



Victorian Legal Services  
BOARD + COMMISSIONER

# Growth through knowledge

Annual Report 2022



30 November 2022

Dear Attorney-General,

We are pleased to provide you with the 2021-22 Annual Report of the Victorian Legal Services Board and Commissioner.

This report provides an overview of the operations and financial status of the Board and Commissioner for the reporting year to 30 June 2022. It has been prepared in accordance with the requirements of the *Financial Management Act 1994* and the *Legal Profession Uniform Law Application Act 2014*.

Yours sincerely,



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**Fiona Bennett**  
Chairperson  
Victorian Legal Services Board



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**Fiona McLeay**  
CEO, Victorian Legal Services Board  
Victorian Legal Services Commissioner



Board ABN 82 518 945 610 Commissioner ABN 66 489 344 310

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Cover artwork: Ash Thomas (Yorta Yorta/Wiradjuri) *Knowledge from the Past*, 2021. Acrylic on canvas. 'This painting is about being taught from the Elders about hunting and tracking, and only taking what we need.' Used with permission. This artwork was created through The Torch, a not-for-profit organisation, that provides art, cultural and arts industry support to Indigenous offenders and ex-offenders in Victoria.

We acknowledge the Traditional Owners of the land on which our office sits, the Wurundjeri People, and pay our respects to their Elders, past, present and emerging.

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## Abbreviations and acronyms used in this report

### **Application Act**

*Legal Profession Uniform Law  
Application Act 2014 (Vic)*

### **Bar**

Victorian Bar Inc

### **Board**

Victorian Legal Services Board

### **Commissioner**

Victorian Legal Services  
Commissioner

### **CPD**

Continuing Professional  
Development

### **FTE**

Full-Time Equivalent

### **ILP**

Incorporated Legal Practice

### **Legal Profession Uniform Law**

Schedule 1 of the  
Application Act

### **LIV**

Law Institute of Victoria Inc

### **LPLC**

Legal Practitioners'  
Liability Committee

### **VLSB**

Victorian Legal Services Board

### **VLSC**

Victorian Legal Services  
Commissioner

### **VLSB+C**

Victorian Legal Services  
Board + Commissioner

### **PC**

Practising Certificate

### **PLT**

Practical Legal Training

### **PPF**

Public Purpose Fund

### **SDA**

Statutory Deposit Account

### **Uniform Law**

Legal Profession Uniform Law

### **VCAT**

Victorian Civil and  
Administrative Tribunal

# Chapter 1

## Introduction

This is the annual report of the Victorian Legal Services Board and Commissioner. In this report we provide a broad overview of our operations and achievements for the financial year ending 30 June 2022.



## Our strategic objectives

Our three-year Corporate Plan was launched in November 2021. It implements our corporate strategy, *A Clear Direction*, and sets out how we will work towards our goal of maintaining and enhancing public trust and confidence in the legal profession in Victoria.



**Protect**  
and empower consumers

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**Improve**  
legal practice and ethics

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**Improve**  
access to justice



## About us



### Who we are

We are the regulator of the Victorian legal profession. We license lawyers and oversee service standards and conduct. This includes handling complaints about lawyers, investigating poor conduct and overseeing management of trust accounts.

We are also the stewards of the public purpose and fidelity funds, and administer these to support legal regulation and access to justice in Victoria.



### Why we exist

To maintain and enhance public trust and confidence in the legal profession in Victoria.



### How we do our work

Our three strategic objectives have some overlap with each other, and each aspect of our work is connected and mutually reinforcing. Each is supported by a strong focus on our people, technology and governance.

## Our functions

### Board functions



**Register**  
lawyers



**Assist and intervene**  
in law firms  
experiencing issues



**Provide fraud  
compensation**  
via the Fidelity Fund



**Vary, suspend or cancel**  
practising certificates;  
apply for strike-off



**Oversee and audit**  
trust accounts



**Improve access**  
to justice via our Public  
Purpose Fund programs



**Oversee**  
professional indemnity  
insurance



**Prosecute**  
unqualified legal  
practice

### Commissioner functions



**Receive complaints**  
about lawyers  
and law practices



**Resolve disputes**  
between lawyers  
and clients



**Resolve**  
costs disputes



**Prosecute breaches**  
of the Act and Rules  
in VCAT

## Governance structure

We were established on 1 July 2015 under the *Legal Profession Uniform Law Application Act 2014* (Vic) (the Application Act).

Although the Application Act established us as two independent statutory authorities (the Victorian Legal Services Board and the Victorian Legal Services Commissioner), we operate as one body under a unified name: the **Victorian Legal Services Board and Commissioner**. We present our annual report of operations and financial statements in a combined annual report.

Our Board is a body corporate with perpetual succession. It is a public entity, but it does not represent the Crown. Our Commissioner, Fiona McLeay, is also the CEO of our Board.

As statutory authorities, we are accountable to the Victorian Parliament. Our responsible minister is the Attorney-General, The Hon. Jaclyn Symes.

As the regulator of the legal profession in Victoria, we are responsible for implementing the Legal Profession Uniform Law (the Uniform Law). This forms Schedule 1 to the Application Act. A series of Rules and Regulations underneath the Uniform Law further support the regulatory regime. These serve to protect consumers of legal services and enhance the integrity of the legal profession.

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## Our regulatory approach

The legal profession and the broader Victorian community expect that we will be an efficient and effective regulator of the legal profession. As such, we target our regulatory resources towards activities that address the areas of greatest potential harm to consumers of legal services. In doing so, we aim to strike a balance between responding to immediate issues and identifying emerging areas of concern.

### Immediate issues

One of our core activities is responding to information we receive through complaints about lawyers, or from lawyers directly. In resourcing these immediate issues, we prioritise issues of high risk while looking for ways to streamline our response to lower risks of harm.

### Emerging issues

We use data to identify future trends and design programs of regulatory work that proactively address emerging risks. Such programs may also include strategic education to the profession.

### A collaborative approach

We work collaboratively with our Uniform Law partners for the benefit of the legal profession and broader community. We look for opportunities to partner with the Legal Services Council, the Commissioner for Uniform Legal Services Regulation and our fellow Uniform Law regulators in other jurisdictions in setting our priorities. This includes striking the balance between immediate and emerging priorities to maximise consistency. We place a high value on the expertise provided by the Law Institute of Victoria and the Victorian Bar, who we work collaboratively with on activities that benefit the legal profession.

This report provides an overview of how we implement these approaches, and what we have done to meet our statutory responsibilities and corporate objectives during the 2021-22 reporting year.

### Our values and commitments

The way we work is guided by the Victorian Public Sector values, and our own commitments and behaviours:

 We collaborate

 We adapt

 We are professional

 We value relationships

 We are courageous and authentic

# Principles that guide our approach to regulation

The following principles guide how we respond to immediate and emerging issues. These principles reflect the way we currently approach our work, as well as our aspirations for continuous improvement. They signal to our partners in regulation, the legal profession and the Victorian community, what they should expect from us as a modern and future-focused regulator.



## Risk-based

We target our resources to the areas of greatest potential harm

- + We proactively identify areas of greatest risk to consumers of legal services or to the reputation of the profession and prioritise our resources accordingly.



## Evidence-based

We make decisions based on the best available data and intelligence

- + Our decisions are supported by evidence gained from a variety of sources, including data provided by lawyers, complaints, external examiners' reports, investigations, audits and stakeholder feedback.
- + We undertake monitoring to ensure our programs are effective.
- + We build the outcomes of evaluation into regulatory design.



## Outcome focused

We aim to achieve practical outcomes when we take regulatory action

- + Although process guides our decisions, our focus is on delivering tangible improvements for consumers and the profession.
- + We will adapt our processes if necessary to deliver better outcomes.
- + We independently exercise our discretion and make objective decisions.



## Collaborative

We collaborate with our Uniform Law partners and Victorian stakeholders to achieve positive outcomes

- + We seek to foster good relationships with our Uniform Law partners to achieve the best outcomes for the legal profession and consumers of legal services.
- + We engage with our Victorian stakeholders as we respect their expertise and value their opinion.



## Consistent

We provide the same quality and accuracy of advice and service

- + Our business areas are connected and communicate effectively to ensure consumers and the profession receive consistent messages from us.
- + We rely on our policies, procedures and standards to ensure we act in the same way over time, so our advice and decisions are fair and accurate.
- + We work closely with the professional associations that exercise delegated regulatory functions for us, to ensure our approaches and advice are consistent.



## Transparent

We publish information on our activities and are clear about the reasons for our decisions

- + We present information in a way that is easily understood and clearly explains our reasoning.
- + We report on our activities to demonstrate our performance and make sure we can be held to account.



## Consumer focused

We seek to understand consumers and help them make informed choices about legal services

- + We seek a deeper understanding of consumer interests and needs through our work with our Consumer Panel and in undertaking consumer research.
- + We seek to develop systemic responses to systemic harms. We work towards more accessible and streamlined assistance to consumers.
- + We provide guidance and targeted responses to lawyers to improve consumer service.

## Snapshot of the year



### Launched

our three-year Corporate Plan



Developed a new **digital transformation** strategy



Developed **new accessible resources** for consumers



### Trained

our staff in mediation techniques



### Resolved 27

compensation claims

Appointed a Manager to

# 10

law practices

Undertook  
**355**

investigations into trust accounts



Investigated **37 cases** of possible unqualified legal practice



Made **27** **disciplinary determinations** against lawyers

# 18

matters identified to bring **charges before VCAT**



Processed over

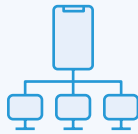
**26,600**

practising certificate renewals  
and applications

Processed

**over 1,700**

supervised legal practice  
condition removal applications



**Introduced new call centre  
technology** to help direct  
consumer and lawyer enquiries



Responded to over  
**4,200 phone calls** from lawyers  
about registration



**Launched**

our sexual harassment  
reporting tool



Provided **3 new innovation  
resources** for lawyers



Developed  
**6 new wellbeing resources**  
for lawyers



Developed an  
**information pack**  
for new lawyers

Provided funding to

**9**

law and justice organisations

Provided

**\$1.4M**

in grants to **13 organisations**

# Chairperson and CEO/Commissioner's report

## 25 years of legal regulation in Victoria

This year was the 25th anniversary of the commencement of the *Legal Practice Act*, which established the Legal Practice Board and the Legal Ombudsman Victoria. These entities were the precursor to the VLSB+C and established a co-regulation model with the professional associations: the Law Institute of Victoria (LIV) and the Victorian Bar. At that time, the responsibility for handling complaints and lawyer registrations was divided between the LIV, the Bar and the new independent statutory bodies.

Fast forward to 2022, and the legal regulation landscape has changed significantly. Victorian lawyers now work under the same regulatory standards as their counterparts in New South Wales and Western Australia: the Legal Profession Uniform Law.

Like the regulatory regime, the diversity of the profession has evolved significantly in the past 25 years. These changes show the profession is becoming more representative of the diverse community it serves.

In 1997 there were just under 9,500 lawyers practising in Victoria and only 27% of them were women. In early 2018 the number of female lawyers overtook the number of male lawyers for the first time. By 30 June 2022, there were just over 26,500 licensed lawyers and 53% of them were women. We also know that around 23% of Victorian lawyers were born overseas, coming from 147 different countries, and that over 140 languages other than English are spoken within the profession.

## Long-term strategic planning

While it is interesting to look back and see the changes that have taken place over time, this year we made a considerable effort towards our future planning.

**In late November 2021 we launched our first multi-year Corporate Plan. The 2022–24 Corporate Plan enables us to take a longer-term strategic approach to delivering on our regulatory responsibilities, and supports our transformation into a best practice regulator.**



It focuses on three key themes that align with the work that we do:

- protect and empower consumers of legal services
- improve legal practice and ethics, and
- improve access to justice.

Underpinning these focus areas are a host of projects that we have commenced work on.

We have undertaken a great deal of work to **protect and empower** consumers in a range of different areas. Our Consumer Panel has been developing a framework for addressing the issues affecting vulnerable consumers using legal services, and we are training our staff in mediation and restorative practices to deliver better outcomes for both clients and lawyers through the complaints process. We have undertaken extensive work towards better understanding consumer information needs and continued to improve our online information to ensure we meet the needs of all visitors to our website. We also commenced work on an early intervention strategy to identify problems in lawyers' business practices and behaviour before those problems become more serious issues that can cause harm.

We also appreciated being able to work with the Victorian Ombudsman on a collaborative review of our complaint management practices. Working closely with the Ombudsman, and using national and international industry standards as benchmarks, we undertook a detailed self-assessment of our complaints management processes. The Ombudsman offered feedback throughout the process, and its recommendations gave us valuable independent guidance on ways to improve our service standards. The review was timely, as it complemented our new strategic directions under our Corporate Plan.

To further enhance **legal practice and ethics** within the profession, we continued to strengthen our response to sexual harassment by launching our confidential online reporting tool. We've since seen an increase in people reporting sexual harassment to us, and we have several investigations underway. Feedback from those who have used our online tool reveals it has made coming forward easier and created a safe place to tell their story. We worked to support early career lawyers with new information and guidance around supervised legal practice, and we continued to implement the recommendations of the Royal Commission into the Management of Police Informants to improve public trust and confidence in the profession.

Our ongoing funding of legal and justice organisations through the Public Purpose Fund is an important way we help improve consumers' **access to justice**. Our financial support of bodies like Victoria Legal Aid, the Victoria Law Foundation and the Victorian Law Reform Commission provides tangible benefits for the public generally, and for users of legal services specifically.

In addition, our Grants Program continues to provide vital funding to organisations that support the legal needs of the Victorian community. The Grants Program is now in its 14th year and has contributed over \$46 million in funding to projects across the state that deliver improved justice outcomes for consumers. Our responsible management of the Public Purpose Fund has made this possible, especially during the difficult economic circumstances that have been experienced over the past few years.

This year we set in motion a specific program of work for First Nations peoples. Our initial steps involved listening to the stories of First Nations peoples and their experiences

with the legal system, participating in cultural events and formalising our Acknowledgement of Country protocols. We also prioritised First Nations projects through our 2022 Grants round. To show respect and be more inclusive, we now publish an Acknowledgement of Country on all practising certificates issued to lawyers in Victoria. We are very proud to have taken this important and symbolic step. We recognise there are other opportunities to make our services more inclusive of First Nations peoples, and ensure our services are culturally safe and appropriate. We look forward to building on our program of work in the coming year. This includes making cultural awareness training available for all staff and engaging a First Nations advisor to guide us as we develop our first Reconciliation Action Plan.

**Another of the significant Corporate Plan initiatives has been to embark on a digital transformation journey. We have developed an IT and Digital Transformation Strategy that identifies our short and long-term IT and digital needs across our organisation. It complements our new Data Strategy and includes a three-year roadmap that outlines the resources, software, services, capabilities and structure that we need going forward.**



This work will take place progressively over the next three years and will help us to not only deliver on our identified strategic priority areas, but improve our efficiency and the quality of service we provide both lawyers and consumers.

### **Realising the value of our data**

Gathering and using good information is critical to support our functions and enable us to be an effective regulator. Our new data strategy is designed to capitalise on the wealth of information we hold. This year we grew our technical expertise and developed a new set of interactive tools to help us analyse our data which is already helping guide our regulatory work. Knowing what is going on in real time allows us to make more informed and responsive decisions and to take proactive steps to protect both consumers and lawyers if we see something going awry.

Aside from collating complaints, practitioner and trust account data, we also ask lawyers about their experiences to enable us to better understand particular issues facing the profession. Last year during the practising certificate renewal process, we asked lawyers about how their workplace influenced their wellbeing. We published our findings in May this year, showing that while 76% said their workplace culture had a more positive than negative impact on their wellbeing overall, there was a noticeable difference in results when we considered the findings based on lawyers' age and gender. The data told us that almost one in three (29%) women reported that their workplace had a more negative impact on their wellbeing,

compared to 17% of men. Younger lawyers were also much more likely to report they encountered a negative workplace culture than older lawyers. These findings led us to produce several new resources for lawyers and law practices, such as what leaders can do to create a wellbeing culture, and ways individual lawyers can look after their own wellbeing.

This year we asked about their relationships with their clients. We asked for their observations about client stress levels, communication challenges, the client's understanding about legal costs, and other factors affecting their working relationship. This information complements the data we get from our complaints processes, so that we are seeing both sides of the relationship story. Our analysis of this data will be released in late 2022.

### **Growth and change**

The theme we chose for this year's report – 'Growth through knowledge' – reflects our long-term strategic approach and our recognition of how we have evolved as a regulator over the past 25 years. The cover art we have used also beautifully illustrates this theme, and was painted by an artist who participated in a program run by one of our past Grants recipients, The Torch. Titled *Knowledge from the Past*, this piece by Yorta Yorta/Wiradjuri artist, Ash Thomas, talks about being taught by his Elders; learning from those that have come before for a better future.

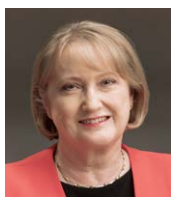
The experiences and lessons we have gained from our own predecessors – organisations and people who have contributed to the history of legal regulation in Victoria – have enabled us to achieve what we have this year. From our humble beginnings of less than 20 staff spread across two organisations and sharing regulatory responsibility with the professional associations, we have evolved to become a robust independent regulator with a unified regulatory approach and a progressive and positive view towards the future.

Our collaborations with the LIV, the Bar, our Uniform Law partners, and other stakeholders have continued to develop into strong, productive relationships that help deliver a fair and vigorous legal profession that benefits both consumers and lawyers. Our Board has been a vital part of enabling our continued evolution, providing important insights into the needs of the profession and consumers, stewardship of the Public Purpose Fund and valued guidance on our strategic direction. And our tireless and dedicated staff have also worked to develop and deliver on our strategic priorities, all while navigating our new hybrid working arrangements. To our colleagues in regulation, Board and staff, we offer our sincere gratitude for your continued support this year, and into the next as we continue our journey of growth through knowledge.

**Fiona Bennett**  
Chairperson

**Fiona McLeay**  
Chief Executive Officer and Commissioner

## Board members



### Fiona Bennett

Chairperson, non-lawyer member (first appointed 22.01.2008, appointed Chairperson 29.01.2013)

Fiona has significant experience as a non-executive director of ASX-Listed companies and other entities. She has previously held senior executive positions at BHP Limited and Coles Group Limited and has extensive experience in commercial and financial management, governance, risk management and audit. Fiona is a Fellow of the Institute of Chartered Accountants and the Australian Institute of Company Directors.



### Jennifer Batrouney AM KC

Lawyer (advocate) member (elected 01.07.2018)

Jennifer is a barrister with 30 years' experience, mainly in equity, commercial, superannuation and revenue matters, and has a substantial practice in the not-for-profit sector. Appointed a KC in 2000, Jennifer is a past President of the Australian Bar Association. She is a member of the Melbourne Law School Advisory Council and the Melbourne Law School Tax Group Advisory Board. Jennifer is also a Member of the Australian Institute of Company Directors.



### Geoff Bowyer

Lawyer (non-advocate) member (elected 01.07.2018)

Geoff is an accredited business law specialist and principal of a Central Victorian law practice that specialises in mediation and alternative dispute resolution techniques. Geoff is a past President of the LIV and a former executive director of the Law Council of Australia. He is currently Director and Chair of Kangaroo Flat Community Limited and a regular on ABC regional radio. Geoff has maintained strong links with suburban and regional Victorian lawyers. He has also mentored many young lawyers.



### Liz Harris

Lawyer (non-advocate) member (elected 1.07.2018)

Liz has specialised in consumer complaints relating to lawyers, acting for both lawyers and consumers. She is a recognised expert in costs law. Liz has run her own legal practice, been a sessional member of the VCAT Legal Practice list, a member of the Victorian Supreme Court Costs Committee, chair of the LIV Advisory Board on costs law specialisation, chair of LIV Cost Lawyers section and co-author of Quick on Costs. Liz is also currently a member of the Legal Services Council.



### Ian Silk

Non-lawyer member (appointed 15.09.2020)

Ian is the former Chief Executive of AustralianSuper – Australia's largest superannuation fund. He currently serves on a variety of advisory and Board roles. Ian holds a Bachelor of Economics, a Diploma of Financial Services and a Post-Graduate Diploma in Labour Relations Law.



### Dr Lynne Williams AM

Non-lawyer member (appointed 9.10.2013)

Lynne is an economist with over 30 years' experience in the public sector. She is the Acting Chair of the Essential Services Commission of South Australia, a Commissioner with the Commonwealth Grants Commission and Chair of the Victorian Judicial Entitlements Panel. Lynne is Principal Fellow and Board member at St Hilda's College, a Member of the Australian Institute of Company Directors and a Fellow of the Institute of Public Administration Australia.



### Catherine Wolthuizen

Non-lawyer member (appointed 12.12.2017)

Catherine is an expert in consumer-focussed regulation and dispute resolution. She is Customer Advocate for NAB, Board Member of the Telecommunications Industry Ombudsman, panel member for the Australian Financial Complaints Authority and Chair of the Consumer Policy Research Centre. Catherine was previously an Ombudsman and Head of Market Affairs at the UK's Financial Ombudsman Service, Member of the UK Legal Services Consumer Panel, CEO of international human rights NGO Fair Trials, and CEO of the Consumer Law Centre Victoria (later CALC).



### Fiona McLeay

Chief Executive Officer and Commissioner (commenced January 2018)

Fiona is the former CEO of Justice Connect, and has previously held the positions of General Counsel at World Vision Australia and Special Counsel at Clayton Utz. Fiona was appointed Director and Board Chair of Health Justice Australia in 2016 and is Deputy Chair of Equality Australia. She was the inaugural Deputy Chair of the Australian Non-for-Profit and Charities Commission Advisory Board for five years and was on the Board of the Human Rights Law Centre from 2010 to 2017. She has degrees from the Universities of Melbourne, New South Wales and New York and has attended both the Harvard and Stanford Business Schools.

## Chapter 2

### Protecting and empowering consumers

One of our three strategic objectives is to promote consumer protection by empowering clients to make informed choices about legal services and the costs involved. We are working to better understand consumers' experiences with the legal profession so we can guide them to make better decisions and support lawyers to provide the best possible service.

We have also focussed on addressing poor lawyer behaviour through the disciplinary process and proactively identifying risky conduct early so we can take timely action to prevent harm to clients.



#### Stages of a debt matter:

1. Take client instructions and provide advice.
2. Discuss case strategy and approach with Direct Line Manager.
3. Outline retainer / scope of assistance with client.
4. Make request of debt waiver/demand to OP.
5. If not satisfactory outcome → complain to IOR.  
If not satisfactory outcome at IOR → complain to AFCA.

## Year highlights



**1,449 enquiries**  
resolved by providing  
information



**New accessible information**  
produced for consumers



**13 investigations**  
into potential trust account  
or fraud issues



Developed a new early  
**intervention strategy**

## Understanding consumer needs

Our Consumer Panel has continued to provide valuable input and improve our understanding of consumers of legal services.

The Panel has focussed on advising on, and guiding, two projects resulting from our 2021 commissioned literature review on the consumer experience of legal services.

The first project involved developing a framework regulatory response to meet the needs of vulnerable consumers who use legal services, which we did with the help of an expert consultant. Consumers are generally disadvantaged when they use lawyers because of their lack of knowledge of, and experience with, the legal system. This can become more pronounced when people face additional factors that make them vulnerable to harm. This framework will help us to

improve our responses to vulnerable consumers who contact us, and to target areas of particular harm or risk within the legal services market.

The second project involved developing a more thorough understanding of concerns about lawyers' costs, which has informed how we are tackling the foundations of consumer dissatisfaction with lawyers. Using a deep dive analysis into a sample of costs complaints, we have looked at the relationship history between the lawyer and client. We have gained key insights from this analysis, including into the sheer complexity of legal services consumers purchase and how the information lawyers give their clients can often be inadequate in helping consumers fully understand what they are buying.

