaints that VCAT would likely find the lawyer guilty of some form of disciplinary breach. A further 130 investigations revealed evidence which indicated that VCAT was unlikely to find the lawyer guilty of a disciplinary breach. A detailed breakdown of the 2014-15 disciplinary complaint outcomes is provided in Table 42 in Appendix 02.

COMPLAINTS FINALISED AND OUTSTANDING

The Commissioner finalised 1,590 complaints in 2014-15, including matters received in previous years. Table 43 in Appendix 02 shows the number of complaints finalised in 2014-15 by complaint type.

TIME TAKEN TO FINALISE COMPLAINTS

The time taken to finalise a complaint will vary depending on how complex the matters are and the level of participation of the parties involved. The Commissioner closed 550 complaints within a 30 day period compared with 698 in 2013-14. A majority of complaints were resolved within three months of their receipt. Only 13% of complaints closed in 2014-15 took more than 120 days to conclude. Typically, these involved the more complex investigations. Table 44 in Appendix 02 illustrates the time taken to resolve complaints in 2014-15.

COMPLAINTS OUTSTANDING

By 30 June 2015 the Commissioner had 382 outstanding complaints (excluding own motion investigations), compared with 401 in 2013-14; a decrease of 5%. A total of 172 complaints were unresolved after 120 days, compared with 183 at 30 June 2014. Table 45 shows the number of complaints outstanding as at 30 June 2015 arranged by complaint type.

EX-GRATIA PAYMENTS

The Act gives the Commissioner power to grant an *ex-gratia* payment to an individual where circumstances warrant it. The Commissioner can grant the payment following consultation with the Chairperson of the Board. In 2014-15 the Commissioner granted a total of \$1,916 in *ex-gratia* payments to two people.

APPLICATIONS TO VCAT

In 2014-15 the Commissioner made 32 new applications to VCAT following investigations where the Commissioner believed that VCAT would find the lawyer guilty of a disciplinary breach. Eight of these applications were heard and determined during 2014-15 while 24 were yet to be heard or were awaiting orders. Table 46 in Appendix 02 shows the status of disciplinary applications made to VCAT in 2014-15.

APPEARANCES IN VCAT

During the reporting year the Commissioner was a party before VCAT on 87 days. The Commissioner was represented by Counsel on 73 days, including six days where the Commissioner was represented by a Senior or Queen's Counsel. Staff appeared for the Commissioner on 14 days.

STATUS OF VCAT APPLICATIONS AND COURT ACTION

The status of all applications made to VCAT are listed in Appendix 03. A total of 27 matters were heard and determined at VCAT during 2014-15, including matters carried over from previous years (see Table 47). By 30 June, 31 matters were still awaiting a hearing and/or decision (Table 48). One rehearing application was heard and determined in VCAT, and one hearing was heard, with further hearings scheduled for 2015-16 (Tables 49 and 50). Five outcomes were appealed to the Supreme Court; three were determined during the year (Table 51), and two were yet to be heard as at 30 June 2015 (Table 52).

REMOVALS FROM THE ROLL OF LEGAL PRACTITIONERS

In addition to the Board's applications mentioned previously, in 2014-15 the Commissioner also successfully applied to the Supreme Court for two lawyers to be removed from the roll of legal practitioners.

PFM, a pseudonym granted by VCAT, was removed from the roll in July 2014. PFM had pleaded guilty to six charges of professional misconduct in VCAT in July 2013 for forging academic transcripts, providing false information, making false statements and making a false statutory declaration. Orders were also made granting PFM the use of a pseudonym for three-years due to considerations for his current mental health.

Mr Nicholas Telehus was removed from the roll in September 2014 after his fifth prosecution for professional misconduct, where he was found guilty of 27 charges.

Mr Sammy Bektas applied to the Supreme Court to have his own name removed from the roll of legal practitioners. The application followed a successful prosecution of Mr Bektas in December 2013 where VCAT cancelled Mr Bektas' practising certificate for four years for professional misconduct. Mr Bektas' application was supported by the Commissioner and the order was made in February 2015.

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

EDUCATING THE LEGAL PROFESSION AND CONSUMERS OF LEGAL SERVICES

The Commissioner has a long-standing commitment to educating lawyers on matters which are of concern to the profession and to consumers of legal services. The Board works closely with the Commissioner to promote specific regulatory issues relevant to lawyers, thereby supporting the profession in maintaining its own high ethical and practise standards. The Commissioner has a further role in educating the community about legal issues and the rights and obligations that flow from the client-lawyer relationship.

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

EDUCATING THE LEGAL PROFESSION

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

PRESENTATIONS

During 2014-15 the Board and Commissioner delivered 33 presentations to groups of lawyers, reaching a combined audience of over 1,800 people including audiences from Melbourne-based law firms, State and Commonwealth Government organisations, law associations, and the Bar.

The Board and Commissioner also gave 17 guest lectures to over 1,462 undergraduate and postgraduate law students enrolled at six Victorian universities: Monash University, Deakin University, Australian Catholic University, La Trobe University, Victoria University and RMIT. These typically covered the regulation of the legal profession as well as traps to avoid for new lawyers.

SPECIALIST GROUPS AND LAW ASSOCIATIONS

During 2014-15, staff met with and presented to representatives from LIV Accredited Property Lawyers, Criminal Lawyers, Government Lawyers and In-house Counsel groups. Presentations were also given to members of the Eastern Solicitors Law Association, the Southern Solicitors Group, the Bar and the Bar Readers. A presentation was given to Deakin University's Centre for Rural Regional Law and Justice, which was webcast live to lawyers and community associations throughout Victoria.

EDUCATING CONSUMERS OF LEGAL SERVICES

The Board and Commissioner work to help consumers of legal services become aware of their rights and responsibilities when working with lawyers, and to raise awareness of the complaint handling regime among the Victorian community.

ENGAGEMENT WITH COMMUNITY GROUPS

As consumers often turn to community support services and information networks when things go wrong with their lawyer, the Board and Commissioner meet with a cross-section of community groups and group networks to inform them about the role of the legal regulator, the Board's Grants program and how the complaints system operates. Examples of such groups include the Council of the Ageing, Diamond Valley Community Support, the Corinella & District Probus, the Western Legal Assistance Forum, the Eastern Community Legal Centre and the Victoria Law Foundation Education Forum.

Printed information is distributed widely to community groups and community legal centres covering consumers' rights and responsibilities when engaging a lawyer, and the complaints process. In response to user need, printed information is transitioned to online information. The Board and Commissioner also contributed to the Fitzroy Legal Service's Law Handbook by revising and updating the chapter on legal regulation for the 2015 edition.

ONLINE AND ELECTRONIC INFORMATION

The Board and Commissioner websites were consolidated in 2015, bringing all information together in one place. The website houses information on various topics for lawyers and consumers of legal services. In the reporting year the Board and Commissioner published nine new fact sheets for lawyers: five dealing with various aspects of the new Uniform Law; two fact sheets about renewing practising certificates; and one each about practice management and legal costs. One additional fact sheet was produced for consumers of legal services covering no win – no fee cost agreements.

The Commissioner continued to publish the online blog, RPA News, publicising the outcomes of VCAT and Court decisions. The Board and Commissioner also issued nine profession-wide email bulletins; six focussed on the new Uniform Law with the remaining three dealing with more general issues.

COMMUNITY ADVOCATE ORGANISATIONS

The Board and Commissioner continue to maintain strong relationships with community and specialist legal centres through the Education and Outreach Program. In 2014-15, staff met with representatives of the Federation of Community Legal Centres on four occasions. Ongoing discussions were also held with the Fitzroy Legal Service about contributions to the Law Handbook. Representatives from the Board and Commissioner attended the launch of the 2015 Law Handbook, and attended a fundraising screening held by AED Legal Centre.

GRANTS PROGRAM

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

To manage and monitor the distribution of funds, the Board operates the Grants Program. Since the program was established in 2007 the Board has provided over \$27 million in funding to Victorian organisations. All grants are approved by the Attorney-General.

Funding is available through annual Grant rounds. In 2014-15 the Board held a themed grant round to establish partnerships between legal and health organisations. This recognises that people are often affected by both health and legal issues together, especially when experiencing disadvantage. In this model, legal assistance is included as an integral element of the health care team in community health, maternal health and hospital settings. Co-locating legal and health services can assist in identifying legal issues early and work to prevent the escalation of legal and health problems.

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

GRANTS AWARDED IN 2014-15

The Board awarded \$2.6 million in funding to nine recipients in 2014-15. The projects receiving funding are listed in Table 07, with further details provided on the Board's website.

Table 07: 2014-15 Major Grants awarded

Organisation	Summarised project description	Amount awarded
Justice Connect	Improve both health and legal outcomes for older people in north west metropolitan Melbourne by including an integrated legal service in the local health service in Footscray.	\$340,000 over 3 years
inTouch Multicultural Centre Against Family Violence	Enable women from culturally and linguistically diverse communities, who are facing family violence, to access integrated, culturally responsive support.	\$377,000 over 2 years
Yarra Ranges Community Legal Centre	Prevent and respond to family violence by coordinating the responses of maternal and child health, legal and support services.	\$323,000 over 2 years
Goulburn Valley Community Legal Centre	Facilitate responses to clients with complex care needs identified by the Shepparton Magistrates Court.	\$480,000 over 3 years
West Heidelberg Community Legal Centre	Significantly increase tenant attendance rates at VCAT, with correlating reductions in homelessness, poor health and housing stress for disadvantaged Victorians.	\$222,000 over 2 years
Federation of Community Legal Centres	Help families bereaved by family violence-related deaths to access legal and other assistance throughout the coronial process.	\$100,000 over 1 year
The First Step Program	Help clients break the cycle of drug and alcohol abuse and addiction, relapse and reoffending.	\$147,000 over 1 year
Community West Inc.	Respond to the growing issue of mortgage stress within the Melton community, and raise awareness of the impact of mortgage stress, and particularly its health consequences.	\$351,000 over 2 years
Federation University Australia	Provide timely identification and response to the legal needs of disadvantaged young people at three community health sites across Ballarat.	\$260,000 over 2 years



WORKING WITH THE PROFESSIONAL ASSOCIATIONS

The Board and Commissioner work closely with the LIV and the Bar and have the power to delegate functions to the professional associations. A list of the Board's current and revoked delegations is provided in Appendix 05 of this report. The Commissioner's current and revoked delegations for the same period can be found in Appendix 06.

The Board and Commissioner fund the LIV and the Bar to cover the costs associated with functions delegated to them. Table 08 shows the funding provided to the LIV and Bar in 2014-15.

Table 08: Payments made to the LIV and Bar for the discharge of Board functions in 2014-15

	2013-14 \$'000s	2014-15 \$'000s
PUBLIC PURPOSE FUND		
Law Institute of Victoria		
Trust accounts	2,354	2,407
Practising certificates	465	-
Other regulatory costs	159	163
External interventions and counsel fees	1,202	800
Total	4,180	3,370
Victorian Bar		
Trust regulation	Nil	Nil
Practising certificates	87	90
Other regulatory costs	Nil	Nil
External interventions	Nil	Nil
Total	87	90
Fidelity Fund investigations		
Law Institute of Victoria	158	162
Victorian Bar	Nil	Nil
Commissioner payments for Complaints handling		
Law Institute of Victoria	Nil	Nil
Victorian Bar	71	71

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

STRENGTHENING OUR FINANCIAL PRACTICES

PUBLIC PURPOSE FUND

The Act requires the Board to maintain a Public Purpose Fund in three separate accounts; the General Account, the Statutory Deposit Account (SDA) and the Distribution Account. The Act sets out details about what money is to be paid into and withdrawn from each account.

GENERAL ACCOUNT

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

Payments are made from this account to:

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

STATUTORY DEPOSIT ACCOUNT

The Act requires that each law practice with a general trust account must have a corresponding individual SDA held by the Board. The balance in the SDA account is the sum of each of the individual SDAs. A proportion of the funds held in the account are in effect invested by the Board under a financial arrangement approved by the Treasurer and in accordance with the Board's Investment Policy Statement (explained in further detail on page 26 of this report).

DISTRIBUTION ACCOUNT

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

At the end of the reporting year the surplus in the general account was \$94,354,704 compared with \$83,772,021 as at 30 June 2014. The distributions made during 2014-15, as determined by the Board and with the approval of the Attorney-General, are set out in Table 09 and in the financial statements in Appendix 04 of this report.

Table 09 – Board distributions – Actual 2015, Planned 2016

PPF GENERAL ACCOUNT BALANCE	2015 \$'000s	2016 \$'000s
General Account balance as at 30 June	83,772	94,355
Allocation of fund		
Allocated to Distribution Account	(41,886)	(47,178)
Commissioner	(8,128)	(8,372)
Payments to professional associations for programs	(2,523)	(2,599)
Legal Law List – VCAT	(1,484)	(1,529)
Council for Legal Education and Board of Examiners	(1,138)	(1,172)
Delegated functions: LIV	(3,624)	(3,727)
Delegated functions: the Bar	(167)	(172)
Cost of professional development: LIV	(163)	(168)
Sub-total	(17,227)	(17,739)
Funding available for Board & Investment	24,659	29,439
DISTRIBUTION ACCOUNT		
	2015 \$'000s	2016 \$'000s
Opening balance – Actual	37,545	46,706
Transfer from General Account	41,886	47,178
Project grants approved and paid	-	-
Major grants paid [#]	(2,226)	(4,584)
Sub-total – Grants	(1,939)	(4,584)
Funding/grants approved for distribution during the next financial year		
Victoria Legal Aid	(29,273)	(28,313)
Victorian Law Reform Commission	(1,682)	(1,732)
Victoria Law Foundation	(1,620)	(1,757)
Sub-total – Funding Grants	(32,575)	31,802
Actual/Forecast closing balance	44,917	57,498
[#] Major grants approved but unpaid as at 30 June	3,638	-
[*] Budgeted new major grants to be approved	-	(4,584)

REVIEW OF THE BOARD'S FINANCIAL OPERATIONS AND CONDITION

Table 10 provides the four-year financial condition of the Board and Commissioner operations.

Table 10: Financial operation and condition of the Board

	2011-12	2012-13	2013-14	2014-15
Financial Performance (\$'000)				
Revenue from investments and solicitors trust accounts	62,228	55,628	56,498	65,279
Other revenue	8,449	8,529	9,023	9,411
Total revenue	70,677	64,157	65,521	74,691
Total expenditure	(60,138)	(59,933)	(61,567)	(63,491)
Net operating result	10,539	4,224	3,954	11,200
Net gain/(loss) on financial instruments or actuarial valuations	(6,184)	16,275	16,915	14,105
Net results from continuing operations	4,355	20,499	20,869	25,305
Financial Position (\$'000)				
Total Assets	620,791	703,232	841,695	1,053,706
Total Liabilities	492,488	554,430	672,024	858,730

As the 2014-15 report is the third consolidated report for the Board and Commissioner, a full five-year comparison is not yet available.

EXPLANATION OF RESULTS

The net result of \$25.305 million for 2014-15 is \$4.436 million up on last year's surplus of \$20.869 million. This increase was primarily due to higher investment distributions received of \$24.500 million and higher interest income of \$41.141 million due to higher SDA and residual trust balances. The result also includes a gain from funds written back in the Fidelity Fund provision for defalcations which was decreased by \$2.220 million, based on an actuarial assessment.

REVENUE FROM TRANSACTIONS

Interest and dividend revenue was \$65.279 million compared to \$56.498 million in 2013-14. The increase of \$8.781 million was primarily driven by better investment performance.

Other revenue, dominated by PC fees and Fidelity Fund contributions, increased in 2014-15 from \$8.361 million to \$8.877 million.

EXPENSES FROM TRANSACTIONS

Total expenses from transactions increased by \$1.923 million; from \$61.567 million to \$63.490 million.

- Grants and funding increased by \$2.875 million. Victoria Legal Aid and most other funded bodies received higher funding than they had in 2014-15.
- Despite stable staffing levels, employee benefits expense rose slightly by \$0.938 million, reflecting the impact of the Victorian Public Service Workplace Determination.
- Fidelity Fund claims paid/payable reduced to \$3.210 million, compared to \$3.485 million in 2013-14.

NET GAIN/(LOSS) FROM OTHER ECONOMIC FLOWS

A net gain of \$10.943 million was made on financial instruments reflecting exceptionally strong investment markets. This compares to a gain of \$19.121 million in the previous year, highlighting the inherent volatility in the Board's investment returns. Part of this reduction in gains is also due to the higher level of investment distributions made during the year.

Fidelity Fund provisions decreased by \$2.220 million; from \$19.070 million to \$16.850 million. This decrease is in line with actuarial valuations.

SUMMARY

The Board and Commissioner are conservative and prudent financial managers and seek opportunities to increase revenue within acceptable risk parameters while controlling cost increases. The improvement in the financial position reflects the continued strong investment returns and sound cost control maintained by the Board and Commissioner, against a prolonged period of historically low interest rates.

The 2014-15 net result of \$25.305 million was once again well above what was budgeted. As in 2013-14 this primarily reflects the exceptionally high returns on the Board's investment portfolios. With the continued low interest rate regime an operating surplus of \$0.198 million has been budgeted for 2015-16. Budgeted investment returns are based on long-term average investment asset class returns.

INVESTMENT POLICY STATEMENT

The Board held \$992.655 million in investments and operating accounts as at 30 June 2015. Table 11 shows the types of investments managed by the Board.

Table 11: Investments managed by the Board as at 30 June 2015 – \$'000s

2015	General Account	Statutory Deposit Account	Distribution Account	Total	Fidelity Fund	Net Funds Managed by the Board
Australian equities	9,193	41,845	21,761	72,799	6,753	79,552
Australian fixed interest	7,613	53,214	9,161	69,988	8,011	77,999
Diversified growth fund	25,582	112,345	-	137,927	5,935	143,862
Global fixed interest	3,958	45,000	15,600	64,558	8,007	72,565
Overseas equities hedged	21,575	14,850	-	36,425	3,786	40,211
Overseas equities unhedged	15,143	31,650	-	46,793	4,928	51,721
Total	83,064	298,904	46,522	428,490	37,420	465,910

2014	General Account	Statutory Deposit Account	Distribution Account	Total	Fidelity Fund	Net Funds Managed by the Board
Australian equities	7,929	41,845	21,761	71,535	6,503	78,037
Australian fixed interest	18,731	53,214	-	71,945	7,811	79,756
Diversified growth fund	19,940	62,445	-	82,385	5,575	87,960
Global fixed interest	1,585	45,000	15,600	62,185	7,713	69,898
Overseas equities hedged	21,731	20,850	-	42,581	4,172	46,753
Overseas equities unhedged	10,777	25,650	-	36,427	4,075	40,502
Total	80,693	249,004	37,361	367,058	35,849	402,906

The investment objectives for the Public Purpose Fund (offset) and Fidelity Fund are as follows:

- The Board aims to restrict the frequency of a negative return to not exceed three in every 20 years for the SDA (Offset) when modelling its long term asset allocation and risk/return objectives;
- The Board aims to restrict the frequency of a negative return to not exceed one in every 15 or 20 years for the Fidelity Fund when modelling its long term asset allocation and risk/return objectives;
- To outperform a CPI + 2% per annum return over rolling 3 year periods for the Public Purpose Fund (offset);
- Maintain a CPI +3% per annum return over rolling 3 year periods for the Fidelity Fund.

The asset allocations determined to achieve the objectives are set out in Table 12.

Table 12: Asset allocations for 2014-15

Asset Allocation	Public Purpose Fund		Fidelity Fund	
	Benchmark Ranges	Actual 30/6/15	Benchmark Ranges	Actual 30/6/15
Australian shares	5 – 25%	17%	5 – 15%	11.7%
Overseas shares	5 – 25%	19.4%	5 – 15%	15.1%
Diversified growth funds	10 – 50%	32.2%	10 – 15%	10.3%
Growth Assets	40 – 80%	68.6%	20 – 40%	37.1%
Australian fixed interest	10 – 30%	16.3%	10 – 20%	13.9%
Global fixed interest	10 – 30%	15.1%	10 – 20%	13.9%
Cash	0 – 10%	0.0%	30 – 50%	35.1%
Defensive Assets	20 – 60%	31.4%	40 – 80%	62.9%
Total	100%	100.0%	100%	100.0%

WORKFORCE DATA AND STAFFING TRENDS

ORGANISATIONAL STRUCTURE OF THE BOARD AND COMMISSIONER

The Act prescribes that the Commissioner is the employer of staff supporting both the Board and Commissioner functions. As previously stated, the Commissioner, Michael McGarvie, is also the CEO of the Board. The organisational structure of the Board and Commissioner as at 30 June 2015 is shown below in Figure 02. Staff are employed under Part 3 of the *Public Administration Act 2004*.

Figure 02: Organisational structure and employment arrangements for the Board and Commissioner



WORKFORCE DATA AND STAFFING TRENDS

The following tables show the profile of the workforce (headcount) employed by the Commissioner as at 30 June 2015.

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

Table 13: Five-year staffing trend (headcount)

	2011	2012	2013	2014	2015
Total	83	76	76	79	85

Table 14: Profile of ongoing, fixed term and casual employees

	Ongoing Employees				Fixed term & casual
	Number (headcount)	Fulltime (headcount)	Part time (headcount)	FTE (rounded)	FTE (rounded)
June 2015	74	61	13	70	11
June 2014	71	58	13	66	8

Table 15: Employees of the Commissioner

	30 June 2014			30 June 2015		
	Ongoing		Fixed term & Casual	Ongoing		Fixed term & Casual
	Number (headcount)	FTE (rounded)	FTE (rounded)	Number (headcount)	FTE (rounded)	FTE (rounded)
Gender						
Male	28	27	2	25	24	4
Female	43	39	6	49	46	7
Total	71	66	8	74	70	11
Age						
Under 25	0	0	1	1	1	3
25-34	11	9	3	13	12	5
35-44	27	26	3	27	24	3
45-54	17	16	0	15	15	0
55-64	12	11	0	13	13	0
Over 64	4	4	1	5	4	10
Total	71	66	8	74	70	11
Classification						
VPS 1	0	0	0	0	0	0
VPS 2	0	1	1	1	1	0
VPS 3	10	10	2	13	12	4
VPS 4	13	11	2	13	13	5
VPS 5	26	23	2	26	24	1
VPS 6	18	17	1	17	16	1
STS	1	1	0	1	1	0
Executives	2	2	0	2	2	0
Other [#]	1	1	0	1	1	0
Total	71	66	8	74	70	11

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

EXECUTIVE OFFICER DATA

An executive officer is defined as a person employed by a public service body head or other executive under Part 3, Division 5 of the *Public Administration Act 2004*. All figures reflect employment levels as at 30 June 2015.

All executives are 'Ongoing', meaning they are responsible for functions or outputs that are expected to be ongoing at the reporting date. As at 30 June 2015 there were no vacant executive positions, no 'Special Projects' executives, and no separations (departures) of executives. Tables 16 and 17 show the executive officers employed by the Commissioner for 2014-15.

Table 16: Number of executive officers classified as 'ongoing'

Classification	2013-14		2014-15	
	Male	Female	Male	Female
EO-1	0	0	0	0
EO-2	1*	0	1*	0
EO-3	2	0	2	0

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

Note 23 in the Financial Report lists the actual number and amount of remuneration paid to executive officers over the course of the reporting period. The Financial Report Note 23 does not distinguish between executive levels, nor does it disclose separations, vacant positions or executives whose remuneration is below \$100,000. To assist readers, these two disclosures are reconciled below.

Table 17: Reconciliation of executive numbers

Category		2013-14	2014-15
Add	Executives with remuneration over \$100,000	2	2
	Vacancies	0	0
	Executives employed with a total remuneration below \$100,000	0	0
	Accountable Officer (Commissioner)	1	1
Less	Separations	0	0
Total executive numbers as at 30 June		3	3

PUBLIC ADMINISTRATION VALUES AND EMPLOYMENT AND CONDUCT PRINCIPLES

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

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

OCCUPATIONAL HEALTH AND SAFETY

The Board and Commissioner's Occupational Health and Safety Committee is comprised of representatives from across the organisation. The Committee met four times during the reporting year. There were no reported incidents.

OFFICE RELOCATION

The Board and Commissioner moved into new office accommodation on 1 September 2014 following the expiry of the office lease at 330 Collins Street. The new office is located at Level 5, 555 Bourke Street, and offers closer proximity to VCAT, the courts and the professional associations; greater flexibility in work spaces for staff; and improved computing and communication facilities.

STAFF TRAINING AND PROFESSIONAL DEVELOPMENT

As the employer, the Commissioner places a high value on strengthening staff knowledge and specialist skills. During 2014-15 training was provided to staff on a range of topics including the Legal Profession Uniform Law, dealing with callers at risk of self-harm, mental health in the workplace and various areas of law. Three managers also attended the Mt Eliza Leadership training program.

GOVERNANCE AND COMPLIANCE STATEMENTS

BUILDING ACT 1993

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

FREEDOM OF INFORMATION

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

REQUESTS RECEIVED AND PROCESSED DURING THE YEAR

During the period 1 July 2014 and 30 June 2015, the Board received six new valid requests made under the FOI Act. No documents were provided in response to two requests and four have not been finalised.

During the same period the Commissioner received ten new valid requests. Partial access was granted in relation to one request and access was refused in full in relation to one request. Documents were provided outside the FOI Act in relation to one request. Seven requests have not been finalised.

APPLICATIONS FOR REVIEW AND COMPLAINTS TO THE FOI COMMISSIONER

There were no complaints made to the FOI Commissioner about FOI decisions made in relation to requests received by the Legal Services Commissioner or the Board.

There was one application for review by the FOI Commissioner about a Legal Services Commissioner decision, which is not yet finalised. There were no applications for review by the FOI Commissioner about Legal Services Board decisions.

APPLICATIONS TO VCAT DURING THE YEAR

There were no VCAT appeals lodged against decisions made by the Board or the Commissioner during 2014-15. Two VCAT appeals from the previous year were finalised. In one case the Commissioner's decision to grant partial access to documents was upheld. In the other case both the Commissioner's and the Board's decisions to grant partial access to documents were upheld.

MAKING A REQUEST

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

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

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

Freedom of Information Officer

Legal Services Board
Level 5, 555 Bourke Street
Melbourne VIC 3000

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

Freedom of Information Officer

Legal Services Commissioner
Level 5, 555 Bourke Street
Melbourne VIC 3000

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

Further information regarding Freedom of Information can be found at FOI Online at www.foi.vic.gov.au.

PROTECTED DISCLOSURE ACT 2012

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

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

Independent Broad-based Anti-corruption Commission

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

Tel: 1300 735 135

Fax: 03 8635 6444

Website: www.ibac.vic.gov.au

NATIONAL COMPETITION POLICY

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

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

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

DISCLOSURE OF MAJOR CONTRACTS

The Board and Commissioner did not engage in any major contracts with a value greater than \$10million during 2014-15.

VICTORIAN INDUSTRY PARTICIPATION POLICY

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

CONSULTANCIES

DETAILS OF CONSULTANCIES OVER \$10,000

In 2014-15, the Board and the Commissioner did not engage consultants with the cost of the engagement Over \$10,000.

DETAILS OF CONSULTANCIES UNDER \$10,000

In 2014-15 the Board and Commissioner has paid an aggregate of \$56,918 to consultants

STATEMENT OF APPROPRIATE INSURANCE COVERAGE

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

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

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

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by the Board or Commissioner, and how these can be obtained
- details of any overseas visits undertaken including a summary of the objectives and outcomes of each visit
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a list of major committees sponsored, the purposes of each committee and the extent to which the purposes have been achieved,
- details of executive officer disclosures and remuneration, and
- details of all consultancies and contractors including consultants or contractors engaged, services provided and expenditure committed to for each engagement.

OFFICE-BASED ENVIRONMENTAL IMPACTS

The Board and Commissioner monitor the office-based environmental impacts and coordinate actions to address waste production, resource use and greenhouse gas generation across the business. Environmental targets are measured against a baseline dataset established in 2007-08.

ENERGY CONSUMPTION

The use of electricity is monitored monthly. Consumption of natural gas use is not metered separately under the office lease, therefore its use cannot be reported on.

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

Table 18: Electricity consumption

Total electricity usage	Baseline 2007-08	2011-12	2012-13	2013-14	2014-15
Total usage (MJ)	591,185	669,856	625,403	567,246	456,610
Total green power usage (MJ)	0	258,533	235,723	242,340	17,825
Greenhouse gas emissions associated with electricity use (tonnes)	217.65	139.81	133.09	121.8	166.48
Percentage of electricity purchased as Green Power	0	45.87	44.08	42.72	3.9
Electricity used per FTE (MJ/FTE)	10,070	8,644	8,808	7,666	5,637
Electricity used per unit of office area (MJ/m ²)	398	370.50	345.91	313.74	208.21

2014-15 ACTIVITIES

Total electricity consumption decreased by 19% from the previous year, and consumption per FTE also fell by 26%. This is 44% lower than the baseline figure (see Table 18). This significant saving is due to energy efficiency measures employed in the new office design and equipment.

Greenhouse gas emissions from electricity consumption increased this year. With the move to a new office, the new standard energy supply contract arranged by the building managers did not include a renewable electricity supply component. A new energy contract will be arranged in the 2015-16 year to include green energy.

WASTE GENERATION

The owner of the office space provides commingled waste management facilities. The Board and Commissioner recycle an average of 59% of all daily office waste generated.

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

2014-15 ACTIVITIES

A waste audit conducted by an independent contractor revealed the total daily waste to landfill increased by 29.5% this year compared to 2013-14. Although this exceeds the 2007-08 baseline figure, the waste generated per full time staff equivalent was 0.12kg per person; 37% below the baseline (Table 19).

The Board and Commissioner also use other recycling facilities to dispose of office waste. A secure paper disposal service recycles confidential documents and over 1.3 tonnes of waste material (end of life office furniture, stationery equipment, e-waste, batteries etc.) were sent for recycling through the social enterprise, Green Collect. Much of this was generated by the move to the new office.

Table 19: Waste generation

Daily waste generation	Baseline 2007-08	2011-12	2012-13	2013-14	2014-15
Total waste to landfill (kg)	10.9	13.57	8.04	7.41	10.51
Waste to landfill/FTE (kg)	0.19	0.18	0.11	0.10	0.12

PAPER CONSUMPTION

Due to the nature of the work undertaken by both the Board and Commissioner, a significant volume of paper is used within the office.

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

Table 20: Paper consumption

Total paper usage	Baseline 2007-08	2011-12	2012-13	2013-14	2014-15
Number of A4 reams of copy paper used	718	1,841	1,209	1,237	1,478
Number of A4 reams of copy paper used per FTE	26.5	24.22	17.03	16.72	18.25
Percentage of 75-100% recycled content copy paper purchased (%)	5.8	2.2	0.2	0.16	0
Percentage of 50-75% recycled content copy paper purchased (%)	91.3	93.7	96.3	96.2	96.1
Percentage of 0-50% recycled content copy paper purchased (%)	2.9	4.1	3.6	3.64	3.9

2014-15 ACTIVITIES

There was a 19% increase in total paper consumption compared with the previous reporting year, which is 31% below the baseline (or 8.25 reams per person fewer), more than doubling the target performance (Table 20). The long-term decrease in paper usage is attributable to the adoption of electronic document management processes, electronic meeting papers, double siding of printing and increasing use of electronic correspondence with external stakeholders.

WATER CONSUMPTION

As water consumption is not metered separately under the office lease, the Board and Commissioner are not able to monitor or report on its use.

TRANSPORT USE

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

Air travel increased this year due to staff travelling to New Zealand for the annual Conference of Regulatory Officers, and the Board CEO travelling to the United States to attend a

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

2014-15 ACTIVITIES

The Board and Commissioner continued to promote the use of public transport to destinations throughout Victoria. Public transport was used by staff to attend meetings and seminars in the metropolitan area. No other road travel was undertaken. For details of transport use for 2014-15, see Table 21.

Table 21: Transport use

Business related travel	Baseline 2007-08	2011-12	2012-13	2013-14	2014-15
Total distance travelled by aeroplane (km)	57,370	30,044	52,342	84,226	125,749
Total distance travelled by car (km) (excluding taxis)	Not recorded	2,849	2,499	1,590	0
Percentage of employees regularly (>75 per cent of work attendance days) using public transport, cycling, walking, or car-pooling to and from work or working from home.	90.48	94.74	93.06	93.75	93.75

GREENHOUSE GAS EMISSIONS

Table 22 summarises the greenhouse gas emissions of the Board and Commissioner for the 2014-15 year. This data is collated from energy utility accounts, data from the state government authorised travel agent and an independent waste audit conducted for the Board and Commissioner by Great Forests Australia.

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

Table 22: Board and Commissioner greenhouse gas emissions

Greenhouse gas emissions	Baseline 2007-08	2011-12	20112-13	2013-14	2014-15
Total greenhouse gas emissions associated with energy use (t CO2-e)	217.65	139.81	133.09	121.8	166.48
Total greenhouse gas emissions associated with vehicle hire (t CO2-e)	Not recorded				
Total greenhouse gas emissions associated with air travel (t CO2-e) (approximate)	17.36	6.7	12.4	17.9	34.3
Total greenhouse gas emissions associated with waste production (t CO2 e)	N/A	6.43	1.24	0.94	0.8
Greenhouse gas emissions offsets purchased (t CO2-e)*	N/A				

2014-15 ACTIVITIES

Carbon emissions rose in 2014-15, driven by an increase in air travel and the absence of green electricity purchased for the majority of the year (see above section on energy use). Carbon offsets through green energy will be introduced in the 2015-16 year.

PROCUREMENT

As a standard practice in all procurement decisions, the Board and Commissioner seek to identify products and services which will have minimal negative environmental impacts right throughout the life of the product.

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

2014-15 ACTIVITIES

The new office design incorporated energy smart technology, such as motion sensors on lights in meeting rooms and energy efficient staff kitchen amenities. The Board and Commissioner purchase stationery items which are made of 100% repurposed paper, cardboard and ink and manufactured by Green Collect. Annual reports are also printed on certified carbon neutral, 100% post-consumer recycled paper. The majority of office paper purchased for office use contains a minimum of 50% recycled content.

June 2015 Attestation on compliance with the Australian/New Zealand International Risk Management Standard

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



Fiona R Bennett
Chairperson, Legal Services Board

29 June 2015

June 2015 Attestation on compliance with the Australian/New Zealand International Risk Management Standard

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



Michael McGarvie
Legal Services Commissioner

29 June 2015

APPENDICES

APPENDIX 01 SNAPSHOT OF VICTORIA'S LEGAL PROFESSION	37
APPENDIX 02 COMPLAINTS AND RELATED DATA	47
APPENDIX 03 PROSECUTIONS IN VCAT AND THE COURTS	53
APPENDIX 04 BOARD AND COMMISSIONER CONSOLIDATED FINANCIAL REPORT	62
APPENDIX 05 BOARD DELEGATIONS	126
APPENDIX 06 COMMISSIONER DELEGATIONS	142
APPENDIX 07 DISCLOSURE INDEX	155

APPENDIX 01

SNAPSHOT OF VICTORIA'S LEGAL PROFESSION

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

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

GLOSSARY

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

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

Community Legal Centre (CLC) is an organisation that provides free legal services to members of the community who generally do not have financial means to obtain privately funded legal services.

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

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

Government employer is a government body or agency that employs Australian legal practitioners.

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

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

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

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

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

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

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

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

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

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

Sole practitioner is an Australian legal practitioner who engages in legal practice for his or her own profit, without being in partnership or through an ILP.

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

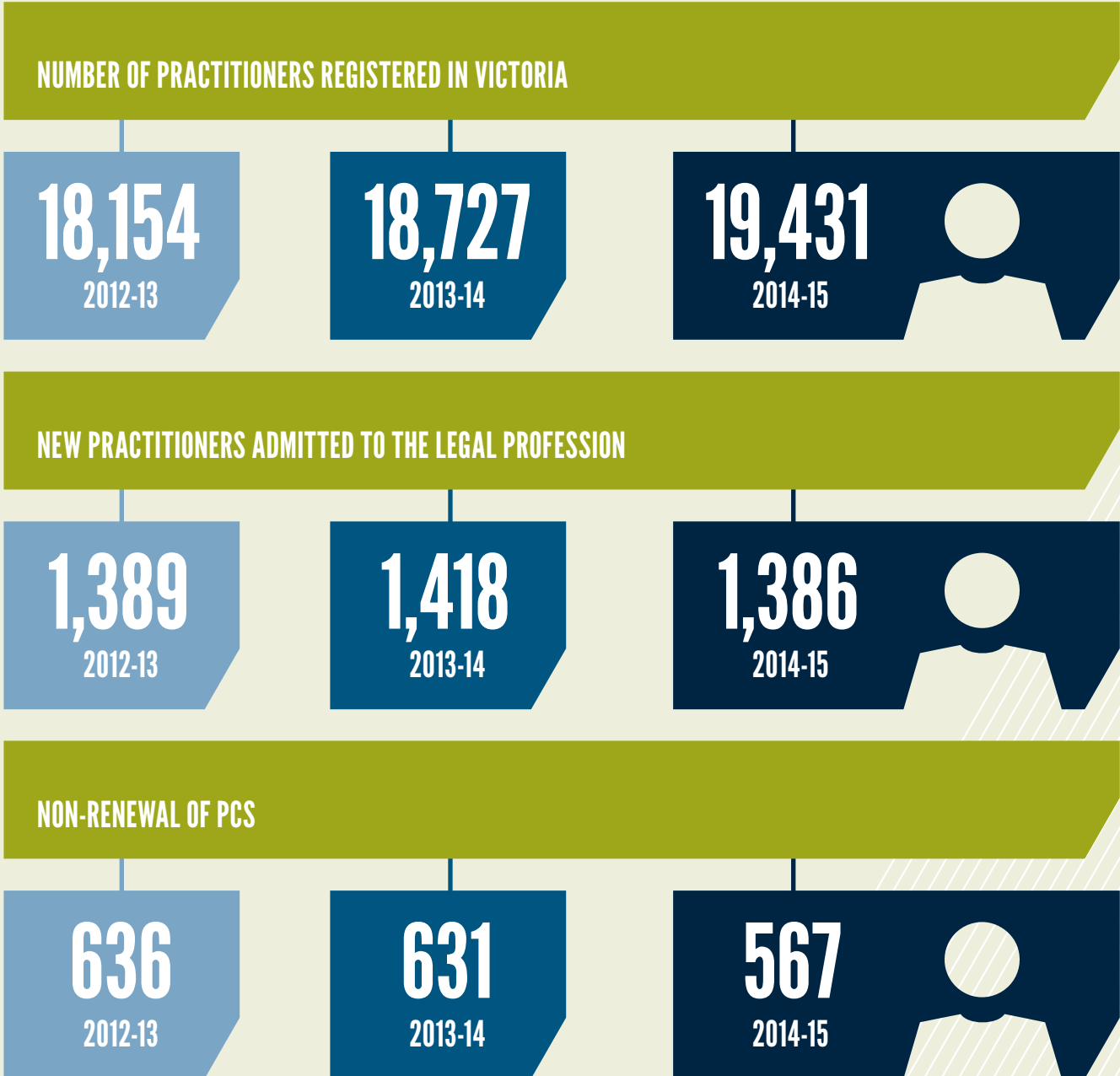
Volunteer at CLC is an Australian legal practitioner who provides legal services in a volunteering capacity at a CLC.

PRACTITIONER STATISTICS

Below is a summary of the profile of the legal profession in Victoria as at 30 June 2015.

There were 19,431 lawyers registered in Victoria at 30 June 2015. The number of lawyers registered in the state grew by 704, a 3.76% increase over the previous year. 1,386 new lawyers were admitted to the legal profession between 1 July 2014 and 30 June 2015, 32 fewer new admittees than recorded last year. 567 lawyers did not renew their PCs for the year end 30 June 2015. Figure 03 illustrates this change.

Figure 03: Numbers of lawyers registered in Victoria



PRACTITIONERS BY AGE AND GENDER

Consistent with the trend in previous years, a greater percentage of lawyers registered in Victoria as at 30 June 2015 were male (52.5%) compared to female (47.5%). Of note, the difference between male and female lawyers has been steadily narrowing for the past several years, with female lawyers increasing from 40% of the profession in 2010. Female lawyers still outnumber their male counterparts in the 20-30 and 31-40 age brackets.

All subsequent brackets are dominated by male lawyers. Table 23 illustrates the registered lawyers by age and gender in 2014-15.

LAWYER TYPE AND GENDER

As shown in Table 24, the majority of lawyers registered in Victoria practise as solicitors (90%) while 10% practise as barristers. Males account for approximately 73% of all Victorian barristers.

Table 23: Lawyers by age and gender

	Age in years						Total
	20-30	31-40	41-50	51-60	61-70	>70	
Male							
2013-14	1,426	2,361	2,059	2,201	1,525	390	9,962
2014-15	1,453	2,424	2,150	2,138	1,596	445	10,206
Female							
2013-14	2,482	3,243	1,763	954	284	39	8,765
2014-15	2,503	3,433	1,912	1,019	314	44	9,225
Total							
2013-14	3,908	5,604	3,822	3,155	1,809	429	18,727
2014-15	3,956	5,857	4,062	3,157	1,910	489	19,431

Table 24: Lawyer type and gender

Gender	Type					
	Solicitors		Barristers		Total	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Male	8,513	8,729	1,449	1,477	9,962	10,206
Female	8,234	8,670	531	555	8,765	9,225
TOTAL	16,747	17,399	1,980	2,032	18,727	19,431

LOCATION OF PRACTICE

The majority of lawyers registered in Victoria are based in the inner city area (57%), followed by the suburbs (33%). Table 25 shows the geographic distribution of lawyers.

Table 25: Location of lawyers by type

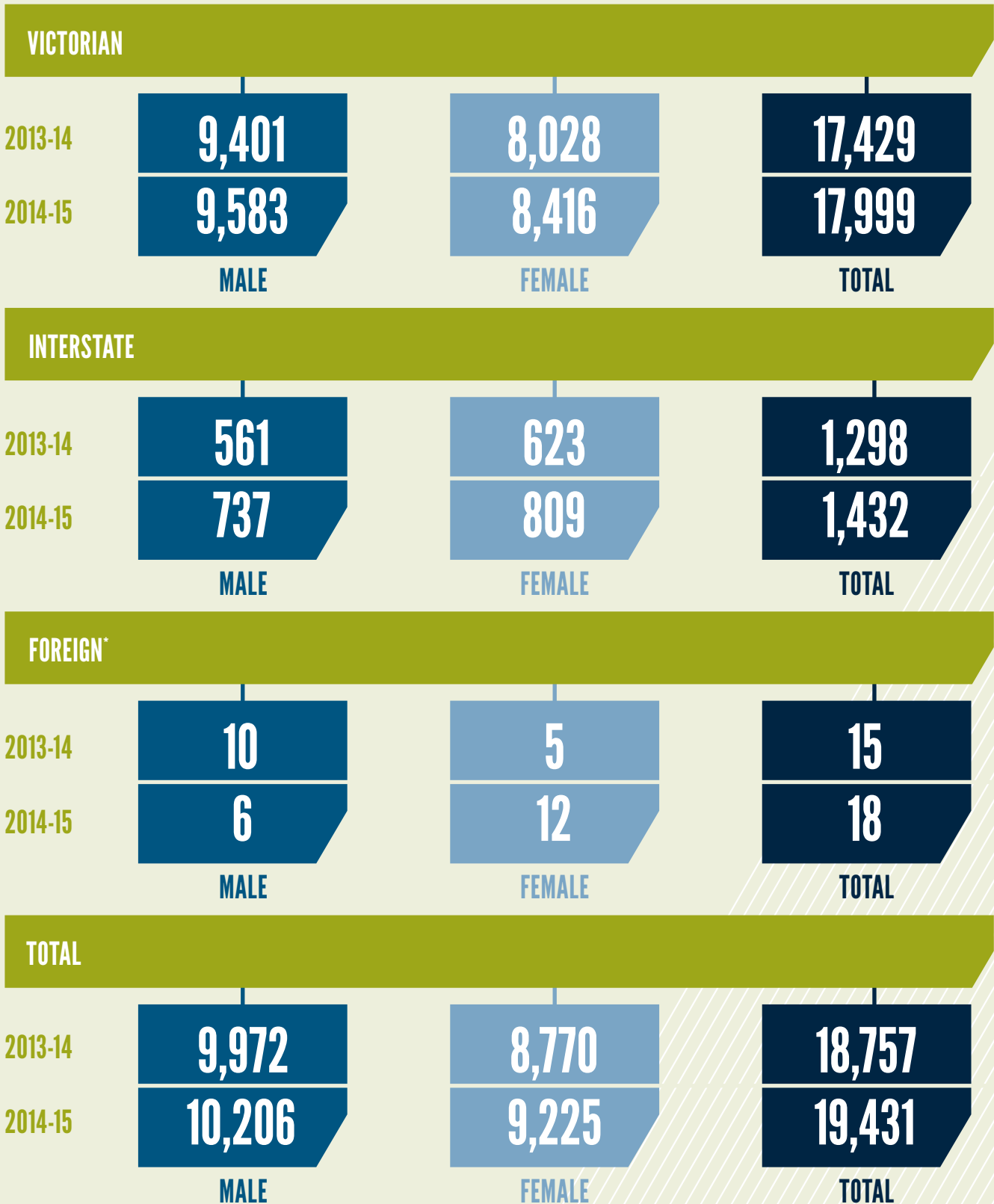
Location	Type					
	Solicitors		Barristers		Total	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
City	8,736	9,024	1,915	1,970	10,651	10,994
Suburb	6,015	6,330	50	49	6,065	6,379
Country	1,366	1,429	10	9	1,376	1,438
Interstate	200	174	3	2	203	176
Overseas	430	442	2	2	432	444
Total	16,747	17,399	1,980	2,032	18,727	19,431

LAWYERS BY ADMISSION ORIGIN AND GENDER

Figure 04 shows the number of lawyers registered in Victoria as at 30 June 2015 by the origin of their admission and their gender. Lawyers that obtained admission to practice in an interstate jurisdiction accounted for approximately 7.36% of the total number of lawyers registered in Victoria.

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

Figure 04: Numbers of lawyers by gender and origin of admission



LAWYERS BY POSITION TYPE

There were 21,291 legal positions registered in Victoria. This is higher than the total number of registered lawyers due to some lawyers maintaining positions with more than one entity. For example, a lawyer may occupy a position as an employee of a law firm while maintaining a volunteer position with a community legal centre at the same time. The profile of where lawyers are employed remains largely stable compared with previous years. Only small changes in percentages were recorded in the number of corporate lawyers and the number of directors compared to the previous year. Table 26 indicates that again more lawyers are recorded as employees than in any other position type, followed by self-employment (sole practitioners).

Table 26: Lawyers by position type

Position Type	2013-14	2014-15
Employee	6,986 (35%)	7,413 (35%)
Sole practitioner	5,126 (26%)	5,355 (25%)
Corporate lawyer	3,635 (18%)	4,005 (19%)
Partner	1,934 (9%)	2,051 (9.5%)
Director	1,455 (7%)	1,592 (7.5%)
Volunteer at CLC	751 (4%)	763 (3.5%)
Supervising lawyer	98 (1%)	112 (<1%)
Total	19,985	21,291

LAWYERS BY PRACTICING CERTIFICATE TYPE AND AGE

Table 27 and 28 show the number of male and female lawyers registered in Victoria by the type of PC held and their age. Employee PCs were the most common certificate type with approximately 37% of lawyers recorded as such. The largest proportion of employees was those aged between 20 and 30, followed by the 31 to 40 age group. Approximately 42% of all lawyers held a principal PC, while 18% of lawyers held corporate PC. There was little change in the types of PCs held by male and female lawyers at 30 June 2015 compared to the previous year. Almost half of female lawyers (48%) and only 28% of male lawyers are registered as employees. As in previous years, there are significantly more male lawyers with a principal PC than female, and more female corporate and volunteer PC holders than male.

Table 27: Male lawyers by PC type and age

	Age in years						Total
	20-30	31-40	41-50	51-60	61-70	>70	
Employee							
2013-14	1,098	914	286	216	212	76	2,802
2014-15	1,144	932	319	202	202	90	2,889
Principal with trust authorisation							
2013-14	21	278	648	1,014	628	120	2,709
2014-15	28	246	650	950	656	130	2,660
Principal							
2013-14	126	620	712	744	626	182	3,010
2014-15	100	657	739	748	675	211	3,130
Corporate							
2013-14	147	526	399	214	57	9	1,352
2014-15	139	562	422	227	58	10	1,418
Volunteer							
2013-14	34	23	14	13	2	3	89
2014-15	42	27	20	11	5	4	109
Total							
2013-14	1,426	2,361	2,059	2,201	1,525	390	9,962
2014-15	1,453	2,424	2,150	2,138	1,596	445	10,206

Table 28: Female lawyers by PC type and age

	Age in years						Total
	20-30	31-40	41-50	51-60	61-70	>70	
Employee							
2013-14	1,941	1,548	502	209	63	11	4,274
2014-15	1,960	1,618	523	220	72	10	4,403
Principal with trust authorisation							
2013-14	13	180	274	204	84	12	767
2014-15	16	187	285	220	84	17	809
Principal							
2013-14	127	541	466	306	104	13	1,557
2014-15	115	590	502	334	118	15	1,674
Corporate							
2013-14	319	915	488	208	23	0	1,953
2014-15	330	978	557	220	30	0	2,115
Volunteer							
2013-14	82	59	33	27	10	3	214
2014-15	82	60	45	25	10	2	224
TOTAL							
2013-14	2,482	3,243	1,763	954	284	39	8,765
2014-15	2,503	3,433	1,912	1,019	314	44	9,225

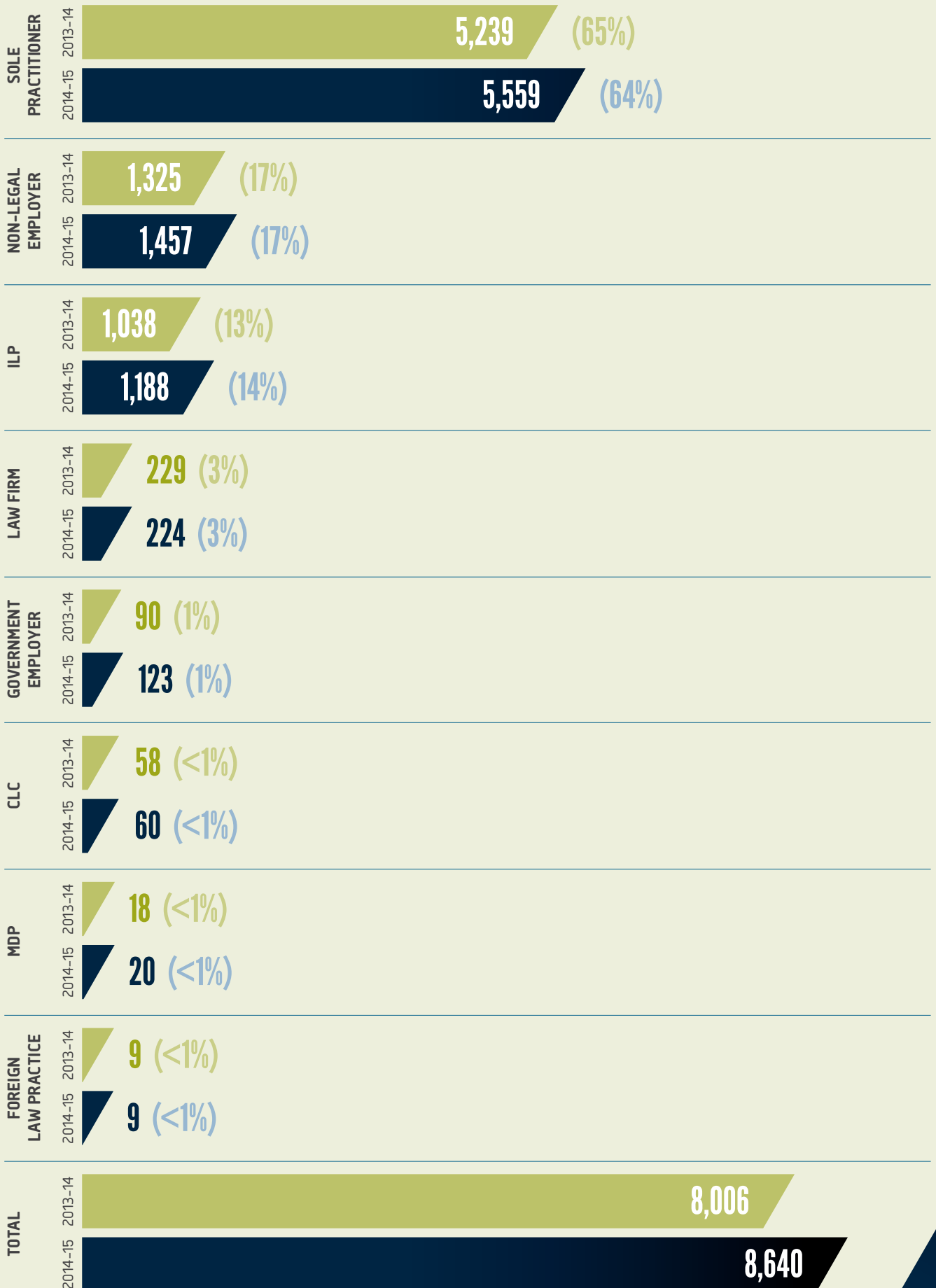
EMPLOYMENT STATISTICS

NUMBER OF ENTITIES EMPLOYING LAWYERS IN VICTORIA

The Board records all law firms, companies, charities and other organisations which employ lawyers. As at 30 June 2015 there were 8640 entities registered in Victoria; an 8% increase from last year. The largest change was an increase of 320 new sole practitioners registered, followed by an increase of 150 new ILPs.

Figure 05 shows the number of entities registered in Victoria as at 30 June 2015.

Figure 05: Number of employer entities in Victoria



LOCATION OF EMPLOYERS

Table 29 shows the number of employer entities registered in Victoria by entity type and location as at 30 June 2015. 46.7% of sole practitioners are city- based while a further 39.6% are located in the suburbs. Approximately 51.33% of registered law firms are based in the city.

Table 29: Location of employers

Type	City	Suburb	Country	Interstate	Overseas	Total
Sole practitioner						
2013-14	2,482	2,031	377	56	293	5,239
2014-15	2,598	2,202	403	48	308	5,559
Non-legal employer						
2013-14	589	506	41	40	149	1,325
2014-15	619	563	45	50	180	1,457
ILP						
2013-14	396	472	126	44	0	1,038
2014-15	441	558	136	53	0	1,188
Law firm						
2013-14	112	80	28	9	0	229
2014-15	115	71	28	9	1	224
Government employer						
2013-14	63	22	3	1	1	90
2014-15	87	127	6	2	1	123
CLC						
2013-14	16	32	7	3	0	58
2014-15	17	33	7	3	0	60
MDP						
2013-14	9	4	2	3	0	18
2014-15	11	3	3	3	0	20
Foreign law practice						
2013-14	2	5	0	0	2	9
2014-15	3	6	0	0	0	9
TOTAL						
2013-14	3,669	3,152	584	156	445	8,006
2014-15	3,891	3,463	628	168	490	8,640

ENTITIES BY TYPE AND NUMBER OF PRINCIPALS

The vast majority of entities only employ one principal (sole practitioners), with law firms and MDPs the only entity types employing more than 40 principals. Table 30 shows the number of employer entities by entity type and the number of principals.

Table 30: Entities by type and number of principals

Type	0 - 1 [#]	2-3	4-5	6-10	11-20	21-40	>40	Total
Sole practitioner								
2013-14	5,182	2	0	0	0	0	0	5,184
2014-15	5,404	1	0	0	0	0	0	5,405
ILP								
2013-14	805	181	30	12	3	0	0	1,031
2014-15	931	190	22	11	6	0	0	1,160
Law firm								
2013-14	2	166	12	13	16	9	10	228
2014-15	7	151	11	14	16	10	11	220
CLC								
2013-14	37	17	2	0	0	1	0	57
2014-15	29	19	190	0	0	1	0	60
MDP								
2013-14	7	3	0	2	2	2	2	18
2014-15	8	3	2	1	1	2	3	20
Non-legal employer*								
2013-14	0	0	0	0	0	0	0	0
2014-15	0	0	0	0	0	0	0	0
Government employer*								
2013-14	0	0	0	0	0	0	0	0
2014-15	0	0	0	0	0	0	0	0
Foreign law practice								
2013-14	8	0	1	0	0	0	0	9
2014-15	7	0	1	0	0	0	0	8
Total								
2013-14	6,041	369	45	27	21	12	12	6,527
2014-15	6,391	364	37	26	23	13	14	6,873

*Government and non-legal employers have no principals assigned, as all lawyers working for these employers are registered as corporate employees as at 30 June 2015.

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

ENTITIES BY ENTITY TYPE AND NUMBER OF EMPLOYEES

Sole practitioners, as an entity type, continue to be the largest single employer of lawyers. Table 31 shows the number of legal entities registered in Victoria by entity type and the number of employees.