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## Improving information for consumers

This year we continued to revise and refine our website information, including our consumer enquiry form and new information about legal costs and billing.

### Review of our website content

We engaged a user-experience specialist to review the content and structure of the consumer section on our website. We tested key features of the website using a representative sample of consumers, including people of First Nations descent, people with culturally and linguistically diverse backgrounds, older people and people with a disability.

The review confirmed that our recent website enhancements have helped to support consumers' needs. It also identified areas for future improvement. We have commenced a program of work to address these issues, including improving the information people receive when they make an enquiry through our website form.

### Provide better information about legal costs and billing

We receive a high volume of complaints from consumers about their lawyers' bills. Many of these disputes could have been avoided if the client had received the information they needed to make an informed choice about hiring the lawyer and the costs involved upfront.

To address this common cause of dispute, we have added new information to our website about legal costs and billing. This includes new self-help tools for consumers and a checklist of 'Six questions to ask about legal costs'. The costs information is available in different formats, including video and Easy English. We encourage consumers to use the checklist at their first meeting with their lawyer.

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## Improving how we handle complaints

This year, we have focussed on improving the accessibility of our services and ensuring our processes are more transparent.

We are committed to effective and efficient resolution of consumer complaints. We experienced significant resourcing challenges in 2021, which resulted in delays in the time we took to handle complaints. Over the year, we worked to clear those backlogs by adding more staff and refining our processes.

In March 2022, we introduced new call centre technology and centralised the intake of all consumer enquiries made by phone. This resulted in a 35% increase in consumer enquiries by phone. Phone calls are now the preferred mode of contact with our office. We also updated our website content to include more information about our complaint-handling processes and clearer information about issues we can and can't provide help for. This has provided greater transparency for consumers on the stages of complaints management and the different ways their complaints can be resolved.

# Receiving disputes and complaints

## Enquiries received

We received 4,114 enquiries about potential complaints involving a lawyer. One third of these enquiries included a dispute over legal costs. In most instances we provided information or strategies to help people resolve the problem with the lawyer by themselves. Where we were not the most appropriate organisation to help resolve an issue, we often referred people to other organisations better placed to assist them.

**4,114**  
enquiries received



**1,071**  
complaints opened



We received 1,071 complaints this year, of which 60% involved consumer matters (usually disputes over costs or service quality issues) and 36% involved potential disciplinary matters (for example, where the lawyer's conduct may have breached the professional conduct rules). A further 2% involved both issues.

As in previous years, 95% of all complaints relate to solicitors and 5% relate to barristers. This reflects the higher number of solicitors registered in Victoria and their greater level of direct contact with clients.

Complaint numbers against lawyers are very low compared to the total number of registered lawyers. This year, only 4.2% of all solicitors and 2.5% of all barristers had a complaint made against them.

Family law, conveyancing, and wills and power of attorney matters attracted the most complaints this year. The most common issues raised in complaints were overcharging, negligence or poor case-handling, and professional conduct.

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# Resolving disputes and complaints

## Using mediation techniques

Mediation is an essential dispute resolution tool for addressing consumer complaints. This year we doubled the number of mediations that we conducted. Most of these disputes were resolved successfully without the need for further intervention.

There are clear benefits for both the lawyer and the client in using mediation, including reducing stress for all parties and encouraging faster resolution times. That is why we are training many of our staff to become accredited mediators through the National Mediator Accreditation System. This will allow us to conduct more mediations and support reconciliation, trust building, empowerment and ownership between clients and their lawyers. Developing a team of mediators will bring us into line with industry standards and best practice, and support our broader goal to develop, implement, evaluate and improve best practice policies and procedures for complaint-handling.

## Employing restorative practices

To further enhance our mediation practices, we are also training our staff in the principles of restorative practice. While mediation is used to resolve a dispute, restorative practices are used to repair the relationship between the lawyer and their client.

Restorative practice, including restorative justice, is a burgeoning area in the Australian legal sector. By encouraging accountability, it can repair harm and re-build trust by demonstrating respect for the client.

Incorporating these principles into our mediations supports our strategic approach to demonstrate leadership in legal practice and consumer protection, and to be responsive and innovative in the face of change. This approach also supports our work to empower consumers as it encourages relationship building, understanding the hurt and harms that have occurred, and identifying what is needed to address the issues to avoid them reoccurring. This will help us further build and maintain public trust and confidence in the legal profession.

## Resolving consumer matters

We closed 458 consumer matter complaints in 2021-22. Of these, 338 involved disputes about legal costs.

Around 35% (159) of all consumer matter complaints (including those in mixed complaints) were successfully resolved through mediation and informal resolution processes. A further 12% were outside our scope or were more appropriately handled by another government body. We referred 11% to the Victorian Civil and Administrative Tribunal (VCAT) or to the Supreme Court of Victoria Costs Courts. The complainants withdrew a further 9%. In 15% of matters, the complaint lacked substance and we were not able to assist the consumer further. We made three binding costs determinations and one compensation order against lawyers during the year.

# 458

consumer matters closed



# 27

disciplinary determinations made



# 35%

 complaints resolved using mediation and other techniques

# 18

matters identified to bring charges before VCAT



### Case study: Costs determination

In 2021 we made a costs determination against a lawyer for a deceased estate who had overcharged the estate in professional legal fees. The lawyer had not provided the required proper costs disclosure, including a total single figure estimate inclusive of GST and disbursements. The legal fees charged also exceeded the latest costs estimate provided to the executors. After assessing what was fair and reasonable in legal costs for the work done, we ordered the lawyer to refund approximately \$7,000 to the estate. We also cautioned them about their failure to provide proper costs disclosure.

### Investigating disciplinary complaints

This year 416 complaints involved disciplinary matters, including 24 from mixed complaints and 16 matters that we opened as Commissioner-initiated complaints. A Commissioner-initiated complaint can be opened when we have not received a complaint from the public, but have identified or received information about a lawyer's conduct that we believe requires further attention.

We do not need to investigate all disciplinary complaints we receive. Complainants withdraw some matters and we can resolve other lower-level conduct matters during our preliminary discussions with the lawyer and the client. We also close some disciplinary complaints once it becomes evident that the information provided does not justify or require an investigation. Our complaints-handling processes are described in detail on our website.

### Finalising disciplinary complaints

We closed 324 disciplinary matters this year. In 27 complaints, we used our powers to make a formal determination that the lawyer had failed to meet reasonable expectations of service quality and performance. In those matters, we made several orders where there were multiple offences. In total we made 14 orders reprimanding the lawyer and 11 cautions for unsatisfactory professional conduct. In 18 further matters we decided to prosecute the lawyer before VCAT although not all had been referred to VCAT by 30 June 2022.

We closed 29 Commissioner-initiated complaints, which included issuing four reprimands. In five of these matters we made a combination of findings and issued lawyers with cautions, fines, orders to undertake additional education or management system directions (regarding their business practices). In five of these matters we took action against the lawyers at VCAT.

### Time taken to close complaints

The time it takes to finalise a complaint varies depending on several factors, including the complexity of the issues involved, the lines of enquiry available and how cooperative the parties are with our processes.

We closed around 50% of consumer matter complaints within six months of receiving the complaint. The remainder took longer to conclude, as they involved more complex investigations. For disciplinary complaints, 94% took us longer than four months to finalise.

While complex disciplinary matters take time to investigate and finalise, we have prioritised investigations that are more than two years old. This year we finalised 157 older disciplinary investigations by engaging additional staff, creating workflows to prioritise these matters and allocating resources to investigations where the biggest harms were identified.

# 50%

consumer matters closed within 6 months



# One

lawyer struck off





## Outstanding complaints

There were 961 complaints that were still open on 30 June 2022. These were split between consumer matters (453), disciplinary matters (444) and mixed complaints (64). Although most of these were more than four months old, our increased staffing and focus on resolving older complaints has significantly accelerated our resolution times. This will become more evident in the next reporting year.

We also continued to invest in finding and implementing improvements and efficiencies in our processes.

### Prosecuting disciplinary breaches

VCAT heard and determined 13 disciplinary prosecutions this year. A further 20 matters were awaiting a hearing or final orders as of 30 June 2022. We also had one appeal awaiting determination in the Supreme Court and one matter on judicial review at the Supreme Court. See Appendix 1 for detailed information on these matters.

### Removal from the roll of legal practitioners

In the most serious of matters, a lawyer may not be a fit and proper person to continue to practise law. We can apply to the Supreme Court to have these lawyers removed from (struck off) the roll of legal practitioners maintained by the Court.

During the year we successfully applied to the Supreme Court to have Mr Nicholas Logan struck off. When in practice, Mr Logan was mainly involved in motor vehicle accident matters. He had taken legal action on behalf of people without their knowledge, consent or instructions. In response we took disciplinary action against him in VCAT. In 2018 VCAT recommended Mr Logan be removed from the roll. In March 2022, the Supreme Court agreed with VCAT and struck off Mr Logan.

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## Intervening in legal practices

Each year we intervene in the operation of legal practices to protect the interests of clients and the public. This reporting year we appointed managers to 10 law practices. We did not appoint any supervisors this year and we did not apply to the Supreme Court for any receiverships.

We appointed managers in:

- four cases where the principal solicitor had passed away
- two cases where a sole practitioner had become incapacitated due to ill health
- three cases where the principal was not dealing adequately with trust money or was not properly attending to the affairs of the law practice, and
- one case where a sole practitioner lost their practising certificate alongside other existing conduct issues.

During the same period, we ended two managements while another eight remained ongoing. Of the five managements carried over to this reporting year, one ended during the year and four remained ongoing as of 30 June 2022. There were 12 managements ongoing as of 30 June 2022.

### Case study: Management appointment ended early

In December 2021, we appointed a manager to a sole practitioner law practice after the principal lawyer became severely ill. Within a few months, the principal's health recovered and we ended the manager's appointment early.

At that point, the principal agreed to undertake a high-level compliance audit and implement some proper contingency planning in case he became unwell again. The principal also put in place an Enduring Power of Attorney. These actions gave us some assurance that the practice will be well managed if his health (and ability to practise) deteriorate again.

The principal successfully resumed practice, which was a great result for him and his clients.

## Unqualified legal practice

In 2021-22, we opened 37 new investigations into potential unqualified legal practice. Of those, 63% involved non-lawyers and the balance involved lawyers operating without a current practising certificate.

During the year, we concluded 38 unqualified practice investigations, some of which were carried over from the 2020-21 year. When deciding what action to take, we consider a range of issues including the risk to the public. We directed 14 people to stop what they were doing or make other changes to the information they published online. We also referred seven matters to another investigating authority. In 11 cases, we were unable to find sufficient evidence of unqualified practice to pursue charges or take other action.

**37**

new investigations undertaken



**38**

investigations finalised for the year



**2**

matters concluded in Court



**14**

directions issued to individuals



We concluded two Magistrates' Court prosecutions for unqualified practice during the year, both of which commenced before the start of this financial year. We obtained one injunction in the Supreme Court of Victoria against a lawyer who was practising without a current certificate. We subsequently commenced contempt proceedings in the Supreme Court for breaches of that injunction order. The contempt proceedings are yet to be determined. We also commenced contempt proceedings regarding an injunction that we obtained against a non-lawyer in the 2018-19 financial year, which are also yet to be finalised.

## Court prosecution

During the reporting period, we concluded one prosecution in the Magistrates' Court of a former law practice principal for seven counts of creating a deficiency in a trust account. This resulted in a Court-ordered diversion.

### Case study: Appeal against conviction and sentence – representing an entitlement

In November 2020, we secured a finding of guilt against a 61-year-old Coburg man for representing that he was entitled to engage in legal practice when he was not qualified to do so. In December 2020, the defendant appealed his conviction and sentence in the County Court.

The appeal took place over three days in late-2021 via an online hearing. At the conclusion of the appeal, the Court found the man guilty and the original penalty was reimposed with costs.

## Prosecutions for indictable offences

We undertake our own investigations of trust deficiency and indictable fraud offences within law practices that involve trust money handling by lawyers or law practice employees. We can either investigate matters ourselves or with Victoria Police.

In 2021-22, we had 13 ongoing investigations. Most of these involved alleged offences against multiple victims. Eight of these investigations involved lawyers.

During the reporting period, we substantially concluded one prosecution (the Court is due to hand down its sentence later in 2022). The remaining 12 investigations are ongoing.

### Case study: Theft from a law practice trust account

Between April 2013 and July 2017, a paralegal who worked at the Melbourne office of a mid-size national law practice used her position to misappropriate client trust money for her

own purposes. We learned of the offending through reports from the law practice and undertook an extensive forensic investigation over many months to uncover the full extent of the offending.

Our investigation revealed the paralegal had conducted more than 100 separate transactions to steal over \$1.56 million from her employer's trust account. In mid-2021, we brought charges against her. In April 2022, she pleaded guilty to 16 indictable charges. The Court has set a date for sentencing towards the end of 2022.

We also worked with the Office of Public Prosecutions to obtain a freezing order over the former paralegal's assets, with the aim of enabling the affected parties to claim compensation.

## Compensation

In 2021-22, we received 24 new claims for compensation against our Fidelity Fund totalling \$4,707,126. We carried over a further 38 claims from the previous reporting year.

Over the year, we resolved 27 claims (some of which were received in previous financial years) including:

- 14 claims that were wholly allowed, partly allowed or otherwise settled, with resulting approved claim payments (including interest) totalling \$593,890 (not all of which was paid by 30 June 2022), and
- 13 claims that were wholly disallowed, totalling \$5,565,340.43.

Two claims were withdrawn and 33 claims were unresolved as of 30 June 2022.

We allow claims where we find there has been a 'default' due to a failure to pay or deliver trust money that involves fraud or dishonesty and where the claimant has suffered a financial loss due to the default. We disallowed claims where we were not satisfied that such a default had occurred.

Some claims on the Fidelity Fund are not paid in full, even where we can establish the client has suffered a financial loss. Where the client is able to recoup some of their losses through another avenue (for example, where they have sued the lawyer to recover some of the lost money), we may reduce the claim payable by that amount. This prevents clients from making a net profit from their claim.

24

new claims received



\$593,890

in compensation payouts approved across 14 claims



33

claims under investigation



### Case study: Claim allowed

In the past financial year, the Fidelity Fund assisted numerous clients from non-English speaking backgrounds. In one claim, a client had retained the services of a law practice to act in the sale of his property. Settlement occurred in November 2019 and \$108,900 from the sale proceeds was placed in the law practice trust account.

Despite the client instructing the law practice to pay the sale proceeds in one lump-sum payment, he only received \$55,000 that was paid across multiple transactions during the following year. The client became increasingly anxious about not receiving the balance of his money, but the lawyer assured him this was normal practice.

Eventually the client made a complaint and a claim against the Fidelity Fund, and our investigation found that the lawyer had misappropriated the balance of the sale proceeds for personal use. We approved the client's claim for the outstanding balance and assisted Victoria Police in its criminal investigation, which resulted in charges being brought against the lawyer for this and other offences.

### Case study: Claim partly allowed

In one matter we finalised in 2021-22, the client had engaged a law practice to act in a family law matter. They paid \$8,600 into their lawyer's trust account in advance of legal costs, anticipating that the matter would appear before court. When the trust money went missing, our investigators found the lawyer had misappropriated the trust funds for personal purposes. The client lodged a claim for the full amount they paid into trust.

The lawyer had undertaken some legal work for the client to avoid the need to go to court. As the client benefited from that work and the lawyer had not billed them for it, we approved the claim but reduced the amount paid in line with the value of the lawyer's work (over \$400), eventually paying out over \$8,100. The client recouped the full value of the money paid into trust for legal services.

The lawyer no longer holds a current practising certificate and we are now looking into taking disciplinary action against her. Victoria Police has also charged her with criminal offences arising from her fraudulent conduct.

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## Early intervention strategy

This year we started developing an Early Intervention Strategy, which aims to identify risky lawyer behaviours and poor law practice management processes as early as possible. This will better enable us to take timely and decisive action to prevent or reduce harm and respond earlier to fix issues before they require more intrusive regulatory measures.

As part of this strategy, we analyse our data to identify specific and systemic areas of concern. Our initial focus has been on fraud detection, contingency planning, trust account record-keeping and the adequate supervision of junior lawyers and non-legal staff. We have developed specific plans to intervene early with information and guidance to avoid or reduce harm in these areas.

To identify concerning behaviour, we developed technology to increase our capacity to assess the intelligence we receive from multiple sources, including complaints about lawyers, our external examinations of law practice trust accounts, compliance audits and our Authorised Deposit Institutions. This technology enables us to comprehensively review the primary causes of Fidelity Fund claims, external interventions and serious prosecutions. We are also using this data to inform our annual risk outlook, which guides the focus of our regulatory attention.

We are also developing guidelines for the profession, undertaking targeted compliance audits, continuing professional development audits, and issuing and enforcing management system directions on law practices that are failing to comply with their professional obligations in these areas. This year, we also updated our trust account course guidelines and revised our communications with external examiners to further strengthen the oversight of law practice trust accounts.

We expect to see success in tangible examples of early intervention leading to the prevention or reduction of Fidelity Fund claims, external interventions and serious prosecutions that are caused by systemic practice management failures in these high-risk areas.

# Continuing professional development

When applying to renew their practising certificate, lawyers must declare if they have completed the required continuing professional development (CPD) points for the year. Lawyers who do not meet their requirements are directed to complete their CPD through a rectification plan. This year, the LIV created rectification plans for the 235 lawyers who had voluntarily declared that they had not complied with their requirements. Those who do not comply with the rectification plan will be referred to us to consider their conduct.

## CPD experience review

This financial year, we also worked to implement several recommendations from our 2020 *'Getting the Point: Review of Continuing Professional Development'* report.

In September 2021, we sought information from solicitors on the process of completing annual CPD requirements. We asked about their experiences, preferences and any barriers they encountered during this process. Gathering this baseline data on problem areas in CPD helps us to focus on further improvement projects. It also supports continuous improvement of auditing lawyers' compliance with CPD obligations (a function that we delegate to the LIV) by asking more nuanced questions about lawyers' CPD activities.

## CPD audits

This year the LIV conducted CPD audits of 445 lawyers with a principal practising certificate, with results showing a dip in the level of understanding of CPD regulations and obligations compared to previous years.

This was based on the high volume of enquiries put to the LIV by lawyers about their CPD obligations. We also noted that CPD records, and particularly supporting evidence, was substandard, or in many cases insufficient. In those cases, we required lawyers to resubmit their documentation.

To address these issues, the LIV will work with us to develop further guidance on CPD record-keeping for lawyers, including examples of what is acceptable and unacceptable supporting evidence. This document will be developed in time to support the next annual audit and future education on CPD compliance.

We also surveyed this same cohort of lawyers for their attitudes towards the different CPD streams, availability of activities, and the use of reflective practices in their CPD cycle. The results of this survey will further assist us in developing resources and policies for improving CPD for all lawyers.

## New CPD ethics resources

In May 2022, we commenced a second project responding to the *Getting the Point* report, by developing learning templates and guidance for delivering ethics CPD to lawyers. We engaged two academics to produce four new resources – one for CPD providers (and potential new CPD providers) and one each for early career, mid-career and senior lawyers.

The first resource for CPD providers explores the optimal approach for teaching ethics to lawyers, and ways to structure CPD ethics sessions to make them engaging and valuable to various cohorts. This is also aligned with an active and reflective approach to learning and teaching. The resource builds substantially on an initial guidance document published in May 2021 for CPD providers that covered how to integrate realistic and nuanced ethics issues with material in non-ethics CPD subject streams. It also includes suggestions for diversifying and strengthening ethics activities in the standalone ethics CPD subject stream.

The remaining three resources are being designed to assist lawyers in identifying ethics CPD programs that are most relevant to their experience level and learning needs. These lawyer guides are intended to be easy to read and allow for quick reference, support reflective self-assessments and provide practical next steps. All four resources will be published once finalised.

## Trust account investigations

We monitor law practices to ensure they maintain high standards of record keeping, and their trust monies are held safely and securely according to the law. Where necessary we conduct a detailed investigation. As of 30 June this year, there were 2,357 trust accounts held by law practices.

This year we commenced 355 trust investigations into 273 law practices. Some were the result of the annual external examination process that all trust accounts are subject to, while others arose from complaints, our routine monitoring or random trust account inspections.

We completed 224 investigations by 30 June 2022, with 69 finding very minor or no issues at all. We identified 127 trust accounts that required further education or remedial work and another 15 that needed minor follow-up action.

In seven law practices we found issues involving serious problems with the trust accounts, which may warrant potential disciplinary action at VCAT. In a further six law practices we found conduct that was significant enough to warrant disciplinary action, external intervention (by appointing a manager) or referral to Victoria Police for possible criminal investigation.

**2,357**

trust accounts operated  
in Victoria



**355**

investigations  
commenced



**7**

potential disciplinary  
actions



**6**

direct intervention  
or police referral



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## Preventing cybercrime

Cybercrime is an ever-present threat to every law practice. Evidence suggests that smaller firms and sole practitioners are more likely to be targeted and to fall victim, as they are less likely to have systems in place to block or detect hackers.

In 2021-22 we received six reports from lawyers advising they had suffered a cybercrime attack, mostly through compromised email scams. Of the nearly \$4.9 million stolen from those law practices, just under 6% of the lost funds could not be recovered through the banks. The lawyers who lost that money were then forced to make claims on their insurance with the Legal Practitioner's Liability Committee (LPLC).

We periodically remind lawyers about the need for cyber

safety through our social media channels and *Commissioner Update* newsletters. In addition, in November 2021 we participated in Scams Awareness Week run by the ACCC to raise awareness about cyber safety among lawyers and consumers of legal services. We worked with the LIV and the LPLC to share cyber safety messages between our social media channels, and to promote the cyber security resources made available by both the LPLC and the ACCC.

## Chapter 3

### Improving legal practice and ethics

An important part of our regulatory role is to assist Victorian lawyers achieve and maintain high ethical and professional standards in legal practice. This in turn helps to protect consumers by ensuring lawyers are competent and diligent in their work.

We engage with the profession, consumers of legal services, courts and other public and government organisations, and with our Uniform Law partners to identify the issues that affect lawyers in their work. We develop and provide clear information and guidance to the profession to help them understand and meet their obligations and the public's expectations.



## Year highlights



Launched a new online **sexual harassment reporting tool**

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**Streamlined our processes** to reduce delays issuing practising certificates

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**544 responses** to lawyer-client relationship survey

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Produced an **information pack for new lawyers**

## The story of the Victorian legal profession 2021-22



**26,651**  
lawyers practising  
in Victoria



**4.7%**  
growth in size  
of the profession



Nearly **75%**  
of all new lawyers were **women**

**53.3%**  
of all practising lawyers are  
**female**

**11,256**  
law practices  
are registered in Victoria



**88.5%**  
lawyers work in the  
**city or metro areas**



**51%**  
of law practices are **sole  
practitioners**

**7.4%**  
of lawyers

**volunteer**  
at community legal services



**26%**

of lawyers hold a  
**principal practising  
certificate**



**143**

**languages** other than English  
spoken by lawyers

**18.5%**

of lawyers have practised  
longer than

**25 years**



**23,291**

lawyers **renewed their PC**  
by 30 June 2022



**13,144**

**licensing enquiries**  
made to our office

**4,211**

**calls made**

to us during the PC renewal  
period (28 March to 30 June)



**4,835**

enquiries lodged using our  
**Lawyer Enquiry Form**



**1,780**

lawyers had their  
**SLP condition removed**

# Demographics of the legal profession

## Licensing

For the 2021-22 practising year, there were 26,651 lawyers with a practising certificate in Victoria. Solicitors made up 91.5% of the profession at 30 June 2022, while barristers made up the remaining 8.5%. Although the number of new lawyers entering the profession was approximately 8% lower than last year, the total number of solicitors employed in Victoria continued its growth trend in line with previous years, increasing by around 5.2% annually. The number of practising barristers, however, recorded a net decline of 1.4% (31 fewer barristers) compared with last year.

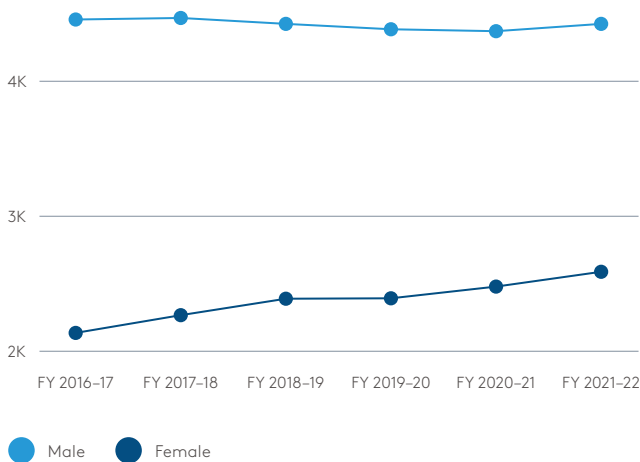
As part of our annual practising certificate renewal process, we collect a range of demographic information that provides us with valuable insights into the make-up of the profession.

Private practice remains the largest sector employing solicitors, while the numbers employed in other areas of the profession have remained consistent. Sole practitioner law practices continue to be the most common employer of Victorian lawyers, followed by incorporated legal practices (ILPs) and non-legal employers.

Just over half of all organisations that employ Victorian lawyers are located in Melbourne or the suburbs. Although most sole practices (86%) are found in the metropolitan area, many ILPs (36%) and non-legal employers (19%) are located in regional Victoria.

Figure 2 shows the distribution and concentration of lawyers across Victoria based on their address for service. Unsurprisingly, most lawyers are located in the CBD (54.9%) and Metropolitan Melbourne (32.8%), with the remaining spread throughout regional Victoria. There are also several locations across the state where there are no lawyers registered.

**Figure 1: Change in lawyers registered as law practice principals over time.**



## Cultural diversity

The profession is increasing in its cultural diversity, with about a quarter (23%) of lawyers reporting their country of birth as somewhere other than Australia. This is around 7% lower than for the general Australian population according to the 2021 census. After Australia, the most common birth countries for Victorian lawyers were the United Kingdom, Malaysia, New Zealand and China. Less than 1% of Victorian lawyers identify as Aboriginal or Torres Strait Islander. There are 143 languages other than English spoken across the profession, with the top three languages being Mandarin, Italian and Greek.

## Gender balance

For most of its history, the legal profession in Victoria has been dominated by male lawyers. That changed in 2018 when female lawyers overtook their male counterparts for the first time in terms of the numbers of lawyers holding a practising certificate.

There are now more than 14,000 female lawyers practising in Victoria representing 53% of the profession. They dominate the 20-50 year age brackets (Figure 3), however most lawyers aged 50+ were male. There is also a significantly lower number of females practising for more than 25 years (28% compared to 72% of males).

There were nine lawyers who identified as being non-binary or self-described. This is one higher than for the 2020-21 reporting year.

## Career progression

While anecdotal evidence suggests that female lawyers do not progress at the same speed as male lawyers, our data shows that is not always the case. For example, female lawyers are becoming principals at a much faster rate than males, however parity with male lawyers still appears to be some time off based on this trend (Figure 1).

Our data also shows that female lawyers are much more likely than their male counterparts to work as government lawyers, in-house counsel, or to work for a community legal centre.

The growth in female lawyers, and their representation across all aspects of the legal profession, is something we have a keen interest in and will continue to monitor and report on going forward.

Figure 2: Distribution and concentration of lawyers' registered address for service across Victoria.

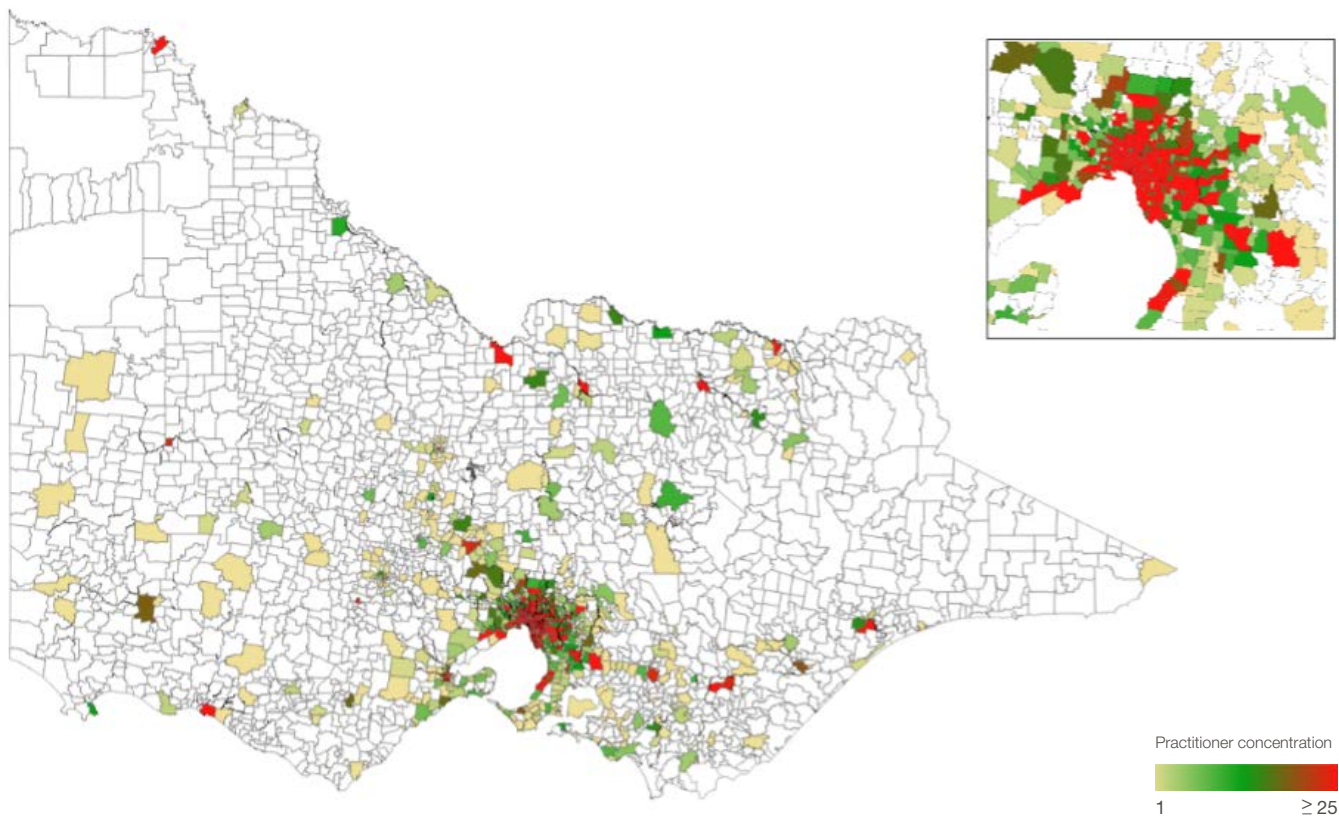
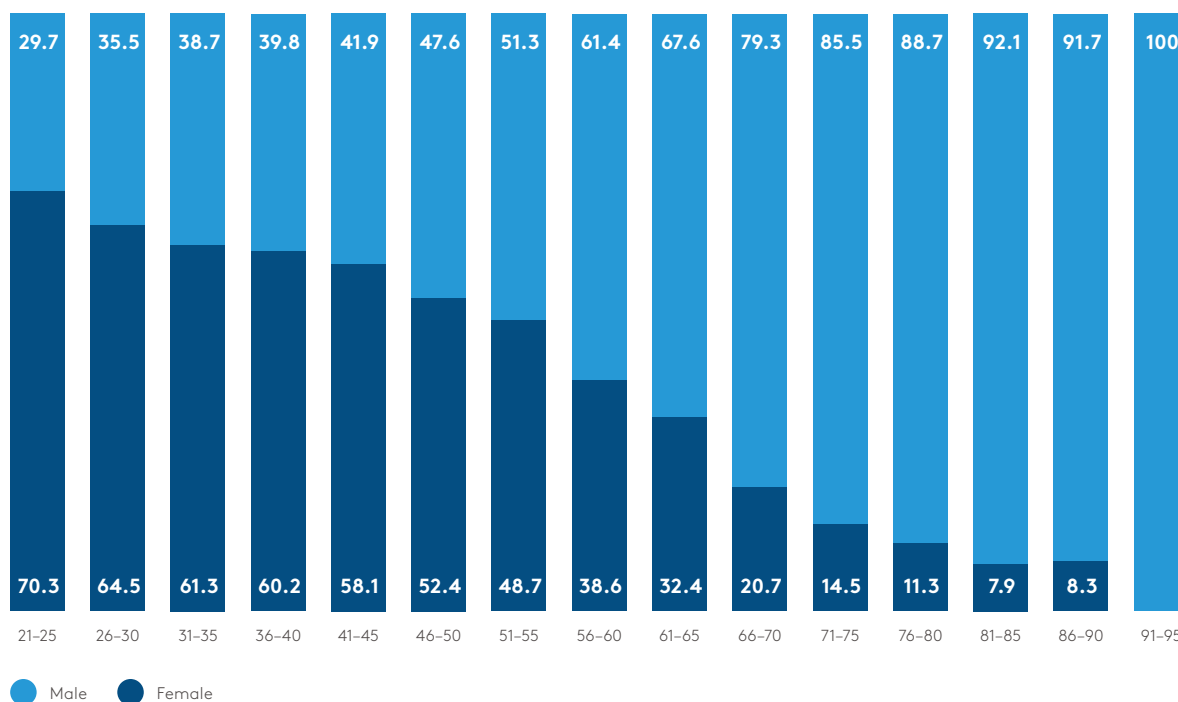


Figure 3: Lawyers by age and gender as at 30 June 2022 (percentage).



## Improved service to lawyers

One of our main functions is to assist lawyers and legal entities with registration and licensing related matters, such as practising certificate applications, renewals and variations. Each year, the practising certificate renewal period provides a valuable opportunity for us to improve our online renewal portal (LSB Online), and ensure lawyers are better able to access and update their information so they can easily renew their practising certificates. We have also focussed on improving our accessibility for lawyers. Earlier this year, we recommenced taking lawyer enquiries by phone, in addition to taking enquiries via our dedicated web form.

This year we continued working to simplify our processes for assessing the various types of licensing applications. We are applying our Regulatory Approach Statement principles to assess risks associated with licensing, and adapting our practices and IT systems when appropriate, to streamline our processes. We amended the application and assessment process for lawyers seeking to remove their supervised legal practice condition, which significantly reduced the time taken to assess and approve these applications. We also developed and implemented a new risk-based approach to assessing professional indemnity insurance, which streamlined our assessment process and reduced delays in issuing practising certificates.

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## Sexual harassment

Sexual harassment in the legal profession remains a key area of concern and one of our regulatory priorities. Our focus in the last 12 months has been on providing practical resources for lawyers who have experienced sexual harassment, or who are more likely to be targets. Our work this year included the launch of an online tool to enable anonymous reporting of sexual harassment by lawyers or others within legal workplaces. We also collaborated with key partners, such as law schools, to deliver resources to people starting on their legal careers.

### Launch of our Online Sexual Harassment Reporting Tool

In September 2021 we launched Australia's first online sexual harassment reporting tool for the legal profession, designed to reduce barriers to reporting. Our *2020 Sexual Harassment in the Victorian Legal Sector* report told us that significant barriers to reporting sexual harassment included victims thinking the complaint process will be embarrassing, difficult or complicated, and victims wanted to avoid confronting the harasser. The online reporting tool responds to these barriers, and others, by ensuring that:

- reporters can remain anonymous throughout the entire process, or identify themselves at any point
- reporters can access the tool via our website at any time of the day, and submit a report in a single session, or save their report and return to it later; and
- anyone, including legal support staff and clients, can use the tool to report harassment by a lawyer or another person within a legal workplace.

There has been good uptake of the online reporting tool and we have received positive feedback from users on their experiences using the tool to report sexual harassment to us. We have commenced investigations into several complaints received via the tool. Although complainants need to identify themselves for a formal investigation to commence, we can also act when information is provided anonymously, such as by undertaking targeted compliance audits of a law practice. For more information and to access the tool, visit our website.

### Educating future lawyers

We published resources on our website for practical legal training (PLT) and law students about how to respond if they experience or witness sexual harassment in the workplace, and distributed these resources to PLT providers and law schools. We also produced a video featuring Board CEO and Commissioner, Fiona McLeay, speaking on the importance of being an ethical lawyer, and explaining how we respond to sexual harassment complaints.

### Submission on proposed amendment to Barristers' Conduct Rules

In 2021 we made a submission to the Australian Bar Association's consultation in support of the proposed amendments to Rules 123 and 125 of the *Legal Profession Uniform Conduct (Barristers) Rules 2015*. Rule 123 prohibits discrimination, sexual harassment and bullying by barristers in various circumstances, while Rule 125 contains important definitions relevant to Rule 123. Amendments were made in February 2022 to expand the prohibition to cover conduct occurring in connection to a barrister's profession. The provision now includes examples of what this is intended to capture, including conduct at social functions connected with the Bar or the legal profession, and interactions with a person with whom the barrister has, or has had, a professional relationship.

### Review of the Law Council of Australia's National Model Framework Addressing Sexual Harassment for the Australian Legal Profession

In August 2021 we were invited to review, in confidence, the Law Council of Australia's (LCA) draft National Model Framework Addressing Sexual Harassment for the Australian Legal Profession. We commended the LCA on the development of the detailed resource and made recommendations for some changes to language and processes, which were adopted. The LCA published the National Model Framework on 22 December 2021.

### Case study: *Knight v Victorian Legal Services Board*

In November 2021 we refused to renew the practising certificate of a lawyer after receiving serious reports about him, including allegations of workplace bullying and sexual harassment.

Mr Nickita Knight was alleged to have created and posted an online classified advertisement for prostitution services using the personal phone number of a former female employee. The former employee had previously resigned from his firm and lodged a WorkCover claim for psychological injury due to bullying and sexual harassment she had allegedly endured during her employment. We also held serious concerns about Mr Knight's character stemming from his dishonesty when dealing with our office, his alleged illicit drug use, possible breaches of his trust account obligations and other existing but unresolved complaints that had been made against him.

In December 2021, Mr Knight appeared before VCAT to seek a review and a stay of our refusal of his practising certificate renewal application, and our decision to restrict him from reapplying for eight months. VCAT refused to grant Mr Knight a full stay of our decision, but with our consent granted him one month to make management arrangements for his law practice before our decision came into effect. The matter was due to return to VCAT later in 2022, but Mr Knight subsequently withdrew his review application.

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## Collaboration with the professional associations

We work closely with the LIV and the Bar to assist them in their work supporting solicitors and barristers in legal practice.

Our work with the LIV helped to ensure quality support and guidance is available to enable law practices to comply with their professional obligations. We promoted the LIV's Practice Management Consult Service and its Trust Consult Service, and referred lawyers to those services throughout the year. We also continue to support the proactive work the LIV has been undertaking to champion lawyer wellbeing and mental health initiatives.

Over the last 12 months, we have observed that referral to LIV services has enabled lawyers to seek and accept help with areas of their legal practise that have negatively impacted their ability to comply with their professional obligations. This has ranged from lawyers seeking assistance in winding up their legal practices to those with serious mental health concerns who require immediate support.

The lawyers we referred provided very positive feedback. They found the advice they received from the LIV was practical, applicable, and of real benefit to the day-to-day

challenges that practising lawyers face. We have also seen that lawyers who engage with the LIV have demonstrated improvement in how they meet their professional obligations, sometimes significantly. This avenue of support is vital to our ability to continue to act as an effective and modern regulator, and to implement our early intervention strategy.

Throughout the reporting year we worked with the Bar to assist in its support of barristers renewing their practising certificate. We spoke to the new Readers to explain the sorts of regulatory issues we see involving barristers and how to prevent those issues from arising. We assisted the Bar in performing its delegated functions of assessing fitness to practice and investigating suitability issues when they arise, and in its work to prevent sexual harassment within the profession.

## Surveying the profession

We collect information about lawyers' experiences working in the legal profession. This helps us identify and understand issues that can affect both lawyers and consumers of legal services. The data we receive informs how we develop guidance for the profession which is designed to help address those issues.

As part of the 2021 practising certificate renewal period, we invited lawyers to complete a brief optional survey on their workplace culture. The results of that survey were released earlier this year (see below).

During this year's renewal period, we ran another optional survey of lawyers, this time focussing on the lawyer-client relationship. The results of this year's survey will be released in the 2022-23 financial year.

### Workplace culture survey

Almost 900 lawyers completed our 2021 survey on workplace culture and wellbeing, answering questions about whether their workplaces overall had a more positive or a more negative impact on their wellbeing.

Encouragingly, as reported in our 2021 annual report, 76% of respondents said that their workplace culture had a more positive than negative overall impact. However, there was a noticeable difference in results based on lawyers' age and gender. Almost one in three (29%) women reported that their workplace had a more negative impact on their wellbeing, compared to 17% of men. Lawyers aged 21 to 30 years were also more likely than older lawyers to report that their workplace culture had a more negative than positive impact on their wellbeing.

Lawyers were also asked about factors in the workplace that have the most positive (and negative) effect on their wellbeing. Their feedback provided important insights for legal workplaces looking to improve workplace culture and staff wellbeing. More information about the key findings from this survey is available on our website.

### Lawyer-client relationship survey

We regularly hear from legal clients about their experiences with their lawyers, usually in the context of our complaints-handling function. However, it is important for us as a regulator to get a balanced and deeper perspective on what factors cause or contribute to complaints. We also seek to understand the factors that may influence the lawyer-client relationship beyond those raised through consumer complaints.

This year's practising certificate renewal period survey focussed on lawyers' experiences of providing legal services to their clients, including key issues and challenges in the relationship from their perspective. The survey asked lawyers to identify pressure points in the lawyer-client relationship, from the very first client meeting through to payment of costs.

The data we received from over 540 survey responses will inform our regulatory activities and help us produce communications and resources to support improved lawyer-client relationships. These will be released in the coming year.

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## Early career lawyers

As an innovative legal regulator, we aim to be in the best position to support newer members of our profession. We know lawyers in the early stages of their career experience challenges. While the law can be an exciting and rewarding profession, it can also be personally and professionally testing, particularly in the first few years. To assist lawyers as they embark on their careers, we have implemented measures to improve their experience of supervised legal practice (SLP) and enhance their awareness of lawyers' professional obligations and issues they may encounter in their workplace. We have also commenced research to ensure we have a fuller understanding of their experiences in the workplace, and the factors that shape and influence the ethical grounding of early career lawyers.

### Assisting lawyers undertaking SLP

Over the last 12 months, we have made significant steps to streamline our internal processes and enhance lawyers' experiences.

### Removal of COVID supervision plan

Before the pandemic, lawyers proposing to be remotely supervised needed to seek our pre-approval. As remote working swiftly became the norm due to COVID restrictions, we removed the need for pre-approval but requested that lawyers under SLP conditions and working remotely prepare a COVID supervision plan.

As remote work will be an enduring part of working life, in May 2022 we removed the blanket requirement for a COVID supervision plan. Remote supervision plans are now only required if lawyers under SLP conditions are employed in a different entity to their supervisors, and these plans must be submitted for our approval before supervision is commenced.

## Communications for early career lawyers

### New lawyer information pack

Since September 2021 we have sent email information packs to lawyers who were recently issued their first practising certificate. These packs include important information for new lawyers, including information about their professional duties, requirements and resources for CPD, and support resources in case they experience sexual harassment or bullying.

### Targeted communications for removal of SLP conditions

It is not uncommon for early career lawyers to overlook having their SLP conditions removed, even when they are eligible to do so. To ensure that lawyers apply to have their conditions removed when they can, we included specific information on how to do that when we sent out the 2022-23 practising certificate renewal reminders.

## Better understanding the experiences of early career lawyers

We know from our 2020 sexual harassment research report that early career lawyers are more likely to be sexually harassed than their more senior colleagues. We also know from our 2019 wellbeing study that bullying and being overworked were common early career experiences. Similarly, in our 2021 practising certificate renewal survey, we found that younger lawyers were more likely to report that their workplace culture had a negative impact on their wellbeing than the rest of the profession.

Given these findings, and to improve our understanding of the full range of early career lawyers' experiences (including regarding supervision), in December 2021 we commenced a multi-step research project. As part of this project, we undertook a literature review that will be used to inform a quantitative analysis of our complaints and regulatory data, and if necessary, help us to devise a survey to explore the experiences of early career lawyers in Victoria.

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## Implementing the Royal Commission recommendations

In November 2020 the Royal Commission into the Management of Police Informants (RCMPI) handed down its findings. Of the 111 recommendations made by the Hon. Justice Margaret McMurdo AC, we were given responsibility for implementing four relating to legal profession regulation. These covered the areas of:

- restoring and promoting public trust and confidence in the legal profession
- providing guidance on legal ethics education for lawyers
- providing guidance on mandatory reporting, and
- revoking a delegation to the Victorian Bar.

We have implemented the legal ethics guidance and delegation recommendations, and progressed the public trust and mandatory reporting recommendations.

### Public trust and confidence in the legal profession

Throughout the year we worked closely with the LIV, the Victorian Bar, Victoria Legal Aid and the Federation of Community Legal Centres to develop a public education campaign to restore and promote public trust and confidence in the legal profession. While the campaign has not been finalised, we have made significant progress in developing communications that will help the community to understand the often complex issues of confidentiality, conflict of interest and legal professional privilege. We expect the campaign to run in the 2022-23 financial year.

### Providing guidance on mandatory reporting

Over the past year we have worked closely with our professional association partners to establish a common framework for the mandatory reporting guidance recommended by the RCMPPI. This includes identifying how it would be best structured to assist the profession in meeting these new obligations once they are introduced. We have also provided extensive input to the Department of Justice and Community Safety on the development of the mandatory reporting model. Once the model's legislative scope is settled, we will then draft the guidance content to support the introduction of mandatory reporting.

## Chapter 4

### Improving access to justice

We play a vital role in funding organisations that improve and secure access to justice and support legal education and legal regulation for Victorians.

In addition to being a regulator, we are also a funding body in justice services. Through the Public Purpose Fund we provide essential funding to several legal and community services, including Victoria Legal Aid, the Victoria Law Foundation and Justice Connect. In addition, our own annual grants program supports both legal and non-legal community organisations to explore and address legal issues faced by Victorians.



## Year highlights



Grants funding to  
**13 programs**

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**\$1.4 million**  
in funding allocated

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**Funding**  
for 9 legal and justice  
organisations

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**3 new**  
innovation resources  
for lawyers





## Our funding impact

One of our functions is to maintain and administer the Public Purpose Fund (PPF). As the legal regulators, our Board and Commissioner operational costs are met by the PPF. We also make further annual allocations supporting a range of legal and justice organisations that benefit the public and consumers of legal services.

### Overview of the organisations we fund

#### Justice Connect

Justice Connect is an innovative community legal organisation working to increase access to legal support and progress social justice across Australia. It delivers services that assist both the public and not-for-profit organisations and leverage the *pro bono* capacity of lawyers in its work. Justice Connect offers specialised legal services and works with priority groups and projects to respond to matters in the public interest.

We allocate funding to support Justice Connect's administration of the Victorian Bar's Pro Bono Scheme and the LIV's Legal Assistance Scheme in collaboration with both professional associations. With this funding, Justice Connect delivers critical legal services to people experiencing disadvantage who cannot otherwise access help. Over the past few years, we have also provided grants for specific programs within Justice Connect.