Table 31: Entities by entity type and number of employees

Type	0-1 [#]	2-3	4-5	6-10	11-20	21-40	>40	Total
Sole practitioner								
2013-14	4,790	311	57	25	2	1	0	5,186
2014-15	4,967	355	60	26	1	1	0	5,410
Non-legal employer								
2013-14	643	219	78	65	22	8	7	1,042
2014-15	684	246	75	66	22	5	5	1,103
ILP								
2013-14	480	278	127	88	40	12	6	1,031
2014-15	562	311	120	105	52	13	4	1,167
Law firm								
2013-14	0	87	35	47	22	15	22	228
2014-15	5	77	34	44	23	13	26	222
Government employer								
2013-14	23	21	7	13	11	4	2	81
2014-15	26	25	11	15	14	8	7	106
CLC								
2013-14	5	7	8	7	15	8	8	58
2014-15	4	7	9	6	17	10	7	60
MDP								
2013-14	6	2	0	3	1	1	5	18
2014-15	6	3	2	1	2	1	5	20
Foreign law practice								
2013-14	7	0	2	0	0	0	0	9
2014-15	6	0	1	1	0	0	0	8
TOTAL								
2013-14	5,954	925	314	248	113	49	50	7,653
2014-15	6,260	1,024	312	264	131	51	54	8,096

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

Table 32: Number and outcome of enquiries

Year	Complaint Form sent	Information provided – no further action taken	Conciliated outcome	Suggestions to enable self-resolution	Referral to other body/No jurisdiction	Total closed
2014-15	407 (8%)	4,431 (83%)	117 (2%)	330 (6%)	32 (0.6%)	5,317
2013-14	968 (18%)	2,701 (51%)	258 (5%)	1,295 (24%)	83 (2%)	5,305
2012-13	2,260 (46%)	2,350 (48%)	51 (1%)	0*	244 (5%)	4,905

*Figures were not recorded

Table 33: Number and type of complaints received

Year	Civil only	Disciplinary only	Mixed	Total Complaints
2014-15	637 (40%)	815 (52%)	119 (8%)	1,571
2013-14	831 (46%)	888 (49%)	93 (5%)	1,812
2012-13	831 (41%)	1,100 (54%)	108 (5%)	2,039

Table 34: New complaints by lawyer type

	Civil	Disciplinary	Mixed	Total 2014-15
Solicitors	617 (39%)	745 (47%)	115 (7%)	1,477 (94%)
Barristers	20 (1%)	70 (5%)	4 (0.3%)	94 (6%)
Total	637	815	119	1,571

Table 35: Areas of law featured in new complaints

Area of Law	2012-13	2013-14	2014-15
Family/Defacto	515 (25%)	408 (23%)	347 (22%)
Probate & Estate	203 (10%)	211 (12%)	173 (11%)
Conveyancing	186 (9%)	173 (10%)	140 (9%)
Commercial	202 (10%)	156 (9%)	133 (8%)
Criminal	144 (7%)	128 (7%)	105 (7%)
Personal Injury	56 (3%)	69 (4%)	61 (4%)
Workers Compensation	58 (3%)	47 (3%)	54 (3%)
Building	51 (3%)	38 (2%)	53 (3%)
Debt Collection	78 (4%)	58 (3%)	52 (3%)
Wills	49 (2%)	37 (2%)	49 (3%)
Mortgages	37 (2%)	50 (3%)	48 (3%)
Industrial Relations	47 (2%)	53 (3%)	47 (3%)
Leasing	42 (2%)	52 (3%)	35 (2%)
Civil Liberties	7 (1%)	12 (0.6%)	30 (2%)
Breach of Legal Profession Act/Regulations	19 (1%)	11 (0.6%)	28 (2%)
Motor Vehicle Repairs/Claims	35 (2%)	35 (2%)	24 (2%)
Guardianship/Administration	20 (1%)	19 (1%)	19 (1%)
Company	15 (1%)	12 (0.6%)	16 (1%)
Intellectual Property	11 (1%)	11 (0.6%)	15 (1%)
Body Corporate/Strata Title	16 (1%)	21 (2%)	14 (1%)
Trade Practices	3 (1%)	1 (0.5%)	14 (1%)
Insolvency	23 (1%)	19 (1%)	13 (<1%)
Immigration	23 (1%)	12 (0.6%)	13 (<1%)
Personal Injury – Motor Vehicle Accident	6 (1%)	10 (0.6%)	11 (<1%)
Equal Opportunity	22 (1%)	7 (0.4%)	10 (<1%)
Defamation	14 (1%)	12 (0.6%)	9 (<1%)
Planning	15 (1%)	10 (0.6%)	9 (<1%)
Taxation	9 (1%)	6 (0.3%)	7 (<1%)
Banking	10 (1%)	2 (0.1%)	2 (<1%)
Crimes Compensation	14 (1%)	11 (0.6%)	1 (<1%)
Environmental	2 (1%)	3 (0.2%)	1 (<1%)
Freedom of Information	1 (1%)	2 (0.1%)	1 (<1%)
Other/Unsure	106 (5%)	116 (6%)	37 (2%)
Total	2,039	1,812	1,571

Table 36: Allegations featured in new complaints

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

Nature of Allegation	2012-13	2013-14	2014-15
Costs/Bills	728 (30%)	665 (32%)	598 (34%)
Negligence – including bad case handling	404 (17%)	328 (16%)	245 (14%)
Documents/Trust property – including retention and lost	111 (5%)	86 (4%)	118 (7%)
Dishonest/Misled	148 (6%)	131 (6%)	97 (6%)
Trust money – including failure to account, mismanagement of funds	125 (5%)	110 (5%)	91 (5%)
Breach of Act, rules, court order or undertaking	64 (3%)	82 (4%)	80 (5%)
Conflict of interest	73 (3%)	80 (4%)	61 (3%)
Duress/Pressure/Intimidation	73 (3%)	62 (3%)	53 (3%)
Abusive/Rude	64 (3%)	43 (2%)	47 (3%)
Delays	82 (3%)	53 (3%)	46 (3%)
Costs communication – including failure to comply with s3.4.9; s3.4.10; s.3.4.16 of the Act	61 (3%)	49 (2%)	46 (3%)
Communication with client – including failure to return calls, give progress reports	91 (4%)	63 (3%)	45 (3%)
Gross overcharging	41 (2%)	48 (2%)	38 (2%)
Instructions – including failure to comply	60 (2%)	58 (3%)	29 (2%)
Debts – including practitioner’s failure to pay	51 (2%)	41 (2%)	21 (1%)
Confidentiality breach	22 (1%)	12 (0.6%)	16 (<1%)
Communication with other party	14 (1%)	9 (0.4%)	7 (<1%)
Court system	3 (1%)	5 (0.2%)	3 (<1%)
Sexual impropriety	3 (1%)	3 (0.1%)	2 (<1%)
Advertising	1 (1%)	1 (0.05%)	1 (<1%)
Other disciplinary issues	208 (9%)	162 (8%)	109 (6%)

Table 37: Outcomes of closed civil complaints (including the civil complaint outcomes from ‘mixed’ complaints)

Civil complaint outcome	2012-13	2013-14	2014-15
Commissioner assisted dispute resolution between lawyer and consumer	504 (56%)	606 (57%)	421 (56%)
Dispute was unable to be settled and parties were advised of their right to apply to VCAT	164 (18%)	159 (15%)	159 (21%)
Complainant failed to lodge unpaid disputed costs	64 (7%)	91 (9%)	56 (7%)
Complaint made out of time	41 (5%)	34 (3%)	20 (3%)
Complaint involved costs dispute which exceeded \$25,000	31 (3%)	27 (3%)	21 (3%)
Complainant failed to provide further information when requested	5 (1%)	8 (0.7%)	9 (1%)
Complaint made before (or subject of another complaint)	8 (1%)	7 (0.6%)	3 (0.4%)
Complaint not one that the Commissioner has power to deal with (e.g. matter has already been dealt with/should be dealt with by a court)	15 (2%)	27 (3%)	20 (3%)
Complaint lacked legal substance (e.g. dispute already settled)	48 (5%)	60 (6%)	23 (3%)
Lawyer had already issued debt collection proceedings	28 (3%)	38 (3%)	25 (3%)
Total	908	1,057	755

Table 38: Own motion investigations initiated

Basis for own motion investigation	Preliminary Investigation		Own Motion Investigation		Total	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Trust account report	1	4	11	15	12	19
Referral from other agency (including a court)	6	5	14	11	20	16
LSC complaint file	4	1	7	11	11	12
Media	1	1	2	0	3	1
Practising certificate process	1	0	3	2	4	2
Other	7	3	7	4	14	7
Total	20	14	44	43	64	57

Table 39: Investigations commenced by the Commissioner and referred to the Bar

Investigations	2012-13	2013-14	2014-15
Investigations undertaken by Commissioner	317	330	333
Investigations referred to Bar	12	4	9
Total Investigations	395	334	342

Table 40: Alternative disciplinary actions taken by the Commissioner on complaint files

Alternative Disciplinary Action	2012-13	2013-14	2014-15
Commissioner reprimanded lawyer	26	36	32
Commissioner cautioned lawyer	13	20	15
Lawyer found generally competent: no further action	18	20	24
Lawyer paid compensation to complainant	1	5	4
Total	58	81	75

Table 41: Own motion investigations outcomes

Outcome	2012-13	2013-14	2014-15
VCAT likely to find lawyer guilty of professional misconduct, therefore charges laid	16	14	10
Commissioner reprimanded lawyer (likely finding of unsatisfactory professional conduct)	8	8	12
Commissioner cautioned lawyer (likely finding of unsatisfactory professional conduct)	6	5	0
Lawyer found generally competent: no further action (likely finding of unsatisfactory professional conduct)	1	5	6
No conduct identified	13	14	11
Commissioner forms the view no further investigation required	0	13	7
Lawyer unable to be located	1	3	0
Total	45	62	46

Table 42: Outcomes of closed disciplinary complaints (including the outcomes of the disciplinary issues in 'mixed' complaints, excluding own motion investigations)

Investigation outcome	2012-13	2013-14	2014-15
VCAT likely to find lawyer guilty of a disciplinary breach#	103 (9%)	100 (9%)	106 (11%)
VCAT unlikely to find lawyer guilty of a disciplinary breach	133 (12%)	135 (12%)	130 (13%)
Lawyer already struck off - not in the public interest to pursue further action	0	2 (<1%)	25 (3%)
Complainant satisfied with lawyer's explanation & withdrew complaint	335 (30%)	323 (29%)	338 (35%)
Complaint made out of time	32 (3%)	12 (1%)	18 (2%)
Complaint made before (or subject of another complaint)	21 (2%)	13 (1%)	13 (1%)
Complainant failed to provide further information when requested	18 (2%)	25 (2%)	14 (1%)
Complaint lacked legal substance etc. (e.g. alleged conduct was not inappropriate)	176 (16%)	175 (16%)	145 (15%)
Complaint about lawyer/client relationship and duties but made by third party (e.g. not the client)	55 (5%)	76 (7%)	44 (5%)
Commissioner formed the view that complaint required no further investigation (e.g. lawyer not obliged to accept instructions from complainant)	141 (12%)	120 (11%)	63 (7%)
Commissioner has no power to deal with the complaint (e.g. involves question of law and therefore should be dealt with by a court)	101 (9%)	94 (8%)	66 (7%)
Lawyer deceased	2 (<1%)	0	0
Lawyer ill health or not located	1 (<1%)	5 (<1%)	1 (<1%)
Closed due to ongoing proceedings	14 (1%)	11 (1%)	8 (<1%)
Total	1,132	1,091	973

#Includes both professional misconduct or unsatisfactory professional conduct

Table 43: Finalised complaints

Year	Civil	Disciplinary	Mixed	Total
2014-15	617 (39%)	835 (52%)	138 (9%)	1,590
2013-14	854 (42%)	1,056 (52%)	110 (5%)	2,020
2012-13	862 (42%)	1,055 (52%)	123 (6%)	2,040

Table 44: Time taken to finalise complaints (excluding own motion complaints)

Days since receipt of complaint	<30	31-60	61-90	91- 120	>120	Total
Civil Dispute						
2014-15	216	143	76	70	112	617
2013-14	291	190	140	77	156	854
2012-13	223	202	147	109	181	862
Disciplinary						
2014-15	319	129	73	57	257	835
2013-14	394	147	79	63	373	1,056
2012-13	403	172	102	71	307	1,055
Mixed						
2014-15	15	12	6	10	95	138
2013-14	13	6	8	12	110	71
2012-13	7	8	16	8	87	123
Total						
2014-15	550	284	155	137	207	1,590
2013-14	698	343	227	152	600	2,020
2012-13	633	382	265	188	571	2,040

Table 45: Number of complaints outstanding

Days since receipt of complaint	<30	31-60	61-90	91- 120	>120	Total
Civil Dispute						
2014-15	43	24	21	11	18	117
2013-14	47	18	18	8	14	105
2012-13	53	34	12	13	26	138
Disciplinary						
2014-15	37	22	17	14	124	214
2013-14	54	28	20	37	134	239
2012-13	50	50	44	50	133	327
Mixed						
2014-15	5	1	11	4	30	51
2013-14	10	2	5	5	35	57
2012-13	6	4	6	6	30	52
Total						
2014-15	85	47	49	29	172	382
2013-14	111	48	43	50	183	401
2012-13	109	88	62	69	163	517

Table 46: Disciplinary applications made to VCAT

Disciplinary applications under <i>Legal Profession Act 2004</i>	Heard by VCAT during 2014-15	Filed and yet to be heard and/or awaiting orders by VCAT as at 30 June 2015	Total
Disciplinary applications made in 2014-15	8	24	32
Disciplinary applications made in previous year(s)	23	8	31
Total	31	32	63

APPENDIX 03

PROSECUTIONS IN VCAT AND THE COURTS

Table 47: Disciplinary applications heard and determined at VCAT in 2014–2015 (by date of application)

Note: in Table 32 of the 2013–14 report, the entry for Mr Sammy Bektas incorrectly included references to misleading the LSC and lack of honesty. Mr Bektas was neither charged, nor found guilty of any such offences.

No.	VCAT ref.	Application date	Hearing dates	Lawyer	Summary of charges	VCAT findings	Date and orders made
1	J153/2012	2/10/2012	20/02/2014; 21/02/2014	HORAK, Jan	Professional misconduct: conducted negotiations for settlement of civil proceeding against client conditional on the withdrawal of a disciplinary complaint, along with wide-spread non-compliance with trust accounting obligations and failure to produce documents requested; persistently failed to comply with Court orders and repeatedly failed to appear at listed hearings; failed to include written statement in bills; failed to make costs disclosure; gross overcharging (x3); Unsatisfactory professional conduct: advertising as 'specialist lawyer' when not accredited; falsely advertising as 'registered migration agent' when not registered	Professional misconduct; Unsatisfactory professional conduct	13/05/2014: Respondent's practising certificate is cancelled and he is disqualified from being granted a local PC until 13/5/2020; any PC granted for a period of six years thereafter, must be an employee PC; VCAT make a recommendation to the Supreme Court of Victoria that the respondent's name be removed from the roll of local practitioners. Pay LSC costs to be determined by the Costs Court if not agreed (see also Table 51)
2	J126/2013	28/06/2013	N/A	JAMES, Paul	Professional misconduct: failure to complete legal work; failure to communicate effectively and promptly; failure to attend hearing and to explain non-attendance; failure to make a disclosure; failure to provide an itemised account and correctly manage the law practice trust account; not a fit and proper person to engage in legal practice in breach of s31(1) of the <i>Legal Aid Act 1978</i> (Vic)	Application struck out with right of reinstatement	11/11/2014 – Respondent was not located. Application was struck out with a right of reinstatement, in the event the applicant is able to locate the respondent at some in future
3	J142/2013	25/07/2013; Amended Application 7/4/2014	25/09/2014; 06/10/2014	FOSTER, Margot	Professional misconduct: received trust money without general trust account (x2); failed to establish and maintain general trust account (x2); failed to deposit trust money in general trust account (x2); intermixing trust money with other money (x2); failure to use best endeavours to complete legal work as soon as reasonably possible (x3) (x3); failure to communicate effective and promptly with client; failure to provide LSC with explanation of conduct; making a misleading statutory declaration to LSB	Professional misconduct	6/10/2014 – VCAT records and accepts the following Undertakings the given to VCAT; PC to be surrendered on or before 31/10/2014; Not to reapply PC for 3 months from the date PC is surrendered; Any PC thereafter obtained will be subject to the condition not to engage as sole practitioner for a period of 2 years from the date upon which PC is obtained; Pay LSC costs to be agreed (including any stay upon payment of costs) with liberty to apply in default of agreement

Table 47: Disciplinary applications heard and determined at VCAT in 2014–2015 (by date of application) (continued)

No.	VCAT ref.	Application date	Hearing dates	Lawyer	Summary of charges	VCAT findings	Date and orders made
4	J167/2013	11/09/2013	26/06/2014	BULLER, Peter	Professional misconduct: acting without instructions; failure to complete legal work; failure to comply with requests for an itemised bill. Unsatisfactory professional conduct: failure to provide a costs disclosure statement; failure to provide an itemised bill	Professional misconduct; Unsatisfactory professional conduct	2/7/2014 – Reprimanded. VCAT accepts and records the Undertaking to apply to vary his PC current at the date of hearing, and for the year commencing 1/7/14 as an employee and will not apply in future for a PC authorising receipt of trust money or to practice as the principal of a law firm; Pay LSC costs fixed at \$11,000
5	J198/2013	31/10/2013	1/08/2014; 10/09/2014; 7/11/2014; 12/12/2014	BOUHALIS, George	Professional misconduct: failure to lodge on time income tax returns from 01/07/1996 to 30/06/2007; failure to lodge on time BAS from 01/04/2001 to 30/09/2009; conviction for tax offences for failing to lodge on time income tax returns and BAS; failure to discharge on time obligation to pay amounts owing for income tax, PAYG tax withheld and GST; recklessly failing to comply with the Act after being found guilty of tax offences; failure to provide a show cause notice; knowingly made a misleading statement	Professional Misconduct	27/02/2015 – Reprimanded. PC suspended for 12 months ('the head suspension period'); The head suspension period is wholly suspended for 3 years from the date of this order ('suspended order period'); a local PC may be granted with conditions; respondent shall not commit any act of PM or UPC or the LSC may apply to VCAT to revoke the suspended order period. LSC costs to be assessed by Costs Court in default of agreement
6	J213/2013	27/11/2013	24/07/2014	O'BRIEN, Lewis	Professional misconduct; falsely represented that he acted on behalf of persons	Professional Misconduct	24/7/2014 – Reprimanded. Fined \$25,000. Complete a course in legal ethics in addition to CPD requirements; provide evidence of completion to LSC; Pay LSC costs
7	J220/2013	18/12/2013	4/8/2014	MOIR, John	Professional misconduct: accepting a loan from a client; conflict of interest; acting dishonestly in making untrue representations (x4); breach of Undertaking to clients	Professional misconduct	4/8/2014 – VCAT records that the respondent swore an Undertaking given to VCAT during hearing that he will never again apply for a practicing certificate anywhere in Australia, and note that this has the effect that he will never practice law again; Pay LSC costs fixed at \$6,938.70
8	J5/2014	08/01/2014	27/08/2014	MINGOS, John	Professional misconduct: after termination of retainer, neither provided an invoice nor returned money held on trust to the client; failure to provide all documents, files and papers held; Unsatisfactory professional conduct: failure to furnish trust account statement as soon as practicable	Professional misconduct; Unsatisfactory professional conduct	27/08/2014 – Reprimanded. Fined \$5,000 and pay LSC costs fixed at \$10,000

No.	VCAT ref.	Application date	Hearing dates	Lawyer	Summary of charges	VCAT findings	Date and orders made
9	J11/2014	16/01/2014	3/6/2014	BARLOW, John	Professional misconduct: being paid, accepting and retaining executors commission	Professional misconduct	07/8/2014 – Reprimanded. Repay \$120,000 to client's estate; liability to make repayment pursuant to this order is joint and several with the liability of John Maguire which is imposed separately to this proceeding No. J12/2014; prohibited from applying for a PC at any time in future; Pay LSC costs; LSC to serve a copy of this order and reasons on each beneficiary of the estate
10	J12/2014	16/01/2014	30/05/2014	MAGUIRE, John	Professional misconduct: being paid, accepting and retaining \$60,000 by way of executor's commission; writing a letter to the beneficiaries of the relevant Estate containing false and misleading information. Unsatisfactory professional conduct: writing a letter to the beneficiaries of the Estate which precluded the beneficiaries from giving their informed consent to a request for commission	Professional conduct; Unsatisfactory professional conduct	07/08/2014 – Reprimanded. Fined \$5,000; repay \$120,000 to client's estate; liability to make repayment pursuant to this order is joint and several with the liability of John Barlow which is imposed separately in the proceeding No. J11/2014. Prohibited from applying for a PC at any time in future. Pay LSC costs. LSC directed to serve a copy of this order and reasons on each beneficiary of the estate
11	J10/2014	16/01/2014	18/08/2014	HORVAT, Frank	Amended Application (15/08/2014): Professional misconduct: Charging excessive legal costs (x2); Unsatisfactory professional conduct: failure to comply with the PCPR 2005 when preparing a will	Professional misconduct; Unsatisfactory professional conduct;	18/08/2014 – Respondent gave an undertaking to restrict his future practice as executor and administrator of deceased estates with exception for family members. Reprimanded. Fined a total of \$15,000; repay the sum of \$32,000 to one estate; \$46,000 to another estate; to notify LSC when repayment made; to complete 3 CPD units in legal costs; Pay LSC costs fixed at \$15,000
12	J22/2014	5/02/2014	26/06/2014	BULLER, Peter	Professional misconduct: failure to advise executor of estate of receipt of dividends and failure to prepare or provide trust account statements for eight years; failure to communicate promptly	Professional misconduct	2/7/2014 – Refer J167/2013
13	J42/2014	06/03/2014	15/08/2014	ADAMI, Philip	Professional misconduct: borrowed money from the client	Professional misconduct	15/08/2014 – Local PC is suspended for a period of two months; Not to apply PC authorising the receipt of trust moneys prior to 1/07/2018. Pay LSC costs fixed at \$5,000
14	J56/2014	08/04/2014	15/08/2014	McNAB, Bruce	Professional misconduct: failure to provide LSC with full written explanation of conduct; failure to provide LSC with further information requested	Professional misconduct	27/08/2014 – Reprimanded. Fined \$1,500 and pay LSC costs fixed at \$2,423.50

Table 47: Disciplinary applications heard and determined at VCAT in 2014–2015 (by date of application) (continued)

No.	VCAT ref.	Application date	Hearing dates	Lawyer	Summary of charges	VCAT findings	Date and orders made
15	J69/2014	09/05/2014	1/7/2014	GOTO, Daimon	Professional misconduct: received trust money when not authorised; retained clients credit card details and made transactions without client knowledge or authority	Professional misconduct	1/7/2014 – Reprimanded. Fined \$2,000. LSC to notify LSB of Undertaking given by the respondent being never to re-apply for a PC enabling the practice of law anywhere in Australia; Pay LSC costs fixed at \$2,500
16	J73/2014	13/05/2014	2/10/2014	MERICKA, Peter	Professional misconduct: sent inappropriate letters to Supreme Court Chief Justice and Premier of Victoria (x2)	Professional misconduct	18/12/2014 – Reprimanded. Pay LSC costs fixed at \$12,500
17	J90/2014	11/06/2014	28/11/2014	GROSSER, Luke	Professional misconduct dishonesty in job applications, making false statements to the Admissions Board of NSW and other bodies, and creating false CV's; failure to provide a full written explanation of his conduct	Professional misconduct	10/12/2014 – VCAT recommended to the Supreme Court that the respondent be removed from the local roll of practitioners; No local PC be granted before 31/12/2021. Listed as a prohibited lay associate. Fined \$6,000. Pay LSC costs fixed at \$10,021.12
18	J91/2014	16/06/2014	18/12/2014	ROBERTSON BAUER, Lorraine	Professional misconduct: Unqualified legal practice; representing that respondent was entitled to engage in legal practice; failure to provide LSC with requested information	Professional misconduct	18/12/2014 – Reprimanded. Fined \$5,000; LSC costs fixed at \$12,000
19	J122/2014	24/07/2014	2302/2014 to 25/02/2014	BURGESS, Andrew	Professional misconduct: failure to comply with LSC request (x2); failure to use best endeavours to complete legal work as soon as reasonably possible (x2); failure to communicate effectively and promptly with clients; failure to provide clients with costs disclosure	Professional misconduct; Unsatisfactory professional conduct	Finding made on 24/04/2015 without penalty; Penalty hearing on 5/08/2015 awaiting decision.
20	J121/2014	24/07/2014	11/12/2014	SHABA, Paul	Professional misconduct: Acted for both parties in a sale of business without written acknowledgement and agreement of each party; failure to immediately cease to act for both clients in circumstances where a conflict of interest had arisen; gave erroneous advice and failed to act in client's best interests. Unsatisfactory professional conduct: failure to provide adequate advice to clients, and failure to procure necessary documentation	Professional Misconduct; Unsatisfactory professional conduct	11/12/2014 – Reprimanded. Undertake a further 10 hours of CPD training, including training in purchase and sale of businesses. Pay LSC costs fixed at \$6,000
21	J134/2014	18/08/2014	17/12/2014	KOTSIFAS, John	Professional misconduct: drew caveats and provided them to his client to be lodged without considering documents said to support caveatable interest and relying only on clients' claim of such interest; and acted in disregard of known facts and law (x2); attended Court to defend caveats in such circumstances	Professional Misconduct	17/12/2014 – Within 12 months must complete nine additional CPD units in Ethics, Civil procedure and Property law; respondent to forthwith appoint a mentor to assist him at his practice; Mentor is to provide three monthly report to LSC and final report at the conclusion of mentoring period. Pay LSC costs fixed at \$9,864.69

No.	VCAT ref.	Application date	Hearing dates	Lawyer	Summary of charges	VCAT findings	Date and orders made
22	J183/2014	24/12/2014	19-Mar-15	JOHNSON, Raymond	Professional misconduct: failure to lodge documents with Registrar of Titles (Land Victoria); failure to provide LSC with full written explanation of conduct (x2); failure to keep or deliver to client trust records of the estate in breach of Court Orders; deducting professional costs and disbursements in breach of Court orders, causing a deficiency in the trust account of the estate	Professional Misconduct	19/03/2015 – VCAT records the Undertaking given that respondent will never again apply for a PC anywhere in Australia and that this Undertaking (and like the Undertaking given to LSC) may be used as a complete bar to any such future application. Pay LSC costs fixed at \$6,058.01
23	J154/2014	08/10/2014	12-Mar-15	JONES, Dean E	Professional misconduct: acted without authority or instructions	Professional Misconduct	12/03/2015 – Reprimanded. Pay LSC costs, to be determined by Costs Court if not agreed
24	J157/2014	21/10/2014	10-Mar-15	ZERVAS, Theodore	Professional misconduct: failure to obtain specialist reports relevant to the client's entitlements; failure to advise client adequately about disputing TAC assessment; failure to conduct appropriate investigations; failure to advise client adequately about serious injury certificate; failure to advise client adequately about limitation period for recovery of damages; failure to prepare adequately and/or pursue an application for review lodged with VCAT; failure to deposit monies in a general trust account; failure to advise client adequately about process for disputing TAC decision on funding for home services; failure to seek reimbursement from TAC for reports prepared by general practitioner and physiotherapist	Professional Misconduct	10/03/2015 – Reprimanded. Fined \$2,000 and pay LSC costs fixed at \$5,500; pay compensation to his client in the sum of \$8,000
25	J13/2015	27/01/2015	22-Apr-15	LYNCH, Philip	Professional misconduct: discourteous, unprofessional and/or abusive communications with the client and the members of the client's family; intention to charge interest above the maximum rate permitted; affirming and filing an Affidavit in a proceeding, which disclosed the existence and substance of an offer to resolve the proceeding, made without prejudice save as to costs, prior to the proceeding being determined	Professional misconduct	28/04/2015 – Reprimanded. Not to apply for PC for 12 months; Prior to issue of any future PC, respondent must undergo a mental health assessment to determine whether he is a fit and proper person to hold a PC; Pay LSC costs to be determined by the Costs Court in default of agreement
26	J36/2015	05/03/2015	15-May-15	PARIC, Linda	Professional misconduct: communicating directly with another represented party (x11); using discourteous, offensive and provocative language and conduct (x5)	Professional misconduct; Unsatisfactory professional conduct	22/05/2015 – Reprimanded. Fined \$1,000. Complete five additional units of CPD in ethics and professional responsibility by 31/12/2016; Pay LSC costs
27	J35/2015	05/03/2015	22-May-15	WONG, William	Professional Misconduct: signed letter of demand to be personally delivered by his client, thereby facilitating possible breach of an intervention order. Unsatisfactory professional conduct: signed letter containing threat of criminal proceedings over a civil debt	Professional misconduct; Unsatisfactory professional conduct	22/05/2015 – Reprimanded. Complete three additional CPD in ethics by 31/03/2016. Pay LSC costs fixed at \$3,968.77

Table 48: Disciplinary applications to VCAT, where application is awaiting hearing and/or determination as at 30 June 2015

No.	Date application made	Type of charges	Status
1-7	December 2011/ January 2012	Seven separate 'sets' of charges against respondent arising out of complaints by seven former clients of the law practice. Each set alleges professional misconduct by gross overcharging, charging otherwise than in accordance with costs agreements and various breaches of fiduciary duties. Following the commencement of proceedings, the respondent sought numerous adjournments. The first hearing before VCAT commenced in February 2015 as a quasi 'test case'. Due to ongoing adjournment requests and various applications by the respondent, this matter has not yet concluded.	Hearing listed for 02/07/2015
8	9/05/2014	Professional misconduct: for each of the financial years from 01/07/1998 to 30/06/2009 - failure to lodge on time income tax returns; conviction for tax offences for failing lodge on time income tax returns; failure to discharge on time the obligation to pay amounts owing for income tax; failure to comply with orders of the Magistrates' Court for lodgement of income tax returns; convictions in Magistrates' Court; failure to pay fine ordered by the Magistrates' Court; failure to notify the LSB of these matters and failure to respond to LSC for a written explanation	Directions hearing listed for 03/07/2015
9	10/10/2014	Professional misconduct: using discourteous language when communicating with another practitioner; alternatively professional misconduct failure to reach or maintain a reasonable standard of competence and diligence (x5); failure to provide a full written explanation of the conduct and any other information and documents; failure to comply with orders of VCAT	Hearing listed for 8/07/2015
10	23/01/2015	Professional misconduct: Respondent in breach of fiduciary duties by misrepresenting to the beneficiaries the true position in relation to executors commission (x8); alternatively professional misconduct (x8); recommended and purported to negotiate resolution of a potential claim under Part IV <i>Administration and Probate Act 1958</i> without giving to the beneficiaries full and frank information, including relationship with potential claimant; charged executors commission on the estate when no entitlement to do so (x8); alternatively professional misconduct (x8); failure to inform the client in writing of the matters required to be confirmed in writing before the client signed the Will (x4)	Hearing listed for 12/10/2015 to 20/10/2015
11	27/01/2015	Professional misconduct: failure to deposit trust money into the general trust account of the Law Practice as soon as practicable; causing a deficiency in the trust account without a reasonable excuse by making five withdrawals (x5); failure to record the journal reference number for withdrawals (x2); failure to record the cheque number and date for the payment and failure to record particulars sufficient to identify the purpose for which the payment was made; failure to provide a trust account statement as soon as practicable after the completion of the matter	Hearing listed for 16/07/2015
12	29/01/2015	Professional misconduct: Respondent mixed trust money with other money (x171)	Listed for compulsory conference for 6/7/2015
13	27/02/2015	Professional misconduct: failure to advise the clients of rights in settlement in circumstances where he knew that the property was incomplete; failure to advise or adequately advise to obtain independent legal advice of property settlement when acting for the vendor, was aware the purchaser was not represented and was aware that the property was not complete as at the date of settlement; false certification of "Notice of acquisition of an interest in land" on behalf of the transferee when not acting for transferee; causing the Notice to be sent to various authorities stating that he acted for the transferee; made misleading statement implying that he was not acting for vendor in a property conveyance	Hearing listed for 23/07/2015
14	1/04/2015	Professional misconduct: failure to act honestly by amending advice of hearing notice provided to the client in order to mislead the client and client's new solicitor; amending the advice of hearing and providing it to the LSC; failure to inform the client that his matter was to be heard on that day and did not appear on behalf of or make arrangements for someone to appear on behalf of the client	Awaiting Hearing date
15	10/04/2015	Professional misconduct: intentionally mislead the client as to the true status and progress of medical negligence claim or claims against the hospital; and/or acted in gross breach of the duty owed to the client by failing to communicate promptly and effectively in relation to the status and progress of medical negligence claims	Hearing listed for 24/08/2015