#### Law Library of Victoria (LLV)

The LLV is an integral resource for the courts, the legal profession and the community. The LLV provides access to authoritative legal information for all Victorian lawyers and judicial officers to assist with the accurate, effective and fair administration of justice and the practice of law. Our funding supports the Library in continuing to provide lawyers with access to high-quality digital and hard-copy legal information.

#### Professional associations

##### Law Institute of Victoria (LIV)

The LIV is a not-for-profit professional association dedicated to its members, and the development and maintenance of the rule of law for the benefit of the Victorian community. The LIV represents more than 19,000 lawyers and legal professionals working in Victoria, interstate and overseas.

We provide PPF funding to the LIV to deliver education and engagement initiatives, including legal policy, practice support, wellbeing, referrals and ethics services that benefit the legal profession and community. The LIV also undertakes CPD auditing on our behalf under delegation.

##### Victorian Bar

The Bar is the professional association representing more than 2,200 barristers in Victoria. It provides resources and opportunities, such as professional development, best practice training, wellness programs, social justice initiatives and community engagement for its members.

The Bar performs several functions under delegation including issuing practising certificates to barristers and considering suitability matters concerning barristers. The PPF funds these delegated regulatory functions, as well as the Bar's other education efforts.

#### Victoria Law Foundation (VLF)

The VLF is a statutory authority and not-for-profit organisation that works to improve the public's understanding of the Victorian justice system, and support better justice outcomes through research, education and grants. The VLF's research seeks to uncover how people understand and navigate the law, assess services that support better justice, and identify community legal needs. It runs projects that benefit the legal profession and wider society, including Victorian Law Week, and a small grants program. We provide PPF funding to the VLF so it can develop and provide resources for community legal education and to conduct legal research.

#### Victorian Civil and Administrative Tribunal (VCAT)

VCAT provides fair, efficient and affordable justice for the Victorian community by making decisions about a wide range of cases, or by helping people to resolve disputes. As a tribunal, it is less formal than a court setting, and VCAT is the busiest tribunal in Australia across numerous different areas of law, or Lists. We fund the Legal Practice List at VCAT to hear and decide on cases about lawyers' conduct, and disputes between lawyers and clients about legal services and costs.

#### Victorian Law Reform Commission (VLRC)

The VLRC is the central agency for law reform in Victoria. It makes a significant contribution to developing a fair, just and inclusive legal system for all Victorians. Its major responsibility is to examine, report, and make recommendations on issues referred to it by the Attorney-General. It also has the power to recommend reforms of minor legal issues that are of concern to the general community. We provide funding towards VLRC's operational expenses, and have also provided grants and funding for other projects, programs and initiatives.

#### Victorian Legal Admissions Board (VLAB)

The VLAB is a statutory body that governs the admission of Australian lawyers to the Supreme Court of Victoria. It also provides administrative support for admitting lawyers into legal practice. We provide funding to VLAB to assist it in performing its functions.

#### Victoria Legal Aid (VLA)

VLA is an independent statutory authority that helps disadvantaged people with legal problems involving matters including family breakdown, child protection, family violence, criminal matters, guardianship and administration, fines and tenancy. Working predominately with socially and economically disadvantaged clients, VLA provides free legal information and education to Victorians seeking to resolve legal issues.

We provide funding to the VLA to help fund its operations. This funding is the largest single annual allocation made from the PPF.

## 2022 Grants program funding

Over the past 14 years we have distributed more than \$46 million to projects that aim to improve access to justice for Victorians. In the 2021-22 financial year we continued that commitment.

In response to the growing need for legal help during the COVID-19 pandemic, we provided a funding extension to 13 previously supported projects. These grantees shared in \$1.4 million of further funding to help them continue their existing projects and reduce barriers to justice at a time of challenging community need.

### Projects that received funding in this grant round:

#### **Unravelling the Complex Infringement System** **Peninsula Community Legal Centre Inc**

# \$133,000

Over one year

The project undertakes capacity building across the health and community services sector to improve knowledge on how to support clients with fine enforcements, garner sponsor involvement for the Work and Development Permit initiative, and enhance consumer access to their fines clinic.

#### **The Safe Landing Project** **Northern Community Legal Centre**

# \$120,000

Over one year

This project will take the successful service delivery model of migration and family violence related law that was piloted within the Indian Women's Family Violence project, and extend it to all women experiencing family violence on temporary visas in Melbourne's northwest.

#### **Practice to Policy: Elevating the Health-Justice Partnership Pipeline Project** **Health Justice Australia**

# \$50,000

Over one year

The Pipeline Project is about deepening and strengthening the process of partnering with Health-Justice Partnerships, and providing tools to achieve greater impact and enhancing evaluation.

#### **Invisible Hurdles** **Hume Riverina Community Legal Service**

# \$100,000

Over one year

The project aims to identify and overcome the hurdles that prevent young people and their families from accessing legal assistance, and supports legal and non-legal professionals at partner agencies to reach them.

#### **Sporting Change** **South-East Monash Legal Service**

# \$100,000

Over one year

A multidisciplinary program that incorporates community development and legal support by educating young people about the justice system through sport. The program is delivered at partner schools weekly, with the attendance of a school lawyer.

#### **First Step HOPE** **First Step Legal**

# \$33,000

Over one year

First Step HOPE will continue to build upon the positive preliminary outcomes of the pilot, refining processes and systems of best practice integrated care in support of the ongoing recovery and rehabilitation of residents.

**Community Legal Mental Health Partnerships**  
**Inner Melbourne Community Legal Centre**

**\$100,000**

Over one year

The project aims to explore the integration of legal help into acute mental health settings in partnership with Inner West Area Mental Health and lived experience experts.

**Maryborough Family Justice Project**  
**Loddon Campaspe Community Legal Centre**  
**(ARC Justice)**

**\$180,000**

Over one year

This project aims to address systemic barriers to justice and other factors contributing to intergenerational cycles of disadvantage experienced by families in the Central Goldfields Shire, and foster sustainable outcomes.

**Living Free**  
**Taskforce Community Agency**

**\$180,000**

Over one year

Living Free enhances opportunities for girls and women to address the multiple needs that have contributed to their contact with the justice system, and provides advocacy for them to improve their justice outcomes, while reducing the likelihood of further contact with the justice system.

**Women's Voices**  
**Women and Mentoring (WAM)**

**\$100,750**

Over one year

This is a continuation of WAM's mentoring program that supports vulnerable women in their early stages of contact with the justice system, by connecting them with services in their community to address their legal issues, assist them in overcoming barriers to community engagement, and reduce any custodial outcomes.

**Policing Family Violence: Changing the Story**  
**Flemington-Kensington Community**  
**Legal Centre**

**\$140,000**

Over one year

This legal advocacy project will advocate for systemic reforms to improve the effectiveness of the Family Violence Prevention Act in Victoria, while supporting family violence survivors.

**Pathways Out of the Justice System for**  
**Women in Regional Victoria**  
**Law and Advocacy Centre for Women**

**\$99,000**

Over one year

This project aims to improve access to holistic, legal and support services for women in regional Victoria, particularly in Mildura and Swan Hill, who are at risk of entrenchment in the criminal justice system.

**Youth Law – Breaking Cycles of Disadvantage**  
**for Young People**

**WEstJustice**

**\$100,000**

Over one year

Supporting the next stage of the WEstJustice reform agenda to have a larger impact across the State. This program will dedicate resources to a full-time senior level role, who will work across the sector and client groups to lead more impactful reform within the justice and youth services sector.

### Case study: Living free

Operating in the Frankston catchment, the Living Free project has provided advocacy and support for girls and young women in contact with the justice system at vulnerable times in their lives. It works to improve their justice outcomes, while simultaneously investing in them to help them avoid becoming further entrenched in the justice system. The program leverages partnerships with legal, health and community services to enhance opportunities for candidates to address the multiple issues that have contributed to their offending.

Our Grants Program has championed the Living Free program since 2017, providing it with five years of funding to the value of \$1.7 million. The results speak for themselves.

- Only 11% of women 18+ were known to re-offend whilst engaged with the project, which is one-quarter of the state recidivism rate of 44.2% within two years of release.
- Only two women returned to a short period of remand whilst engaged with Living Free (both of whom were then further supported out on bail).

With our support, the program has shown positive outcomes for girls and young women through engagement with specialist services, housing stability, re-engagement in work, positive Court outcomes, and supporting the completion of Corrections Orders. The Department of Justice and Community Safety has identified the program as an exemplar of their common client work and is progressing higher-level discussions to support a pilot program in Bayside Peninsula.

*I am writing to express my gratitude to you and your team for the amazing work you are doing for L\*. I have read and re-read your support letter and to see how this vulnerable young woman is developing despite the awful circumstances we are all living in, is really an inspiration for all in the CJS/Health system. This was a young woman who was potentially written off as a drug-addicted, mentally ill criminal, destined to repeated incarcerations in prison and psychiatric wards. Look at her after just 2 months. I know she will face ongoing challenges and we are the very early stages of her holistic care, but without the involvement of your program, I know where she would be.*

#### Private barrister

As a 21 year old with multiple offences before the Court, Paula\* was referred to the Living Free Project by Victoria Legal Aid. From the outset it was evident that Paula had acute mental health concerns, family violence and alcohol and drug concerns that were going unaddressed. Adding to her trauma, Paula had lost custody of a child and was seeking re-connection amidst complex court proceedings.

Living Free was able to leverage cross-sectoral referral pathways and co-ordinate a collaborative plan involving housing, clinical mental health, alcohol and drug counselling, legal and practical support. It kept Paula's voice at the centre of the plan with the initial goal of stability. Once stable housing was secured, Paula was able to embrace the co-ordinated support and address her multiple needs.

Paula remained engaged with the project for 16 months, with her outreach worker reducing contact to support engagement with specialist services gradually. On exiting the project, Paula had regained custody of her daughter, completed statutory requirements following her Court outcomes, continued to engage in therapy, and had been employed full time for over eight months. These days, as a working mother and an incredible artist, Paula spends her days advocating for justice reform. She uses her own journey and voice to show the importance of consumer led support that focuses on recovery, hoping that her experience is evidence of how funding directed towards keeping women out of the justice system can break cycles and re-write pathways for both women and their children.

\*Not her real name.

## Supporting innovation in legal practice

Through our innovation work we guide and assist lawyers to innovate in providing legal services. This lets the profession know how open we are to new ways of doing things that will enable the development of more accessible and affordable legal services for the average consumer.

This year we published new regulatory guidance on our website covering important topics that facilitate innovation. These include 'Innovation in Pricing' (noting that pricing by the hourly rate is a key inhibitor of innovation), 'Lawyers Providing Non-legal Services', and 'Going Digital' (a guide to digitising client records and trust accounting). These guides have been well received by the profession and have been accessed thousands of times.

We also provided extensive assistance and consultation to VLA in developing its Conflict of Interest and Information Barriers policy. This has been an important innovation for VLA that will enable it to provide short term legal assistance to more people in a more efficient and effective way. We worked with VLA to ensure that the policy reflected an appropriate balance of the risks involved, with a focus on ensuring that client information is carefully managed and safeguarded.

Finally, we continue to help educate the profession and contribute to thought leadership in our regulatory sphere. We devised and facilitated a two-part seminar at the Law Society of NSW's 'FLIP' conference on the topic of 'Emerging Legal Markets: Understanding and reaching the latent market for legal services'. We also participated in sessions at the 2021 International Conference of Legal Regulators and 2021 Conference of Legal Regulators (Australia & New Zealand).

We continue to receive positive feedback from innovators within the profession.

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*I'm really pleased that there is, in fact, a publicly-funded senior role in innovation and consumer engagement in our industry sector!*

**Victorian lawyer**

.....

## Chapter 5

### Enabling our work

Our people, technology and governance are fundamental to achieving our strategic objectives. We recognise the value our staff provide to our organisation and support them with learning and development opportunities, wellbeing support and by continuously improving our systems and processes to help them undertake their work.

We also have a strong focus on improving our technological capabilities across the organisation. This provides our staff with the best resources and real-time data needed to assist us to identify and respond to emerging issues within the legal profession. It also helps improve the experience that lawyers and the public have when they engage with us.



## Year highlights



Launched a three-year  
**Corporate Plan**

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Launched a three-year  
**IT and Digital  
Transformation Strategy**

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Launched a new  
**Data Strategy**

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Finalised our  
**Gender Equality  
Action Plan**



## Three-year Corporate Plan

In late 2021, we launched our first three-year Corporate Plan. It sets out an ambitious vision for transforming our organisation into a leading-edge regulator. The plan is the product of extensive internal and external consultation. It provides a direct connection between our *A Clear Direction* strategy and our divisional and team work plans.

Our Corporate Plan aligns our work across three key strategic objectives:

- to protect and empower consumers of legal services
- to improve legal practice and ethics, and
- to improve access to justice for Victorians.

Against each of the strategic objectives, we have identified the outcomes we aim to achieve within the next three years, set out a path that will enable us to achieve those goals, and set a series of measurements that will enable us to track and gauge our success.

A fourth area has a deliberately internal focus. This covers the work we need to undertake so that our people, technology and governance processes are appropriate to support us in delivering on our strategic objectives.

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## Supporting our staff

The health and wellbeing of our staff remained at the forefront of our minds in another year adversely affected by the global pandemic. We supported our staff during the ongoing challenges and disruption due to COVID, while also continuing to ensure we delivered our services and key priorities to the Victorian community.

To support staff wellbeing and connection across our organisation, we continued to roll out new health and wellbeing activities and focus on integrating newer staff who joined us during remote work. We also extended our Employee Assistance Program (EAP) to encourage staff to use the service in a more proactive way for a broader range of wellbeing issues.

### Hybrid working

After working from home for an extended period, our staff have successfully re-engaged with working in the office under our new hybrid work model. We developed our model drawing on the outcomes of our regular and extensive staff consultation. From this feedback, we sought to balance the needs and concerns of our staff with our organisational needs and the capacity of our technology and infrastructure to accommodate changes in working practices. Our model unlocks a greater flexibility than existed pre-pandemic, and our staff survey results show this has had a positive impact on wellbeing and engagement. We are continuing to work with our staff to further develop and refine effective hybrid working options for the future.

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## Learning and performance

To continue to drive a high performing and values-based learning culture, this year we upgraded our system for our Performance and Development Plans (PDP), extended our leadership program, providing coaching opportunities, implemented a staff Recognition Program and continued to roll out the Herrmann Brain Dominance Instrument (HBDI)

thinking styles program across the organisation. Teams have also undertaken specific subject matter training, including training run by the Victorian Ombudsman to assist us improve our service delivery and complaint handling functions. We have also provided effective on-boarding and learning and development opportunities in a hybrid format.

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## Gender equality action plan

To further advance gender and intersectional equality in our own workplace, we developed our Gender Equality Action Plan 2021–2025 (GEAP). In March 2022 we submitted it for review to the Commission for Gender Equality in the Public Sector.

We developed our GEAP considering the findings from our Gender Equality Audit completed in December 2021. We then further refined the GEAP following consultation with staff.

The feedback we received, coupled with the insights gained from our workplace data audit, helped us determine the key focus areas of our GEAP, and associated actions, timeframes and measures.

The process of developing our GEAP has been valuable as we learnt we have a lot to celebrate and be proud of. The analysis of our workforce data has highlighted areas of real strength and success in terms of gender diversity in our workplace. With this in mind, the focus of the GEAP is to assist us to consider new options to further support the diversity of employees and continue growing as an organisation that challenges gender inequality and provides a safe and inclusive working environment for all our employees.

## Data insights and digital transformation

In 2021, we started to transform the way we use our data, beginning by establishing and resourcing a new Data Insights team. This program of work aims to develop the capabilities of our people, technology and processes to use our data more effectively.

The Data Insights team provides data analysis and insights services to support our strategic, tactical and day-to-day activities. The team supports the delivery of our strategic objectives by building data literacy and analytics capability across the organisation. This in turn supports our evidence-based decision making and risk-based regulatory work, including our early detection and prevention strategy. The team also provides us with strategic data analysis expertise to inform our organisational priorities.

We are working towards improving the quality of our data assets by adopting corporate-wide data governance and management processes and tools that support effective regulation and remediation actions. This will enable us to make better use of the data we hold in achieving our strategic objectives.

We are also implementing a modern data and analytics platform, which will underpin our main data and analytics work and support data-driven decision making.

### A new data strategy

A key achievement during the reporting year has been the development of our first Data Strategy. This strategy sets out a medium term approach to address immediate data challenges and enhance data capability and maturity over the 2022-24 period.

We are also working on developing business intelligence reports that will help to derive value from our existing data and promote self-service analytics for the different teams across our organisation. Examples of these reports include:

- Lawyer registration information, which provides an overview of information about Victorian lawyer demographics, years of service, practising certificate types and renewals, workplace statistics and lawyer experience.
- Complaints data, providing a view of enquiries and complaints about lawyers, as well as information about complaint resolution trends over time.

- A Trust Account Examination Report, which provides information on trust account audits conducted by external examiners. This dashboard gives us a detailed and timely view of trust account breaches, fund misappropriations and fidelity fund compensation claims.
- Workplace Culture Survey that gives insights into workplace culture and sexual harassment issues faced by lawyers in the legal profession.
- Lawyer Client Relationship survey allowing us to analyse lawyers' perspectives on key issues and challenges in the lawyer-client relationship.

### IT and Digital Transformation strategy

Complimenting our increased focus on the benefits of data insights, we also embarked on a broader journey towards digital transformation. We engaged Accenture to assist us in developing our first IT and Digital Transformation Strategy.

The strategy, finalised in May 2022, provides short and long-term guidance for our technology needs. It complements our Data Strategy and aligns with our broader strategic direction and new Corporate Plan. Its objective is to ensure our business technology services are a platform for innovative and progressive business process improvements. In doing so, the strategy identifies areas for improvement across four key elements of digital transformation: people, process, technology and data. The strategy is supported by a three-year roadmap that outlines the resources, software, services, capabilities and structure needed.

The strategy represents the start of a digital transformation for our organisation that will improve our operations and business productivity. It anticipates changes that will help us work better and engage more meaningfully with both consumers and lawyers.

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## Public administration values and employment and conduct principles

Our staff uphold the Victorian public sector values and employment and conduct principles of managing and valuing diversity, managing underperformance, reviewing personal grievances and selecting on merit. Employees have been correctly classified in workforce data collections.

We are 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.



## Chapter 6

### Managing our funds

The Public Purpose Fund (PPF) is a vital source of funding for a range of public benefits. It provides funding for the regulation of the legal profession and is a significant source of funds for Victoria Legal Aid, legal research and law reform, and a range of access to justice programs for the community.

As the regulator of the legal profession, we are responsible for managing the PPF through sound financial management practices and a strong and transparent governance framework.



## Year highlights



Operating surplus  
**\$1.8 Million**

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**\$30.3 Million**  
paid in funding and grants

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**Funding for LIV**  
and Bar delegated  
functions



## Our financial performance

The composite net result for 2021-22 was a deficit of \$92.5 million, which is \$202.8 million lower than the prior year's surplus of \$110.3 million. The net deficit was a combination of a \$1.8 million net operating surplus and a \$94.3 million net loss on other economic flows, including a \$94.8 million capital loss on investments. This is attributable to a significant downturn in global investments markets, which have been increasingly volatile as they responded to higher inflation and the uncertainty caused by the conflict in Ukraine. Total expenditure was marginally higher at \$64.3 million (compared with \$63.7 million in the previous year). Table 1 provides an overview of our five-year financial performance and position.

### Revenue

Total revenue for the year ending 30 June 2022 was \$66.1 million, \$15.2 million lower than the prior year. The decrease is attributable to lower interest and distribution revenue from our investment portfolio during 2021-22 (\$51.3 million, compared with \$68.2 million) in the previous year. Other revenue, comprised mainly of practising certificate fees and Fidelity Fund contributions, increased slightly to \$14.8 million (up from \$13.1 million in 2021-22).

### Expenditure

Total expenditure for the year ending 30 June 2022 increased by \$0.5 million to \$64.3 million (up from \$63.8 million in 2021-22). This increase was due mainly to higher expenditure on staff to address backlogs, on external lawyers (primarily for external interventions), and our investment in technology as identified in the Corporate Plan.

Table 1: Financial performance and position of the Board and Commissioner

	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Financial Performance (\$'000)</b>					
Interest and distributions	77,558	83,815	53,878	68,224	<b>51,333</b>
Other revenue	11,910	12,132	12,942	13,069	<b>14,797</b>
Total revenue	89,468	95,947	66,820	81,292	<b>66,130</b>
Total expenditure	(68,466)	(78,354)	(72,804)	(63,788)	<b>(64,310)</b>
<b>Net operating result</b>	21,002	17,593	(5,984)	17,504	<b>1,820</b>
Net gain/(loss) on investments	15,802	33,401	(32,240)	92,822	<b>(94,322)</b>
<b>Net result from continuing operations</b>	36,804	50,993	(38,224)	110,326	<b>(92,502)</b>
<b>Financial Position (\$'000)</b>					
Total assets	1,898,539	1,840,117	2,101,353	3,110,127	<b>4,199,805</b>
Total liabilities	(1,626,882)	(1,517,468)	(1,816,927)	(2,715,375)	<b>(3,897,555)</b>
<b>Net assets</b>	271,657	322,650	284,426	394,752	<b>302,250</b>

## Public Purpose Fund

The PPF is a vital source of funding for a range of public benefits and is comprised of three separate accounts: the General Account, the Statutory Deposit Account (SDA), and the Distribution Account.

The General Account receives interest from law practices' general trust accounts, PPF investment earnings, lawyers' practising certificate fees, and other ancillary funds. This account funds our contribution towards the Legal Profession Uniform Framework, the costs of running Victoria's legal regulatory regime, VCAT's Legal Practice List and continuing legal education programs run by the Bar and the LIV.

A key component of the PPF is the SDA which comprises a series of accounts linked to individual law practice trust accounts. Each quarter law practices with a trust account

transfer a set proportion of their trust account balance to the linked SDA. The collective balance of the SDA earns interest from deposits and returns from an investment portfolio in accordance with our Investment Policy Statement (explained in further detail on page 42). These earnings are paid into the General Account. All monies in the SDAs are available at call to law practices.

The Distribution Account receives 50% of the surplus funds from the General Account at 30 June of a given year. This account provides funding to Victoria Legal Aid, the Victoria Law Foundation, the Victorian Law Reform Commission and other organisations for law-related services and activities that benefit the public through our grants program.

## Our investments

We may invest any money standing to the credit of the PPF that is not immediately required for the purposes of that fund. We can do this in the manner in which money may be invested under the *Trustee Act 1958*. Consistent with our powers, we have established an offset account against the SDA account which is invested in non-cash investments. This allows income to be generated in a more diversified way.

We may also invest any money standing to the credit of the Fidelity Fund in the same way if it is not immediately required for the purposes of that fund.

We seek to maximise investment returns while limiting risk to an acceptable level. To do this we engage an external investment advisor to make recommendations and to assist with investment decision making.

At 30 June 2022 the total value of the PPF was \$3.3 billion. Of the total, \$806.5 million is invested in non-cash investments. Last year the total value of the PPF was \$3 billion, of which \$888.6 million was invested in non-cash investments. This loss in the capital value of the non-cash investments for 12 months ending 30 June 2022 is attributable to the continued global volatility in investment markets.

The total value of Fidelity Fund investments on 30 June was \$42.4 million, excluding cash holdings (compared with \$44.8 million last year). In addition, the Fidelity Fund portfolio includes a cash management allocation of \$21.3 million as at 30 June (compared with \$24.4 million in the prior year). Table 2 shows the types of investments we managed.