No.	Date application made	Type of charges	Status
16	10/04/2015	Professional misconduct: caused or allowed the firm to purport to act, file proceedings and continue to act in proceedings without any or proper instructions; caused or allowed the firm to act for the client and issue proceedings on behalf of client without clarifying instructions, seeking full instructions details of particulars, or giving client any advice on possible recovery and risks involved in issue proceedings or on client's insurance policy rights or possible liability of costs to other parties or as to the obligations under <i>Civil Procedure Act 2010</i> ; Professional misconduct: caused or allowed the firm to engage in dishonest conduct or alternatively likely to diminish public confidence in the administration of justice	Hearing listed for 14/09/2015 to 16/09/2015
17	15/04/2015	Professional misconduct: acted without proper instructions; issued and amended proceedings to name the client as plaintiff without proper instructions; defend proceedings without proper instructions; maintain the proceedings without proper instructions; caused or allowed the firm to purport to act for the client and issue proceedings without clarifying instructions; seeking full instructions and details of particulars; giving the client any advice as to the possible recovery and risks involved in issuing proceedings; giving the client any advice as to his possible liability for costs to other parties; giving the client any advice as to his obligations under <i>Civil Procedure Act 2010</i>	Hearing listed for 05/08/2015 to 07/08/2015
18	15/04/2015	Professional misconduct: caused or allowed firm to purport to act for client, file defence and continue to act in proceedings without any or any proper instructions; caused or allowed firm to purport to act for client and to defend proceedings on behalf of client without clarifying instructions; seeking full instructions and details of particulars; giving client any advice as to possible recovery and risks involved in issuing legal proceedings; giving client any advice as to possible liability for costs to other parties; giving client any advice as to his obligations under <i>Civil Procedure Act 2010</i> ; failed to reach or maintain a reasonable standard of competence and diligence in handling proceedings	Hearing listed for 22/07/2015
19	15/04/2015	Professional misconduct: failure to use best endeavours to complete legal work as soon as reasonably possible; failure to provide to full written explanation to LSC and thereafter failure to provide the client file	Hearing listed for 31/08/2015
20	24/04/2015	Professional misconduct: failed or refused to hand over client file or appeal documents prepared by the Practice on behalf of the client without appropriate lien (x2); failed to provide itemised bill of costs (x2); failed to respond to LSC as required by VCAT order; failed to respond to Commissioner for information and documents; failed or refused to refund trust money; failed to furnish trust account statement; caused or suffered the Practice to withdraw from trust money without notice; engaging unqualified legal practice	Hearing listed for 05/10/2015 to 08/10/2015
21	6/05/2015	Professional misconduct: breached duty to be honest and candid with and not mislead Court; breached duty to act in best interests of estate by advancing own conflicting interests; breached duty to act in best interests of the estate by preferring interests of one executor over another; breached prohibition on direct contact with executor when he knew she was legally represented	Hearing listed for 14/10/2015 to 16/10/2015
22	12/05/2015	Professional misconduct: deliberately and repeatedly preferred own interests over beneficiaries' interests; deliberately misled beneficiaries about costs and commission withdrawn; induced beneficiaries to agree to costs and commission on false basis; induced beneficiaries to execute an agreement, later backdated, allowing commission to be withdrawn; induced beneficiaries to execute Costs Agreement, later backdated, to produce to LSC investigation into withdrawals made from estate; misappropriation of funds; unauthorised withdrawal of trust money (x26); causing a deficiency in trust account (x23); causing negative balance in trust ledger (x5); failed to account to beneficiaries regarding assets, liabilities, income and expenses of an estate; failed to provide trust account statement (x3); failed to keep trust records; intentionally misled a trust account inspector; intentionally misled LSC by sending a false or misleading letter (x4); intentionally misled LSC in production of a file	Directions hearing listed for 10/07/2015
23	20/05/2015	Professional misconduct: executed withdrawals of caveat and provided them to the purchasers without the caveator's authority; produced a false or misleading statement; alternatively professional misconduct	Directions hearing listed for 24/07/2015

Table 48: Disciplinary applications to VCAT, where application is awaiting hearing and/or determination as at 30 June 2015 (continued)

No.	Date application made	Type of charges	Status
24	28/05/2015	Professional misconduct: failure to exercise proper care and conduct of proceedings before the Court and charging fees above agreed amount; failure to adequately advise clients; failure to adequately advise clients preventing clients giving proper instructions; providing insufficient advice preventing clients giving proper instructions in connection with the compromise of the case	Hearing listed for 17/07/2015
25	29/05/2015	Professional misconduct: failure to provide full, accurate and appropriate information on executor's commission (x3)	Hearing listed for 24/07/2015
26	4/06/2015	Professional misconduct: Using discourteous language when communicating with a client	Directions hearing listed for 31/07/2015
27	16/06/2015	Professional misconduct: entered into an improper costs agreement; claiming in bill of costs in taxable form in the Costs Court Proceeding an amount to which he was not entitled; made threats to charge the client unlawful amounts in an effort to intimidate and to persuade the client to accept an offer to settle the claim	Hearing listed for 15/12/2015
28	30/06/2015	Professional misconduct: borrowing money from client, creating a material conflict of the interest with client; respondent intentionally made false or misleading statements to LSC	Awaiting hearing date
29	30/06/2015	Professional misconduct: allowing Practice to fail to comply with orders of the Costs Court and the Supreme Court	Awaiting hearing date
30	30/06/2015	Professional misconduct: Respondent failure to complete the work required despite court orders; failed to promptly communicate with client; failed to respond to LSC; made misleading statements to Costs Court and Supreme Court; Unsatisfactory professional conduct: misleading cost consultant and client on progress re bill; directed staff of opposing firm to make a false statement; failure to maintain adequate file notes and records	Awaiting hearing date
31	30/06/2015	Professional misconduct: issuing bill to client without solicitor/client relationship and without having provided any legal services; provided fabricated documents to LSC's delegate and/or LSC staff; attempt to intimidate using a completed but unsigned application for intervention order; alternatively professional misconduct	Awaiting hearing date

Table 49: Re-hearing applications heard and determined in VCAT in 2014-15

No.	VCAT Ref	Date Application made	Hearing Dates	Lawyer	Charge	Date and orders made
1	J158/2012	Remitted back to VCAT from Supreme Court in or about May 2014	18/09/2014	SIMON, Paul	Unsatisfactory professional conduct: Respondent gave an assurance to a lender who was not a party to the assurance and whose co-operation could not be guaranteed (x2)	18/09/2014 - Unsatisfactory professional conduct; Reprimanded. Undertake CPD training in ethics approved by LSC. Provide proof of completion to LSC. Pay LSC costs to be taxed in default of the agreement. Practitioner is granted an indemnity pursuant to s8(1) of the <i>Appeal Costs Act 1998</i>

Table 50: Re-hearing applications to VCAT in 2014-15

No.	Lawyer	Date application made	Type of charges	Status as at 30 June 2014
1	McDONALD, Alan	02/06/2015 - Supreme Court Judicial Review and Appeals list ordered matter remitted to VCAT as originally constituted for reconsideration	Unsatisfactory professional conduct: failed to ensure that communications with other practitioners were courteous and/or by avoiding offensive or provocative language or conduct (x2)	17/06/2015 - Listed for Directions hearing on 6/7/2015. (See Table 51)

Table 51: Appeals heard and determined at Supreme Court in 2014-15

No.	Date of application	Hearing dates	Name of lawyer	Appealed grounds	Order made at Supreme Court
1	6/06/2014	4/09/2014	HORAK, Jan	6/06/2014 – The orders made by VCAT on 13/05/2014 be stayed until the trial of this proceeding and determination of appeal	04/09/2014 – Application for appeal dismissed; There be no order as to costs
2	28/07/2014	17/10/2014	PLP (pseudonym ordered by VCAT)	Leave to appeal orders made by Vice President on 1/7/2014 in VCAT Proceeding No. J204/2013. Appeal be allowed. The orders made by Vice President on 1/7/2014 in VCAT proceeding No. J204/2013 be quashed and/or set aside. Alternatively an order that the sanction and/or penalty imposed against the appellant by VCAT be varied to one which does not prevent the applicant from engaging in legal practice. Alternatively, the hearing of the charges is remitted to VCAT differently constituted to be heard in accordance with the law. LSC to pay appellant's costs of this appeal and VCAT proceeding J204/2013	17/10/2014 – Application for leave to appeal is granted. Appeal is instituted and heard instanter and is allowed; Judgement and orders of Her Honour Judge Jenkins given on 1/7/2014 in VCAT be set aside. In lieu thereof it is ordered that – PC be suspended for two months; For a period of one year thereafter, any PC the applicant may hold shall be subject to the condition that he not employ or otherwise supervise any female law graduate student or graduate whose employment or supervision is a pre requisite to satisfying academic criteria or admission to practice; LSC pays costs of the appeal. Practitioner shall pay the LSC costs of the proceeding before VCAT.
3	27/11/2013	29/04/2015	McDONALD, Alan	Leave to appeal the orders of Senior Member Smithers of 18 November 2013 in VCAT matter J50/2013 based on questions of law (i) whether the principle or authoritative ruling from <i>Lander v Law Society of ACT</i> (2009) ACTSC 117 is that there will be no UPC on the part of a solicitor making accusations of the kind made in this case unless established the accusations were false or without foundation to his or her knowledge; and (ii) whether the principle to be derived from <i>Lander</i> is applicable in this case	2/06/2015 – All of the orders of VCAT dated 18/11/2013 are set aside; the matter is remitted back to VCAT, as originally constituted for reconsideration; LSC to pay the practitioners cost of this appeal. (See Table 50)

Table 52: Cases on appeal to the Supreme Court

No.	Date on VCAT orders were made	Date of appeal application to Supreme Court	Name of lawyer	Status as at 30 June 2014
1	22/12/2014	12/01/2015	PHAM, Quan	2/03/2015 – Supreme Court Judicial Review and Appeals List Order to be listed for trial on 17 September 2015
2	10/09/2014; 10/10/2014	11/12/2014	HARLE, Mathew	Listed for hearing on 14 September 2015

Chairperson's, Accountable Officer's and Chief Finance and Accounting Officer's declaration

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2015 and financial position of the Legal Services Board and Legal Services Commissioner at 30 June 2015.

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

We authorise the attached financial statements for issue on the 18 August 2015.



F Bennett
Chairperson,
Victorian Legal Services Board
Melbourne
18 August 2015



M McGarvie
CEO, Victorian Legal Services Board
Victorian Legal Services Commissioner
Melbourne
18 August 2015



J Ireson
Chief Finance and Accounting Officer
Victorian Legal Services Board and Victorian Legal Services Commissioner
Melbourne
18 August 2015

CONTENTS

FINANCIAL STATEMENTS

Chairperson's, Accountable Officers' and Chief Finance and Accounting Officer's declaration	62
Comprehensive operating statement	64
Balance sheet	65
Statement of changes in equity	66
Cash flow statement	67

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of significant accounting policies	68
2 Funds administered	80
3 Income from transactions	82
4 Expenses from transactions	83
5 Other economic flows included in net result	87
6 Cash and deposits	88
7 Receivables	90
8 Investments and other financial assets	92
9 Plant and equipment	93
10 Intangible assets	97

11 Payables	97
12 Borrowings	98
13 Provisions	98
14 Superannuation	101
15 Income received in advance	101
16 Finance leases	102
17 Statutory deposit account balances – Public Purpose Fund	102
18 Contingent assets and contingent liabilities	102
19 Commitments for expenditure	103
20 Financial instruments	104
21 <i>Ex-gratia</i> payments	118
22 Responsible persons	118
23 Remuneration of executives and payments to other personnel	120
24 Remuneration of auditors	120
25 Related party transactions	121
26 Subsequent events	121
27 Glossary of terms and style conventions	121
Independent auditor's report	124

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

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

- **Level 5, 555 Bourke Street Melbourne VIC 3000**

A description of the nature of the operations of the Board and Commissioner and their principal activities is included in the report of operations on pages 02 to 34 which does not form part of this financial report.

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

- Legal Services Board: **03 9679 8001** or email: admin@lsbc.vic.gov.au
- Legal Services Commissioner: **1300 796 344** or email: admin@lsbc.vic.gov.au

COMPREHENSIVE OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$'000	2014 \$'000
Income from transactions			
Interest and dividends	3(A)	65,279	56,498
Other income	3(B)	9,411	9,023
Total income from transactions		74,691	65,521
Expenses from transactions			
Employee benefits expense*		(9,971)	(9,033)
Grants and other payments	4(A)	(39,878)	(37,003)
Payments to service providers	4(B)	(3,786)	(4,338)
Fidelity fund claim/costs and administration expenses	4(C)	(3,210)	(3,485)
Depreciation and amortisation expense	4(D)	(752)	(1,143)
Board and Committee members fees	4(E), 23	(297)	(281)
Consultants and legal expenses*	4(F)	(2,199)	(3,151)
Other operating expenses*	4(G)	(3,398)	(3,133)
Total expenses from transactions		(63,491)	(61,567)
Net result from transactions		11,200	3,954
Other economic flows included in net result			
Net gain/(loss) on financial instruments	5	11,916	20,867
Net gain/(loss) on non-financial assets	5	5	14
Other gain/(loss) from other economic flows	5	2,184	(3,966)
Total other economic flows included in net result		14,105	16,915
Net result		25,305	20,869
Other economic flows – other comprehensive income		-	-
Comprehensive result		25,305	20,869

*The above comprehensive operating statement should be read in conjunction with the accompanying notes.
Prior year comparatives have been adjusted to reflect reclassification of expenses.

BALANCE SHEET

AS AT 30 JUNE 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Financial assets			
Cash and deposits	6,20	562,334	415,875
Receivables	7	21,728	18,953
Investments and other financial assets	8	465,910	402,906
Total financial assets		1,049,973	837,734
Non-financial assets			
Property, plant and equipment	9	2,540	601
Intangible assets	10	1,056	1,192
Prepayments		138	2,168
Total non-financial assets		3,734	3,961
Total assets		1,053,706	841,695
Liabilities			
Payables	11	5,615	5,758
Borrowings	12	46	61
Provisions	13	18,820	20,799
Income received in advance	15	8,784	8,420
Statutory deposit account balances	17	825,465	636,986
Total liabilities		858,730	672,024
Net assets		194,976	169,671
Equity			
Contributed equity		29	29
Accumulated surplus		194,947	169,642
Net worth		194,976	169,671

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Contributed Equity \$'000	Accumulated Surplus \$'000	Total Equity \$'000
Balance at 1 July 2013	29	148,773	148,802
Net Result	-	20,869	20,869
Other comprehensive income for the year	-	-	-
Balance at 30 June 2014	29	169,642	169,671
Balance at 1 July 2014	29	169,642	169,671
Net Result	-	25,305	25,305
Other comprehensive income for the year	-	-	-
Balance at 30 June 2015	29	194,947	194,976

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Interest and dividend received		62,457	43,219
Receipts from practising certificates fees and fidelity fund contributions		9,241	8,991
Other receipts		536	363
Goods and Services Tax recovered from ATO		1,336	1,279
Total Receipts		73,570	53,852
Payments			
Payments to suppliers and employees		(20,545)	(21,126)
Payments to fidelity fund claims		(3,323)	(3,489)
Payments of grants		(38,861)	(38,648)
Total Payments		(62,729)	(63,263)
Net cash flows from/(used in) operating activities	6(B)	10,841	(9,410)
Cash flows from investing activities			
Payments for non-financial assets		(1,545)	(275)
Payment for intangible assets		(246)	(604)
Payments for investments and other financial assets		(51,054)	(20,018)
Net cash flows from/(used in) investing activities		(52,845)	(20,897)
Cash flows from financing activities			
Repayment of finance leases		(15)	38
Deposits into statutory deposit accounts by solicitors		499,461	566,630
Withdrawals from statutory deposit accounts by solicitors		(310,983)	(454,360)
Net cash flows from/(used in) financing activities		188,463	112,308
Net increase/(decrease) in cash and cash equivalents held		146,459	82,001
Cash and cash equivalents at the beginning of the financial year		415,875	333,874
Cash and cash equivalents at the end of the financial year	6(A)	562,334	415,875

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

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for the Board and Commissioner for the period ended 30 June 2015.

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

(A) STATEMENT OF COMPLIANCE

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

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

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

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in note 27.

These annual financial statements were authorised by the Chairperson of the Board, for the Board, and the Legal Services Commissioner, for the Commissioner, being the responsible officers, of the Board and the Commissioner on 18 August 2015.

(B) BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of the AASs that have significant effect on the financial statements and estimates relate to:

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

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

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
- the Fidelity Fund claims provision that is calculated with regard to actuarial assessments and employee long service leave provisions; and
- financial instruments and managed investment schemes after initial recognition, which are measured at fair value with changes reflected in the comprehensive operating statement (fair value through profit and loss);

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

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

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

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

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

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

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

(C) REPORTING ENTITY

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

The composite report presents an aggregation of the transactions and balances of the two entities as a single reporting entity with all inter-group transactions eliminated. Additional disclosure has been included in the notes to the financial statements for the Public Purpose Fund, Legal Practitioners Fidelity Fund and the Legal Services Commissioner.

Both the Board and the Commissioner commenced on 12 December 2005 following the proclamation of the *Legal Profession Act 2004*. The new *Legal Profession Uniform Law Application Act 2014* (LPULA Act) took effect on 1 July 2015. The LPULA Act repeals the *Legal Profession Act 2004* and replaces it with new template legislation. Under the LPULA Act the names of the Legal Services Board and Legal Services Commissioner in Victoria changes to the Victorian Legal Services Board and the Victorian Legal Services Commissioner. Their principal address is:

Legal Services Board and Commissioner

Level 5, 555 Bourke Street Melbourne VIC 3000

(D) SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

COMPREHENSIVE OPERATING STATEMENT

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

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

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

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

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

BALANCE SHEET

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

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

CASH FLOW STATEMENT

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

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

STATEMENT OF CHANGES IN EQUITY

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

ROUNDING

Amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated. Please refer to the end of Note 27 for a style convention explaining that minor discrepancies in totals of tables are due to rounding.

(E) INCOME FROM TRANSACTIONS

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

INTEREST AND DIVIDEND INCOME

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of discounts on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Dividend income is recognised when the right to receive payment is established. Dividends represent the income arising from the entity's investments in financial assets.

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

PRACTISING CERTIFICATE FEES

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

Practising certificates for the financial year 1 July 2015 to 30 June 2016 are required by legislation to be paid and issued prior to 30 June 2015. Income from such practising certificates has been accounted for as income received in advance.

FIDELITY FUND CONTRIBUTIONS

Pursuant to section 6.7.25(1) of the Act fidelity fund contributions are determined by the Board. The contributions for the financial year 1 July 2015 to 30 June 2016 are payable at the same time as the practising certificate fees and accounted for in the same way i.e. treated as income received in advance.

FIDELITY FUND RECOVERIES

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

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

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

INCOME FROM FINES AND COST ORDER RECOVERIES

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

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

(F) EXPENSES FROM TRANSACTIONS

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

EMPLOYEE EXPENSES

Refer to note 1(K) regarding employee benefits.

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

SUPERANNUATION

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

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

DEPRECIATION AND AMORTISATION EXPENSE

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

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

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

Class of Asset	2015	2014
Leasehold improvements	10 years	10 years*
Office equipment	5 to 10 years	5 to 10 years*
Office furniture	5 to 10 years	5 to 10 years*
Computer equipment	3 to 5 years	3 to 5 years
Motor Vehicles	3 years	3 years
Intangible assets (computer software)	5 years	5 years

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

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

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

BOARD MEMBERS FEES

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

GRANTS AND OTHER PAYMENTS

Grants and other payments to third parties (other than contributions to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals and other transfer payments made to State owned agencies and community groups. Refer to Glossary of terms and style conventions in note 27 for an explanation of grants and other transfers.

OTHER OPERATING EXPENSES

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

SUPPLIES AND SERVICES

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

BAD AND DOUBTFUL DEBTS

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

RECHARGES OF SERVICES BETWEEN THE BOARD AND THE COMMISSIONER

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

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

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

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

(G) OTHER ECONOMIC FLOWS INCLUDED IN THE NET RESULT

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

NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS

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

REVALUATION GAINS/(LOSSES) OF NON-FINANCIAL PHYSICAL ASSETS

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

DISPOSAL OF NON-FINANCIAL ASSETS

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

AMORTISATION OF NON-PRODUCED INTANGIBLE ASSETS

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

NET GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

Net gain/(loss) on financial instruments includes:

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

REVALUATIONS OF FINANCIAL INSTRUMENTS AT FAIR VALUE

Refer to note 1(H) Financial instruments.

FIDELITY FUND CLAIMS COST AND MOVEMENT IN PROVISIONS

- Fidelity Fund claims costs include capital and interest claims paid, the movement in the outstanding claims liability and costs associated with the administration of the fidelity fund.
- Details relating to the Fidelity Fund provisions are reported in note 1(K) Provisions – Fidelity Fund.

OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS

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

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

(H) FINANCIAL INSTRUMENTS

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

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

The following refers to financial instruments unless otherwise stated.

CATEGORIES OF NON-DERIVATIVE FINANCIAL INSTRUMENTS

Loans and receivables

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

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

Financial assets and liabilities at fair value through profit and loss

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

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

Financial liabilities at amortised cost

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

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

(I) FINANCIAL ASSETS

CASH AND DEPOSITS

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

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

RECEIVABLES

Receivables consist of:

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

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

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

INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments are classified in the following categories:

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

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

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

DERECOGNITION OF FINANCIAL ASSETS

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

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

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

IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

(J) NON-FINANCIAL ASSETS

PLANT AND EQUIPMENT

All non-financial current physical assets, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount. More information about the inputs used in determining the fair value of non-financial assets are discussed in Note 9.

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

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

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

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

LEASEHOLD IMPROVEMENTS

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

REVALUATIONS OF NON-FINANCIAL PHYSICAL ASSETS

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

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

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

INTANGIBLE ASSETS

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

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

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

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

OTHER NON-FINANCIAL ASSETS

Prepayments

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

Impairment of non-financial assets

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

(K) LIABILITIES

PAYABLES

Payables consist of:

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

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

PAYABLES – GRANTS

The Board's liability for grants is in respect of grants approved during the financial year ended 30 June 2015 or earlier which have not yet been paid. In some cases, the grants will be paid in instalments over a period of two or three years.

PROVISIONS

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

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

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

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

PROVISIONS – FIDELITY FUND

The Board appointed actuaries to carry out the annual independent actuarial assessment of the liability of the Legal Practitioners Fidelity Fund, as required by section 6.7.25 of the Act. Based on the actuarial assessment the Board recognised a provision for Fidelity Fund liabilities.

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

EMPLOYEE BENEFITS

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

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

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be wholly settled within 12 months of the reporting period are measured at their nominal values.

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

(ii) Long Service Leave

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

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

The components of the current LSL liability are measured at:

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

(K) LIABILITIES (CONTINUED)

EMPLOYEE BENEFITS (CONTINUED)

(ii) Long Service Leave (continued)

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

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

(iii) Termination benefits

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

EMPLOYEE BENEFITS ON-COSTS

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

STATUTORY DEPOSIT ACCOUNT BALANCES (SDA)

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

DERECOGNITION OF FINANCIAL LIABILITIES

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

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

(L) LEASES

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

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

OPERATING LEASES

Board as lessee

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

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straightline basis.

FINANCE LEASES

Commissioner as lessee

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

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

(M) EQUITY

CONTRIBUTIONS BY OWNERS

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

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

(N) COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 19) at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(O) CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

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

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

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

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

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

(Q) EVENTS AFTER THE REPORTING PERIOD

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

(R) MATERIALITY

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

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

(S) CHANGES IN ACCOUNTING POLICY

There are no changes to the accounting policies during the reporting period.

(T) AASs ISSUED THAT ARE NOT YET EFFECTIVE

Certain new AASs have been published that are not mandatory for 30 June 2015 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises the Board and Commissioner of their applicability and early adoption where applicable.

As at 30 June 2015, the following standards have been issued by the AASB but are not yet effective. They become effective for the first financial statements for the reporting periods commencing after the stated operative dates as follows:

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	<p>The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p>
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2017 (Exposure Draft 263 – potential deferral to 1 Jan 2018)	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.</p> <p>A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.</p>
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
<p>AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i></p> <p>[AASB 116 & AASB 138]</p>	<p>Amends AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> to:</p> <ul style="list-style-type: none"> • establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; • prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset. 	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation
<p>AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 & AASB 1049]</p>	<p>The Amendments extend the scope of AASB 124 <i>Related Party Disclosures</i> to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.</p>	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.

2 FUNDS ADMINISTERED

The Board and Commissioner were established on 12 December 2005 following the proclamation of the Act.

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

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

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

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

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

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

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

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

PUBLIC PURPOSE FUND COMPRISES:

Statutory Deposit Account (SDA): Section 6.7.4

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

General Account: Section 6.7.3

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

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

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

The Board has two operating bank accounts for administration purposes:

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

Distribution Account: Section 6.75

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

Legal Practitioners Fidelity Fund: Section 6.7.15

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

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

	Cash and deposits (\$'000s)	Investments (\$'000s)	Total (\$'000s)
Net General Account 2015			
General Account	13,290	83,064	96,354
less Loan from Commissioner	(1,999)	-	(1,999)
Net General Account	11,291	83,064	94,355
Net Board and Commissioner Funds - 2015			
Net General Account	11,291	83,064	94,355
Distribution Account	184	46,522	46,706
Statutory Deposit Account	526,561	298,904	825,465
Public Purpose Fund	538,036	428,490	966,526
Legal Practitioners Fidelity Fund	22,135	37,420	59,555
Total Legal Services Board Funds	560,170	465,910	1,026,081
Legal Services Commissioner Funds	2,164	-	2,164
Total composite entity funds per balance sheet	562,334	465,910	1,028,244
Net General Account 2014			
General Account	4,712	80,692	85,404
less Loan from Commissioner	(1,632)	-	(1,632)
Net General Account	3,080	80,692	83,772
Net Board and Commissioner Funds - 2014			
Net General Account	3,080	80,692	83,772
Distribution Account	184	37,361	37,545
Statutory Deposit Account	387,982	249,004	636,986
Public Purpose Fund	391,245	367,057	758,303
Legal Practitioners Fidelity Fund	22,818	35,848	58,666
Total Legal Services Board Funds	414,063	402,905	816,969
Legal Services Commissioner Funds	1,811	-	1,811
Total composite entity funds per balance sheet	415,874	402,905	818,780

3 INCOME FROM TRANSACTIONS

(A) INTEREST AND DIVIDENDS

	2015 \$'000	2014 \$'000
Public Purpose Fund – Interest and dividends		
Statutory Deposit Account	33,553	29,473
Law Practice Residual Trust Accounts	28,473	24,473
Operating Accounts	471	248
Total Public Purpose Fund	62,497	54,194
Legal Practitioners Fidelity Fund – Interest and dividends		
Legal Practitioners Fidelity Fund	2,782	2,304
Total Fidelity Fund	2,782	2,304
Total interest and dividends	65,279	56,498

(B) OTHER INCOME

	2015 \$'000	2014 \$'000
Public Purpose Fund		
Practising Certificate Fees	6,535	6,235
Income from fines	68	88
Income from Commissioner – asset usage	286	602
Sundry Income	118	15
Total Public Purpose Fund	7,007	6,940
Fidelity Fund		
Fidelity Fund contributions	2,342	2,126
Fidelity Fund recoveries	39	5
Total Fidelity Fund	2,381	2,131
Legal Services Commissioner		
Board funding	8,128	5,288
Employee benefits	4,558	3,854
Income from Board – asset usage	8	9
Costs recoveries	292	550
Sundry Income	17	4
Total Legal Services Commissioner	13,003	9,705
Elimination of intercompany income	(12,980)	(9,753)
Total Other income	9,411	9,023

4 EXPENSES FROM TRANSACTIONS

(A) GRANTS AND OTHER PAYMENTS

	2015 \$'000	2014 \$'000
GRANTS AND OTHER PAYMENTS (PUBLIC PURPOSE FUND)		
Grants paid during the year from prior year accumulated surplus in the Distribution Account		
Victorian Legal Aid	29,273	25,663
Victorian Law Reform Commission	1,682	1,645
Victorian Law Foundation	1,620	1,584
Payments for projects approved in prior years or minor projects	-	275
	32,575	29,167
Other Payments during the year from the General Account		
Payments to professional associations for programs	2,523	2,431
Legal Law List – Victorian Civil and Administration Tribunal	1,484	1,451
Council for Legal Education and Board of Examiners	1,138	1,113
Legal Services Council – Uniform law	219	-
	5,364	4,995
Unused major grant funding returned	-	-
	37,939	34,162
Major grants approved during the year	1,939	2,841
Total grants and other payments	39,878	37,003

4 EXPENSES FROM TRANSACTIONS (CONTINUED)

(B) PAYMENTS TO SERVICE PROVIDERS

	2015 \$'000	2014 \$'000
PUBLIC PURPOSE FUND		
Recharge from the Legal Services Commissioner		
Employee benefits	4,558	3,854
Cost of functions delegated to the Law Institute of Victoria		
Issuing of Practising Certificates	-	465
Trust Account Inspections	2,407	2,354
Total Cost of functions delegated to the Law Institute of Victoria	2,407	2,819
Other payments to the Law Institute of Victoria		
Cost of professional development	163	159
External Interventions	800	1,202
ILP Audit	255	-
Total other payments to the Law Institute of Victoria	1,218	1,361
Total payments to the Law Institute of Victoria	3,625	4,180
Payments to the Victorian Bar		
Issuing of Practising Certificates	90	87
Total payments to the Victorian Bar	90	87
Total payments from Public Purpose Fund	8,273	8,121
Legal Services Commissioner		
Cost of services: Victorian Bar	71	71
Total payments by the Legal Services Commissioner	71	71
Elimination of payment to the Legal Services Commissioner	(4,558)	(3,854)
Net payments to service providers	3,786	4,338

(C) FIDELITY FUND CLAIMS, COSTS AND ADMINISTRATIVE EXPENSES

	2015 \$'000	2014 \$'000
LEGAL PRACTITIONERS FIDELITY FUND		
Fidelity Fund Claims Details		
Capital Claims Paid	2,766	2,766
Interest Claims Paid	100	34
Costs Paid	71	30
Increase/(decrease) in claims payable	(114)	209
Legal Expenses	80	220
Administration Expenses	145	69
Payment to LIV for claims administration	162	158
Total fidelity fund claims cost and movements in provisions	3,210	3,485

(D) DEPRECIATION AND AMORTISATION EXPENSE

	2015 \$'000	2014 \$'000
Public purpose fund		
Leasehold improvements	248	479
Office equipment	5	25
Office furniture	4	55
Computer equipment	97	90
Motor vehicles	-	-
Intangible assets	383	477
Public purpose fund - depreciation and amortisation	737	1,126
Legal Services Commissioner		
Office equipment	-	-
Office furniture	-	-
Computer equipment	-	-
Motor vehicles	15	17
Intangible assets	-	-
Legal Services Commissioner - depreciation and amortisation	15	17
Total depreciation	752	1,143

4 EXPENSES FROM TRANSACTIONS (CONTINUED)

(E) BOARD AND COMMITTEE FEES

	2015 \$'000	2014 \$'000
Board and committee members fees		
Board members remuneration	269	254
Board members superannuation	25	23
Commissioner audit committee fees	3	4
Total Board and committee members fees	297	281

(F) CONSULTANTS AND LEGAL EXPENSES

	2015 \$'000	2014 \$'000
Consultants and legal expenses		
Investigations	958	1,924
Legal expenses	1,184	947
Consultants	57	280
Total consultants and legal expenses	2,199	3,151

Prior year comparatives have been adjusted to reflect reclassification of expenses.

(G) OTHER OPERATING EXPENSES

	2015 \$'000	2014 \$'000
Information technology	624	580
Occupancy	1,178	1,049
Administration	1,205	1,217
Grants and Consultants expenses	-	-
External audit fees	78	83
Internal audit fees	76	84
Investment advice and management expenses	160	159
Other staff costs	65	70
Provision for doubtful debts	10	(129)
Community and education	-	2
Ex-gratia payments	2	17
Total other operating expenses	3,398	3,133

Prior year comparatives have been adjusted to reflect reclassification of expenses.

5 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

Other economic flows	2015 \$'000	2014 \$'000
Public Purpose Fund		
Net gain/(loss) on financial instruments arising from changes in fair value	10,943	19,121
Bad debts written off	(5)	(10)
Net gain/(loss) on disposal of property, plant and equipment	5	4
Total net gain/(loss) on financial instruments	10,943	19,115
Legal Practitioners Fidelity Fund		
Net gain/(loss) on financial instruments arising from changes in fair value	1,007	1,838
Change due to actuarial valuations	2,220	(3,955)
Provision for costs settlement	-	-
Total net gain/(loss) on non-financial instruments	3,227	(2,117)
Legal Services Commissioner		
Bad debts written-off	(29)	(82)
Net gains/(losses) on disposal of property, plant and equipment	-	10
Net gain/(loss) from the revaluation of present value of annual leave	-	-
Net gain/(loss) from the revaluation of present value of long service leave	(36)	(11)
Total other gains/(losses) from other economic flows	-	-
Total net gain/(loss) on non-financial instruments	(65)	(83)
Total other economic flows included in net result	14,105	16,915

Other economic flows by type	2015 \$'000	2014 \$'000
Net gain/(loss) on financial instruments		
Net gain/(loss) on financial instruments arising from changes in fair value	11,950	20,958
Net gain/(loss) arising from disposal of investments	-	-
Bad debts written off	(34)	(91)
Total net gain/(loss) on financial instruments	11,916	20,867
Net gain/(loss) on non-financial assets		
Net gains/(losses) on disposal of property, plant and equipment	5	14
Total net gain/(loss) on non-financial instruments	5	14
Other gains/(loss) from other economic flows		
Change due to actuarial valuations	2,220	(3,955)
Provision for costs settlement	-	-
Net gain/(loss) from the revaluation of present value of annual leave	-	-
Net gain/(loss) from the revaluation of present value of long service leave	(36)	(11)
Total Other gains/(loss) from other economic flows	2,184	(3,966)
Total other economic flows included in net result	14,105	16,915

6 CASH AND DEPOSITS

(A) RECONCILIATION OF CASH AND CASH EQUIVALENTS

	2015 \$'000	2014 \$'000
PUBLIC PURPOSE FUND		
General Account		
Cash on hand	-	1
General Operating Account	5,929	4,169
Practising Certificate Fees	7,377	532
Cash Management	-	-
Inter-entity balance - FF	(16)	10
Total General Account - cash and cash equivalents	13,290	4,712
Distribution Account	184	184
Statutory Deposit Account		
Cash Trust Accounts	526,561	387,982
Cash Management	-	-
Total Statutory Deposit Account - cash and cash equivalents	526,561	387,982
Total Public Purpose Fund - cash and cash equivalents	540,035	392,878
Legal Practitioners Fidelity Fund		
Legal Practitioners Fidelity Fund Operating Account	1,841	3,041
Cash management	20,277	19,787
Total Fidelity Fund - cash and cash equivalents	22,118	22,828
Legal Services Commissioner		
Cash on hand	1	1
Bank balances	164	178
Total Legal Services Commissioner	165	179
Elimination of intercompany balances		
Inter-entity balance - Board	17	(10)
Total amounts eliminated	17	(10)
Balances per statement of cash flows	562,334	415,875

All cash and deposits are current.

(B) RECONCILIATION OF NET RESULT FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2015 \$'000	2014 \$'000
Net result for the year	25,305	20,869
Non-cash movements:		
Depreciation and amortisation	752	1,143
Net (gain)/loss on financial instruments	(11,916)	(20,867)
Net (gain)/loss on non-financial instruments	(5)	(14)
Other net (gain)/loss from other economic flows	(2,184)	3,966
Movements in assets and liabilities:		
(Increase)/decrease in receivables	(2,814)	(13,575)
(Increase)/decrease in prepayments	2,028	(2,053)
Increase/(decrease) in payables	(895)	266
Increase/(decrease) in provisions	206	224
Increase/(decrease) in income received in advance	364	631
Net cash inflow (outflow) from operating activities	10,841	(9,410)

7 RECEIVABLES

Public Purpose Fund	2015 \$'000	2014 \$'000
Contractual Receivables		
Trade Receivables	133	115
Provision for impairment of receivables 7(A)	(51)	(40)
Accrued cash distributions – investments	16,266	14,917
Accrued interest – Residual Trust Accounts	2,253	2,429
Accrued interest – Statutory Deposit Accounts	1,009	1,002
Accrued other income	32	29
Total contractual receivables	19,642	18,452
Statutory Receivables		
GST recoverable	195	202
Total statutory receivables	195	202
Total receivables – Public Purpose Fund	19,837	18,654
FIDELITY FUND		
Contractual Receivables		
Accrued cash distributions – investments	1,637	-
Accrued other income	2	5
Total contractual receivables	1,639	5
Statutory Receivables		
GST recoverable	-	-
Total statutory receivables	-	-
Total receivables – Fidelity Fund	1,639	5
LEGAL SERVICES COMMISSIONER		
Contractual Receivables		
Trade receivables	578	620
Provision for impairment of receivables 7(A)	(326)	(327)
Accrued other income	-	1
Total contractual receivables	252	294
Statutory Receivables		
GST recoverable	-	-
Total statutory receivables	-	-
Total receivables – Legal Services Commissioner	252	294
Total receivables	21,728	18,953

All receivables are current.

(A) MOVEMENT IN THE PROVISION FOR DOUBTFUL DEBTS

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

	2015 \$'000	2014 \$'000
Balance at beginning of the year	368	497
Increase in provision recognised in the net result	43	(38)
Receivables written off during the year as uncollectable	(33)	(91)
Balance at 30 June	378	368

(B) AGEING ANALYSIS OF CONTRACTUAL AND STATUTORY RECEIVABLES

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

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

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

8 INVESTMENTS AND OTHER FINANCIAL ASSETS

Current investments and other financial assets	2015 \$'000	2014 \$'000
Public Purpose Fund		
Australian equities	72,799	71,535
Australian fixed interest	69,988	71,945
Diversified growth fund	137,927	82,385
Global fixed interest	64,558	62,185
Overseas equities – hedged	36,425	42,581
Overseas equities – unhedged	46,793	36,427
Total Public Purpose Fund	428,490	367,058
Legal Practitioners Fidelity Fund		
Australian equities	6,753	6,502
Australian fixed interest	8,011	7,811
Diversified growth fund	5,935	5,575
Global fixed interest	8,007	7,713
Overseas equities – hedged	3,786	4,172
Overseas equities – unhedged	4,928	4,075
Total Legal Practitioners Fidelity Fund	37,420	35,848
Total investments and other financial assets	465,910	402,906

All investments and other financial assets are current.

(A) AGEING ANALYSIS OF INVESTMENTS AND OTHER FINANCIAL ASSETS

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

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

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

9 PLANT AND EQUIPMENT

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

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

Public safety and environment	2015 \$'000	2014 \$'000
Computer equipment		
Fair Value	552	488
less: accumulated depreciation	(423)	(356)
Net carrying amount – computer equipment	129	132
Office equipment		
Fair Value	31	124
less: accumulated depreciation	(15)	(114)
Net carrying amount – office equipment	16	10
Leasehold improvements		
Fair Value	2,556	2,278
less: accumulated depreciation	(211)	(1,883)
Net carrying amount – leasehold improvements	2,345	395
Office furniture		
Fair Value	38	129
less: accumulated depreciation	(33)	(125)
Net carrying amount – office furniture	5	4
Motor Vehicles		
Fair Value	68	68
less: accumulated depreciation	(23)	(8)
Net carrying amount – motor vehicles	45	60
Net carrying amount of property, plant and equipment	2,540	601

All balances are non-current.

9 PLANT AND EQUIPMENT (CONTINUED)

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

Year ended 30 June 2015	Opening balance \$'000	Additions \$'000	Transfer \$'000	Disposals \$'000	Depreciation \$'000	Closing balance \$'000
Computer equipment	132	94	-	-	(97)	129
Office furniture	4	5	-	-	(4)	5
Office equipment	10	11	-	-	(5)	16
Leasehold improvements	395	2,198	-	-	(248)	2,345
Motor vehicles	60	-	-	-	(15)	45
Total	601	2,308	-	-	(369)	2,540
Year ended 30 June 2014	Opening balance \$'000	Additions \$'000	Transfer \$'000	Disposals \$'000	Depreciation \$'000	Closing balance \$'000
Computer equipment	145	77	-	-	(90)	132
Office furniture	59	-	-	-	(55)	4
Office equipment	37	-	-	(2)	(25)	10
Leasehold improvements	527	359	(12)	-	(479)	395
Motor vehicles	23	68	-	(14)	(17)	60
Total	791	504	(12)	(16)	(666)	601

(C) FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS

Year ended 30 June 2015	Carrying amount as at 30 June 2015 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Computer equipment	129	-	-	129
Office equipment	5	-	-	5
Leasehold improvements	2,345	-	-	2,345
Office furniture	16	-	-	16
Motor Vehicle	45	-	-	45
Total	2,540	-	-	2,540
Year ended 30 June 2014	Carrying amount as at 30 June 2014 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Computer equipment	132	-	-	132
Office equipment	10	-	-	10
Leasehold improvements	395	-	-	395
Office furniture	4	-	-	4
Motor Vehicle	60	-	-	60
Total	601	-	-	601

Notes:

- i. Classified in accordance with the fair value hierarchy, see Note 1(B).
- ii. There is no transfer between classes during the year

(D) RECONCILIATION OF LEVEL 3 FAIR VALUE

Year ended 30 June 2015	Opening Balance \$'000	Gains or losses recognised in net result		Acquisition/ (Disposal) \$'000	Closing Balance \$'000
		Depreciation \$'000	Impairment \$'000		
Computer equipment	132	(97)	-	94	129
Office equipment	10	(5)	-	11	16
Leasehold improvements	395	(248)	-	2,198	2,345
Office furniture	4	(4)	-	5	5
Motor Vehicle	60	(15)	-	-	45
Total	601	(369)	-	2,308	2,540
Year ended 30 June 2014	Opening Balance \$'000	Gains or losses recognised in net result		Acquisition/ (Disposal) \$'000	Closing Balance \$'000
		Depreciation \$'000	Impairment \$'000		
Computer equipment	145	(90)	-	77	132
Office equipment	37	(25)	(2)	-	10
Leasehold improvements	527	(479)	-	348	395
Office furniture	59	(55)	-	-	4
Motor Vehicle	23	(17)	(14)	68	60
Total	791	(666)	(16)	493	601

9 PLANT AND EQUIPMENT (CONTINUED)

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

Asset	Valuation Technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Motor Vehicles	Depreciated replacement cost	Cost Per unit	\$20,000-\$24,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	3 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Computer Equipment	Depreciated replacement cost	Cost Per unit	\$5,000-\$8,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	3-5 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Office Furniture	Depreciated replacement cost	Cost Per unit	\$1,000-\$7,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	5-10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Office Equipment	Depreciated replacement cost	Cost Per unit	\$4,000-\$16,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	5-10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Leasehold Improvement	Depreciated replacement cost	Cost Per unit	\$2,300,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

10 INTANGIBLE ASSETS

Computer software	2015 \$'000	2014 \$'000
At cost	4,885	4,644
less: accumulated amortisation and impairment	(3,829)	(3,452)
Net book value at end of financial year	1,056	1,192
Year ended 30 June 2015	Computer software \$'000	
Opening balance		1,192
Additions		296
Transfer		(49)
Amortisation expense		(383)
Closing balance		1,056
Year ended 30 June 2014	Computer software \$'000	
Opening balance		1,054
Additions		604
Transfer		12
Amortisation expense		(477)
Closing balance		1,193

Intangible assets are non-current.

11 PAYABLES

Public Purpose Fund	2015 \$'000	2014 \$'000
Contractual payables and accrued expenses	1,415	1,248
Major Grants	3,638	3,848
Total payables Public Purpose Fund	5,053	5,096
Fidelity Fund		
Contractual payables and accrued expenses	198	239
Total payables Fidelity Fund	198	239
Legal Services Commissioner		
Contractual payables and accrued expenses	201	245
Disputed costs	164	178
Total payables Legal Services Commissioner	365	423
Total payables	5,615	5,758

All payables are current.

(A) MATURITY ANALYSIS OF CONTRACTUAL AND STATUTORY PAYABLES

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

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

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

12 BORROWINGS

Borrowings	2015 \$'000	2014 \$'000
Lease liabilities (note 16)	46	61
Total borrowings	46	61

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

(A) MATURITY ANALYSIS OF BORROWINGS

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

(B) DEFAULTS AND BREACHES

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

13 PROVISIONS

Current provisions	2015 \$'000	2014 \$'000
Fidelity Fund – current provision		
Fidelity Fund provision current claims lodged and anticipated	3,390	3,920
Fidelity Fund – current provision	3,390	3,920
Employee benefits – annual leave		
Unconditional and expected to be settled within 12 months	433	408
Unconditional and expected to be settled after 12 months	66	65
Employee benefits – annual leave	499	473
Employee benefits – long service leave		
Unconditional and expected to be settled within 12 months	107	106
Unconditional and expected to be settled after 12 months	778	624
Employee benefits – long service leave	885	730
Provisions related to employee benefits on-costs		
Unconditional and expected to be settled within 12 months	102	97
Unconditional and expected to be settled after 12 months	137	112
Provisions related to employee benefits on-costs	239	209
Total current provisions	5,013	5,332
Non-current provisions		
Fidelity Fund non-current claims lodged and anticipated	13,459	15,150
Employee benefits	300	274
Provisions relating to employee on-costs	48	43
Total non-current provisions	13,807	15,467
Total provisions	18,820	20,799

Prior year comparatives have been adjusted to reflect reclassification of expenses.

(A) PROVISIONS FOR FIDELITY FUND CLAIMS

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

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

Claims expected to be paid	2015	2014
Later than one year discount rate	2.44%	3.31%

The discount rate shown above for the discounting of the outstanding defalcations liability as at 30 June 2015 is a term structure of rates based on current yields for medium dated Commonwealth Government bonds.

ESTIMATED OUTSTANDING DEFALCATION LIABILITY AS 30 JUNE

Actuarial central estimate	2015 \$'000	2014 \$'000
Undiscounted liability of lodged claims	7,000	8,370
Plus: estimated liability for claims already incurred but not lodged	4,120	4,720
Estimated undiscounted liability for incurred defalcations	11,120	13,090
Plus/(minus) adjustments		
Less: discounted to net present value	(800)	(1,250)
Plus: Claim expenditure	1,550	1,780
Plus: Loading non-client claims	-	-
Plus: Risk margin (30%) (2014:30%)	3,560	4,080
Plus: Allowance for large claim dispute settlement	1,420	1,370
Net provision per actuarial report	16,850	19,070
Plus: Allowance for specific legal case	-	-
Net provision including allowance for costs	16,850	19,070

MOVEMENTS IN PROVISIONS FOR FIDELITY FUND

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

	2015 \$'000	2014 \$'000
Opening balance	19,070	15,370
Additions/ (reductions) in provisions recognised	(2,220)	3,700
Closing balance	16,850	19,070

13 PROVISIONS (CONTINUED)

(B) EMPLOYEE PROVISIONS – LEGAL SERVICES COMMISSIONER

(i) EMPLOYEE BENEFITS AND RELATED ON-COSTS

Current employee benefits	2015 \$'000	2014 \$'000
Annual leave entitlements	499	472
Long service leave entitlements	886	730
Total current employee benefits	1,385	1,202
Non-current employee benefits		
Long service leave entitlements	300	274
Total non-current employee benefits	300	274
Total employee benefits	1,685	1,476
Current on-costs	239	209
Non-current on-costs	48	43
Total on-costs	287	252
Total employee benefits and related on-costs	1,972	1,728

NET MOVEMENT IN EMPLOYEE ON-COSTS PROVISIONS

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

	2015 \$'000	2014 \$'000
Opening balance	252	216
Unwind of discount and effect of changes in the discount rate	5	2
Additional provisions recognised	30	34
Closing balance	287	252

14 SUPERANNUATION

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

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

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

The Board also made direct superannuation contributions for members of the Board. The contributions totalled \$25,459 (2014: \$23,381).

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

	Paid contribution		Outstanding	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
(i) Defined benefit plans:				
State Superannuation Fund – revised and new	13	12	1	1
Defined contribution plans:				
VicSuper	335	295	32	26
AMP Flexible	19	18	2	2
Australian Super	60	60	6	5
Care	15	9	2	1
Legal Super	75	68	8	6
MLC Masterkey	26	15	2	2
Other	146	135	14	13
Total	689	612	67	56

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

15 INCOME RECEIVED IN ADVANCE

	2015 \$'000	2014 \$'000
Practising certificate fees	6,675	6,209
Fidelity Fund contributions	2,109	2,211
Total income received in advance	8,784	8,420

Income received in advance is current.

16 FINANCE LEASES

The Commissioner leases motor vehicles with a carrying amount of \$45,505 (2014 \$60,791) under finance leases expiring within the next 1-2 years. Under the terms of the leases, the Commissioner is not entitled to acquire the leased assets for a discount of the agreed fair value on expiry of the leases.

	2015 \$'000	2014 \$'000
Commitments in relation to finance leases are payable as follows:		
Less than one year	17	17
Greater than one year and not longer than five years	31	48
Minimum future lease payment	48	65
less future finance charges	(2)	(4)
Present value of minimum lease payments	46	61
Included in financial statements as:		
Current	15	15
Non-current	31	46
Total lease liabilities	46	61

17 STATUTORY DEPOSIT ACCOUNT BALANCES – PUBLIC PURPOSE FUND

	2015 \$'000	2014 \$'000
Accounts held by the Board in individual law practices names totalled and were represented by the following investments:		
Bank – Statutory Deposit Account	825,465	636,986
Australian equities	41,845	41,845
Australian fixed interest	53,214	53,214
Cash trust accounts	526,561	387,982
Diversified growth fund	112,345	62,445
Global fixed interest	45,000	45,000
Overseas equities – unhedged	31,650	25,650
Overseas equities – hedged	14,850	20,850
Total Statutory Deposit Account balances	825,465	636,986

Monies are required to be paid by the Board to a law practice or an approved clerk under the Act. All balances above are current.

18 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

At balance date there were no contingent assets or contingent liabilities (2014: nil).

19 COMMITMENTS FOR EXPENDITURE

(A) CAPITAL COMMITMENTS

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

	2015 \$'000	2014 \$'000
Land & Building – Leasehold		
Less than 1 year	-	1,535
Total Land & Building – Leasehold	-	1,535

(B) OPERATING COMMITMENTS

	2015 \$'000	2014 \$'000
Commitments in relation to operating contracts contracted for by the Board at the reporting date but not recognised as liabilities, payable:		
Less than 1 year	242	332
Greater than 1 year but not later than 5 years	471	51
Total commitments in relation to operating contracts	713	383

Note: The figures are presented are inclusive of GST.

STATUTORY COMMITMENTS

The Act requires that 50% of the Public Purpose Fund General Account balance as at 30 June each year is to be transferred to the Distribution Account in the following year. The amount to be transferred from the 2015 balance is \$47,178k (2014: \$41,886k). Funding under sections 6.7.9 and 6.7.10 are paid to recipients from the Distribution Account. Recipients include the Legal Aid Fund, the Victorian Law Reform Commission and successful Project and Major Grants applicants. For further details refer to the report of operations.

(C) OPERATING LEASE COMMITMENTS

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

	2015 \$'000	2014 \$'000
Future operating lease payments not recognised as liabilities, payable:		
Less than 1 year	821	780
Greater than 1 year but less than 5 years	3,670	3,512
Greater than 5 years	4,654	5,633
Total future operating lease payments	9,145	9,925

20 FINANCIAL INSTRUMENTS

(A) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

THE BOARD'S PRINCIPAL FINANCIAL INSTRUMENTS COMPRISE:

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

The Board uses different methods to measure and manage the different risks to which it is exposed and has established a sub-committee of the Board, the Finance and Investment Committee, to oversee the management of these risks.

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

THE COMMISSIONER'S PRINCIPAL FINANCIAL INSTRUMENTS COMPRISE:

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

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

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

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

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

(B) CATEGORISATION OF FINANCIAL INSTRUMENTS

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

2015	Contractual financial assets/liabilities designated at fair value through profit/loss \$'000	Contractual financial assets – loans and receivables \$'000	Contractual financial liabilities at amortised cost \$'000	Total \$'000
Contractual financial assets				
Cash and deposits	-	562,334	-	562,334
Receivables:				
Trade Receivables	-	82	-	82
Trade Receivables	-	251	-	251
Accrued Cash distributions – investments	-	17,903	-	17,903
Accrued interest – Residual Trust Account	-	2,253	-	2,253
Accrued interest – Statutory Deposit Account	-	1,009	-	1,009
Accrued other Income	-	35	-	35
Total Receivables	-	21,533	-	21,533
Investments and other contractual financial assets:				
Equities and managed investment schemes	465,910	-	-	465,910
Total contractual financial assets	465,910	583,867	-	1,049,777
Contractual financial liabilities				
Contractual payables and accrued expenses	-	-	1,814	1,814
Major grants	-	-	3,638	3,638
Disputed costs	-	-	164	164
Total	-	-	5,615	5,615
Borrowings:				
Lease liabilities	-	-	46	46
Statutory Deposit Account balances	-	-	825,465	825,465
Total contractual financial liabilities	-	-	831,126	831,126

20 FINANCIAL INSTRUMENTS (CONTINUED)

(B) CATEGORIZATION OF FINANCIAL INSTRUMENTS (CONTINUED)

2014	Contractual financial assets/liabilities designated at fair value through profit/loss \$'000	Contractual financial assets – loans and receivables \$'000	Contractual financial liabilities at amortised cost \$'000	Total \$'000
Contractual financial assets				
Cash and deposits	-	415,875	-	415,875
Receivables:				
Trade Receivables	-	75	-	75
Trade Receivables	-	293	-	293
Accrued Cash distributions – investments	-	14,917	-	14,917
Accrued interest – Residual Trust Account	-	2,429	-	2,429
Accrued interest – Statutory Deposit Account	-	1,002	-	1,002
Accrued other Income	-	35	-	35
Total Receivables	-	18,751	-	18,751
Investments and other contractual financial assets:				
Equities and managed investment schemes	402,906	-	-	402,906
Total contractual financial assets	402,906	434,626	-	837,532
Contractual financial liabilities				
Contractual payables and accrued expenses	-	-	1,732	1,732
Major grants	-	-	3,848	3,848
Disputed costs	-	-	178	178
Total	-	-	5,758	5,758
Borrowings:				
Lease liabilities	-	-	61	61
Statutory Deposit Account balances	-	-	636,986	636,986
Total contractual financial liabilities	-	-	642,805	642,805

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

	Net holding gain/(loss) \$'000	Total interest income/ (expense) \$'000	Total \$'000
2015			
Contractual financial assets			
Financial assets designated at fair value through profit/loss	11,950	65,279	77,229
Total contractual financial assets	11,950	65,279	77,229
2014			
Contractual financial assets			
Financial assets designated at fair value through profit/loss	20,958	56,498	77,457
Total contractual financial assets	20,958	56,498	77,457

(D) CREDIT RISK

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

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

The Board has an investment policy detailing controls in regard to credit risk. Any investments in a financial institution must be approved by the Board. Investments are regularly monitored by management and an external asset consultant and are reported to the Board on a monthly basis. Any investment deposit or redemption is approved by the Board.

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

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

As with the policy for debtors, the Board and Commissioner's policy is to only deal with banks with high credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to credit risk without taking account of the value of any collateral obtained.