Table 2: Investment asset allocations

2022	PUBLIC PURPOSE FUND \$'000	FIDELITY FUND \$'000	TOTAL INVESTMENTS MANAGED \$'000
Australian equities	83,184	9,045	92,229
Australian small capitalisation equities	29,780	–	29,780
Australian fixed interest	71,840	8,272	80,112
Diversified growth funds	119,757	6,526	126,283
Global fixed interest	186,612	8,675	195,287
Overseas equities hedged	30,039	3,420	33,459
Overseas equities unhedged	113,124	6,492	119,616
Emerging market equities	27,221	–	27,221
Property and infrastructure managed funds	144,967	–	144,967
Cash	–	21,305	21,305
<b>Total</b>	<b>806,525</b>	<b>63,735</b>	<b>870,260</b>

2021			
Australian equities	90,327	9,229	99,556
Australian small capitalisation equities	44,675	–	44,675
Australian fixed interest	82,077	9,267	91,345
Diversified growth funds	138,188	6,993	145,180
Global fixed interest	193,630	8,555	202,185
Overseas equities hedged	43,940	3,936	47,876
Overseas equities unhedged	127,749	6,808	134,557
Emerging market equities	32,794	–	32,794
Property and infrastructure managed funds	135,196	–	135,196
Cash	–	24,388	24,388
<b>Total</b>	<b>888,576</b>	<b>69,176</b>	<b>957,752</b>

## Investment objectives

Our investment objectives for the PPF are to:

- restrict the frequency of a negative return to not exceed 3.5 in every 20 years when modelling the PPF long term asset allocation and risk/return objectives; and
- outperform a range of CPI + 2.0 to CPI + 2.5% per annum return objective over a rolling three-year period.

Our investment objectives for the Fidelity Fund are to:

- restrict the frequency of a negative return to not exceed 3.5 in every 20 years when modelling the Fidelity Fund long term asset allocation and risk/return objectives; and
- to outperform a CPI + 1.0% per annum return objective over a rolling five-year period.

The strategic asset allocations designed to achieve the objectives are set out in Table 3.

Table 3: Asset allocations for 2021-22

ASSET ALLOCATION	PUBLIC PURPOSE FUND		FIDELITY FUND	
	BENCHMARK RANGES	ACTUAL 30/06/22	BENCHMARK RANGES	ACTUAL 30/06/22
Australian equities	0 – 20%	10.31%	5 – 15%	14.19%
Australian small capitalisation equities	0 – 10%	3.69%	0%	0.00%
Overseas equities hedged	0 – 10%	3.72%	5 – 15%	5.37%
Overseas equities unhedged	0 – 20%	14.03%	5 – 15%	10.19%
Emerging market equities	0 – 10%	3.38%	0%	0.00%
Diversified growth funds	0 – 20%	14.85%	5 – 15%	10.24%
Property and infrastructure managed funds	0 – 20%	17.97%	0%	0.00%
<b>Growth Assets</b>	<b>50 – 75%</b>	<b>67.95%</b>	<b>0 – 45%</b>	<b>39.98%</b>
Australian fixed interest	0 – 20%	8.91%	10 – 20%	12.98%
Global fixed interest	0 – 30%	23.14%	10 – 20%	13.61%
Cash	0%	0.00%	25 – 70%	33.43%
<b>Defensive Assets</b>	<b>30 – 50%</b>	<b>32.05%</b>	<b>55 – 100%</b>	<b>60.02%</b>
<b>Total</b>	<b>100%</b>	<b>100.00%</b>	<b>100%</b>	<b>100.0%</b>

## Our distributions

Notwithstanding the capital loss on the investment portfolio, we continued to have a surplus in the General Account of \$36.7 million compared with \$151.4 million at 30 June 2021. The distributions we made from the General Account and the Distribution Account during 2021-22 are listed in the table below and Appendix 2 of this report. All distributions are made with the approval of the Attorney-General. The distributions outlined below include the funding provided to LIV and the Victorian Bar to perform regulatory functions on our behalf, including Victorian Bar practising certificate administration, and the provision of the continuing professional development by the LIV.

Table 4: PPF distributions – Actual 2022, Forecast 2023

PPF GENERAL ACCOUNT BALANCE	ACTUAL 2021-22	FORECAST 2022-23
	\$'000	\$'000
<b>General Account balance as at 30 June 2021 and 30 June 2022</b>	<b>151,354</b>	<b>36,658</b>
<b>Allocation of General Account funds</b>		
<b>Funds allocated to the Distribution Account</b>	<b>(75,677)</b>	<b>(18,329)</b>
<b>Investment Performance</b>	<b>(86,327)</b>	<b>11,239</b>
<b>Income</b>	<b>85,235</b>	<b>109,867</b>
<b>Funding allocated from the General Account</b>		
Operating expenditure (Board+Commissioner)	(31,148)	(35,060)
Payments to professional associations for programs	(2,878)	(3,798)
Victorian Civil and Administrative Tribunal – Legal Practice List	(1,070)	(1,204)
Victorian Legal Admissions Board	(1,414)	(1,847)
Delegated functions: Law Institute of Victoria	(242)	(257)
Delegated functions: Victorian Bar	(488)	(306)
Legal Services Council – Uniform Law Scheme	(686)	(714)
<b>Legal Services Council – Uniform Law Scheme</b>	<b>(37,927)</b>	<b>(43,186)</b>
<b>Balance</b>	<b>36,658</b>	<b>96,249</b>

DISTRIBUTION ACCOUNT BALANCE	ACTUAL 2021-22	FORECAST 2022-23
	\$'000	\$'000
<b>Opening balance</b>	<b>147,571</b>	<b>192,419</b>
<b>Transfer from General Account</b>	<b>75,677</b>	<b>18,329</b>
<b>Grants and funding paid from the Distribution Account</b>		
Major grants and projects	(2,132)	(5,507)
Victoria Legal Aid	(22,889)	(24,273)
Victorian Law Reform Commission	(1,893)	(2,040)
Victoria Law Foundation	(2,500)	(2,643)
Justice Connect	(915)	(1,242)
Law Library of Victoria	(500)	(513)
<b>Sub-total – Funding Grants</b>	<b>(30,829)</b>	<b>(36,218)</b>
<b>Closing balance</b>	<b>192,419</b>	<b>174,530</b>

Note: The table above represents the actual cash flows during the year, and as such does not include accruals, so some amounts may differ to the result presented in the financial statements and table 1 at the beginning of chapter 6.

## Chapter 7

### Corporate governance

As statutory authorities we are accountable to the Victorian Parliament. Our clear and robust internal governance processes enable us to comply with the Victorian Government's rules, regulations and reporting standards. We aim to meet these standards in a transparent and efficient way, while fostering a culture of continuous improvement.



## Year highlights



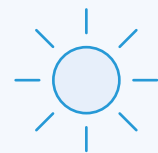
**Zero OHS incidents**  
for the year



**34 FOI requests**  
finalised



**Less than 1/2 a ream**  
of paper used per person



**100%**  
renewably-sourced  
electricity



## Board and Committee meetings

Our Board consists of a Chairperson, three lawyer members (one barrister and two solicitors), and three non-lawyer members. From 2022 each Board member is appointed by the Governor in Council on the recommendation of the Attorney-General. This follows a change in the legislation that aligns how lawyer and non-lawyer members are appointed.

Board members are appointed for their extensive experience in different fields relevant to legal regulation, such as legal practice, financial management, investment management, accounting, public sector management, governance processes, and consumer advocacy.

### Meeting attendance

Our Board met seven times in the reporting year.

Table 5: Board membership and meeting attendance in 2021-22

Ms Fiona Bennett (Chairperson)	7
Ms Jennifer Batrouney AM KC	6
Mr Geoff Bowyer	6
Ms Liz Harris	6
Mr Ian Silk	7
Dr Lynne Williams AM	7
Ms Catherine Wolthuizen	7

### Membership of Board committees and Consumer Panel

Our Board operates three committees, each with a Board member appointed as Chair. The Board also operates a Consumer Panel, comprised of members who bring a wealth of knowledge about consumer research, advocacy, policy, and regulation.

The functions of the Committees and the Consumer Panel have not changed since the previous year. Below is the membership of our Committees and the Consumer Panel as at 30 June 2022. A detailed description of their functions can be found on our website.

#### Audit Committee (4 meetings)

Dr Lynne Williams AM, Chair  
Fiona Bennett  
Liz Harris

#### Finance and Investment Committee (4 meetings)

Ian Silk, Chair  
Geoff Bowyer  
Dr Lynne Williams AM  
Fiona Bennett (ex officio)

#### Grants Committee (3 meetings)

Geoff Bowyer, Chair  
Catherine Wolthuizen  
Fiona Bennett

#### Consumer Panel (6 meetings)

Catherine Wolthuizen, Chair  
Ben Martin Hobbs\*  
Bronwen Jennings\*  
Karen Willis\*  
Lee Archer\*  
Paula Giles\*  
Sharon Barker\*

\*Denotes an external member

## OHS incidents

The OHS Committee increased its activity levels after two years working from home. The Committee took on the role of a consultation body for the wider staff group on several important policy updates, including our Bullying, Harassment and Discrimination in the Workplace; Equal Employment Opportunity; and Handling Complaints and Grievances policies. The COVID-19 Vaccination Policy was another important piece of work. The planning for our return to office-based work also included important OHS components such as emergency procedures, first aid officers, and ergonomic assessments.

Table 6: Occupational Health and Safety incidents during 2021-22

OHS INDICATOR	2017-18	2018-19	2019-20	2020-21	2021-22
Number of reported hazards per 100 FTE	3	4	7	1	0
Number of 'lost time' claims per 100 FTE	1	1	1	1	0
Average cost per claim	\$1095	\$795	\$707	\$0	\$0

## Executive Officer data

An executive officer is defined by Part 3 of the *Public Administration Act 2004*, or is a person to whom the Victorian Government's Policy on Executive Remuneration in Public Entities applies. This does not include a statutory office holder or an accountable officer. The Executive Officer figures below therefore do not include our Board Chairperson or the members of our Board who have either been elected in previous years or have been appointed by the Governor in Council.

All figures below reflect employment levels as at the last full pay period in June of the current and corresponding previous reporting years. Tables 7 and 8 disclose details for all executive officers for 2021-22.

Table 7: Number of executive officers

CLASSIFICATION	2020-21		2021-22	
	MALE	FEMALE	MALE	FEMALE
SES-3 (EO-1)	0	0	0	0
SES-2 (EO-2)	0	0	0	0
SES-1 (EO-3)	2	2	2	1
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>

The number of executives in this report of operations is based on the number of executive positions that were occupied at the end of the financial year. Note 9.3 in the Consolidated Financial Statements lists the actual number and amount of remuneration paid to executive officers over the course of the reporting period (see Appendix 2). The Financial Statements note 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 8: Reconciliation of executive numbers

CATEGORY	2020-21	2021-22
Executives (see Financial Statement Note 9.3)	5	5
Less separations	(1)	(2)
<b>Total executive numbers as at 30 June</b>	<b>4</b>	<b>3</b>

## Executive and senior officer data

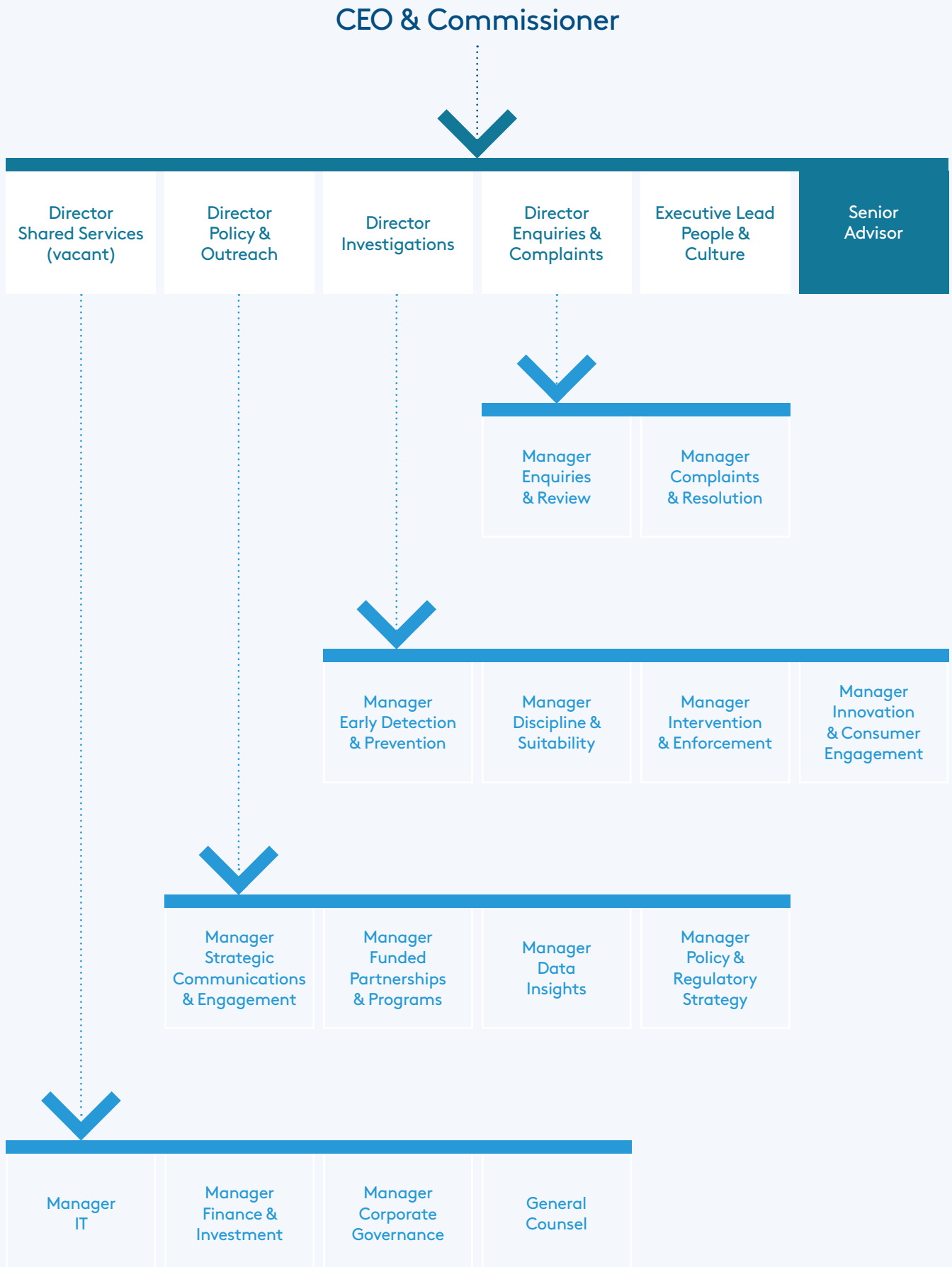
Table 9 discloses total salaries in \$20,000 bands for executive and senior non-executive staff.

Table 9: Annualised total salary for senior staff

INCOME BAND (SALARY)	EXECUTIVES
\$200,000 – \$219,999	1
\$220,000 – \$239,999	2
<b>Total</b>	<b>3</b>



# Our organisational structure as at 30 June 2022



## Workforce data and staffing trends

Table 10: Our staff

	30 JUNE 2021						
	All employees		Ongoing			Fixed term & casual	
	Number	FTE	Full time	Part time	FTE	Number	FTE
	(h/count)	(rounded)	(h/count)	(h/count)	(rounded)	(h/count)	(rounded)
<b>Gender</b>							
Male	31	31	25	1	26	5	5
Female	75	69	49	18	62	8	7
Self-described							
<b>TOTAL</b>	<b>106</b>	<b>100</b>	<b>74</b>	<b>19</b>	<b>88</b>	<b>13</b>	<b>12</b>
<b>Age</b>							
Under 25	2	2	1	0	1	1	1
25-34	30	29	21	4	24	5	5
35-44	31	28	19	9	25	3	3
45-54	22	21	19	2	20	1	1
55-64	16	15	10	3	12	3	3
65+	5	5	4	1	5	0	0
<b>TOTAL</b>	<b>106</b>	<b>100</b>	<b>74</b>	<b>19</b>	<b>87</b>	<b>13</b>	<b>13</b>
<b>Classification</b>							
VPS 1	1	1	0	0	0	1	1
VPS 2	0	0	0	0	0	0	0
VPS 3	17	15	10	4	12	3	3
VPS 4	25	24	18	4	21	3	3
VPS 5	38	35	25	8	30	5	5
VPS 6	18	18	15	3	18	0	0
STS	2	2	1	0	1	1	1
Executives	4	4	4	0	4	0	0
Other <sup>#</sup>	1	1	1	0	1	0	0
<b>TOTAL</b>	<b>106</b>	<b>100</b>	<b>74</b>	<b>19</b>	<b>87</b>	<b>13</b>	<b>13</b>

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

30 JUNE 2022

All employees		Ongoing			Fixed term & casual	
Number	FTE	Full time	Part time	FTE	Number	FTE
(h/count)	(rounded)	(h/count)	(h/count)	(rounded)	(h/count)	(rounded)
40	39	28	2	29	10	10
78	73	51	17	64	10	10
<b>118</b>	<b>113</b>	<b>79</b>	<b>19</b>	<b>93</b>	<b>20</b>	<b>20</b>
3	3	1	1	2	1	1
30	30	23	0	24	6	6
36	34	25	9	32	2	2
28	27	14	4	17	10	10
15	15	12	2	14	1	1
6	5	4	2	5	0	0
<b>118</b>	<b>113</b>	<b>79</b>	<b>18</b>	<b>93</b>	<b>20</b>	<b>20</b>
0	0	0	0	0	0	0
2	2	2	0	2	0	0
17	16	12	4	15	1	1
30	29	20	2	22	7	7
43	40	27	11	35	5	5
20	20	17	1	17	2	2
1	1	1	0	1	0	0
4	4	0	0	0	4	4
1	1	0	0	0	1	1
<b>118</b>	<b>113</b>	<b>79</b>	<b>18</b>	<b>93</b>	<b>20</b>	<b>20</b>

# Victorian Attorney-General's Statement of Expectations

The Statement of Expectations (SOE) Framework and its related reporting requirements is designed to facilitate a dialogue between Ministers, departments and regulators to identify the government's priorities and emerging risks, and to establish a process for addressing these priorities through regulators' business planning processes.

The Attorney-General issued us with our 2019-21 SOE on 1 July 2019. That SOE required us to complete three projects (improvement strategies) under the headings of timeliness, compliance-related assistance and advice, and risk-based

strategies. In our 2021 annual report, we noted that the agreed targets ('improvement measures') for two out of the first three of these projects had been met. We also noted that the progress towards the third remaining project had been delayed.

Table 11 provides a brief update on the progress of agreed targets for the third project in our 2019-21 SOE. Both the statement and our response can be viewed on our website.

Table 11: Progress against Statement of Expectations

IMPROVEMENT STRATEGIES	IMPROVEMENT MEASURES/EVIDENCE	UPDATE
<p><b>Risk-based strategies – Consumer Research Project</b></p> <p>To develop a better understanding of the consumer perspective on legal services, so we can regulate more effectively.</p>	<p>By <b>December 2020</b>, collect data to understand the interaction of consumers of legal services with the legal industry and inform risk-based regulation.</p> <p>By <b>June 2021</b>, prepare actions to respond to potential consumer harms identified in the consumer research.</p>	<p><b>Met via alternative means</b></p> <p>The COVID pandemic prevented us from being able to conduct quantitative research on consumers' perspectives of legal services in 2020. We therefore sought to collect information on this topic via alternative means.</p> <p>First, we commissioned the Australian Centre for Justice Innovation (Monash Law School) to undertake a literature review on consumers' experiences of legal services. This work was finalised in July 2021.</p> <p>Second, we sought to understand consumers' experience of legal services via the Victoria Law Foundation's 'Public Understanding of Law Survey' (PULS). At our request, the survey included several questions intended to uncover consumers' perceived value of legal advice, and why people may decide against seeking legal expertise. PULS results are likely to be available from early 2023.</p> <p>Third, we undertook a 'deep dive' into 19 costs complaints, by reconstructing from available material the timeline of the legal matter and seeking to understand in depth the experience of the consumer that culminated in a complaint. The resulting report was completed in June 2022 and identifies actions to improve consumer experience in engaging and working with lawyers. It also covered working with stakeholders to devise better information standards.</p> <p>We have also engaged a consultant to help us put together a framework to understand issues of consumer vulnerability in engaging and working with lawyers (completed June 2022). This will form the basis of an ongoing work program in 2022-25.</p>

# 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*.

## **Access and Inclusion plan (*Disability Act 2006*)**

While the progression of our Access and Inclusion plan was again impacted by the COVID-19 disruption, we have continued to make progress across a host of areas, including our Customer Services Charter, external communications activities, the development of our draft Social Procurement Strategy and other opportunities focused on raising awareness of accessibility.

We have developed a draft three-year Social Procurement Strategy, which includes providing opportunities for Victorians with disability as a key priority. As part of this draft strategy, procurers are actively encouraged through our Invitation to Supply processes to ask potential suppliers to advise how they are supporting Victorians with disability. Staff who arrange catering are also encouraged to seek quotes for catering from organisations employing Victorians with disability. Specific guidance in this space was developed for staff when purchasing catering from Social Benefit Suppliers, including disability enterprises. This guidance was shared with our internal Executive Assistants' Community of Practice, who further embedded it in the Guidance they developed about Catering and Staff Gifts.

We have embedded social procurement into our standard procurement practices by requiring all potential suppliers to outline what they are doing to further the government's Social Procurement Framework objectives.

We continue to work towards ensuring that all of our external communications are delivered in a way that fully supports accessibility. This includes providing:

- resources in Easy English and in video format
- plain English online written content
- text versions of, and closed captions for, video content (where available), and
- meaningful descriptive alternative text on all images used in social media, our internal and external newsletters and on our website.

## **Freedom of Information**

We are subject to the *Freedom of Information Act 1982* (the FOI Act). This Act provides every person with a legally enforceable right to access documents in our possession, subject to certain exemptions.

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

During 2021-22, we received 35 new requests made under the FOI Act. This is a substantial increase on the five received in 2020-21, however many came from the same person. A total of 34 requests were finalised during the year with 13 being refused as not being validly made. Three were withdrawn, 12 were refused in full and six allowed with partial

access granted. Where we denied access, the information requested was exempted under the FOI Act. On two occasions the applicant sought a review of our decision by the Office of the Victorian Information Commissioner, one of which was made in our favour and the other was yet to be decided as at 30 June.

One application was appealed to VCAT during 2021-22 and by 30 June had yet to be considered.

### **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 our possession should be addressed to:

[Freedom of Information Officer](#)  
[Victorian Legal Services Board and Commissioner](#)  
Level 5, 555 Bourke Street  
Melbourne VIC 3000

Or email your request to us at [foi@lsbc.vic.gov.au](mailto:foi@lsbc.vic.gov.au)

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

Further information regarding Freedom of Information can be found at FOI Online at <https://ovic.vic.gov.au/freedom-of-information/>

## **Public Interest Disclosures Act 2012**

As a government entity, we are subject to the *Public Interest Disclosures Act 2012*. This important legislation provides protection against detrimental action to people who make disclosures of improper conduct by public officers and public bodies. Our policy on how we handle protected disclosures is available on our website, or from our office upon request.

We cannot receive disclosures under this legislation. Disclosures of improper conduct or detrimental action by our Board members, the Commissioner, our 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](http://www.ibac.vic.gov.au)

## Competitive Neutrality Policy

The government's Competitive Neutrality Policy ensures that government run services do not have a competitive advantage because of their public ownership if they are in competition with similar services offered by the private sector. The nature of our services as an independent regulator do not fall within the scope of the Competitive Neutrality Policy.

## Local Jobs First

Under the *Local Jobs First Act 2003*, government departments and public sector bodies are required to apply the government's Local Jobs First Policy to projects valued at \$3 million or more in metropolitan Melbourne or for state-wide activities, and \$1 million or more in regional Victoria. The Major Projects Skills Guarantee Policy applies to all construction projects of \$20 million or more in value.

Minimum local content requirements are set for government projects worth \$50 million or more or for other projects as agreed. For the reporting period, we did not commence any projects to which either policy applies.

## Disclosure of major contracts

We did not engage in any major contracts with a value of greater than \$10 million during 2021–22.

## Consultancies

### Details of consultancies valued at \$10,000 or greater

In 2021–22, we engaged 14 consultancies where the total fees payable to the consultants were \$10,000 or greater. Our total expenditure incurred on these consultancies during the reporting year was \$1,312,914 (excluding GST). Details of individual consultancies are outlined in Table 12 below.

Table 12: Consultancies for 2021-22

CONSULTANT	PURPOSE OF CONSULTANCY	TOTAL APPROVED FEE (EXCL. GST) \$	EXPENDITURE 2021-22 (EXCL. GST) \$	FUTURE EXPENDITURE (EXCL. GST) \$
am actuaries	Actuarial services	76,200	76,200	–
Mercer (Australia) Pty Ltd	Investment advisory services	183,154	141,787	41,366
Fujitsu Australia	Application and maintenance support	261,260	61,200	60
Deloitte Touche Tohmatsu	Project management and strategic advice	55,000	67,988	–
Accenture	Financial Modelling on capital reserves policy/digital transformation	360,000	350,000	10,000
Clear Horizon Consulting	2021 Grants Program review and strategy development	61,310	61,310	–
On Country Pty Ltd (Jidah Clark)	Guiding and scoping for Aboriginal Youth Justice funding round	13,200	13,200	–
Proximity Pty Ltd	Risk management review	28,000	28,000	–
Pat Straglianos	Recruitment services	not fixed	20,944	–
Symplicit	Website usability research	36,205	36,205	–
Think HQ	Public education campaign	500,000	380,000	–
HLB Mann Judd	Internal audit service	not fixed	28,080	–
Melanie Poole	Consulting – Keeping Women out of Justice System	20,373	20,000	373
Proximity Pty Ltd	Organisational plan development	108,000	28,000	–

\*Above amounts are GST exclusive.

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

In 2021–22, we engaged 15 consultancies where the total fees payable to the consultants was less than \$10,000 per consultancy. Our total expenditure incurred during 2021–22 on these consultancies was \$59,548 (excluding GST).

## Information and Communication Technology (ICT) expenditure

Table 13: ICT expenditure for 2021-22

ALL OPERATIONAL ICT EXPENDITURE \$'000	ICT EXPENDITURE RELATED TO PROJECTS TO CREATE OR ENHANCE ICT CAPABILITIES		
	BUSINESS AS USUAL ICT EXPENDITURE \$'000	NON-BUSINESS AS USUAL OPERATIONAL EXPENDITURE	NON-BUSINESS AS USUAL CAPITAL EXPENDITURE \$'000
1,531	480	0	0

### Details of government advertising expenditure (campaigns of \$100,000 or greater)

We did not undertake any government or campaign advertising during the reporting year. All advertising purchased was for recruitment and functional purposes only.

### Asset Management Accountability Framework (AMAF) Maturity Assessment

The following sections summarise our assessment of maturity against the Asset Management Accountability Framework (AMAF) requirements. The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory items. These requirements can be found on the Department of Treasury and Finance website.

Our target maturity rating is 'competence', meaning systems and processes are fully in place, consistently applied and systematically meeting the AMAF requirements, including a continuous improvement process to expand system performance above the AMAF minimum.

#### Leadership and Accountability (requirements 1-19)

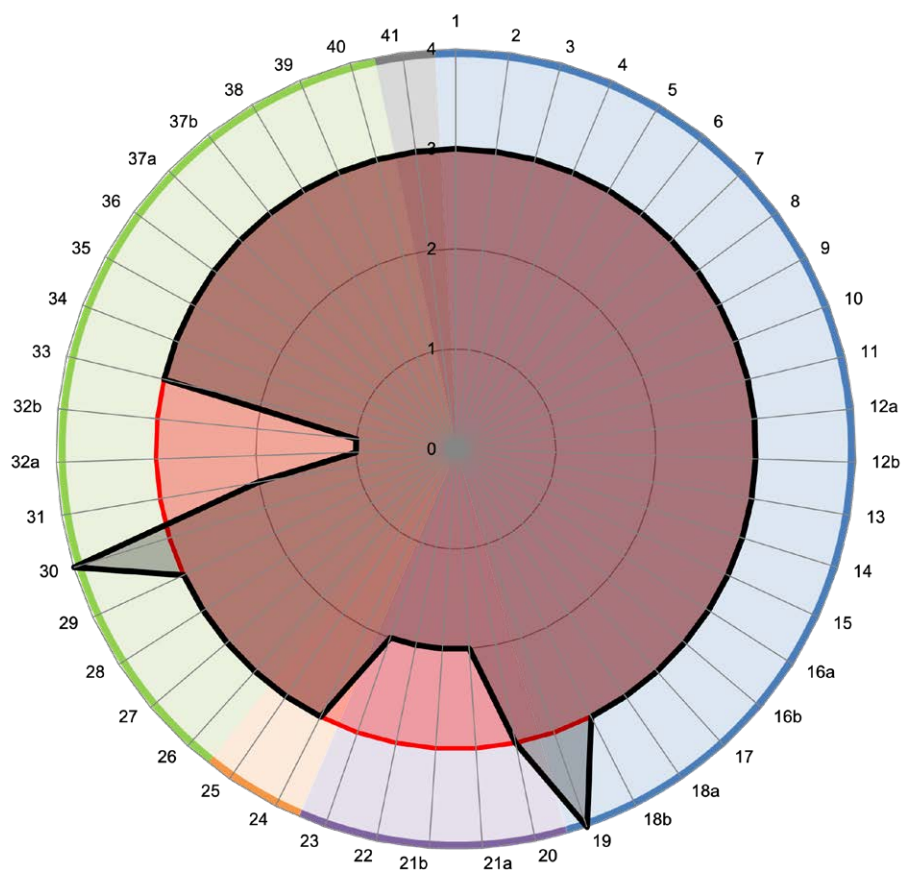
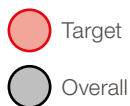
We met or exceeded target maturity level in this category.

#### Planning (requirements 20-23)

We have not met our target maturity level in this category as we did not develop an asset management strategy, although there is no material non-compliance reported in this category. We will develop an asset management strategy in the 2023 financial year, which will improve our maturity rating in this area.

Figure 4: AMAF maturity assessment

Status	Scale
Not Applicable	N/A
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4
Unassessed	U/A



### Acquisition (requirements 24 and 25)

We met or exceeded our target maturity level in this category.

### Operation (requirements 26-40)

We met or exceeded our target maturity level under most requirements within this category. We did not comply with some requirements in the areas of asset maintenance and information management, however there is no material non-compliance reported in this category. We are developing an improvement plan to establish processes to proactively identify potential asset maintenance issues, and identify options for preventive action through our formal maintenance program for IT assets, which will be developed as part of our Asset Management Strategy.

### Disposal (requirement 41)

We met our target maturity level in this category.

### Additional information available on request

We hold other information which is available to the Attorney-General, Members of Parliament and the public on request (subject to Freedom of Information requirements, if applicable). This information covers:

- 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 our publications, and how these can be obtained;
- details of changes in prices, fees, charges, rates or levies charged;

- details of any major external reviews carried out on our operations;
- details of major research and development activities we have undertaken;
- details of any staff or Board Member overseas visits undertaken, including a summary of the objectives and outcomes of each visit;
- details of any major promotional and public relations activities we have undertaken to develop community awareness of our services;
- details of assessments and measures undertaken to improve the occupational health and safety of our staff;
- a general statement on industrial relations within our organisation, and details of any time lost through industrial accidents and disputes;
- a list of major committees sponsored, the purposes of each committee and the extent to which the purposes have been achieved; and
- details of all consultancies and contractors.

To request any of this information, contact:

Victorian Legal Services Board and Commissioner

Tel: 03 9679 8001

Website: <https://www.lsb.vic.gov.au/contact-us>

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## Office-based environmental impacts

We monitor our office-based environmental impacts and use this information to reduce waste production, resource use and greenhouse gas generation across the business.

We purchase 100% of our office electricity supply from renewable energy sources, resulting in no greenhouse gas emissions from our energy use. This 2021-22 year, the total energy usage for our office facilities in megajoules (MJ) was 423,605 (2,755 MJ per FTE), representing a 12% increase since the previous financial year. This can mostly be attributed to staffing level increases and our gradual return to the office following pandemic restrictions.

Our greenhouse gas emissions from transport were slightly higher than the previous financial year due to the return of business-related travel. However, only 2.54 tons of greenhouse gasses were generated from air travel to attend meetings, well below the 2014-15 baseline.

Because our staff were mostly working from home since early 2020, our operational work has shifted to a paperless online environment. This has resulted in a sharp decline in our paper

consumption. We used only 39 reams of paper for the whole of the 2021-22 year; less than half of a ream of paper per FTE.

We did not measure our general waste this year due to limited staff numbers attending the office, however we continued to generate only a small amount of general waste and recyclables compared to pre-COVID times. Our secure paper disposal service recycled approximately 4.92 tonnes of paper, which included disposal of files obtained from law practices. A further 68kg of waste including stationery equipment, printer cartridges, e-waste and batteries was recycled through a social enterprise service (Green Collect), representing an 83% decrease since the last financial year. We also commenced a recycling service for staff personal protective items, such as face masks.



**OFFICIAL**

**Victorian Legal Services Board Financial Management Compliance Attestation Statement**

I, Fiona Bennett, on behalf of the Responsible Body, certify that the Victorian Legal Services Board has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



---

Fiona Bennett  
Chairperson, Victorian Legal Services Board  
23 August 2022

**Victorian Legal Services Commissioner Financial Management Compliance Attestation Statement**

I, Fiona McLeay, certify that the Victorian Legal Services Commissioner has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



---

Fiona McLeay  
Victorian Legal Services Commissioner  
23 August 2022

**OFFICIAL**

# Appendices

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# Appendix 1

## Prosecutions in VCAT and the Courts



Table 14: Disciplinary applications made by the Commissioner heard and determined at VCAT in 2021-22 (by date of application)

NO.	MATTER IDENTIFICATION	SUMMARY OF VCAT FINDINGS	DATE AND SUMMARY OF ORDERS MADE
1	Name: Robert BOOTH VCAT reference: J46/2018 Application date: 12/06/2018 Hearing date (on penalty): 19/11/2020	Professional misconduct: Held himself out as a solicitor and then acting as a solicitor contrary to a condition of his practising certificate; Misled the Federal Circuit Court by representing an entitlement to act and appear as a legal practitioner; Knowingly and dishonestly made misleading responses to the Federal Circuit Court (x4); Failed to correct the responses.  Unsatisfactory professional conduct: Made a false declaration in a practising certificate renewal application.	03/12/2021 – Not to apply for or be granted a practising certificate before 01/12/2035; pay costs as assessed or agreed.  Undertaking to Tribunal not ever to apply for a practising certificate, engage in legal practice or seek to become a lay associate of a law practice.
2	Name: George DEFTEROS VCAT reference: J50/2019 Application date: 11/06/2019 Amended Application date: 25/06/2020 Hearing date: 05/08/2021	Professional misconduct: Provided misleading statements to VLSC.  Unsatisfactory professional conduct: Delayed in releasing documents to former client; Failed to provide to client an estimate of the costs of briefing counsel; Invoiced client for work done after retainer had ended.	05/08/2021 – Reprimanded (x4); fined \$9,000; pay costs fixed at \$18,800.
3	Name: Jonathan BLOOM VCAT reference: J57/2019 Application date: 03/07/2019 Hearing date: 16/06/2021	Professional misconduct: Failed to supervise employees such that 333 proceedings were wrongly commenced in Victoria; Failed to prevent further cases being commenced in Victoria jurisdiction.  Unsatisfactory professional conduct: Failed to supervise employees such that two affidavits were sworn containing false information.	21/09/2021 – Reprimanded; practising certificate suspended for period of 6 months from end of 01/10/2021; required to complete a practice management course to the satisfaction of VLSC; pay costs fixed at \$63,000.
4	Name: Ching Fei CHIU VCAT reference: J58/2019 Application date: 03/07/2019 Hearing date: 16/06/2021	Professional misconduct: Recklessly made a misleading statement to the Magistrates' Court of Victoria; Failed to supervise employees and failed to correct misleading statements made to the Magistrates' Court.  Unsatisfactory professional conduct: Witnessed two affidavits containing false information.	21/09/2021 – Reprimanded; practising certificate suspended for period of 3 months from end of 01/10/2021; required to complete a practice management course to the satisfaction of VLSC; pay costs fixed at \$51,000.

NO.	MATTER IDENTIFICATION	SUMMARY OF VCAT FINDINGS	DATE AND SUMMARY OF ORDERS MADE
5	<p>Name: Saad MERHI  VCAT reference: J67/2020  Application date: 02/09/2020  Hearing date: 03/06/2021</p>	<p>Professional misconduct:  Misappropriated trust monies (x7);  Unlawfully dealt with trust money (x6);  Persistently failed to pay or delayed in the payment of barristers fees.</p> <p>Unsatisfactory professional conduct:  Failed to provide cost disclosure as soon as practicable after instructions were given; Failed to record the receipt of trust monies when received.</p>	<p>29/10/2021 – Reprimanded; fined \$10,000; period of supervised legal practice extended to 30/06/2022; must provide quarterly reports to supervisor on performance and progress; pay costs at \$14,000.</p>
6	<p>Name: Anthony GULLIVER  VCAT reference: J92/2020  Application date: 26/10/2020  Amended Application date: 18/03/2021  Hearing date: 30/11/2021</p>	<p>Misconduct at common law: Forged client's signature on a mortgage discharge authority and represented to the bank that the client had signed the mortgage discharge authority.</p>	<p>18/02/2022 – Reprimanded; fined \$3,000, undertake additional 3 CPD units in ethics and professional responsibility; pay costs fixed at \$10,000.</p>
7	<p>Name: Fatoum SOUKI  VCAT reference: J88/2020  Application date: 11/11/2020  Hearing date (on penalty): N/A</p>	<p>Professional misconduct: Failed to provide a cost agreement or cost disclosure; Prepared and facilitated the lodgement of erroneous and defective caveats; Failed to be open and frank with the VLSC.</p> <p>Misconduct at common law: Failed to disclose to clients a hearing was vacated due to failure to file application and supporting materials and misleading the clients as to why the hearing was vacated.</p> <p>Unsatisfactory professional conduct: Failed to keep proper accounts of disbursements; Failed to keep adequate file notes.</p>	<p>17/06/22 – Reprimanded; PC suspended for one month; complete 3 additional CPD units on property law and 6 on ethics and professional responsibility; fined \$13,000; pay costs fixed at \$19,500.</p>
8	<p>Name: Patrick HOWMAN  VCAT reference: J90/2020  Application date: 30/11/2020  Hearing date (on penalty): 26/08/21 and 22/10/21</p>	<p>Misconduct at common law: Took executor's commission without proper basis; Took unjust and unreasonable sum of executor's commission.</p> <p>Professional misconduct: Took executor's commission without proper basis and took unjust and unreasonable sum of executor's commission thereby causing a deficiency in the trust account.</p>	<p>16/05/22 – Undertaking to Tribunal and VLSC; reprimanded; pay compensation of \$41,000 to the beneficiary of the estate; complete 5 additional CPD units; pay costs fixed at \$15,000.</p>
9	<p>Name: Sulaika DHANAPALA  VCAT reference: J96/2020  Application date: 17/12/2020  Hearing date (on penalty): determined on the papers on 22/12/2021</p>	<p>Misconduct at common law: Falsely attested to three affidavits in family law proceedings.</p> <p>Unsatisfactory professional conduct: Prepared affidavits in a manner that was reckless as to whether her conduct would have the effect of influencing the deponents' evidence.</p>	<p>20/12/21: Reprimanded; fined \$3,500; complete 3 additional CPD units; pay costs fixed at \$8,500.</p>
10	<p>Name: N/A  VCAT Reference: J95/2020  Application date: 21/12/2020  Hearing date (on papers): 26/05/2021</p>	<p>Application withdrawn.</p>	<p>Application withdrawn.</p>
11	<p>Name: Wayne WONG  VCAT reference: J31/2021  Application date: 21/05/21  Hearing date (on penalty): 04/04/2021</p>	<p>Professional misconduct: Allowed high risk employee to remain at law practice and failed to adequately supervise and control them.</p>	<p>21/04/2021 – Reprimanded; pay costs fixed at \$10,800.</p>

NO.	MATTER IDENTIFICATION	SUMMARY OF VCAT FINDINGS	DATE AND SUMMARY OF ORDERS MADE
12	<p>Name: Kevin ROACHE  VCAT reference: J50/2021  Application date: 25/06/2021  Hearing date (on penalty): 30/03/2022</p>	<p>Professional misconduct/Misconduct at Common Law: Improperly borrowed money from a client; Took steps to give the regulator a misleading impression that the transaction was not a loan.</p> <p>Professional misconduct: Failed to act in the best interests of his client, and failed to avoid a compromise to his professional independence.</p>	<p>30/03/2022 – Reprimanded; fined \$10,000; Immediately surrender PC; pay costs as agreed or assessed. Costs and fine stayed until 01/07/2022.</p>
13	<p>Name: N/A  VCAT Reference: J51/2021  Application date: 28/06/2021 and Amended Application date: 22/10/2021  Hearing date (on papers): 24/03/2022</p>	<p>Application withdrawn.</p>	<p>Application withdrawn.</p>
14	<p>Name: Mohamed Inthikab Uwise IDROOS  VCAT reference: J52/2021  Application date: 29/06/2021  Hearing date (on penalty): 11/03/2022</p>	<p>Professional misconduct: Received trust money when not authorised to do so; Failed to place trust money into a trust account upon receipt; Provided client with a copy of another client's Curriculum Vitae Failed to provide a response to the Commissioner's notice (x2).</p> <p>Misconduct at common law: Knowingly creating a false document (x2), Failed to act promptly to progress the matter in which he was retained.</p>	<p>25/03/2022 – Reprimanded; unable to apply for an Australian PC for 2 years, any PC thereafter limited to an employee PC (supervised for a period of 2 years); complete 5 hours of CPD in ethics and professional responsibility; pay VLSC costs.</p>
15	<p>Name: Peter ANTIPPA  VCAT reference: J55/2021  Application date: 6/07/2021  Hearing date (on penalty): N/A</p>	<p>Unsatisfactory professional conduct: Failed to provide advice in a timely manner; Failed to ensure the client understood the retainer and had the retainer explained by an interpreter.</p>	<p>21/01/22 – Reprimanded; fined \$3,000; and VLSC costs fixed at \$5,000.</p>

Table 15: Disciplinary applications to VCAT made by the Commissioner, where application is awaiting hearing and/or determination as at 30 June 2022

NO.	DATE APPLICATION MADE	TYPE OF CHARGES	STATUS AS AT 30 JUNE 2022
1	29/06/2017	Professional misconduct: Conferring with a witness under cross-examination; Deliberately or recklessly providing false or misleading information to VLSC.	Substantive hearing completed and findings made. Awaiting decision on Respondent's application to dismiss the proceeding.
2	28/06/2018	Misconduct at common law: Purported to have made accusations of fraud or serious misconduct against the opposing party in a matter before the Costs Court and the SCV, without instructions from his client and reasonable grounds to support such an accusation (alternatively professional misconduct).	Awaiting hearing listing date from VCAT.
3	08/01/2019	Misconduct at common law: Grossly neglected duties to client; Gross overcharging; Failed to pay or deliver trust money to client; Placed inappropriate pressure on the client; Prevented the client from ending her retainer with the law practice and transferring the file; Further and/or alternatively professional misconduct.  Professional misconduct: Failed to account for trust money; Failed to provide costs disclosure; Charged uplift fee without a conditional fee agreement; Failed to maintain client file; Failed to communicate adequately with client or to give appropriate advice and delay; Failed to communicate adequately with the client; Failed to provide competent or diligent legal services to client; Inappropriately informed other party that had ceased to act for client and failed to seek instructions from client when seeking agreement of other law practice to take over conduct of client file; Caused trust account deficiency; Grossly neglected duties to client; Made false and/or misleading statements to the VLSC; Further and/or alternatively misconduct at common law.  Unsatisfactory professional conduct: Failed to make costs disclosures; Charged legal costs which was greater than agreed fixed fee amount.	Substantive hearing completed and findings made. Penalty hearing completed, waiting on decision.
4	17/08/2020	Misconduct at common law: Attempted to dishonestly and/or deceptively obtain a financial benefit by asking client to pay legal costs charged by the law practice into his personal bank account; Knowingly made a false statement to the VLSC; Charged a client grossly excessive legal costs; Repeatedly disobeyed the lawful Direction of the Board appointed Manager which forbade him communicating with any client or employee of the law practice; Further and/or alternatively professional misconduct.	Substantive hearing completed and findings made. Penalty hearing completed, waiting on decision.
5	21/12/2020	Professional misconduct: Failing to act in best interests of client (x3); Failing to cease to act, continuing to perform legal work without instructions.	The parties have reached agreement as to liability and penalty. The matter is to be determined on the papers, with a decision expected in late July 2022.
6	21/01/2021	Professional misconduct: Failed to ensure that a client's public liability file was conducted to a reasonable standard.	Substantive hearing completed and findings made. Penalty hearing completed, waiting on decision.
7	30/06/2021, amended 09/11/2021	Professional misconduct: Engaging in legal practice when not the holder of a current PC; Wilful or reckless failure to comply with a condition of his PC.	Date of order: 04/04/2022. Listed for a directions hearing on 05/07/2022 to consider the Respondent's request for documents and objections to admissibility.

NO.	DATE APPLICATION MADE	TYPE OF CHARGES	STATUS AS AT 30 JUNE 2022
8	29/11/2021	Professional misconduct: Dealing with trust money without trust authority (x4). Unsatisfactory professional conduct: Failing to issue receipts; Failing to issue trust account statements and/or failing to provide timely cost disclosure; Backdating bills; Failing to provide file; Breaching advertisements rules.	Parties are preparing written submissions in anticipation of penalty hearing.
9	22/12/2021	Misconduct at common law: Causing and/or allowing the creation and execution of a false document and, in doing so, acting dishonestly; Producing false document to the Supreme Court in answer to Subpoena and, in doing so, acting dishonestly. Unsatisfactory professional conduct: Relying on a personal power of attorney to sign and execute a contract on behalf of a company; Failing to record file notes of oral instructions purportedly received from client.	Waiting on listing for penalty hearing.
10	15/03/2022	Professional misconduct: Failure to give costs disclosure and/or provide an estimate of costs before settlement; Failure to take instructions and/or act in best interests of clients. Misconduct at common law: Permitting or assisting a person who was not the holder of a PC to engage in legal practice and/or to recover money for legal work done (alternatively professional misconduct); Deliberately or carelessly made a misleading statement to VLSC during the investigation (alternatively professional misconduct). Unsatisfactory professional conduct: Failure to give clients a request for payment, notice of withdrawal or bill prior to withdrawing legal costs from trust money.	Date of order: 15/06/2022. Listed for administrative mention/directions hearing on 05/07/2022.
11	17/03/2022	Professional misconduct: Improper lodgement of caveat (x3).	Directions Hearing has been adjourned to 26/07/2022 to enable parties to continue discussions with a view to reaching an agreed position with respect to liability and penalty.
12	25/03/2022	Professional misconduct: Drafting a will and codicil and witnessing the client sign the will and codicil in circumstances where the client may have lacked testamentary capacity; Engaging in conduct that was likely to bring the profession into disrepute; Dishonestly and knowingly making false statements; Incurring expenses on behalf of the estate and seeking reimbursement without authorisation; Threatening to not distribute money from the estate; Discourteous correspondence with the Commissioner; Failure to be open and frank with the Commissioner; Failure to comply with the Commissioner's requests for information; Making written statements which demonstrate a disrespect, lack of regard for and contempt towards the legal profession (alternatively misconduct at common law). Professional misconduct: Dishonesty and knowingly making false statements; Conflict of interest; Receiving trust money without instructions to do so. Unsatisfactory professional conduct: Failure to comply with a written undertaking; Drafting and having the client sign a will in circumstances where the practitioner was uncertain as to the will's legal effect and validity; Commencing a guardianship application without the client's instructions; Failure to inform the client in writing about the practitioner's entitlements for executor's commission and charging legal costs for the administration of the estate before the signing of the will; Failure to advise the client to seek independent legal advice before signing the will and codicil; Failure to give the client an accurate report of what had transpired at a hearing; Appearing on behalf of a client at a hearing without the client's instructions to do so; Discourtesy; Sending correspondence likely to bring the profession into disrepute.	Parties in negotiation pending administrative mention.