20 FINANCIAL INSTRUMENTS (CONTINUED)

(D) CREDIT RISK (CONTINUED)

CREDIT QUALITY OF CONTRACTUAL FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

	2015 \$'000	2014 \$'000
Cash and deposits		
Financial institutions PP (Mercer)	20,277	19,787
Financial institutions AA- (S&P)	542,056	396,086
Other	1	2
	562,334	415,875
Receivables		
Financial institutions AA- (S&P)	3,262	3,431
Financial institutions A (Mercer)	17,903	10,933
Financial institutions A (T) (W) (Mercer)	-	3,273
Financial institutions B (W) (Mercer)	-	711
Other (excludes GST receivables)	368	403
	21,533	18,751
Investments and other financial assets		
Financial institutions: A (Mercer)	375,538	319,147
Financial institutions: A (T) (Mercer)	41,069	39,277
Financial institutions: B+(Mercer)	49,303	44,482
	465,910	402,906

GUIDE TO RATINGS

PP	<i>Preferred Provider</i>
A	<i>Above Average performance</i>
B	<i>Average performance</i>
B+	<i>Above average performance but need more evidence to support assessment</i>
(T)	<i>High level active risk</i>
(W)	<i>Under watch – with level of uncertainty</i>
AA-	<i>High Grade</i>

(E) AGEING ANALYSIS OF CONTRACTUAL FINANCIAL ASSETS

2015	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			Impairment \$'000
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$ '000	
Receivables:						
Accrued Cash distributions – investments	17,903	17,903	-	-	-	-
Accrued interest – Residual Trust Account	2,253	2,253	-	-	-	-
Accrued interest – Statutory Deposit Account	1,009	1,009	-	-	-	-
Trade receivables Public Purpose Fund	82	40	1	-	41	51
Trade receivables Legal Services Commissioner	251	65	10	26	150	326
Accrued Other Income	35	35	-	-	-	-
Total receivables	21,533	21,305	11	26	191	377
Investments and other contractual financial assets:						
Cash and deposits	562,334	562,334	-	-	-	-
Investments at fair value through profit or loss – held for trading	465,910	465,910	-	-	-	-
	1,028,244	1,028,244	-	-	-	-
Total	1,049,777	1,049,549	11	26	191	377
2014						
Receivables:						
Accrued Cash distributions – investments	14,917	14,917	-	-	-	-
Accrued interest – Residual Trust Account	2,429	2,429	-	-	-	-
Accrued interest – Statutory Deposit Account	1,002	1,002	-	-	-	-
Trade receivables Public Purpose Fund	75	4	-	-	71	40
Trade receivables Legal Services Commissioner	293	19	3	109	163	327
Accrued Other Income	35	35	-	-	-	-
Total receivables	18,751	18,406	3	109	233	367
Cash and deposits	415,875	415,875	-	-	-	-
Investments at fair value through profit or loss – held for trading	402,906	402,906	-	-	-	-
	818,781	818,781	-	-	-	-
Total	837,532	837,187	3	109	233	367

Notes:

i. *Contractual financial assets that are either past due or impaired*

There are no material financial assets which are individually determined to be impaired. Currently the Board and Commissioner do not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

20 FINANCIAL INSTRUMENTS (CONTINUED)

(F) LIQUIDITY RISK

Liquidity risk is the risk that either the Board or the Commissioner would be unable to meet their financial obligations as and when they fall due. Both the Board and Commissioner operate under the Government's fair payment policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet. The Board or Commissioner manage their liquidity risk by:

- maintaining an adequate level of cash to honour all short term Statutory Deposit Account withdrawal requests. The cash levels maintained are generally in excess of \$250 million;
- holding investments and other contractual financial assets that are readily tradable in the financial markets; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

The Board's and Commissioner's exposure to liquidity risk is deemed insignificant based on prior period's data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available-for-sale financial investments.

The following table discloses the contractual maturity analysis for the Board and Commissioner's contractual financial liabilities.



(G) MATURITY ANALYSIS OF CONTRACTUAL FINANCIAL LIABILITIES

2015	Carrying amount \$'000	Interest rate exposure Nominal amount \$'000	Maturity dates			
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000
Contractual liabilities:						
Payables and accrued expenses Public Purpose Fund	1,415	1,415	1,415	-	-	-
Payables and accrued expenses Legal Practitioners Fidelity Fund	198	198	198	-	-	-
Payables and accrued expenses Legal Services Commissioner	201	201	201	-	-	-
Disputed costs	164	-	164	-	-	-
Borrowings	46	46	1	2	12	31
Major Grants	3,638	-	3,638	-	2,622	1,016
Statutory Deposit Account balances	825,465	825,465	825,465	-	-	-
Total	831,127	827,325	831,082	2	2,634	1,047
2014						
Contractual liabilities:						
Payables and accrued expenses Public Purpose Fund	1,248	1,248	1,248	-	-	-
Payables and accrued expenses Legal Practitioners Fidelity Fund	239	239	239	-	-	-
Payables and accrued expenses Legal Services Commissioner	245	245	245	-	-	-
Disputed costs	178	-	178	-	-	-
Borrowings	61	61	-	4	11	46
Major Grants	3,848	-	3,848	-	2,522	1,326
Statutory Deposit Account balances	636,986	636,986	636,986	-	-	-
Total	642,805	638,779	642,744	4	2,533	1,372

20 FINANCIAL INSTRUMENTS (CONTINUED)

(H) MARKET RISK

The Board's exposures to market risk are primarily through interest rate risk and foreign currency risk and with some exposure to equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below:

(I) FOREIGN CURRENCY RISK

The Board's exposure to foreign currency risk is through 2 investment streams:

- Global equities; and
- Global fixed interest.

This exposure is in accord with the Board's agreed investment strategy which also governs investment benchmarks for investment types.

The investment policy is to invest 50% of all global equities in a fully hedged investment product and 50% in an unhedged investment product. The investment benchmark is to invest 15% for the Public Purpose Fund and 10% for the Fidelity Fund of the total investments in global equities. Investments in global equities are \$91.93m as at 30 June 2015 compared with \$87.25m for prior year.

The investment benchmark for global fixed interest funds is to invest 18.5% of the Public Purpose Fund and 15% of the Fidelity Fund in those funds. Investments in global fixed interest funds as at 30 June 2015 is \$72.57m compared with \$69.89m in the prior period.

All investments in global equities and global fixed interest funds are reported in Australian dollars and the exposure is managed by investment fund managers based on parameters set by the Board. Based on past and current assessment of economic outlook, it is deemed unnecessary for the Board to enter into any further hedging arrangements to manage the risk.

The Commissioner is not exposed to foreign currency risk as it does not hold any foreign financial instrument.

(II) INTEREST RATE RISK

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Board has significant exposure to both Australian and global fixed interest investments.

The Board also has significant exposure to cash flow interest rate risks through its cash, term deposits and deposits that are at floating rates. Note 20(J) illustrates the potential impact of a 100 basis points movement on the Board's revenue.

The Board manages this interest rate risk through a diversified assets allocation strategy and by the establishment and maintenance of Deeds of Arrangement with Approved Deposit Institutions and SDA management contracts in place with Commonwealth Bank of Australia. The diversified asset allocation strategy is reviewed at least annually and the banking arrangements are subject to periodic review and re-negotiation. Management monitors movement in interest rates on a daily basis.

The Commissioner does not hold any interest bearing instruments that are measured at fair value and therefore has no exposure to fair value interest rate risk.

As at 30 June 2015 the Commissioner has minimal exposure to cash flow interest rate risk as its Operating Bank Account is transferred overnight to the Board's General Account. The Disputed Cost Account is a trust account and all interest received is paid to disputing parties when disputes are resolved.

The inter-company loan balance owed by the Board to the Commissioner (which has been eliminated on consolidation) attracts no interest as under the Act, the Board must only pay out of the Public Purpose Fund each year an amount determined by the Board to meet the expenses of, and discharge the liabilities incurred by, the Commissioner in performing functions under the Act during the year (s.6.7.7(1)).

(III) EQUITY PRICE RISK

The Board is exposed to equity price risk through its investments in managed investment schemes. Such investments are allocated and traded to match the approved investment objectives. The Board has appointed Mercer Asset Consultants to review and provide recommendations on its investment strategies, asset allocation and fund managers. Management and Mercer closely monitor investment performance and provide reporting to the Board on a monthly basis.

(I) INTEREST RATE EXPOSURE OF FINANCIAL INSTRUMENTS

2015	Weighted average interest rate %	Interest rate exposure			
		Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
Financial assets					
Cash and deposits	2.55%	562,334	-	562,334	-
Receivables:					
Trade receivables Public Purpose Fund		82	-	-	82
Trade receivables Legal Services Commissioner		251	-	-	251
Accrued Cash distributions - investments		17,903	-	-	17,903
Accrued interest - Residual Trust Account		2,253	-	-	2,253
Accrued interest - Statutory Deposit Account		1,009	-	-	1,009
Accrued other Income		35	-	-	35
Investments and other contractual financial assets					
Equities and managed investment schemes		465,910	141,403	-	324,507
Total Financial assets		1,049,777	141,403	562,334	346,040
FINANCIAL LIABILITIES					
Payables					
Payables and accrued expenses		1,814	-	-	1,814
Major grants		3,638	-	-	3,638
Disputed costs		164	-	-	164
Borrowings	4.62%	46	46	-	-
Statutory Deposit Account balances		825,465	-	-	825,465
Total Financial liabilities		831,127	46	-	831,080
2014					
Financial assets					
Cash and deposits	3.02%	415,875	-	415,875	-
Receivables:					
Trade receivables Public Purpose Fund		75	-	-	75
Trade receivables Legal Services Commissioner		293	-	-	293
Accrued Cash distributions - investments		14,917	-	-	14,917
Accrued interest - Residual Trust Account		2,429	-	-	2,429
Accrued interest - Statutory Deposit Account		1,002	-	-	1,002
Accrued other Income		35	-	-	35
Investments and other contractual financial assets					
Equities and managed investment schemes		402,906	149,654	-	253,252
Total Financial assets		837,532	149,654	415,875	272,003
FINANCIAL LIABILITIES					
Payables					
Payables and accrued expenses		1,732	-	-	1,732
Major grants		3,848	-	-	3,848
Disputed costs		178	-	-	178
Borrowings	4.62%	61	61	-	-
Statutory Deposit Account balances		636,986	-	-	636,986
Total Financial liabilities		642,805	61	-	642,744

20 FINANCIAL INSTRUMENTS (CONTINUED)

(I) INTEREST RATE EXPOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

(i) SENSITIVITY DISCLOSURE ANALYSIS AND ASSUMPTIONS

The Board's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding four year period, with all variables other than the primary risk variable held constant. The Board's fund managers cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. The following movements are 'reasonably possible' over the next 12 months:

- a movement of 100 basis points up and down (2014: 100 down and 100 up) in market interest rates (AUD).

The impact on the Board's net result for each category of financial instrument held by the Board at year end as presented to key management personnel, if the above movements were to occur, is as follows:

The Board has no financial liabilities subject to movements in market rates and prices.

(J) INTEREST RATE SENSITIVITY

	Carrying amount \$'000	Interest rate risk			
		-100 basis points		+100 basis points	
		Net result \$'000	Impact on retained earnings \$'000	Net result \$'000	Impact on retained earnings \$'000
At 30 June 2015					
Contractual financial assets					
Cash and deposits	562,334	(5,623)	(5,623)	5,623	5,623
Investments and other financial assets	465,910	-	-	-	-
Total impact		(5,623)	(5,623)	5,623	5,623
At 30 June 2014					
Contractual financial assets					
Cash and deposits	415,875	(4,159)	(4,159)	4,159	4,159
Investments and other financial assets	402,906	-	-	-	-
Total impact		(4,159)	(4,159)	4,159	4,159

The above analysis does not reflect the impact on the Board's revenue from interest rate changes on returns from Residual Trust accounts.

Under the provisions of the Act, the Board receives interest from Approved Deposit Institutions for funds deposited in non-SDA Residual Trust accounts held by legal practitioners or approved clerks. The quantum of interest received on residual trust funds for the year ended 30 June 2015 was \$28.47m (2014: \$24.47m).

Based on a rolling average balance in Residual Trust Funds as at 30 June 2015 of \$1,485m (2014 \$1,262m), a 100 basis point movement would impact the revenue attributable to the Board by \$14.85m (2014 \$12.62m).

(K) OTHER PRICE RISK SENSITIVITY

Exposure to other price risk arises due to the inherent risk due to the possibility of falls in the market value of the investments held for trading.

The Board's objective of managing other price risk is to minimise negative impacts on investment value due to the volatility of the stock market.

Policy in managing other price risk:

The Board has appointed Mercer as its external, independent investment managers to monitor the volatility of stock market investments in light of performance benchmarks. The investment manager is expected to manage this risk with parameters set by the Board and with appropriate oversight by management and the Board. The risk is managed through the appropriate diversification of specific stocks and diversification through different asset classes as per the mandated allocations.

The Board oversees the management of other price risk throughout the year.

At 30 June 2015	Carrying amount \$'000	Foreign exchange risk				Other price risk			
		10% (a)		-5% (b)		-15% (a)		10% (b)	
		Net result \$'000	Equity \$'000	Net result \$'000	Equity \$'000	Net result \$'000	Equity \$'000	Net result \$'000	Equity \$'000
Financial assets									
Other financial assets	465,910	12,429	12,429	(6,214)	(6,214)	(69,887)	(69,887)	46,591	46,591
Total increase/(decrease)		12,429	12,429	(6,214)	(6,214)	(69,887)	(69,887)	46,591	46,591
At 30 June 2014									
Financial assets									
Other financial assets	402,906	11,040	11,040	(5,520)	(5,520)	(60,436)	(60,436)	40,291	40,291
Total increase/(decrease)		11,040	11,040	(5,520)	(5,520)	(60,436)	(60,436)	40,291	40,291

- The Board's Management has estimated according to past performance and future expectations an average maximum decrease in the value of AUD when exchanging foreign currencies of 10%.
- The Board's Management has estimated according to past performance and future expectations an average maximum increase in the value of AUD when exchanging foreign currencies of 5%.
- The currency risk has been estimated based on the closing balance for global equities as at 30 June (Note 8). The balance of Other Financial Assets includes the investments in global equities subject to exchange rate movements. Sensitivity to + or - 10% movement in is \$12.429m in absolute terms, similarly a + or - 5% movement is \$6.214m.
- The Board's Management has estimated that movements in Other Price Risk will be from positive 10% to negative 15% in the next 12 months. The Board's Management does not believe that it is possible to reasonably estimate the variables used (interest rates) further than for 12 months.

20 FINANCIAL INSTRUMENTS (CONTINUED)

(L) FAIR VALUE

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- **Level 1** – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- **Level 2** – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- **Level 3** – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using observable market inputs.

The Board considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short term nature of the financial instruments and the expectation that they will be paid in full by the end of the 2014/15 reporting period. These financial instruments include:

<i>Financial assets</i>	<i>Financial liabilities</i>
Cash and deposits	Payables:
Receivables:	For supplies and services
Sale of goods and services	Amounts payable to government and agencies
Accrued investment income	Other payables
Other receivables	Borrowings:
Investments and other contractual financial assets:	Bank overdraft
Term deposits	

The following table shows that the fair values of the contractual financial assets and liabilities are the same as the carrying amounts.

Note:

- The carrying amount disclosed here excludes statutory amounts (e.g. amounts owing from Victorian Government, GST input tax credits recoverable or GST payable).

(L) FAIR VALUE (CONTINUED)

	2015		2014	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Contractual financial assets				
Cash and deposits	562,334	562,334	415,875	415,875
Receivables				
Accrued Cash distributions – investments	17,903	17,903	14,917	14,917
Accrued interest – Residual Trust Account	2,253	2,253	2,429	2,429
Accrued interest – Statutory Deposit Account	1,009	1,009	1,002	1,002
Trade receivables Public Purpose Fund	82	82	75	75
Trade receivables Legal Services Commissioner	251	251	293	293
Accrued Other Income	35	35	35	35
Total Receivables	21,533	21,533	18,751	18,751
Investments and other contractual financial assets				
Investments at fair value through profit or loss held for trading	465,910	465,910	402,906	402,906
Total contractual financial assets	1,049,777	1,049,777	837,532	837,532
CONTRACTUAL FINANCIAL LIABILITIES:				
Payables				
Payables and accrued expenses Public Purpose Fund	1,415	1,415	1,248	1,248
Payables and accrued expenses Legal Practitioners Fidelity Fund	198	198	239	239
Payables and accrued expenses Legal Services Commissioner	201	201	245	245
Major Grants	3,638	3,638	3,848	3,848
Disputed costs	164	164	178	178
Borrowings	46	46	61	61
Statutory Deposit Account balances	825,465	825,465	636,986	636,986
Total contractual financial liabilities	831,127	831,127	642,805	642,805

20 FINANCIAL INSTRUMENTS (CONTINUED)

(M) FINANCIAL ASSETS MEASURED AT FAIR VALUE

Financial assets at fair value through the profit and loss:

	30 June 2015		30 June 2014	
	Carrying amount \$'000	Fair value measurement at end of reporting period - Level 1 \$'000	Carrying amount \$'000	Fair value measurement at end of reporting period - Level 1 \$'000
Investments and other financial assets at fair value through profit and loss	465,910	465,910	402,906	402,906

21 EX-GRATIA PAYMENTS

	2015 \$'000	2014 \$'000
The Legal Services Commissioner made ex-gratia payments under section 4.2.16 of the Act to complainants	2	17

22 RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Minister for Finance under the FMA, the following disclosures are made regarding responsible persons for the reporting period.

(A) NAMES

The persons who held the positions of Responsible Minister, Board Member and Accountable Officer in the Legal Services Board and Legal Services Commissioner are as follows:

Attorney-General	The Hon. Robert Clark, MP	1 July 2014 to 3 December 2014
	The Hon. Martin Pakula, MP	4 December 2014 to 30 June 2015
Accountable Officer	Mr Michael McGarvie	1 July 2014 to 30 June 2015
Acting Accountable Officer	Mr Russell Daily	10 September 2014 to 5 October 2014 and 5 March 2015 to 18 March 2015
Chairperson	Ms Fiona Bennett	1 July 2014 to 30 June 2015
Board Member	Ms Carolyn Bond AO	1 July 2014 to 30 June 2015
Board Member	Mr Peter Jopling AM QC	1 July 2014 to 30 June 2015
Board Member	Mr Harvey Kalman	1 July 2014 to 30 June 2015
Board Member	Mr Steven Stevens	1 July 2014 to 30 June 2015
Board Member	Dr Lynne Williams	1 July 2014 to 30 June 2015
Board Member	Ms Cate Dealehr	1 July 2014 to 30 June 2015

(B) REMUNERATION

Of the number of members included below, one member (2014: 3 members) served only as a member of the Board and Commissioner's Audit & Risk Committee.

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

	2015 No.	2014 No.
Income Band		
less than \$9,999	1	4
\$10,000 to \$29,999	-	1
\$30,000 to \$39,999	6	5
\$40,000 to \$59,999	-	-
\$60,000 to \$69,999	-	-
\$70,000 to \$79,999	1	1
\$260,000 to \$269,999	-	-
\$290,000 to \$299,999	1	1
Total Numbers	9	12
Total Amount (\$)	595,586	571,245

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

BOARD MEMBERS' SUPERANNUATION

The Board made direct superannuation contributions for its members during the year ended 30 June 2015 of \$25,459 (2014: \$23,181).

23 REMUNERATION OF EXECUTIVES AND PAYMENTS TO OTHER PERSONNEL

EXECUTIVE OFFICERS

The number of executive officers, other than the minister and accountable officer, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of the executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

Bonus payments affected total remuneration payable to executives over the year and these depend on the terms of the individual employment contracts.

	Total Remuneration		Base Remuneration	
	2015	2014	2015	2014
Income Band				
less than \$100,000	-	-	-	-
\$170,000 - \$179,999	-	-	-	-
\$180,000 - \$189,999	-	-	-	1
\$190,000 - \$199,999	-	-	1	1
\$200,000 - \$209,999	-	1	1	-
\$210,000 - \$219,999	1	1	-	-
\$220,000 - \$229,999	1			
Total numbers	2	2	2	2
Total annualised employee equivalent (AEE)	2.0	2.0	2.0	2.0
Total amount (\$)	444,332	420,546	402,912	378,489

*Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

OTHER PERSONNEL I.E. CONTRACTORS WITH SIGNIFICANT MANAGEMENT RESPONSIBILITIES

There were no contractors charged with significant management responsibilities during the period 1 July 2014 to 30 June 2015 (2014: nil).

24 REMUNERATION OF AUDITORS

(A) VICTORIAN AUDITOR-GENERAL'S OFFICE

	2015 \$'000	2014 \$'000
Audit of financial statements	78	83
Total remuneration for audit and other assurance services	78	83

25 RELATED PARTY TRANSACTIONS

	2015 \$'000	2014 \$'000
Expenses recovered from the Commissioner by the Board	286	1,074
Expenses recovered from the Board by the Commissioner	12,694	9,151
Intercompany loan (eliminated) as per Note 1(F)	1,999	1,632

The Commissioner and the Board share costs and services. All transactions are at arm's length. Shared costs are recharged on agreed rates. Expenses, revenues and associated loan balances shown above are eliminated on consolidation.

26 SUBSEQUENT EVENTS

The new *Legal Profession Uniform Law Application Act 2014* (LPULA Act) took effect on 1 July 2015. The LPULA Act repeals the *Legal Profession Act 2004* and replaces it with new template legislation, the Legal Profession Uniform Law, for application in multiple States and Territories. Initially it will only apply in Victoria and NSW. The LPULA Act applies the Legal Profession Uniform Law as a law of Victoria, and includes Victorian-specific provisions dealing with the Victorian entities that will perform functions locally under the Uniform Law and related funding and administrative matters. Under the LPULA Act the names of the Legal Services Board and Legal Services Commissioner in Victoria changes to the Victorian Legal Services Board and the Victorian Legal Services Commissioner.

27 GLOSSARY OF TERMS AND STYLE CONVENTIONS

ACT

Legal Profession Act 2004

COMMITMENTS

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

COMPREHENSIVE RESULT

Total net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other non-owner movements in equity.

DEPRECIATION

Depreciation is an expense that arises from the consumption through wear and tear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

EMPLOYEE BENEFITS EXPENSES

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions.

EX-GRATIA PAYMENTS

Ex-gratia payment is the gratuitous payment of money where no legal obligation exists.

27 GLOSSARY OF TERMS AND STYLE CONVENTIONS (CONTINUED)

FINANCIAL ASSET

A financial asset is any asset that is:

- a. cash;
- b. an equity instrument of another entity;
- c. a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- d. a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

FIDELITY FUND

The Fidelity Fund is maintained under section 6.7.15 of the Act. The purpose of the Fidelity Fund is to compensate clients for losses arising out of defaults by law practices arising from acts or omissions of associates and defaults by approved clerks. The amount in the Fidelity Fund must be kept separate from any other money held by the Board and be held in trust. The Board may invest any money in the Fidelity Fund that is not immediately required for the purposes of the Fidelity Fund in the manner in which money may be invested under the *Trustee Act 1958*.

FINANCIAL INSTRUMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual are not financial instruments.

FINANCIAL LIABILITY

A financial liability is any liability that is:

- a. a contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- a contract that will or may be settled in the entity's own equity instrument and is:

- a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own instruments.

FINANCIAL STATEMENTS

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet cash flow statements and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (September 2007) which means it may include the main financial statements and the notes.

GRANTS

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature. While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods and services, to particular taxpayers in return for their taxes. For this reason, grants are referred to by the AASB as involuntary transfers and are termed nonreciprocal transfers.

The Board provide grants for any of the following purposes:

- a. law reform;
- b. legal education;
- c. legal research;
- d. any purpose relating to the legal profession or the law that the Board considers appropriate.

The conditions of the grant payments are provided in the Act.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

INTANGIBLE ASSETS

Intangible assets represent identifiable non-monetary assets without physical substance.

INTEREST INCOME

Interest income includes interest received on bank term deposits, interest from investments, and other interest received.

NET RESULT

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows – other comprehensive income'.

NET RESULT FROM TRANSACTIONS/ NET OPERATING BALANCE

A net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains or losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

NET WORTH

Assets less liabilities, which is an economic measure of wealth.

NON-FINANCIAL ASSETS

Non-financial assets are all assets that are not 'financial assets'. It includes plant and equipment and intangible assets.

OTHER ECONOMIC FLOWS

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets, fair value changes in financial instruments and depletion of natural assets (non-produced) from their use or removal. In simple terms, other economic flows are changes arising from market re-measurements.

PAYABLES

Includes short and long term trade debt and accounts payable, grants and interest payable.

PUBLIC PURPOSE FUND

The Public Purpose Fund is maintained under section 6.7.1 of the Act. The Fund is comprised of three separate accounts – the General Account, Statutory Deposit Account and the Distribution Account. The funding and expenditure requirements of each of the accounts are detailed in the Act. The amount in the Public Purpose Fund must be kept separate from any other money held by the Board and be held in trust. The Board may invest any money standing to the credit of the Fund that is not immediately required for the purposes of the Public Purpose Fund in the manner in which money may be invested under the *Trustee Act 1958*.

RECEIVABLES

Includes short and long term credit and accounts receivable, grants, taxes and interest receivable.

STATUTORY DEPOSIT ACCOUNT BALANCES (SDA)

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

TRANSACTIONS

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the Board or the Commissioner.

STYLE CONVENTIONS

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding.

The notation used in the tables is as follows:

– zero, or rounded to zero

(xxx) negative numbers

20xx year period

20xx xx year period

The financial statements and notes are presented based on the illustration for a government department in the 2014–15 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Board or the Commissioner's annual reports.

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Victorian Legal Services Board and the Commissioner,
Victorian Legal Services Commissioner

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of the Legal Services Board and the Legal Services Commissioner, prepared pursuant to Section 53(1)(b) of the *Financial Management Act 1994*, which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information, and the chairperson's, accountable officer's and chief finance and accounting officer's declaration has been audited.

The Board Members' and Commissioner's Responsibility for the Financial Report

The Board Members of the Legal Services Board and the Commissioner of the Legal Services Commissioner are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members and Commissioner determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members and Commissioner, as well as evaluating the overall presentation of the financial report.

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



Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Legal Services Board and the Legal Services Commissioner as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
21 August 2015

T. DH
For John Doyle
Auditor-General

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

CURRENT DELEGATIONS

Table 53 lists all of the internal delegations and Table 54 lists all of the external delegations made by the Board in force as at 30 June 2015 and the date which the delegations were made.

Table 53: Internal Delegations made by the Board, current as at 30 June 2015

Date	Delegate	Functions delegated
30 May 2013	Legal Services Commissioner	Legal Profession Act 2004
		Part 2.2, Division 2 – General prohibitions on unqualified persons
		Section 2.2.6(1) apply to Tribunal for order that a person is a disqualified person
		Part 2.4, Division 3 – Local practising certificates generally
		Section 2.4.3(1) grant local practising certificates
		Section 2.4.3(2) approve form of local practising certificate
		Section 2.4.3(3) determine conditions on local practising certificates
		Section 2.4.3(4) conditions on local practising certificates
		Section 2.4.3(5) conditions to appear on face of certificate
		Section 2.4.4 consider if a person is fit and proper to hold a local practising certificate
		Part 2.4, Division 4 – Grant or renewal of local practising certificates
		Section 2.4.7 assess criteria for grant or renewal of local practising certificate
		Section 2.4.8(1) receive application for grant or renewal of local practising certificate
		Section 2.4.9(1) approve form for grant or renewal of local practising certificate
		Section 2.4.9(4) refund surcharge
		Section 2.4.9(5) receive evidence of professional indemnity insurance
		Section 2.4.9(6) give notice of failure to comply or to restore deficiency in trust account
		Section 2.4.9(7) assess whether failure to comply or restore deficiency has been remedied
		Section 2.4.9(8) request surrender of certificate
		Section 2.4.11 receive late application for local practising certificate on payment of surcharge
Section 2.4.12 grant, renew or refuse local practising certificate		

Date	Delegate	Functions delegated
30 May 2013 (continued)	Legal Services Commissioner (continued)	Part 2.4, Division 5 – Additional conditions on local practising certificates
		Section 2.4.13 amend or issue new local practising certificate with conditions
		Section 2.4.14 impose conditions on local practising certificate
		Section 2.4.16(1) apply to the Tribunal to impose or vary conditions on local practising certificate pending criminal proceedings
		Section 2.4.18(3) exempt a person (or reduce period) from the statutory condition on a local practising certificate that the person must only engage in supervised legal practice
		Section 2.4.18(4) impose conditions on an exemption given under s.2.4.18(3)
		Part 2.4, Division 6 – Amendment, suspension or cancellation of local practicing certificates
		Section 2.4.21 amend, suspend or cancel local practising certificate and provide show cause notice
		Section 2.4.22 immediate suspension of local practising certificate
		Section 2.4.23 lift suspension of local practising certificate
		Section 2.4.24 other amendment or cancellation of local practising certificate
		Part 2.4, Division 7 – Special Power in relation to local practising certificates – show cause events
		Section 2.4.26 receive written statement from applicant for local practising certificate if show cause event applies
		Section 2.4.27 receive show cause notice and statement from holder of local practising certificate; Approve the form of notice
		Section 2.4.28 refuse to grant or renew, amend, suspend or cancel local practising certificate
		failure to show fit and proper person
		Section 2.4.29 restrict entitlement to apply for local practising certificate for a specified period
		Part 2.4, Division 8 – Further provisions relating to local practising certificates
		Section 2.4.30 receive surrendered local practising certificate
		Section 2.4.31 require return of local practising certificate
		Part 2.4, Division 11 – Miscellaneous
		Section 2.4.40 require provision of information or documents for purpose of considering an application for grant or renewal of local practising certificate
		Part 2.5, Division 2 – Police reports
		Section 2.5.3 request criminal record check
		Part 2.5, Division 3 – Health assessments
		Section 2.5.4 require person to undergo health assessment
		Section 2.5.5 appoint health assessor
		Section 2.5.6 receive health assessment report
		Part 2.6, Division 2 – Notifications to be given by local authorities to interstate authorities
Section 2.6.5(2) give written notice of action taken or the result of appeal to corresponding authority		
Section 2.6.5(5) give written notice of a condition imposed on an Australian lawyer's local practising certificate to corresponding authorities		

Table 53: Internal Delegations made by the Board, current as at 30 June 2015 (continued)

Date	Delegate	Functions delegated
30 May 2013 (continued)	Legal Services Commissioner (continued)	Part 2.6, Division 4 – Taking of action by local authorities in response to notifications received
		Section 2.6.10(3) notification of date on which Board proposes to cancel local practising certificate of person who has been removed from interstate roll
		Section 2.6.13 information received from authority of another jurisdiction may be furnished to other authorities of this jurisdiction that have functions under the Act
		Part 2.7, Division 2 – Incorporated legal practices
		Section 2.7.7(1) approve form of written notice of corporation’s intention to commence engaging in legal practice
		Section 2.7.7(3) approve form of written notice of corporation’s failure to notify intention to commence engaging in legal practice
		Section 2.7.9(1) approve form of written notice of corporation’s cessation of legal practice
		Section 2.7.22 audit incorporated legal practice
		Section 2.7.23(1) require incorporated legal practice subject to audit to provide or verify explanation, information or documents
		Section 2.7.23(2) require person to give access to documents or information for purpose of audit
		Section 2.7.23(7) copy and retain information or documents
		Section 2.7.24 apply to the Supreme Court for order banning incorporated legal practice
		Section 2.7.25 apply to the Supreme Court for order disqualifying an Australian legal practitioner from managing an incorporated legal practice
		Section 2.7.26 disclose information to Australian Securities and Investments Commission
		Part 2.7, Division 3 – Multi-disciplinary partnerships
		Section 2.7.38 approve form of notice of legal practitioner partner’s intention to start providing legal services as a member of a multi-disciplinary partnership
		Section 2.7.50 apply to Supreme Court for order prohibiting an Australian legal practitioner from being a partner in a multi-disciplinary partnership
		Part 2.8, Division 4 – Application for grant or renewal of local registration
		Section 2.8.19(1)(a) approve form for the grant or renewal of registration as a foreign lawyer
		Section 2.8.19(6) specify content of form for grant or renewal of registration as a foreign lawyer
		Section 2.8.19(7) specify content of form for grant or renewal of registration as a foreign lawyer
		Section 2.8.19(8) specify content of form for grant or renewal of registration as a foreign lawyer
		Section 2.8.20(2) specify requirements of application for grant or renewal of registration as a foreign lawyer
		Part 2.8, Division 5 – Grant or renewal of registration
		Section 2.8.21 grant or renewal of registration of foreign lawyers; Approve form of notice of renewal
		Section 2.8.22 requirement to grant or renew registration of foreign lawyers if criteria satisfied
		Section 2.8.23 refusal to grant or renew registration of foreign lawyers



Date	Delegate	Functions delegated
30 May 2013 (continued)	Legal Services Commissioner (continued)	Part 2.8, Division 7 – Special powers in relation to local registration – show cause events
		Section 2.8.31 receive show cause notice from locally registered foreign lawyer; Approve the form of notice
		Part 2.9 – Community legal centres
		Section 2.9.3(1) receive notification of temporary engagement of a supervised legal practitioner by a community legal centre
		Part 3.2, Division 7 – Competition
		Section 3.2.21 require law practice or Australian legal practitioner to provide information or documents regarding competition investigation
		Section 3.2.22 give opportunity to law practice or Australian legal practitioner to comment on adverse report regarding competition investigation
		Part 3.3, Division 1 – Preliminary
		Section 3.3.4 determine if money is trust money
		Part 3.3, Division 2 – Trust accounts and trust money
		Section 3.3.27 request trust balance of any trust account
		Part 3.3, Division 3 – Investigations
		Section 3.3.28 conduct trust investigation
		Section 3.3.29 appoint trust inspector
		Section 3.3.30(1) issue identity card to trust inspector; Approve form of card
		Section 3.3.47 receive trust inspector’s report
		Section 3.3.48 determine if costs of investigation are payable by a law practice
		Part 3.3, Division 4 – External examinations
		Section 3.3.51(2) exempt a person from the external examiner requirements
		Part 3.3, Division 6 – Statutory deposits
		Section 3.3.65 determine amount and timing of required statutory deposit
		Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements
		Part 3.5 – Professional indemnity insurance
		Section 3.5.3 approve professional indemnity insurance for Australian-registered foreign lawyer
		Section 3.5.4(1) approve professional indemnity insurance for community legal centre before it commences engaging in legal practice
		Section 3.5.4(2) approve professional indemnity insurance for community legal centre while it is engaging in legal practice
		Section 3.5.4A(1) approve professional indemnity insurance for corporate legal practitioner engaging in legal practice on a pro bono basis
Section 3.5.7 exempt a law practice or community legal centre, or classes of law practices or community legal centres, from professional indemnity insurance requirements		
Part 3.6, Division 3 – Claims about defaults		
Section 3.6.7 Receive claims against the fidelity fund about defaults; Approve form for claim		
Section 3.6.8 allow further period to lodge fidelity fund claim		
Section 3.6.12(1) investigate fidelity fund claims		
Section 3.6.12(2) require fidelity fund claimant to produce security, document or statement of evidence		

Table 53: Internal Delegations made by the Board, current as at 30 June 2015 (continued)

Date	Delegate	Functions delegated
30 May 2013 (continued)	Legal Services Commissioner (continued)	Part 3.6, Division 4 – Determination of claims
		Section 3.6.19 subrogation on payment of fidelity fund claim Section 3.6.21 notify applicant of delay in determination of fidelity fund claim
		Part 3.6, Division 8 – Inter-jurisdictional provisions
		Section 3.6.34(2) request corresponding authority to investigate default
		Section 3.6.35 act as agent of corresponding authority – regarding a default to which a corresponding law applies
		Section 3.6.36 investigation of interstate defaults
		Section 3.6.39(1) request a corresponding authority to arrange investigation of a claim being dealt with by the Board
		Part 7.2, Division 1 – Notices and evidentiary matters
		Section 7.2.5(3) certify copy of legal profession rules
		Part 7.2, Division 2 – Investigation and prosecution of offences
		Section 7.2.6(b) appoint investigator
		Section 7.2.8 receive investigator’s report
		Section 7.2.10(1)(a) file charge for offence under Act
		Part 7.2, Division 3 – General
		Section 7.2.13(1) apply for injunction regarding conduct that constitutes contravention of Act/Regulations or attempting to contravene Act/Regulations
		Section 7.2.14 disclosure of information by local regulatory authorities
		Legal Profession Regulations 2005
		Part 2.7 – Incorporated legal practices and multi-disciplinary partnerships
		Regulation 2.7.2(2) publicise disqualifying order regarding incorporated legal practice and multi-disciplinary partnership
		Regulation 2.7.2(3) give notice of disqualifying order regarding incorporated legal practice to corresponding authority
Part 3.3, Division 5 – Transit money		
Regulation 3.3.38(1)(a) require statement as to whether trust money held by law practice or clerk		
Regulation 3.3.38(1)(b) require statement specifying categories of trust money held		



Date	Delegate	Functions delegated
30 May 2013 (continued)	Legal Services Commissioner (continued)	Part 3.3, Division 7 – External examinations
		Regulation 3.3.40(3) approve external examiner who is otherwise not eligible
		Regulation 3.3.40(4) approve form of written consent
		Regulation 3.3.41 receive notice of appointment of external examiner and examiner’s consent
		Regulation 3.3.42(1) require law practice or clerk to provide show cause why external examiner’s appointment should not be terminated
		Regulation 3.3.42(2) require termination of appointment of external examiner
		Regulation 3.3.43(2) approve external examiner otherwise disqualified
		Regulation 3.3.44(3) approve request for termination of external examiner by law practice or clerk
		Regulation 3.3.44(4) require evidence re request for termination of external examiner by law practice or clerk
		Regulation 3.3.44(5) receive notice of termination of external examiner by law practice or clerk; Approve the form of notification
		Regulation 3.3.46(1) receive statement of trust money within one month after end of audit year; Approve the form of notification
		Regulation 3.3.48(a) approve form of report and certificate by approved external examiner
		Part 3.3, Division 8 – Miscellaneous
Regulation 3.3.52 exempt a law practice or approved clerk from complying with the trust money and trust account provisions		
5 May 2014	Board members who are members of the Fidelity Fund Claims Advisory Committee	Legal Profession Act 2004
		Part 3.6, Division 4 – Determination of Fidelity Fund Claims
		Section 3.6.14 determination of claims
		Section 3.6.15 maximum amount allowable
		Section 3.6.16 costs
		Section 3.6.17 interest
Section 3.6.18 reduction of claim because of other benefits		

Table 53: Internal Delegations made by the Board, current as at 30 June 2015 (continued)

Date	Delegate	Functions delegated
5 May 2014	Executive Director, Finance Risk and Audit	Legal Profession Act 2004
		Part 2.4, Division 4 – Grant or renewal of local practising certificates
		Section 2.4.9(4) refund surcharge
		Section 2.4.9(6) give notice of failure to comply or to restore deficiency in trust account
		Section 2.4.9(7) assess whether failure to comply or restore deficiency has been remedied
		Part 2.4, Division 5 – Additional conditions on local practising certificates
		Section 2.4.18(3) exempt a person (or reduce period) from the statutory condition on a local practising certificate that the person must only engage in supervised legal practice
		Section 2.4.18(4) impose conditions on an exemption given under s.2.4.18(3)
		Part 2.6, Division 2 – Notifications to be given by local authorities to interstate authorities
		Section 2.6.5(2) give written notice of action taken or the result of appeal to corresponding authority
		Section 2.6.5(5) give written notice of a condition imposed on an Australian lawyer’s local practising certificate to corresponding authorities
		Part 2.6, Division 4 – Taking of action by local authorities in response to notifications received
		Section 2.6.10(3) notification of date on which Board proposes to cancel local practising certificate of person who has been removed from interstate roll
		Section 2.6.13 information received from authority of another jurisdiction may be furnished to other authorities of this jurisdiction that have functions under the Act
		Part 2.7, Division 2 – Incorporated legal practices
		Section 2.7.26 disclose information to Australian Securities and Investments Commission
Part 2.8, Division 5 – Grant or renewal of registration		
Section 2.8.21 grant or renewal of registration of foreign lawyers (except approval of form of notice of renewal)		
Section 2.8.22 requirement to grant or renew registration of foreign lawyers if criteria satisfied		
Section 2.8.23 refusal to grant or renew registration of foreign lawyers		
Part 3.3, Division 4 – External examinations		
Section 3.3.51(2) exempt a person from the external examiner requirements		
Part 3.3, Division 6 – Statutory deposits		
Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements		



Date	Delegate	Functions delegated
5 May 2014 (continued)	Executive Director, Finance Risk and Audit (continued)	<p>Part 3.5 – Professional indemnity insurance</p> <p>Section 3.5.3 approve professional indemnity insurance for Australian-registered foreign lawyer</p> <p>Section 3.5.4(1) approve professional indemnity insurance for community legal centre before it commences engaging in legal practice</p> <p>Section 3.5.4(2) approve professional indemnity insurance for community legal centre while it is engaging in legal practice</p> <p>Section 3.5.4A(1) approve professional indemnity insurance for corporate legal practitioner engaging in legal practice on a pro bono basis</p> <p>Section 3.5.7 exempt a law practice or community legal centre, or classes of law practices or community legal centres, from professional indemnity insurance requirements</p> <hr/> <p>Part 3.6, Division 3 – Claims about defaults</p> <p>Section 3.6.8 allow further period to lodge fidelity fund claim</p> <hr/> <p>Part 3.6, Division 8 – Inter-jurisdictional provisions</p> <p>Section 3.6.36 investigation of interstate defaults</p> <p>Section 3.6.39(1) request a corresponding authority to arrange investigation of a claim being dealt with by the Board</p> <hr/> <p>Legal Profession Regulations 2005</p> <p>Part 3.3, Division 8 – Miscellaneous</p> <p>Regulation 3.3.52 exempt a law practice or approved clerk from complying with the trust money and trust account provisions</p>
5 May 2014	Executive Director, Complaints and Intervention	<p>Legal Profession Act 2004</p> <p>Part 2.4, Division 11 – Miscellaneous</p> <p>Section 2.4.40 require provision of information or documents for purpose of considering an application for grant or renewal of local practising certificate</p> <hr/> <p>Part 2.6, Division 2 – Notifications to be given by local authorities to interstate authorities</p> <p>Section 2.6.13 information received from authority of another jurisdiction may be furnished to other authorities of this jurisdiction that have functions under the Act</p> <hr/> <p>Part 2.7, Division 2 – Incorporated legal practices</p> <p>Section 2.7.22 audit incorporated legal practice</p> <p>Section 2.7.23(1) require incorporated legal practice subject to audit to provide or verify explanation, information or documents</p> <p>Section 2.7.23(2) require person to give access to documents or information for purpose of audit</p> <p>Section 2.7.23(7) copy and retain information or documents</p> <p>Section 2.7.26 disclose information to Australian Securities and Investments Commission</p>

Table 53: Internal Delegations made by the Board, current as at 30 June 2015 (continued)

Date	Delegate	Functions delegated
5 May 2014 (continued)	Executive Director, Complaints and Intervention (continued)	Part 3.3, Division 3 – Investigations
		Section 3.3.28 conduct trust investigation
		Section 3.3.29 appoint trust inspector
		Section 3.3.47 receive trust inspectors report
		Part 7.2, Division 2 – Investigation and prosecution of offences
5 May 2014	Director, Regulatory Reform and Liaison	Legal Profession Act 2004
		Part 2.4, Division 5 – Additional conditions on local practising certificates
		Section 2.4.18(3) exempt a person (or reduce period) from the statutory condition on a local practising certificate that the person must only engage in supervised legal practice
		Section 2.4.18(4) impose conditions on an exemption given under s.2.4.18(3)
		Part 2.6, Division 4 – Taking of action by local authorities in response to notifications received
		Section 2.6.13 information received from authority of another jurisdiction may be furnished to other authorities of this jurisdiction that have functions under the Act
		Part 2.7, Division 2 – Incorporated legal practice
		Section 2.7.26 disclose information to Australian Securities and Investments Commission
		Part 2.8, Division 5 – Grant or renewal of registration
		Section 2.8.21 grant or renewal of registration of foreign lawyers (except approval of form of notice of renewal)
		Section 2.8.22 requirement to grant or renew registration of foreign lawyers if criteria satisfied
		Section 2.8.23 refusal to grant or renew registration of foreign lawyers
		Part 3.3, Division 4 – External examinations
		Section 3.3.51(2) exempt a person from the external examiner requirements
		Part 3.3, Division 6 – Statutory deposits
		Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements
		Part 3.5, Professional indemnity insurance
		Section 3.5.3 approve professional indemnity insurance for Australian-registered foreign lawyer
		Section 3.5.4(1) approve professional indemnity insurance for community legal centre before it commences engaging in legal practice
		Section 3.5.4(2) approve professional indemnity insurance for community legal centre while it is engaging in legal practice
Section 3.5.4A(1) approve professional indemnity insurance for corporate legal practitioner engaging in legal practice on a pro bono basis		
Section 3.5.7 exempt a law practice or community legal centre, or classes of law practices or community legal centres, from professional indemnity insurance requirements		



Date	Delegate	Functions delegated
5 May 2014 (continued)	Director, Regulatory Reform and Liaison (continued)	Part 3.6, Division 2 – Defaults to which this Part applies
		Section 3.6.8 allow further period to lodge fidelity fund claim
		Part 3.6, Division 8 – Inter-jurisdictional provisions
		Section 3.6.36 investigation of interstate defaults Section 3.6.39(1) request a corresponding authority to arrange investigation of a claim being dealt with by the Board
		Legal Profession Regulations 2005
		Part 3.3, Division 8 – Miscellaneous
		Regulation 3.3.52 exempt a law practice or approved clerk from complying with the trust money and trust account provisions
30 May 2013	General Counsel	Legal Profession Act 2004
		Part 2.4, Division 4 – Grant or renewal of local practising certificates
		Section 2.4.9(6) give notice of failure to comply or to restore deficiency in trust account
		Section 2.4.9(7) assess whether failure to comply or restore deficiency has been remedied
		Part 2.4, Division 5 – Additional conditions on local practising certificates
		Section 2.4.18(3) exempt a person (or reduce period) from the statutory condition on a local practising certificate that the person must only engage in supervised legal practice
		Section 2.4.18(4) impose conditions on an exemption given under s.2.4.18(3)
		Part 2.6, Division 2 – Notifications to be given by local authorities to interstate authorities
		Section 2.6.5(2) give written notice of action taken or the result of appeal to corresponding authority
		Section 2.6.5(5) give written notice of a condition imposed on an Australian lawyer's local practising certificate to corresponding authorities
		Part 2.6, Division 4 – taking of action by local authorities in response to notifications received
		Section 2.6.10(3) notification of date on which Board proposes to cancel local practising certificate of person who has been removed from interstate roll
		Section 2.6.13 information received from authority of another jurisdiction may be furnished to other authorities of this jurisdiction that have functions under the Act
		Part 2.7, Division 2 – Incorporated legal practices
		Section 2.7.26 disclose information to Australian Securities and Investments Commission
		Part 2.8, Division 5 – Grant or renewal of registration
		Section 2.8.21 grant or renewal of registration of foreign lawyers (except approval of form of notice of renewal)
		Section 2.8.22 requirement to grant or renew registration of foreign lawyers if criteria satisfied
		Section 2.8.23 refusal to grant or renew registration of foreign lawyers
		Part 3.3, Division 4 – External examinations
Section 3.3.51(2) exempt a person from the external examiner requirements		
Part 3.3, Division 6 – Statutory deposits		
Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements		

Table 53: Internal Delegations made by the Board, current as at 30 June 2015 (continued)

Date	Delegate	Functions delegated
30 May 2013 (continued)	General Counsel (continued)	<p>Part 3.5, Professional Indemnity Insurance</p> <p>Section 3.5.3 approve professional indemnity insurance for Australian-registered foreign lawyer</p> <p>Section 3.5.4(1) approve professional indemnity insurance for community legal centre before it commences engaging in legal practice</p> <p>Section 3.5.4(2) approve professional indemnity insurance for community legal centre while it is engaging in legal practice</p> <p>Section 3.5.4A(1) approve professional indemnity insurance for corporate legal practitioner engaging in legal practice on a pro bono basis</p> <p>Section 3.5.7 exempt a law practice or community legal centre, or classes of law practices or community legal centres, from professional indemnity insurance requirements</p> <hr/> <p>Legal Profession Regulations 2005</p> <p>Part 3.3, Division 8 – Miscellaneous</p> <p>Regulation 3.3.52 exempt a law practice or approved clerk from complying with the trust money and trust account provisions</p>
5 May 2014	Manager, Regulatory Intervention	<p>Legal Profession Act 2004</p> <p>Part 2.7, Division 2 – Incorporated legal practices</p> <p>Section 2.7.22 audit incorporated legal practice</p> <p>Section 2.7.23(1) require incorporated legal practice subject to audit to provide or verify explanation, information or documents</p> <p>Section 2.7.23(2) require person to give access to documents or information for purpose of audit</p> <p>Section 2.7.23(7) copy and retain information or documents</p>
14 August 2014	Manager, Practitioner Services	<p>Legal Profession Act 2004</p> <p>Part 2.4, Division 4 – Grant or renewal of local practising certificates</p> <p>Section 2.4.9(4) refund surcharge</p> <hr/> <p>Part 2.4, Division 6 – Amendment, suspension or cancellation of local practising certificates</p> <p>Section 2.4.24 revoke supervised legal practice condition on practising certificate</p> <hr/> <p>Part 3.3, Division 6 – Statutory deposits</p> <p>Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements</p>



Table 54: External Delegations made by the Board current as at 30 June 2015

Date	Delegate	Function
19 June 2014	LIV	Legal Profession Act 2004
		Part 2.2 – Reservation of Legal Work and Legal Titles
		Section 2.2.6(1) apply to Tribunal for order that a person is a disqualified person
		Part 2.7, Division 1 – Incorporated Legal Practices
		Section 2.7.22 Audit incorporates legal practice
		Section 2.7.23 Investigate incorporated legal practice
		Part 3.3, Division 2 – Trust Accounts and Trust Money
		Section 3.3.27 request trust balance of any trust account
		Part 3.3, Division 3 – Investigations
		Section 3.3.28 conduct trust investigation
		Section 3.3.29 appoint trust inspector
		Section 3.3.47 receive trust inspector’s report
		Part 3.3, Division 4 – External Examinations
		Section 3.3.54 receive annual report of trust records examination or statutory declaration
		Section 3.3.55(3) receive report on final examination of trust account
		Part 3.6, Division 3 – Claims about Defaults
		Section 3.6.7(3) require fidelity fund claimant to provide further information/verify claim
		Section 3.6.12(1) investigate fidelity fund claims
		Section 3.6.12(2) require fidelity fund claimant to produce security, document or statement of evidence
		Part 7.2, Division 1 – Notices and Evidentiary Matters
Section 7.2.5(1) produce certificate stating whether person holds practising certificate		
Legal Profession Regulations 2005		
Part 3.3, Division 6 – Trust money generally		
Regulation 3.3.38(1)(a) require statement as to whether trust money held by practice or clerk		
Regulation 3.3.38(1)(b) require statement specifying categories of trust money held		

Table 54: External Delegations made by the Board current as at 30 June 2015 (continued)

19 June 2014	CEO, LIV	Legal Profession Act 2004
		Part 3.3, Division 3 – Investigations
		Section 3.3.28 conduct trust investigation
		Section 3.3.29 appoint trust inspector
		Section 3.3.47 receive trust investigator's report
22 December 2014	CEO, LIV	Continuing Professional Development Rules 2008
		Rule 6 receive CPD compliance certifications
		Rule 7 verification of CPD activities
		Rule 8 rectification of CPD non-compliance
		Rule 9 grant exemptions from CPD requirements
22 December 2014	Professional Standards Liaison Manager, LIV	Continuing Professional Development Rules 2008
		Rule 6 receive CPD compliance certifications
		Rule 7 verification of CPD activities
		Rule 8 rectification of CPD non-compliance
		Rule 9 grant exemptions from CPD requirements
13 September 2012	Victorian Bar	Legal Profession Act 2004
		Part 2.2 – Reservation of Legal Work and Legal Titles
		Section 2.2.6(1) apply to Tribunal for order that a person is a disqualified person
		Part 2.4, Division 3 – Local Practising Certificates Generally
		Section 2.4.3(1) grant local practising certificates
		Section 2.4.3(3) determine conditions on local practising certificates
		Section 2.4.3(5) conditions to appear on face of certificate
		Section 2.4.4 consider if a person is fit and proper to hold a local practising certificate
		Part 2.4, Division 4 – Grant or Renewal of Local Practising Certificates
		Section 2.4.7 assess criteria for grant or renewal of local practising certificate
		Section 2.4.8(1) receive application for grant or renewal of local practising certificate
		Section 2.4.9(4) refund surcharge
		Section 2.4.9(5) receive evidence of professional indemnity insurance
		Section 2.4.9(6) give notice of failure to comply or to restore deficiency in trust account
		Section 2.4.9(7) assess whether failure to comply or restore deficiency has been remedied
		Section 2.4.9(8) request surrender of local certificate
		Section 2.4.11 receive late application for local practising certificate on payment of surcharge
		Section 2.4.12 grant, renew or refuse local practising certificate
		Part 2.4, Division 5 – Additional Conditions on Local Practising Certificates
		Section 2.4.13 amend or issue new local practising certificate with conditions
Section 2.4.14 impose conditions on local practising certificate		
Section 2.4.16(1) apply to the Tribunal to impose or vary conditions on local practising certificate pending criminal proceedings		

13 September 2012 (continued)	Victorian Bar (continued)	Part 2.4, Division 6 – Amendment, Suspension or Cancellation of Local Practising Certificates	
		Section 2.4.21	amend, suspend or cancel local practising certificate & provide show cause notice
		Section 2.4.22	immediate suspension of local practising certificate
		Section 2.4.23	lift suspension of local practising certificate
		Section 2.4.24	other amendment or cancellation of local practising certificate
		Part 2.4, Division 7 – Special Powers in relation to Local Practising Certificates – Show Cause Events	
		Section 2.4.26	receive written statement from applicant for local practising certificate if show cause event applies
		Section 2.4.27	receive show cause notice and statement from holder of local practising certificate (except any function, duty or power in 2.4.27 to approve the form of notice)
		Section 2.4.28	refuse to grant or renew, amend, suspend or cancel local practising certificate – failure to show cause as to being fit & proper person
		Section 2.4.29	restrict entitlement to apply for local practising certificate for a specified period
		Part 2.4, Division 8 – Further Provisions Relating to Local Practising Certificates	
		Section 2.4.30	receive surrendered local practising certificate and cancel certificate
		Section 2.4.31	require return of local practising certificate
		Part 2.4, Division 11 – Miscellaneous	
		Section 2.4.40	require provision of information or documents for purpose of considering an application for grant or renewal of local practising certificate
		Part 2.5, Division 2 – Police Reports	
		Section 2.5.3	request criminal record check
		Part 2.5, Division 3 – Health Assessments	
		Section 2.5.4	require person to undergo health assessment
		Section 2.5.5	appoint health assessor
		Section 2.5.6	receive health assessment report
		Section 2.5.7	pay for health assessment
		Part 3.3, Division 1 – Preliminary	
		Section 3.3.4	determine if money is trust money
		Part 3.3, Division 2 – Trust Accounts and Trust Money	
		Section 3.3.27	request trust balance of any trust account
		Part 3.3, Division 3 – Investigations	
Section 3.3.28	conduct trust investigation		
Section 3.3.29	appoint trust inspector		
Section 3.3.47	receive trust inspector's report		

Table 54: External Delegations made by the Board current as at 30 June 2015 (continued)

13 September 2012 (continued)	Victorian Bar (continued)	Part 6.2 – Legal Services Board	
		Section 6.2.24	require a law practice & local legal practitioner to notify Board of change of information kept on Register (excluding notifications of new law practices)
		Part 7.2, Division 1 – Notices and Evidentiary Matters	
		Section 7.2.5(1)	produce certificate stating whether person holds practising certificate
		Part 7.2, Division 2 – Investigation and Prosecution of Offences	
		Section 7.2.6(b)	appoint investigator
		Section 7.2.8	receive investigator's report
		Section 7.2.10(1)(a)	file charge for offence under Act – only local lawyers, local legal practitioners
		Part 7.2, Division 3 – General	
		Section 7.2.13(1)	apply for injunction regarding conduct that constitutes contravention of Act/regulations or attempting to contravene Act/regulations other than in relation to unqualified practice
Legal Profession Regulations 2005			
Part 3.3, Division 6 – Trust money generally			
Regulation 3.3.38(1)(a)	require statement as to whether trust money held by practice or clerk		
Regulation 3.3.38(1)(b)	require statement specifying categories of trust money held		
Part 3.3, Division 7 – External examinations			
Regulation 3.3.40(3)	approve external examiner otherwise not eligible		
30 April 2008	Continuing Legal Education Committee of the Victorian Bar	Continuing Professional Development Rules 2008	
		Rule 6	receive CPD compliance certifications
		Rule 7	verification of CPD activities
		Rule 8	rectification of CPD non-compliance
		Rule 9	grant exemptions from CPD requirements

REVOKED DELEGATIONS

The following tables list all of the delegations revoked by the Board during 2014-15. Table 55 covers delegations to internal positions, and Table 56 covers external entities and positions.

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

The reason delegations to external entities were revoked was due to change of role functions at the Law Institute of Victoria.

Table 55: Internal Delegations revoked by the Board during 2014-15

Delegate	Function
Manager, Investigations and Regulation	Legal Profession Act 2004
	Part 2.7, Division 2 – Incorporated legal practices
	Section 2.7.22 audit incorporated legal practice
	Section 2.7.23(1) require incorporated legal practice subject to audit to provide or verify explanation, information or documents
	Section 2.7.23(2) require person to give access to documents or information for purpose of audit
Section 2.7.23(7) copy and retain information or documents	
Manager, Practitioner Information	Legal Profession Act 2004
	Part 3.3, Division 6 – Statutory deposits
	Section 3.3.68 exempt a law practice or an approved clerk from statutory deposit requirements

Table 56: External Delegations revoked by the Board during 2014-15

Delegate	Function
General Manager, Professional Standards, LIV	Continuing Professional Development Rules 2008
	Rule 6 receive CPD compliance certifications
	Rule 7 verification of CPD activities
	Rule 8 rectification of CPD non-compliance
	Rule 9 grant exemptions from CPD requirements

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

1. the delegation does not prevent the discharge, exercise or performance by the Board of the functions duties and powers delegated, and
2. if the Board gives notice to the delegate that the Board intends to discharge, exercise or perform its functions duties and powers delegated, the delegate shall not commence to discharge, exercise or perform those functions duties and powers, or shall cease to do so, as the case may be.

Under section 6.3.12 of the Act, the Commissioner may delegate some of the functions of his office to an employee or to a prescribed person. The LIV and the Bar are prescribed persons, as are the members of the Ethics Committee of the Bar.

CURRENT DELEGATIONS

The following table lists all of the delegations made by the Commissioner in force as at 30 June 2015. This table includes delegations to internal and external persons.