NO.	DATE APPLICATION MADE	TYPE OF CHARGES	STATUS AS AT 30 JUNE 2022
13	06/04/2022	<p>Professional misconduct: Failing to appear at a final family law hearing and/or failing to arrange alternative representation; Providing misleading information to the Court and Commissioner; (alternatively misconduct at common law).</p> <p>Professional misconduct: Withdrawing trust money without waiting seven days after sending a bill.</p> <p>Unsatisfactory professional conduct: Failing to keep appropriate records.</p>	Parties in negotiation pending directions hearing.
14	07/04/2022	<p>Professional misconduct: Receipt of trust monies without authorisation (x2); Failing to respond to VLSC; Failing to perform work and failure to return funds; acting as material witness in proceeding in breach of rules.</p> <p>Misconduct at common law: Supplying false invoice and attempting to mislead regulator; Swearing false statutory declaration.</p> <p>Unsatisfactory professional conduct: Breach of mortgage financing rule.</p>	Directions Hearing has been adjourned to September 2022.
15	25/05/2022	<p>Misconduct at common law: Receiving trust money without authorisation; Failed to pay trust money (alternatively professional misconduct).</p> <p>Professional misconduct: Receiving trust money without a trust account; Intermixing trust money; Failed to disburse trust money only in accordance with a direction by client; Failed to properly account for trust funds; Failing to keep trust records in permanent form; Dealing with trust money otherwise than in accordance with Uniform Law; Releasing confidential client information to a third party.</p> <p>Unsatisfactory professional conduct: Failed to retain client file.</p>	Awaiting first directions hearing.
16	26/05/2022	<p>Professional misconduct: Substance use affecting practise; Sexual harassment and/or workplace bullying, Failing to adequately supervise employees (alternatively misconduct at common law).</p>	Parties in negotiation pending directions hearing.
17	27/05/2022	<p>Professional misconduct: Sending text messages which sexually harassed a client; Verbal communications which sexually harassed a client (alternatively misconduct at common law).</p> <p>Unsatisfactory professional conduct: Failing to appear at a hearing; Failing to prepare and file documents.</p>	Awaiting first directions hearing.
18	27/05/2022	<p>Misconduct at common law: issuing a bill when a win had not been achieved under the conditional cost agreement (alternatively professional misconduct).</p> <p>Professional misconduct: Applying trust funds without authority; Gross overcharging; False representations to the VLSC.</p> <p>Unsatisfactory professional conduct: Failing to provide written update about costs.</p>	Awaiting first directions hearing.
19	30/06/2022	<p>Misconduct at common law: Providing an undertaking to third party that payment of an invoice would be made as soon as possible and failing to pay that invoice; Knowingly or recklessly misleading the VLSC about the undertaking (alternatively professional misconduct).</p>	Waiting on listing for teleconference directions hearing.
20	30/06/2022	<p>Professional misconduct: Acting in a position of conflict; Contacting another solicitor's client; Facilitating a breach of court order; Failing to provide information to VLSC upon request.</p>	Application filed.



Table 16: Appeals heard and awaiting determination in the Supreme Court in 2021-22

NAME OF LAWYER	DATE OF APPLICATION	HEARING DATES	APPEALED GROUNDS	STATUS AS AT 30 JUNE 2022
Joel BELING	Application dated 18 January 2021 but filed on 6 July 2021	19 & 20 May 2022	Various	Decision reserved.

Table 17: Cases on appeal and judicial review to the Supreme Court

NAME OF LAWYER	DATE SC/VCAT ORDERS WERE MADE ON	DATE OF APPEAL APPLICATION TO SUPREME COURT	STATUS AS AT 30 JUNE 2022
N/A	N/A	03/12/2020	The judicial review application proceeded to a hearing on 4 November 2021. Waiting on a decision.

Table 18: Strike-off decisions made by Supreme Court of Victoria during 2021-22

NAME	DATE ORIGINATING MOTION FILED	STATUS AS AT 30 JUNE 2022
Nicholas LOGAN	21/06/2021	Order made 28 February 2022 to remove the name of the defendant from the roll of persons admitted to the legal profession.



## Victorian Legal Services Board and Victorian Legal Services Commissioner Financial Statements for the year ended 30 June 2022

### How this report is structured

The Victorian Legal Services Board and Victorian Legal Services Commissioner has presented its audited general purpose financial statements for the financial year ended 30 June 2022 in the following structure to provide users with information about the stewardship of resources entrusted to it.

<b>65</b> Financial Statements Declaration	<b>66</b> Independent Auditor's Report	<b>68</b> Comprehensive Operating Statement
<b>69</b> Balance Sheet	<b>70</b> Statement of changes in equity	<b>71</b> Cash Flow Statement

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## FINANCIAL STATEMENTS DECLARATION

The attached consolidated financial statements for the Victorian Legal Services Board and Victorian Legal Services Commissioner have been prepared in accordance with Standing Direction 5.2 of the Standing Directions of the Assistant Treasurer under 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 accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and financial position of the Victorian Legal Services Board and Victorian Legal Services Commissioner at 30 June 2022.

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

We authorise the attached financial statements for issue on 21 November 2022.



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F Bennett  
Chairperson,  
Victorian Legal Services Board  
Melbourne  
21 November 2022



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F McLeay  
CEO, Victorian Legal Services Board and Victorian Legal Services Commissioner  
Melbourne  
21 November 2022



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V Saigal  
Interim Chief Finance Officer,  
Victorian Legal Services Board and Victorian Legal Services Commissioner  
Melbourne  
21 November 2022

D-22-365005

## Independent Auditor's Report

### *To the Board members of the Victorian Legal Services Board and the Victorian Legal Services Commissioner*

<b>Opinion</b>	<p>I have audited the financial report of the Victorian Legal Services Board (the Board) and the Victorian Legal Services Commissioner (the Commissioner), which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2022</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• financial statements declaration.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Board and the Commissioner as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Board and the Commissioner in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>The Board members' and the Commissioner's responsibilities for the financial report</b>	<p>The Board members of the Victorian Legal Services Board and the Victorian Legal Services Commissioner are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board members and the Commissioner determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board members and the Commissioner are responsible for assessing the Board's and Commissioner's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's and Commissioner's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board and the Commissioner.
- conclude on the appropriateness of the Board's and the Commissioner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's and the Commissioner's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board and the Commissioner to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board members and the Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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MELBOURNE  
23 November 2022



Janaka Kumara  
*as delegate for the Auditor-General of Victoria*

# Comprehensive operating statement

For the financial year ended 30 June 2022

	NOTES	2022 \$'000	2021 \$'000
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE AND INCOME FROM TRANSACTIONS</b>			
Interest and distributions	3.1	<b>51,333</b>	68,224
Practising Certificate fees and Fidelity Fund contributions	3.2	<b>14,109</b>	12,853
Other income	3.3	<b>688</b>	215
<b>Revenue and income from transactions</b>		<b>66,130</b>	<b>81,292</b>
<b>EXPENSES FROM TRANSACTIONS</b>			
Employee benefits expenses	4.1.1	<b>(16,520)</b>	(13,952)
Funding and grants expenses	4.2	<b>(35,110)</b>	(38,897)
Payments to service providers		<b>(553)</b>	(606)
Fidelity Fund claims and expenses		<b>(744)</b>	(2,321)
Depreciation and amortisation expense	5.1.3	<b>(2,116)</b>	(2,159)
Board and committee member fees		<b>(333)</b>	(310)
Legal expenses	4.4	<b>(4,537)</b>	(2,861)
Other operating expenses	4.3	<b>(4,397)</b>	(2,682)
<b>Total expenses from transactions</b>		<b>(64,310)</b>	<b>(63,788)</b>
<b>Net result from transactions</b>		<b>1,820</b>	<b>17,504</b>
<b>OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT</b>			
Net (loss)/gain on financial instruments	9.1	<b>(94,808)</b>	93,384
Other gain from other economic flows	9.1	<b>486</b>	(562)
<b>Total other economic flows included in net result</b>		<b>(94,322)</b>	<b>92,822</b>
<b>Net result from continuing operations</b>		<b>(92,502)</b>	<b>110,326</b>
<b>Net result</b>		<b>(92,502)</b>	<b>110,326</b>
<b>Comprehensive result</b>		<b>(92,502)</b>	<b>110,326</b>

The accompanying notes form part of these financial statements.

# Balance sheet

As at 30 June 2022

	NOTES	2022 \$'000	2021 \$'000
<b>ASSETS</b>			
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	7.1.1	<b>3,316,018</b>	2,120,930
Receivables	6.1	<b>22,403</b>	43,942
Investments and other financial assets	5.2	<b>855,954</b>	938,364
<b>Total financial assets</b>		<b>4,194,375</b>	<b>3,103,236</b>
<b>NON-FINANCIAL ASSETS</b>			
Plant and equipment	5.1.1	<b>3,027</b>	4,601
Intangible assets		<b>1,696</b>	1,771
Other non-financial assets		<b>707</b>	519
<b>Total non-financial assets</b>		<b>5,430</b>	<b>6,891</b>
<b>Total assets</b>		<b>4,199,805</b>	<b>3,110,127</b>
<b>LIABILITIES</b>			
Payables	6.2.1	<b>3,160</b>	5,211
Lease liabilities	7.3	<b>2,371</b>	3,355
Provisions	6.4	<b>15,190</b>	15,370
Employee related provisions	4.1.2	<b>3,138</b>	3,093
Income received in advance	6.3.1	<b>14,050</b>	13,611
Statutory deposit account balances	7.2	<b>3,859,646</b>	2,674,735
<b>Total liabilities</b>		<b>3,897,555</b>	<b>2,715,375</b>
<b>Net assets</b>		<b>302,250</b>	<b>394,752</b>
<b>EQUITY</b>			
Contributed equity		<b>29</b>	29
Accumulated surplus		<b>302,221</b>	394,723
<b>Net worth</b>		<b>302,250</b>	<b>394,752</b>

The accompanying notes form part of these financial statements.

# Statement of changes in equity

For the financial year ended 30 June 2022

	CONTRIBUTED EQUITY	ACCUMULATED SURPLUS	TOTAL EQUITY
	\$'000	\$'000	\$'000
Balance at 1 July 2020	29	284,397	<b>284,425</b>
Net result for the year	–	110,326	<b>110,326</b>
Other comprehensive income for the year	–	–	–
<b>Balance at 30 June 2021</b>	<b>29</b>	<b>394,723</b>	<b>394,752</b>
Net result for the year	–	(92,502)	<b>(92,502)</b>
Other comprehensive income for the year	–	–	–
<b>Balance at 30 June 2022</b>	<b>29</b>	<b>302,221</b>	<b>302,250</b>

The accompanying notes form part of these financial statements.



# Cash flow statement

For the financial year ended 30 June 2022

	NOTES	2022 \$'000	2021 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Interest and distributions received		47,955	69,733
Receipts from practising certificates fees and Fidelity Fund contributions		14,446	14,165
Other receipts		25,794	(27,623)
<b>Total receipts</b>		<b>88,195</b>	<b>56,323</b>
<b>PAYMENTS</b>			
Payments to suppliers and employees		(26,177)	(19,160)
Goods and Services Tax paid to the ATO		(192)	48
Payments of Fidelity Fund claims, costs and other expenses		(850)	(2,237)
Payments of grants		(36,893)	(41,076)
<b>Total payments</b>		<b>(64,112)</b>	<b>(62,473)</b>
<b>Net cash flows provided by/(used in) operating activities</b>	7.1.2	<b>24,083</b>	<b>(6,150)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of non-financial assets		48	(151)
Payments for intangible assets		(480)	(677)
Redemption/sale of financial assets		(12,399)	612,619
<b>Net cash flows used in investing activities</b>		<b>(12,831)</b>	<b>611,791</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of leases		(1,074)	(983)
Deposits into statutory deposit accounts by solicitors		2,734,597	2,033,259
Withdrawals from statutory deposit accounts by solicitors		(1,549,687)	(1,135,311)
<b>Net cash flows from financing activities</b>		<b>1,183,836</b>	<b>896,965</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,195,087</b>	<b>1,502,606</b>
Cash and cash equivalents at the beginning of the financial year		2,120,930	618,324
<b>Cash and cash equivalents at the end of the financial year</b>	7.1.1	<b>3,316,018</b>	<b>2,120,930</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

## 1. About this report

These annual financial statements represent the audited general purpose financial statements for the Victorian Legal Services Board (Board) and the Victorian Legal Services Commissioner (Commissioner) as consolidated entities (collectively VLSB+C) for the period ended 30 June 2022.

The Board and Commissioner are not-for-profit government agencies of the state of Victoria. The Board and Commissioner were originally established under the *Legal Professional Act 2004* (the former Act) on 12 December 2005. Both agencies' roles and functions now come under the *Legal Profession Uniform Law Application Act 2014* (the Act) which repeals the former Act, effective from 1 July 2015.

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 which does not form part of this financial report. Further information on the roles of the Board and Commissioner and funds administered are provided in Note 2.

### 1.1 Basis of preparation

#### Reporting entity

These consolidated financial statements cover the Board and the Commissioner as consolidated entities following the Minister for Finance making a determination pursuant to section 53(1)(b) of the FMA on 25 May 2013. The Board is comprised of the Public Purpose Fund (Note 2.1.1) and Legal Practitioners' Fidelity Fund (Note 2.1.2).

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

#### Currency and Rounding

These financial statements are in Australian dollars and have been rounded to the nearest \$1,000 unless otherwise stated. Figures in the financial statements may not equate due to rounding.

#### Measurement and accounting basis

The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis. Items not recorded at historical cost include:

- the Fidelity Fund claims provision that is calculated at fair value with regard to actuarial assessments and employee long service leave provisions; and

- financial instruments including Funds under Management after initial recognition, which are measured at fair value with movements reflected in the 'other economic flows – other comprehensive income' (refer to Note 8.1 and Note 8.3 for further detail).

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

#### Judgements, estimates and assumptions

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed.

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.

#### Comparatives

Where applicable, comparative figures have been updated to reflect more current information, including for changes in accounting policy. The nature of the reclassification, the amount of the items or class of items reclassified and the reason for reclassification is shown in relevant notes.

#### 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.

#### Changes in accounting policy

No new accounting standards have come into effect for the 2021-22 financial year that are applicable to the Board and the Commissioner.

Accounting standards changes not yet in effect but applicable to future years are presented at Note 9.7.

## 1.2 Compliance information

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.

## 1.3 Scope of financial statements

### Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from transactions', 'other economic flows included in net result', and 'other economic flows – other comprehensive income'. The sum of the former two 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*.

### 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 are disclosed in the notes, where relevant. In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if the Board and the Commissioner does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.

### Cash flow statement

Cash flows are classified according to whether they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

## 2. Funds administered

### 2.1 The Board

The Board is an independent statutory authority; a public entity but it does not represent the Crown. Ms Fiona McLeay is the Chief Executive Officer of the Board. The Attorney-General, the Hon. Jaclyn Symes, MP is the responsible Minister.

The Board's statutory objectives as stated in section 30 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
- contribute to the effective administration of a Legal Profession Uniform Law Framework through cooperation with other involved entities.

The Board is established as a body corporate with perpetual succession under section 28 of the Act. Under the provisions of the Act it is required to maintain two funds:

- the Public Purpose Fund (section 133); and
- the Legal Practitioners Fidelity Fund (section 121).

#### 2.1.1 Public Purpose Fund

The Board must maintain a fund called the Public Purpose Fund under section 133 of the Act. The Public Purpose Fund is comprised of three separate accounts below:

#### General Account – section 136

The General Account derives income from the following:

- fines imposed by an order of VCAT;
- money transferred to the Public Purpose Fund from the Fidelity Fund under section 147;
- money derived from any investment of the Public Purpose Fund;
- any profits arising on the realisation or revaluation of any investment of the Public Purpose Fund; and
- any fees that are paid to the Board in relation to an application for, or the grant or renewal of an Australian practising certificate; and any 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) 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 87 the Board can make arrangements with banks for the keeping of trust accounts. Under the arrangements in place, interest earned on law practices' trust accounts is received by the Board and paid to the General Account of the Public Purpose Fund.

Funding for the Board, VCAT Legal Practice List, the Victorian Legal Admissions Board, 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.

### Statutory Deposit Account – section 137

Each law practice or approved clerk with trust accounts has an individual Statutory Deposit Account (SDA) held in their name by the Board; the balance in this account is linked to their trust account. The SDA balance in the Board's financial statements is the sum of the individual SDAs.

Law practices or approved clerks with trust accounts must deposit the "required deposit amount" (if any) into the SDA on a quarterly basis. The required deposit amount is 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 79(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 79(2)).

### Distribution Account – section 138

The Act requires that 50% of the amount standing to the credit of the General Account at 30 June is transferred to the Distribution Account during the following year.

Funding and grants made under sections 143 and 146 for Victoria Legal Aid and section 144 for law-related services and activities are paid from the Distribution Account. Grants are approved by the Board on an annual basis and amounts are decided with consideration given to available resources.

#### 2.1.2 Legal Practitioners' Fidelity Fund

The Board must maintain a fund called the Fidelity Fund under section 121 of the Act. All monies held in the Fidelity Fund are kept separate from any other money held by the Board and is held in trust.

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.

## 2.2 The Commissioner

The Commissioner is an independent statutory office holder accountable to the Victorian Parliament. Ms Fiona McLeay is the Commissioner.

The Commissioner is responsible for the following objectives as specified in Chapter 5 of the Act:

- to provide a framework for the timely and effective resolution of disputes or issues between clients and lawyers or law practices;
- to provide a scheme for the discipline of the Australian legal profession, in the interests of the administration of justice and for the protection of clients of law practices and the public generally; and
- to monitor, promote and enforce the professional standards, competence and honesty of the Australian legal profession.

In addition to this the Commissioner has an important educative role which involves:

- educating lawyers about issues of concern to the legal profession and consumers of legal services, and
- educating the community about legal issues and the rights and obligations that flow from the client-lawyer relationship.

## 3. Funding delivery of our services – income from transactions

The Board predominantly earns interest income from Law Practice Residual Trust Accounts and Statutory Deposit Accounts, as well as investment distribution income from the investment portfolios of the Public Purpose Fund and Fidelity Fund. In addition, the Board receives income from practising certificate fees and Fidelity Fund contributions as it is responsible for the registration of all lawyers in Victoria.

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

Other income of the Board and Commissioner includes other interest, fines and cost recoveries.

### Recognition of income

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.

### 3.1 Interest and distribution income

	2022	2021
	\$'000	\$'000
<b>Public Purpose Fund</b>		
Distributions from Investments	24,563	50,109
Interest on Statutory Deposit Account	19,969	11,422
Interest on Law Practice Residual Trust accounts	5,809	3,826
Interest on Operating Accounts	216	178
<b>Total Public Purpose Fund interest and distributions</b>	<b>50,557</b>	<b>65,535</b>
<b>Fidelity Fund</b>		
Distributions from Investments	708	2,597
Interest on Operating Account	68	92
<b>Total Fidelity Fund interest and distributions</b>	<b>776</b>	<b>2,689</b>
<b>Total interest and distributions</b>	<b>51,333</b>	<b>68,224</b>

**Interest income** includes interest received on bank accounts, bank term deposits and other investments. Interest income is recognised using the effective interest method which allocates interest over the relevant period.

**Distribution income** is recognised when the right to receive payment is established. Distributions represent the income arising from the entity's investments in financial assets, net of any applicable management fees.

Distribution income should be considered in conjunction with the 'net gains/(losses) on financial instruments arising from changes in fair value' to assess total investment returns for the year (refer to Note 9.1).

### 3.2 Practising certificate fees and fidelity fund contributions

	2022	2021
	\$'000	\$'000
<b>Public Purpose Fund</b>		
Practising certificate fees	10,531	10,071
<b>Fidelity Fund</b>		
Fidelity Fund contributions	3,578	2,782
<b>Total Practising certificate fees and Fidelity Fund contributions</b>	<b>14,109</b>	<b>12,853</b>

**Practising certificate fees** are prescribed by regulation under section 73 of the Act in order to engage in legal practice in Australia. The fees for an application for the grant or renewal of an Australian practising certificate are payable by practitioners where their principal place of practice is Victoria.

**Fidelity Fund contributions** are determined by the Board pursuant to section 128 of the Act. Practising certificate fees are to be accompanied by a contribution to the Fidelity Fund pursuant to section 73 of the Act for certain classes of practitioners.

Practising certificate fees and Fidelity Fund contributions for the financial year 1 July 2022 to 30 June 2023 are payable prior to 30 June 2022. This income has been accounted for as income received in advance (refer to Note 6.3.1).

### 3.3 Other income

	2022	2021
	\$'000	\$'000
<b>Public Purpose Fund</b>		
Income from fines	45	15
Income from Commissioner – asset usage	862	906
Sundry income	433	23
<b>Total Public Purpose Fund other income</b>	<b>1,340</b>	<b>943</b>
<b>Fidelity Fund</b>		
Fidelity Fund recoveries	3	1
<b>Total Fidelity Fund other income</b>	<b>3</b>	<b>1</b>
<b>Victorian Legal Services Commissioner</b>		
Board funding to the Commissioner	11,820	8,749
Employee benefits recharged	7,932	7,486
Income from the Board – asset usage	11	12
Costs recoveries	195	164
Sundry income	12	12
<b>Total Commissioner other income</b>	<b>19,970</b>	<b>16,423</b>
<b>Elimination of inter-entity income</b>	<b>(20,625)</b>	<b>(17,153)</b>
<b>Total other income</b>	<b>688</b>	<b>215</b>

The Board receives income from fines and the Commissioner receives income from cost order recoveries. 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.

**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.

**Income for asset usage** is inter-entity charges between the Commissioner and the Board for use of assets i.e. recharge of depreciation. These charges are eliminated upon consolidation.

## 4. Cost of delivering services – expenses from transactions

This section provides an account of the expenses incurred by the Board and the Commissioner in carrying out their responsibilities. The Board is responsible for regulating the legal profession in Victoria while the Commissioner is responsible for handling complaints about lawyers and educating lawyers and the community about legal issues.

### 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 the Commissioner, on behalf of the other, these costs have been apportioned and expenses recovered.

### Recognition of expenses

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

## 4.1 Employee benefits

### 4.1.1 Employee benefits in the comprehensive operating statement

	2022	2021
	\$'000	\$'000
<b>Victorian Legal Services Commissioner</b>		
Salaries and wages, annual leave, long service leave	(14,328)	(12,081)
Superannuation contributions	(1,216)	(1,056)
Other employee on-costs and training	(976)	(815)
<b>Total employee benefits expense</b>	<b>(16,520)</b>	<b>(13,952)</b>

**Employee benefits expense** include all costs related to employment including wages and salaries, leave entitlements, superannuation contributions, fringe benefits tax, payroll tax, WorkCover premiums, staff training and development and termination benefits.

**Termination benefits** are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Commissioner is demonstrably committed to 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 to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Under section 59 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.