Table 57: Internal Delegations made by the Commissioner, current as at 30 June 2015

Date	Delegate	Functions
23 April 2014	Executive Director, Complaints and Intervention	Legal Profession Act 2004
		Part 3.3- Trust Money and Trust Accounts
		Section 3.3.44(2) comply with request from trust account inspector
		Part 4.1 – Introduction and Application
		Section 4.1.4(3) power to consent to conduct being dealt with under a corresponding law
		Section 4.1.4 (5) power to consent may be given conditionally or unconditionally
		Part 4.2 – Making a Complaint
		Section 4.2.7 time limits for complaints
		Section 4.2.8 notification of a complaint to a law practice or an Australian legal practitioner
		Section 4.2.9 requirement for further information from complainant
		Section 4.2.10 power to summarily dismiss a complaint
		Part 4.3, Division 2 – Dealing with Civil Complaints
		Section 4.3.3 lodgement of disputed costs
		Section 4.3.4 dealing with lodged costs
		Section 4.3.5 attempt to resolve civil dispute
		Section 4.3.5A(1) prepare, certify and distribute settlement agreement
		Section 4.3.6 notice where civil dispute is not likely to be resolved, or is unsuitable for resolution
Section 4.3.7 notice where dispute resolution fails		

Date	Delegate	Functions
23 April 2014 (continued)	Executive Director, Complaints and Intervention (continued)	Part 4.3, Division 3 – Mediation
		Section 4.3.9 appointment of mediator
		Section 4.3.13 power to dismiss complaint where complainant fails to attend mediation, and requirement to provide notice to complainant where law practice or Australian legal practitioner fails to attend mediation
		Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal
		Section 4.3.15 notice about unresolved disputes
		Part 4.4, Division 3 – Investigations
		Section 4.4.7 investigation of disciplinary complaint
		Section 4.4.8 investigation without complaint
		Section 4.4.9 referral of disciplinary complaint to prescribed investigatory body for investigation
		Section 4.4.10(3) powers following receipt of a report from a prescribed investigatory body
		Section 4.4.11 power to require practitioner, law practice and others to provide information and documents
		Section 4.4.12 investigation to be conducted expeditiously
		Section 4.4.13 powers following investigation, including in relation to professional misconduct, unsatisfactory professional conduct
		Section 4.4.14 notice of decision
		Part 4.4, Division 7 – Inter-jurisdictional provisions
		Section 4.4.33 request to another jurisdiction to investigate complaint or conduct
		Section 4.4.34 request from another jurisdiction to investigate complaint or conduct
		Section 4.4.36 co-operation with corresponding authorities
		Part 7.2 – General Provisions
		Section 7.2.14 disclosure of information by local regulatory authorities
		Schedule 2, Part 6 Disputes and Discipline
		Clause 6.1 current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i>
		Clauses 6.2 current complaints to be dealt with in accordance with the <i>Legal Practice Act 1996</i>
Clause 6.3 current investigations to be conducted in accordance with the <i>Legal Practice Act 1996</i>		

Table 57: Internal Delegations made by the Commissioner, current as at 30 June 2015 (continued)

Date	Delegate	Functions
13 December 2011	Director, Professional Standards	Legal Profession Act 2004
		Part 3.3- Trust Money and Trust Accounts
		Section 3.3.44(2) comply with request from trust account inspector
		Part 4.1 – Introduction and Application
		Section 4.1.4(3) power to consent to conduct being dealt with under a corresponding law
		Section 4.1.4 (5) power to consent may be given conditionally or unconditionally
		Part 4.2 – Making a Complaint
		Section 4.2.7 accept a complaint made out of time
		Section 4.2.8 notification of a complaint to a law practice or an Australian legal practitioner
		Section 4.2.9 requirement for further information from complainant
		Section 4.2.10 power to summarily dismiss a complaint
		Part 4.3, Division 2 – Dealing with Civil Complaints
		Section 4.3.3 lodgement of disputed costs
		Section 4.3.4 dealing with lodged costs
		Section 4.3.5 attempt to resolve civil dispute
		Section 4.3.5A(1) prepare, certify and distribute settlement agreement.
		Section 4.3.6 notice where civil dispute is not likely to be resolved, or is unsuitable for resolution
		Section 4.3.7 notice where dispute resolution fails
		Part 4.3, Division 3 – Mediation
		Section 4.3.9 appointment of mediator
		Section 4.3.13 power to dismiss complaint where complainant fails to attend mediation, and requirement to provide notice to complainant where law practice or Australian legal practitioner fails to attend mediation
		Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal
		Section 4.3.15 notice about unresolved disputes
		Part 4.4, Division 3 – Investigations
		Section 4.4.7 investigation of disciplinary complaint
		Section 4.4.8 investigation without complaint
		Section 4.4.9 referral of disciplinary complaint to prescribed investigatory body for investigation
		Section 4.4.10(3) powers following receipt of a report from a prescribed investigatory body
Section 4.4.11 power to require practitioner, law practice and others to provide information and documents		
Section 4.4.12 investigation to be conducted expeditiously		
Section 4.4.13 powers following investigation		
Section 4.4.14 notice of decision		



Date	Delegate	Functions
13 December 2011 (continued)	Director, Professional Standards (continued)	Part 4.4, Division 7 – Inter-jurisdictional provisions
		Section 4.4.33 request to another jurisdiction to investigate complaint or conduct
		Section 4.4.34 request from another jurisdiction to investigate complaint or conduct
		Section 4.4.36 co-operation with corresponding authorities
		Part 7.2 – General Provisions
		Section 7.2.14 disclosure of information by local regulatory authorities
		Schedule 2, Part 6 Disputes and Discipline
		Clause 6.1 current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i>
		Clauses 6.2 current complaints to be dealt with in accordance with the <i>Legal Practice Act 1996</i>
		Clause 6.3 current investigations to be conducted in accordance with the <i>Legal Practice Act 1996</i>
30 April 2014	Manager Administrative Law and Consumer Matters	Legal Profession Act 2004
		Part 3.3 – Trust Money and Trust Accounts
		Section 3.3.44(2) comply with request from trust account inspector
		Part 4.2 – Making a Complaint
		Section 4.2.7(4) accept costs dispute out of time
		Section 4.2.8 notification of a complaint
		Section 4.2.9 requirement for further information from complainant
		Part 4.3 – Civil Complaints and Disputes
		Section 4.3.3(2) may waive requirement to lodge disputed costs
		Section 4.3.3(3) dismiss costs dispute where costs not lodged
		Section 4.3.5(1) attempt to resolve a civil dispute
		Section 4.3.5(3) may require legal practitioner or law practice to provide relevant documents
		Section 4.3.5A(1) prepare, certify and distribute settlement agreement
		Section 4.3.7 notice where dispute resolution fails
		Part 4.4 – Disciplinary Complaints and Discipline
		Section 4.4.7 investigation of disciplinary complaint
		Section 4.4.9(1) referral of disciplinary complaint to prescribed investigatory body for investigation
		Section 4.4.9(2) what the referral may include
		Section 4.4.9(3) extend date for report by PIB
		Section 4.4.9(4) the Commissioner may give directions or further directions
		Section 4.4.11 practitioner, law practice and others to provide information and documents
		Part 7.2 – General Provisions
		Section 7.2.14 disclosure of information by local regulatory authorities

Table 57: Internal Delegations made by the Commissioner, current as at 30 June 2015 (continued)

Date	Delegate	Functions
30 April 2014	Manager, Assessments and Resolutions	Legal Profession Act 2004
		Part 3.3- Trust Money and Trust Accounts
		Section 3.3.44(2) comply with request from trust account inspector
		Part 4.1 – Introduction and Application
		Section 4.1.4(3) power to consent to conduct being dealt with under a corresponding law
		Section 4.1.4 (5) power to consent may be given conditionally or unconditionally
		Part 4.2 – Making a Complaint
		Section 4.2.7 accept a complaint made out of time
		Section 4.2.8 notification of a complaint to a law practice or an Australian legal practitioner
		Section 4.2.9 requirement for further information from complainant
		Section 4.2.10 power to summarily dismiss a complaint
		Part 4.3, Division 2 – Dealing with Civil Complaints
		Section 4.3.3 lodgement of disputed costs
		Section 4.3.4 dealing with lodged costs
		Section 4.3.5 attempt to resolve civil dispute
		Section 4.3.5A(1) prepare, certify and distribute settlement agreement.
		Section 4.3.6 notice where civil dispute is not likely to be resolved, or is unsuitable for resolution
		Section 4.3.7 notice where dispute resolution fails
		Part 4.3, Division 3 – Mediation
		Section 4.3.9 appointment of mediator
		Section 4.3.13 power to dismiss complaint where complainant fails to attend mediation, and requirement to provide notice to complainant where law practice or Australian legal practitioner fails to attend mediation
		Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal
		Section 4.3.15 notice about unresolved disputes
		Part 4.4, Division 3 – Investigations
		Section 4.4.7 investigation of disciplinary complaint
		Section 4.4.8 investigation without complaint
		Section 4.4.9 referral of disciplinary complaint to prescribed investigatory body for investigation
		Section 4.4.10(3) powers following receipt of a report from a prescribed investigatory body
Section 4.4.11 power to require practitioner, law practice and others to provide information and documents		
Section 4.4.12 investigation to be conducted expeditiously		
Section 4.4.13(1) powers following investigation		
Section 4.4.13(3)(b) power to reprimand or caution practitioner		
Section 4.4.13(3)(c) power to take no further action		
Section 4.4.13(4) power to require compensation		
Section 4.4.13(5) obligation to take no further action		
Section 4.4.13(6) power to rely on recommendation in a report of a prescribed investigatory body		
Section 4.4.14 notice of decision		



Date	Delegate	Functions
30 April 2014 (continued)	Manager, Assessments and Resolutions (continued)	Part 4.4, Division 7 – Inter-jurisdictional provisions
		Section 4.4.33 request to another jurisdiction to investigate complaint or conduct
		Section 4.4.34 request from another jurisdiction to investigate complaint or conduct
		Section 4.4.36 co-operation with corresponding authorities
		Part 7.2 – General Provisions
		Section 7.2.14 disclosure of information by local regulatory authorities
		Schedule 2, Part 6 Disputes and Discipline
		Clause 6.1 current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i>
		Clauses 6.2 current complaints to be dealt with in accordance with the <i>Legal Practice Act 1996</i>
		Clause 6.3 current investigations to be conducted in accordance with the <i>Legal Practice Act 1996</i>
30 April 2014	Manager, Regulatory Intervention	Legal Profession Act 2004
		Part 3.3- Trust Money and Trust Accounts
		Section 3.3.44(2) comply with request from trust account inspector
		Part 4.1 – Introduction and Application
		Section 4.1.4(3) power to consent to conduct being dealt with under a corresponding law
		Section 4.1.4 (5) power to consent may be given conditionally or unconditionally
		Part 4.2 – Making a Complaint
		Section 4.2.7 accept a complaint made out of time
		Section 4.2.8 notification of a complaint to a law practice or an Australian legal practitioner
		Section 4.2.9 requirement for further information from complainant
		Section 4.2.10 power to summarily dismiss a complaint
		Part 4.3, Division 2 – Dealing with Civil Complaints
		Section 4.3.3 lodgement of disputed costs
		Section 4.3.4 dealing with lodged costs
		Section 4.3.5 attempt to resolve civil dispute
		Section 4.3.5A(1) prepare, certify and distribute settlement agreement.
		Section 4.3.6 notice where civil dispute is not likely to be resolved, or is unsuitable for resolution
		Section 4.3.7 notice where dispute resolution fails
		Part 4.3, Division 3 – Mediation
		Section 4.3.9 appointment of mediator
Section 4.3.13 power to dismiss complaint where complainant fails to attend mediation, and requirement to provide notice to complainant where law practice or Australian legal practitioner fails to attend mediation		
Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal		
Section 4.3.15 notice about unresolved disputes		

Table 57: Internal Delegations made by the Commissioner, current as at 30 June 2015 (continued)

Date	Delegate	Functions
30 April 2014 (continued)	Manager, Regulatory Intervention (continued)	<p>Part 4.4, Division 3 – Investigations</p> <p>Section 4.4.7 investigation of disciplinary complaint</p> <p>Section 4.4.8 investigation without complaint</p> <p>Section 4.4.9 referral of disciplinary complaint to prescribed investigatory body for investigation</p> <p>Section 4.4.10(3) powers following receipt of a report from a prescribed investigatory body</p> <p>Section 4.4.11 power to require practitioner, law practice and others to provide information and documents</p> <p>Section 4.4.12 investigation to be conducted expeditiously</p> <p>Section 4.4.13(1) powers following investigation</p> <p>Section 4.4.13(3)(b) power to reprimand or caution practitioner</p> <p>Section 4.4.13(3)(c) power to take no further action</p> <p>Section 4.4.13(4) power to require compensation</p> <p>Section 4.4.13(5) obligation to take no further action</p> <p>Section 4.4.13(6) power to rely on recommendation in a report of a prescribed investigatory body</p> <p>Section 4.4.14 notice of decision</p> <hr/> <p>Part 4.4, Division 7 – Inter-jurisdictional provisions</p> <p>Section 4.4.33 request to another jurisdiction to investigate complaint or conduct</p> <p>Section 4.4.34 request from another jurisdiction to investigate complaint or conduct</p> <p>Section 4.4.36 co-operation with corresponding authorities</p> <hr/> <p>Part 7.2 – General Provisions</p> <p>Section 7.2.14 disclosure of information by local regulatory authorities</p> <p>Schedule 2, Part 6 Disputes and Discipline</p> <p>Clause 6.1 current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i></p> <p>Clauses 6.2 current complaints to be dealt with in accordance with the <i>Legal Practice Act 1996</i></p> <p>Clause 6.3 current investigations to be conducted in accordance with the <i>Legal Practice Act 1996</i></p>
23 February 2011	Manager, Complaints and Investigations	<p>Legal Profession Act 2004</p> <p>Part 3.3- Trust Money and Trust Accounts</p> <p>Section 3.3.44(2) comply with request from trust account inspector</p> <hr/> <p>Part 4.1 – Introduction and Application</p> <p>Section 4.1.4(3) power to consent to conduct being dealt with under a corresponding law</p> <p>Section 4.1.4 (5) power to consent may be given conditionally or unconditionally</p> <hr/> <p>Part 4.2 – Making a Complaint</p> <p>Section 4.2.7 accept a complaint made out of time</p> <p>Section 4.2.8 notification of a complaint to a law practice or an Australian legal practitioner</p> <p>Section 4.2.9 requirement for further information from complainant</p> <p>Section 4.2.10 power to summarily dismiss a complaint</p>



Date	Delegate	Functions
23 February 2011 (continued)	Manager, Complaints and Investigations (continued)	Part 4.3, Division 2 – Dealing with Civil Complaints
		Section 4.3.3 lodgement of disputed costs
		Section 4.3.4 dealing with lodged costs
		Section 4.3.5 attempt to resolve civil dispute
		Section 4.3.5A(1) prepare, certify and distribute settlement agreement.
		Section 4.3.6 notice where civil dispute is not likely to be resolved, or is unsuitable for resolution
		Section 4.3.7 notice where dispute resolution fails
		Part 4.3, Division 3 – Mediation
		Section 4.3.9 appointment of mediator
		Section 4.3.13 power to dismiss complaint where complainant fails to attend mediation, and requirement to provide notice to complainant where law practice or Australian legal practitioner fails to attend mediation
		Part 4.3, Division 4 – Resolution of Civil Disputes by the Tribunal
		Section 4.3.15 notice about unresolved disputes
		Part 4.4, Division 3 – Investigations
		Section 4.4.7 investigation of disciplinary complaint
		Section 4.4.8 investigation without complaint
		Section 4.4.9 referral of disciplinary complaint to prescribed investigatory body for investigation
		Section 4.4.10(3) powers following receipt of a report from a prescribed investigatory body
		Section 4.4.11 power to require practitioner, law practice and others to provide information and documents
		Section 4.4.12 investigation to be conducted expeditiously
		Section 4.4.13(1) powers following investigation
		Section 4.4.13(3)(b) power to reprimand or caution practitioner
		Section 4.4.13(3)(c) power to take no further action
		Section 4.4.13(4) power to require compensation
		Section 4.4.13(5) obligation to take no further action
		Section 4.4.13(6) power to rely on recommendation in a report of a prescribed investigatory body
		Section 4.4.14 notice of decision
		Part 4.4, Division 7 – Inter-jurisdictional provisions
		Section 4.4.33 request to another jurisdiction to investigate complaint or conduct
		Section 4.4.34 request from another jurisdiction to investigate complaint or conduct
		Section 4.4.36 co-operation with corresponding authorities
		Part 7.2 – General Provisions
		Section 7.2.14 disclosure of information by local regulatory authorities
		Schedule 2, Part 6 Disputes and Discipline
Clause 6.1 current disputes to continue to be dealt with in accordance with the <i>Legal Practice Act 1996</i>		
Clauses 6.2 current complaints to be dealt with in accordance with the <i>Legal Practice Act 1996</i>		
Clause 6.3 current investigations to be conducted in accordance with the <i>Legal Practice Act 1996</i>		

Table 57: Internal Delegations made by the Commissioner, current as at 30 June 2015 (continued)

Date	Delegate	Functions
30 April 2014	Manager, Facilities and Administrative Services	Legal Profession Act 2004
		Part 3.3- Trust Money and Trust Accounts
		Section 3.3.44(2) comply with request from trust account inspector
		Part 7.2 - General Provisions
		Section 7.2.14 disclosure of information by local regulatory authorities
10 January 2012	Assistant Manager, Complaints and Investigations	Legal Profession Act 2004
		Part 3.3 - Trust Money and Trust Accounts
		Section 3.3.44(2) comply with request from trust account inspector
		Part 4.2 - Making a Complaint
		Section 4.2.7(4) accept costs dispute out of time
		Section 4.2.8 notification of a complaint
		Section 4.2.9 requirement for further information from complainant
		Part 4.3 - Civil Complaints and Disputes
		Section 4.3.3(2) may waive requirement to lodge disputed costs
		Section 4.3.3(3) dismiss costs dispute where costs not lodged
		Section 4.3.5(1) attempt to resolve a civil dispute
		Section 4.3.5(3) may require legal practitioner or law practice to provide relevant documents
		Section 4.3.5A(1) prepare, certify and distribute settlement agreement
		Section 4.3.7 notice where dispute resolution fails
		Part 4.4 - Disciplinary Complaints and Discipline
		Section 4.4.7 investigation of disciplinary complaint
		Section 4.4.9(1) referral of disciplinary complaint to prescribed investigatory body for investigation
Section 4.4.9(2) what the referral may include		
Section 4.4.9(3) extend date for report by PIB		
Section 4.4.9(4) the Commissioner may give directions or further directions		
Section 4.4.11 practitioner, law practice and others to provide information and documents		
Part 7.2 - General Provisions		
Section 7.2.14 disclosure of information by local regulatory authorities		



Date	Delegate	Functions
30 April 2014	Assistant Manager, Administrative Law and Consumer Matters	Legal Profession Act 2004
		Part 3.3 – Trust Money and Trust Accounts
		Section 3.3.44(2) comply with request from trust account inspector
		Part 4.2 – Making a Complaint
		Section 4.2.7(4) accept costs dispute out of time
		Section 4.2.8 notification of a complaint
		Section 4.2.9 requirement for further information from complainant
		Part 4.3 – Civil Complaints and Disputes
		Section 4.3.3(2) may waive requirement to lodge disputed costs
		Section 4.3.3(3) dismiss costs dispute where costs not lodged
		Section 4.3.5(1) attempt to resolve a civil dispute
		Section 4.3.5(3) may require legal practitioner or law practice to provide relevant documents
		Section 4.3.5A(1) prepare, certify and distribute settlement agreement
		Section 4.3.7 notice where dispute resolution fails
		Part 4.4 – Disciplinary Complaints and Discipline
Section 4.4.7 investigation of disciplinary complaint		
Section 4.4.9(1) referral of disciplinary complaint to prescribed investigatory body for investigation		
Section 4.4.9(2) what the referral may include		
Section 4.4.9(3) extend date for report by PIB		
Section 4.4.9(4) the Commissioner may give directions or further directions		
Section 4.4.11 practitioner, law practice and others to provide information and documents		
Part 7.2 – General Provisions		
Section 7.2.14 disclosure of information by local regulatory authorities		

Table 57: Internal Delegations made by the Commissioner, current as at 30 June 2015 (continued)

Date	Delegate	Functions
15 August 2014	Assistant Manager, Regulatory Intervention	Legal Profession Act 2004
		Part 3.3 – Trust Money and Trust Accounts
		Section 3.3.44(2) comply with request from trust account inspector
		Part 4.2 – Making a Complaint
		Section 4.2.7(4) accept costs dispute out of time
		Section 4.2.8 notification of a complaint
		Section 4.2.9 requirement for further information from complainant
		Part 4.3 – Civil Complaints and Disputes
		Section 4.3.3(2) may waive requirement to lodge disputed costs
		Section 4.3.3(3) dismiss costs dispute where costs not lodged
		Section 4.3.5(1) attempt to resolve a civil dispute
		Section 4.3.5(3) may require legal practitioner or law practice to provide relevant documents
Section 4.3.5A(1) prepare, certify and distribute settlement agreement		
Section 4.3.7 notice where dispute resolution fails		
Part 4.4 – Disciplinary Complaints and Discipline		
Section 4.4.7 investigation of disciplinary complaint		
Section 4.4.9(1) referral of disciplinary complaint to prescribed investigatory body for investigation		
Section 4.4.9(2) what the referral may include		
Section 4.4.9(3) extend date for report by PIB		
Section 4.4.9(4) the Commissioner may give directions or further directions		
Section 4.4.11 practitioner, law practice and others to provide information and documents		
Part 7.2 – General Provisions		
Section 7.2.14 disclosure of information by local regulatory authorities		
24 January 2012	Principal Policy Officer	Legal Profession Act 2004
		Part 7.2 – General Provisions
Section 7.2.14 disclosure of information by local regulatory authorities		
13 December 2011	Investigations Officer	Legal Profession Act 2004
		Part 4.3 – Civil Complaints and Disputes
		4.3.5(1) attempt to resolve civil dispute
Part 4.4 – Disciplinary Complaints and Discipline		
4.4.7 investigate disciplinary complaint		
13 December 2011	Assistant Investigations Officer	Legal Profession Act 2004
		Part 4.3 – Civil Complaints and Disputes
		4.3.5(1) attempt to resolve civil dispute
Part 4.4 – Disciplinary Complaints and Discipline		
4.4.7 investigate disciplinary complaint		



Date	Delegate	Functions
3 March 2010	Dispute Resolution Officer	Legal Profession Act 2004
		Part 4.3 – Civil Complaints and Disputes
		4.3.5(1) attempt to resolve civil dispute
13 December 2011	Assistant Dispute Resolution Officer	Legal Profession Act 2004
		Part 4.3 – Civil Complaints and Disputes
		4.3.5(1) attempt to resolve civil dispute
13 December 2011	Conciliator	Legal Profession Act 2004
		Part 4.3 – Civil Complaints and Disputes
		4.3.5(1) attempt to resolve civil dispute
13 December 2011	Conciliator	Legal Profession Act 2004
		Part 4.3 – Civil Complaints and Disputes
		4.3.5(1) attempt to resolve civil dispute
13 December 2011	Conciliator	Legal Profession Act 2004
		Part 4.4 – Disciplinary Complaints and Discipline
		4.4.7 investigate disciplinary complaint

Table 58: External Delegations made by the Commissioner current as at 30 June 2015

Date	Delegate	Functions
20 April 2010	LIV	Legal Profession Act 2004
		Part 4.3, Division 2 – Dealing with Civil Complaints
		Section 4.3.5(1) must attempt to resolve civil dispute
		Section 4.3.5(3) may require law practice or legal practitioner to provide relevant documents or information
20 April 2010	Victorian Bar	Legal Profession Act 2004
		Part 4.3, Division 2 – Dealing with Civil Complaints
		Section 4.3.5(1) must attempt to resolve civil dispute
		Section 4.3.5(3) may require law practice or legal practitioner to provide relevant documents or information
20 April 2010	Members of the Ethics Committee of the Victorian Bar	Legal Profession Act 2004
		Part 4.3, Division 2 – Dealing with Civil Complaints
		Section 4.3.5(1) must attempt to resolve civil dispute
		Section 4.3.5(3) may require law practice or legal practitioner to provide relevant documents or information
20 April 2010	Members of the Ethics Committee of the Victorian Bar	Section 4.3.5A(1)(a) prepare settlement agreement
		Section 4.3.5A(1)(a) prepare settlement agreement

REVOKED DELEGATIONS

The following table lists all of the delegations revoked by the Commissioner during 2014-15.

The reason delegations to the following internal positions were revoked was to accommodate a position title change of a staff member employed by the Legal Services Commissioner.

No external delegations made by the Commissioner were revoked during 2014-15.

Table 59: Internal Delegations revoked by the Legal Services Commissioner during 2014-15

Delegate	Function	
Assistant Manager, Investigations and Regulation	<i>Legal Profession Act 2004</i>	
	Part 3.3 – Trust Money and Trust Accounts	
	Section 3.3.44(2)	comply with request from trust account inspector
	Part 4.2 – Making a Complaint	
	Section 4.2.7(4)	accept costs dispute out of time
	Section 4.2.8	notification of a complaint
	Section 4.2.9	requirement for further information from complainant
	Part 4.3 – Civil Complaints and Disputes	
	Section 4.3.3(2)	may waive requirement to lodge disputed costs
	Section 4.3.3(3)	dismiss costs dispute where costs not lodged
	Section 4.3.5(1)	attempt to resolve a civil dispute
	Section 4.3.5(3)	may require legal practitioner or law practice to provide relevant documents
	Section 4.3.5A(1)	prepare, certify and distribute settlement agreement
	Section 4.3.7	notice where dispute resolution fails
	Part 4.4 – Disciplinary Complaints and Discipline	
	Section 4.4.7	investigation of disciplinary complaint
	Section 4.4.9(1)	referral of disciplinary complaint to prescribed investigatory body for investigation
	Section 4.4.9(2)	what the referral may include
	Section 4.4.9(3)	extend date for report by PIB
	Section 4.4.9(4)	the Commissioner may give directions or further directions
	Section 4.4.11	practitioner, law practice and others to provide information and documents
	Part 7.2 – General Provisions	
	Section 7.2.14	disclosure of information by local regulatory authorities



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

Legislation	Requirement	Page Reference
Ministerial Directions: Report of operations – FRD Guidance		
Charter and purpose		
FRD 22F	Manner of establishment and the relevant Ministers	02
FRD 22F	Purpose, functions, powers and duties	03
FRD 8C	Departmental objectives, indicators and outputs	N/A
FRD 22F	Initiatives and key achievements	04
FRD 22F	Nature and range of services provided	03
Management and structure		
FRD 22F	Organisational structure	27
Financial and other information		
FRD 8C, SD 4.2(k)	Performance against output performance measures	11-26
FRD 8C	Budget portfolio outcomes	N/A
FRD 10	Disclosure index	155
FRD 12A	Disclosure of major contracts	31
FRD 15B	Executive officer disclosures	29, 120
FRD 22F	Employment and conduct principles	29
FRD 22F	Occupational health and safety policy	29
FRD 22F	Summary of the financial results for the year	25
FRD 22F	Significant changes in financial position during the year	25
FRD 22F	Major changes or factors affecting performance	25
FRD 22F	Subsequent events	121
Ministerial Directions: Financial Report		
FRD 22F	Application and operation of <i>Freedom of Information Act 1982</i>	30
FRD 22F	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	30
FRD 22F	Statement on National Competition Policy	31
FRD 22F	Application and operation of the <i>Protected Disclosure Act 2012</i>	30
FRD 22F	Application and operation of the <i>Carers Recognition Act 2012</i>	N/A
FRD 22F	Details of consultancies over \$10,000	31

Legislation	Requirement	Page Reference
FRD 22F	Details of consultancies under \$10,000	31
FRD 22F	Statement of availability of other information	31
FRD 24C	Reporting of office based environmental impacts	32-34
FRD 25A	Victorian Industry Participation Policy disclosures	31
FRD 29	Workforce Data disclosures	28
SD 4.5.5	Risk management compliance attestation	35
SD 4.5.5.1	Ministerial Standing Direction 4.5.5.1 compliance attestation	31
SD 4.2(g)	Specific information requirements	11-35
SD 4.2(j)	Sign off requirements	inside front cover

Financial statements required under Part 7 of the FMA

SD4.2(a)	Statement of changes in equity	66
SD4.2(b)	Operating statement	64
SD4.2(b)	Balance sheet	65
SD4.2(b)	Cash flow statement	67

Other requirements under Standing Directions 4.2

SD4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements	68
SD4.2(c)	Compliance with Ministerial Directions	118
SD4.2(d)	Rounding of amounts	69
SD4.2(c)	Accountable officer's declaration	62
SD4.2(f)	Compliance with Model Financial Report	123

Other disclosures as required by FRDs in notes to the financial statements

FRD 9A	Departmental disclosure of administered assets and liabilities by activity	N/A
FRD 11A	Disclosure of <i>ex-gratia</i> expenses	118
FRD 13	Disclosure of Parliamentary appropriations	N/A
FRD 21B	Disclosures of Responsible Persons, Executive Officers and other personnel (contractors with significant management responsibilities) in the Financial Report	118
FRD 102	Inventories	N/A
FRD 103E	Non-financial physical assets	74
FRD 104	Foreign currency	112
FRD 106	Impairment of assets	73
FRD 107A	Investment properties	N/A
FRD 109	Intangible assets	97
FRD 110	Cash flow statements	67
FRD 112D	Defined benefit superannuation obligations	101
FRD 113	Investments in subsidiaries, jointly controlled entities and associates	N/A
FRD 114A	Financial Instruments – general government entities and public non-financial corporations	104
FRD 119A	Transfers through contributed capital	77

Legislation

<i>Building Act 1993</i>	30
<i>Carers Recognition Act 2012</i>	N/A
<i>Financial Management Act 1994</i>	68
<i>Freedom of Information Act 1982</i>	30
<i>Protected Disclosure Act 2012</i>	30
<i>Victorian Industry Participation Policy Act 2003</i>	31



ecoStar is an environmentally responsible paper made Carbon Neutral. The greenhouse gas emissions of the manufacturing process including transportation of the finished product to BJ Ball Papers Warehouses has been measured by the Edinburgh Centre for Carbon Neutral Company and the fibre source has been independently certified by the Forest Stewardship Council (FSC). ecoStar is manufactured from 100% Post Consumer Recycled paper in a Process Chlorine Free environment under the ISO 14001 environmental management system.



Victorian Legal Services
BOARD + COMMISSIONER

Level 5, 555 Bourke Street
Melbourne Victoria 3000

Telephone 03 9679 8001
Local call within Victoria 1300 796 344
Fax 03 9679 8101

Email admin@lsbc.vic.gov.au
Website www.lsbc.vic.gov.au