### 4.1.2 Employee benefits in the balance sheet

	2022	2021
	\$'000	\$'000
<b>Current employee provisions</b>		
<b>Annual leave</b>		
Unconditional and expected to settle within 12 months	1,160	1,019
<b>Long service leave</b>		
Unconditional and expected to settle within 12 months	1,195	1,359
<b>Provisions for on-costs</b>		
Unconditional and expected to settle within 12 months	438	414
<b>Total current provisions for employee benefits</b>	<b>2,793</b>	<b>2,792</b>
<b>Non-current provisions</b>		
Employee benefits	295	259
On-costs	50	42
<b>Total non-current provisions</b>	<b>345</b>	<b>301</b>
<b>Total employee benefits and related on-costs</b>	<b>3,138</b>	<b>3,093</b>

## Reconciliation of movement in employee on-costs provisions

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

	2022	2021
	\$'000	\$'000
Opening balance	456	412
Unwind of discount and effect of changes in the discount rate	(33)	(33)
Additional provisions recognised	65	78
<b>Closing balance</b>	<b>488</b>	<b>456</b>

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 and recorded as an expense during the period the services are delivered. Further information on employee benefits in the comprehensive operating statement is disclosed in Note 4.1.1.

### Salaries and wages and annual leave

Liabilities for salaries and wages (including non-monetary benefits and annual leave) are recognised as part of the provision for employee benefits as 'current liabilities', because the Board and the Commissioner does not have an unconditional right to defer settlement of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As the Board and the Commissioner expect the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the Board and Commissioner does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

### Long service leave

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

**Unconditional LSL** is disclosed 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:

- undiscounted value – if the Board or Commissioner expects to settle within 12 months; and
- present value – if the Board or Commissioner does not expect to settle within 12 months.

**Conditional LSL** is disclosed as a non-current liability.

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

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised in the 'net result from transactions', 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 to Note 9.1.3).

### 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 to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### Employee on-costs

Employee on-costs such as payroll tax, workers compensation and superannuation are disclosed separately from the provision for leave entitlements when the employment to which they relate has occurred.

### Superannuation

Employees of the VLSB+C are entitled to receive superannuation benefits and the VLSB+C contributes to defined contribution plans. Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement.

The amount recognised in relation to superannuation is the employer contributions for members to defined contribution superannuation plans that are paid or payable during the reporting period.



## 4.2 Funding and grants expenses

Funding and grants are paid from either the Distribution Account or General Account of the Board's Public Purpose Fund (refer to Note 2.1.1) as follows:

	2022	2021
	\$'000	\$'000
<b>Public Purpose Fund</b>		
<b>Funding and grants allocated from the Distribution Account</b>		
<b>Other funding</b>		
Victoria Legal Aid	22,889	25,789
Victorian Law Reform Commission	1,893	1,836
Victoria Law Foundation	2,500	2,425
Justice Connect	915	887
<b>Grants</b>		
Major grants and projects approved	350	1,256
<b>Total funding and grants allocated from the Distribution Account</b>	<b>28,547</b>	<b>32,193</b>
<b>Funding allocated from the General Account</b>		
<b>Funding to perform functions under the Act</b>		
Victorian Civil and Administration Tribunal – Legal Practice List	993	955
Victorian Legal Admissions Board	1,414	1,517
<b>Other funding</b>		
Professional association programs to the Law Institute of Victoria and Victorian Bar	2,970	3,066
Law Library of Victoria	500	479
Legal Profession Uniform Framework	686	687
<b>Total funding allocated from the General Account</b>	<b>6,563</b>	<b>6,704</b>
<b>Total funding and grants</b>	<b>35,110</b>	<b>38,897</b>

**Funding** represents payments made to law-related entities in performing functions under the Act or other funding allowed for under the Act. Other payments are recognised in the reporting period in which they are paid or payable.

**Grant expenses** are discretionary contributions of the Board's resources to another party for specific or general purposes where there is no expectation that the amount will be repaid in equal value (either by money, goods or services). Amounts granted from year to year vary depending on the level of discretionary resources available.

Grants can either be operating or capital in nature. 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.

Grant expenses are recognised in the reporting period in which they are paid or payable. All grants take the form of monetary payments.

### 4.3 Other operating expenses

	2022	2021
	\$'000	\$'000
<b>Other operating expenses</b>		
Information technology	1,507	972
Occupancy	476	350
Administration	673	644
External audit fees	78	74
Internal audit fees	61	70
Investment advice	176	173
Consultants	1,313	348
Other staff costs	18	51
Community and education	95	–
<b>Total other operating expenses</b>	<b>4,397</b>	<b>2,682</b>

**Other operating expenses** generally represent the day-to-day running costs incurred in normal operations. Operating expenses are recognised as an expense in the reporting period in which they are incurred.

The following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases where the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

### 4.4 Legal expenses

	2022	2021
	\$'000	\$'000
<b>Legal expenses</b>		
Investigations	775	535
Litigation and other legal expenses	1,311	1,057
External interventions	2,301	1,226
Compliance audits	150	43
<b>Total legal expenses</b>	<b>4,537</b>	<b>2,861</b>

**Legal expenses** are legal fees and associated costs incurred by the Board and the Commissioner in regulating the legal profession in Victoria and handling complaints about lawyers. Legal fees are recognised in the reporting period in which they are paid or payable.

## 5. Assets available to support delivery of services

This section includes disclosures on balances of financial assets and non-financial assets that represent the resources entrusted to the Board and Commissioner.

The Board and Commissioner control plant and equipment, intangibles assets, cash balances and other assets that are utilised in conducting its activities and fulfilling its objectives.

The Board also has a portfolio of investments held under the Public Purpose Fund and Fidelity Fund that generates investment returns.

### 5.1 Plant and equipment

#### 5.1.1 Carrying values of Non-Financial Assets

	GROSS CARRYING AMOUNT		ACCUMULATED DEPRECIATION		NET CARRYING AMOUNT	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Public Administration</b>						
Computer equipment at fair value	1,957	1,986	(1,891)	(1,706)	66	280
Office equipment at fair value	44	44	(42)	(39)	2	5
Right-of-use asset at fair value	4,930	4,930	(2,836)	(1,890)	2,095	3,040
Leasehold improvements at fair value	3,097	3,083	(2,287)	(1,913)	810	1,171
Office furniture and fittings at fair value	31	31	(31)	(31)	–	–
Motor Vehicles at fair value	84	133	(29)	(27)	55	106
<b>Total plant and equipment</b>	<b>10,143</b>	<b>10,207</b>	<b>(7,116)</b>	<b>(5,606)</b>	<b>3,027</b>	<b>4,601</b>

All balances are non-current.

## Property, plant and equipment – movement

	2022	2021
	\$'000	\$'000
<b>Public Administration</b>		
<b>Computer equipment</b>		
Opening balance	280	570
Additions	–	66
(Depreciation)	(214)	(356)
<b>Computer equipment – net closing balance</b>	<b>65</b>	<b>280</b>
<b>Office equipment</b>		
Opening balance	5	7
(Depreciation)	(3)	(2)
<b>Office equipment – net closing balance</b>	<b>2</b>	<b>5</b>
<b>Right-of-use assets</b>		
Opening balance	3,040	3,985
(Depreciation)	(945)	(945)
<b>Right-of-use assets – net closing balance</b>	<b>2,094</b>	<b>3,040</b>
<b>Leasehold improvements</b>		
Opening balance	1,171	1,426
Additions	14	96
(Depreciation)	(375)	(351)
<b>Leasehold improvements – net closing balance</b>	<b>810</b>	<b>1,171</b>
<b>Motor vehicles</b>		
Opening balance	106	43
(Disposals)/Additions	(29)	85
(Depreciation)	(21)	(22)
<b>Net carrying amount – Motor vehicles</b>	<b>55</b>	<b>106</b>
<b>Total net carrying amount – Plant and equipment</b>	<b>3,027</b>	<b>4,601</b>

## 5.1.2 Significant Estimate and Judgement – fair value measurement

### Initial recognition

Items of plant and equipment are measured initially at cost. 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.

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 8.3 in connection with how those fair values were determined.

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

### Right-of-use asset acquired by lessees – initial measurement

A right-of-use asset and a lease liability are recognised at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

### Subsequent measurement

Property, plant and equipment (PPE) as well as right-of-use assets under leases are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised on the following pages by asset category. In addition, for right-of-use assets the net present value of the remaining lease payments is often the appropriate proxy for fair value of relevant right-of-use assets.

Right-of-use assets are depreciated on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of right-of-use assets are determined on the same basis as property, plant and equipment. Right-of-use assets are also subject to revaluation as required by FRD 103I. As at 30 June 2022 right-of-use assets did not require an adjustment to their values.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

### Impairment of non-financial assets

Non-financial physical assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow – included in net result', except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

### 5.1.3 Depreciation and amortisation

	2022	2021
	\$'000	\$'000
<b>Public Purpose Fund</b>		
Leasehold improvements	375	351
Right-of-use assets	945	945
Office equipment	3	2
Computer equipment	214	356
Intangible assets	558	482
<b>Total Public Purpose Fund depreciation and amortisation</b>	<b>2,095</b>	<b>2,138</b>
<b>Victorian Legal Services Commissioner</b>		
Motor vehicles	21	22
<b>Total Commissioner depreciation</b>	<b>21</b>	<b>22</b>
<b>Total depreciation and amortisation</b>	<b>2,116</b>	<b>2,159</b>

All plant and equipment and other non-financial physical assets, with cost values exceeding \$5,000, that have finite useful lives are depreciated and intangible produced assets with finite useful lives are amortised.

**Depreciation and amortisation** are generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. However, leasehold improvements are depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The following are typical estimated **useful lives** for the different asset classes for current and prior years:

#### Useful life

CLASS OF ASSET	USEFUL LIFE	USEFUL LIFE
	2022	2021
Leasehold asset and improvements	10 years	10 years
Right-of-use assets	5 to 10 years	5 to 10 years
Office equipment	5 to 10 years	5 to 10 years
Office furniture and fittings	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 (capitalised software development costs)	5 years	5 years

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

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).

## 5.2 Investments and other financial assets

**Investments** are categorised as financial assets at fair value through profit or loss and include investments in equities and Funds under Management that are managed externally by fund managers, as recommended by independent investment advisers. Investments are held in the Public Purpose Fund and the Fidelity Fund in line with the Board's investment policy and objectives.

	2022	2021
	\$'000	\$'000
<b>Current</b>		
<b>Public Purpose Fund investments</b>		
Australian fixed interest	71,840	82,077
Global fixed interest	186,612	193,630
Diversified growth funds	119,757	138,188
Australian equities	83,184	90,327
Australian small capitalisation equities	29,780	44,675
Overseas equities – unhedged	113,124	127,749
Overseas equities – hedged <sup>(i)</sup>	30,039	43,940
Emerging market equities	27,221	32,794
Property and infrastructure managed funds	144,967	135,196
<b>Total Public Purpose Fund investments</b>	<b>806,524</b>	<b>888,576</b>
<b>Fidelity Fund investments</b>		
Australian fixed interest	8,272	9,267
Global fixed interest	8,675	8,555
Diversified growth funds	6,526	6,993
Australian equities	9,045	9,229
Overseas equities – unhedged	6,492	6,808
Overseas equities – hedged <sup>(i)</sup>	3,420	3,936
<b>Total Fidelity Fund investments</b>	<b>42,430</b>	<b>44,788</b>
<b>Total investments</b>	<b>848,954</b>	<b>933,364</b>
<b>Non-current</b>		
<b>Fidelity Fund other financial assets</b>		
Term deposits – Operating cash	7,000	5,000
<b>Total other financial assets</b>	<b>7,000</b>	<b>5,000</b>
<b>Total investments and other financial assets</b>	<b>855,954</b>	<b>938,364</b>

(i) The VLSB does not engage in active hedging. Hedging performed by the managed investment.

**Other financial assets** include term deposits with a maturity greater than 90 days.

**Managed funds** refers to funds that are managed on our behalf, not funds managed by the VLSB+C.

The Board and the Commissioner measures all its listed equities and Funds under Management at fair value through net result. Unless such assets are part of a disposal group held for sale, all equities and Funds under Management are classified as non-current.

Refer to Note 8.1 for information on financial instrument specific disclosures including categorisation and the nature and extent of risk arising from investments and other financial assets.

### 5.2.1 Ageing analysis of investments and other financial assets

Investments and other contractual financial assets are not past due and not impaired as at 30 June 2022 (and 30 June 2021).

The VLSB+C applies the AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Refer to table at Note 8.1.4.

## 6. Other assets and liabilities

### 6.1 Receivables

#### 6.1.1 Statutory and contractual receivables

	NOTE	2022 \$'000	2021 \$'000
<b>Public Purpose Fund</b>			
<b>Contractual receivables</b>			
Trade receivables		111	101
Allowance for impairment losses of Contractual receivables		(73)	(69)
Accrued investment distributions		16,328	40,052
Accrued interest – Residual Trust Accounts		1,646	335
Accrued interest – Statutory Deposit Accounts		3,307	1,247
Accrued other interest and income		29	34
<b>Total contractual receivables</b>		<b>21,348</b>	<b>41,699</b>
<b>Statutory receivables</b>			
GST recoverable		300	108
<b>Total statutory receivables</b>		<b>300</b>	<b>108</b>
<b>Total Public Purpose Fund receivables</b>		<b>21,648</b>	<b>41,808</b>
<b>Fidelity Fund</b>			
<b>Contractual receivables</b>			
Accrued investment distributions		303	1,668
Accrued interest		15	4
<b>Total contractual receivables</b>		<b>318</b>	<b>1,671</b>
<b>Total Fidelity Fund receivables</b>		<b>318</b>	<b>1,671</b>
<b>Victorian Legal Services Commissioner</b>			
<b>Contractual receivables</b>			
Trade receivables		898	899
Provision for impairment of receivables		(461)	(439)
Accrued other income		–	3
<b>Total contractual receivables</b>		<b>437</b>	<b>463</b>
<b>Statutory Receivables</b>			
<b>Total Commissioner receivables</b>		<b>437</b>	<b>463</b>
<b>Total receivables</b>		<b>22,403</b>	<b>43,942</b>

All receivables are current.

Receivables consist of:

- **Contractual receivables** are classified as financial instruments and categorised as 'financial assets at amortised cost', e.g. debtors in relation to goods and services. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables** are accounted for in accordance with AASB 9, as if they are financial assets when statutory requirements establish a right to receive cash or another financial asset as a result of a past event. Therefore, statutory receivables are initially recognised at fair value plus any directly attributable transaction costs.

Further information on the nature and extent of risks arising from contractual and statutory receivables is in Note 8.1.



## 6.2 Payables

### 6.2.1 Contractual and statutory payables

	2022	2021
	\$'000	\$'000
<b>Current payables</b>		
<b>Public Purpose Fund</b>		
Contractual payables and accrued expenses	2,268	2,487
Major grants and projects	487	2,269
<b>Total Public Purpose Fund current payables</b>	<b>2,755</b>	<b>4,756</b>
<b>Fidelity Fund</b>		
Contractual payables and accrued expenses	3	110
<b>Total Fidelity Fund current payables</b>	<b>3</b>	<b>110</b>
<b>Victorian Legal Services Commissioner</b>		
Contractual payables and accrued expenses	382	325
<b>Total Commissioner current payables</b>	<b>382</b>	<b>325</b>
<b>Total current payables</b>	<b>3,140</b>	<b>5,191</b>
<b>Non-current payables</b>		
<b>Public Purpose Fund</b>		
Major grants and projects	20	20
<b>Total non-current payables Public Purpose Fund</b>	<b>20</b>	<b>20</b>
<b>Total payables</b>	<b>3,160</b>	<b>5,211</b>

## 6.2.2 Contractual and statutory payables – movement

	2022	2021
	\$'000	\$'000
<b>Current payables</b>		
<b>Public Purpose Fund</b>		
Opening balance	4,756	5,508
Increase/(Decrease) in payables and major grants and projects provisions	270	(752)
<b>Total Public Purpose Fund current payables</b>	<b>5,026</b>	<b>4,756</b>
<b>Fidelity Fund</b>		
Opening balance	110	50
(Decrease)/Increase in payables and accrued expenses	(106)	60
<b>Total Fidelity Fund current payables</b>	<b>3</b>	<b>110</b>
<b>Victorian Legal Services Commissioner</b>		
Opening balance	325	369
Increase/(Decrease) in payables	57	(44)
<b>Total Commissioner current payables</b>	<b>382</b>	<b>325</b>
<b>Non-current payables</b>		
<b>Public Purpose Fund</b>		
Opening balance	20	280
Increase/(Decrease) in major grants and projects provision	2,729	(260)
<b>Total non-current payables Public Purpose Fund</b>	<b>2,749</b>	<b>20</b>
<b>Total payables</b>	<b>8,160</b>	<b>5,211</b>
<b>Represented by:</b>		
Current contractual and statutory liability	5,411	5,191
Non-current contractual and statutory liability	2,749	20

Payables consist of:

**Contractual payables** (such as accounts payable) are classified as financial instruments and measured at amortised cost. 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) 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.

**Major grants and projects** includes the Board's liability for grants in respect of grants approved during the financial year ended 30 June 2022 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.

### 6.2.3 Maturity analysis of contractual liabilities

2022	CARRYING AMOUNT \$'000	NOMINAL AMOUNT \$'000	MATURITY DATES			
			LESS THAN 1 MONTH \$'000	1-3 MONTHS \$'000	3 MONTHS - 1 YEAR \$'000	1-5 YEARS \$'000
<b>Contractual payables</b>						
Contractual payables and accrued expenses	2,653	2,653	2,653	-	-	-
Major grants and projects	507	507	-	-	487	20
Statutory Deposit Account balances	3,859,646	3,859,646	3,859,646	-	-	-
<b>Total</b>	<b>3,862,806</b>	<b>3,862,806</b>	<b>3,862,299</b>	<b>-</b>	<b>487</b>	<b>20</b>
<b>2021</b>						
<b>Contractual payables</b>						
Contractual payables and accrued expenses	2,922	2,922	2,922	-	-	-
Major grants and projects	2,289	2,289	-	-	2,269	20
Statutory Deposit Account balances	2,674,735	2,674,735	2,674,735	-	2,269	20
<b>Total</b>	<b>2,679,945</b>	<b>2,679,945</b>	<b>2,677,657</b>	<b>-</b>	<b>2,269</b>	<b>20</b>

Payables for supplies and services have an average credit period of 30 days. The terms and conditions of amounts payable for other liabilities vary according to the particular agreements.

Further information on the nature and extent of risks arising from contractual payables is disclosed in Note 8.1.

## 6.3 Contract liabilities

### 6.3.1 Income received in advance

	2022 \$'000	2021 \$'000
<b>Public Purpose Fund</b>		
Practising certificate fees	10,920	11,198
<b>Fidelity Fund</b>		
Fidelity Fund contributions	3,130	2,413
<b>Total income received in advance</b>	<b>14,050</b>	<b>13,611</b>

Income received in advance is current.

**Income received in advance** (contract liability under AASB 15) includes practising certificate fees and Fidelity Fund contributions for the financial year 1 July 2022 to 30 June 2023 that are payable prior to 30 June 2022.

### 6.3.2 Income received in advance – movement

	2022	2021
	\$'000	\$'000
<b>Contract liabilities</b>		
<b>Public Purpose Fund</b>		
Opening balance – certificate fees	11,198	9,858
(Decrease)/increase in practicing certificate fees received in advance	(278)	1,340
<b>Total practicing certificate fees received in advance</b>	<b>10,920</b>	<b>11,198</b>
<b>Fidelity Fund</b>		
Opening balance – contributions	2,413	2,299
Increase in fidelity fund contributions received in advance	717	114
<b>Total fidelity fund contributions received in advance</b>	<b>3,130</b>	<b>2,413</b>
<b>Total income received in advance</b>	<b>14,050</b>	<b>13,611</b>
<b>Represented by:</b>		
Current	14,050	13,611

### 6.4 Provisions

	2022	2021
	\$'000	\$'000
<b>Current provisions</b>		
<b>Fidelity Fund claims provision</b>		
Fidelity Fund current provision for claims lodged and anticipated	4,170	4,930
<b>Total current Fidelity Fund claims provision</b>	<b>4,170</b>	<b>4,930</b>
<b>Non-current provisions</b>		
Fidelity Fund non-current provision for claims lodged and anticipated	11,020	10,440
<b>Total non-current provisions</b>	<b>11,020</b>	<b>10,440</b>
<b>Total provisions</b>	<b>15,190</b>	<b>15,370</b>

**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 cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, 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.

### 6.4.1 Fidelity Fund claims provision

The Board appoints actuaries to independently assess the liability of the Legal Practitioners Fidelity Fund. The Board has recognised a provision for Fidelity Fund liabilities based on the actuarial assessment.

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

IBNL claims 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.

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	2022	2021
Later than one year discount rate <sup>(i)</sup>	3.09%	0.27%

(i) The discount rate shown above for the discounting of the outstanding defalcations liability as at 30 June 2021 is a term structure of rates based on current yields for medium term dated Commonwealth Government bonds.

### Estimated outstanding defalcation liability as at 30 June

	2022	2021
	\$'000	\$'000
Undiscounted liability of lodged claims	5,350	5,780
Plus: Estimated liability for claims incurred but not lodged	5,770	4,570
<b>Estimated undiscounted liability for incurred defalcations</b>	<b>11,120</b>	<b>10,350</b>
<b>Plus/(minus) adjustments</b>		
Less: Discounted to net present value	(960)	(70)
Plus: Internal management expenditure	1,520	1,540
Plus: Risk margin (30%) (2021: 30%)	3,510	3,550
<b>Net provision per actuarial report</b>	<b>15,190</b>	<b>15,370</b>
<b>Net provision including allowance for costs</b>	<b>15,190</b>	<b>15,370</b>

### Reconciliation of movements in provision

	2022	2021
	\$'000	\$'000
Opening balance	15,370	14,750
(Reductions)/additions in provisions recognised	(180)	620
<b>Closing balance</b>	<b>15,190</b>	<b>15,370</b>

## 7. How we finance our operations

### 7.1 Cash balances and cash flow information

#### 7.1.1 Reconciliation of cash and cash equivalents

CASH AND CASH EQUIVALENTS	2022	2021
	\$'000	\$'000
<b>Public Purpose Fund</b>		
<b>General Account</b>		
Cash on hand	–	1
General operating account	23,819	10,337
Practising Certificate Fees account	2,266	4,094
Deposits	–	20,000
Inter-entity balance – Fidelity Fund	(330)	(761)
<b>Total General Account</b>	<b>25,755</b>	<b>33,670</b>
<b>Distribution Account</b>	<b>154</b>	<b>154</b>
<b>Statutory Deposit Account – cash trust accounts</b>	<b>3,260,741</b>	<b>2,055,831</b>
<b>Total Public Purpose Fund – cash and cash equivalents</b>	<b>3,286,650</b>	<b>2,089,655</b>
<b>Fidelity Fund</b>		
Fidelity Fund operating account	7,733	6,126
Managed cash	21,305	24,388
<b>Total Fidelity Fund – cash and cash equivalents</b>	<b>29,038</b>	<b>30,514</b>
<b>Elimination of inter-entity balances</b>		
Inter-entity balance – Board	330	761
<b>Total amounts eliminated</b>	<b>330</b>	<b>761</b>
<b>Balances per cash flow statement</b>	<b>3,316,018</b>	<b>2,120,930</b>

All cash and deposits are current.

**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.

## 7.1.2 Reconciliation of net result for the period to net cash flows from operating activities

	2022	2021
	\$'000	\$'000
Net result for the year	(92,502)	110,326
<b>Non-cash movements</b>		
Depreciation	2,116	2,159
Net loss/(gain) on financial instruments	94,808	(93,460)
(Gain)/loss from other economic flows	(486)	533
Other non-cash movements	544	80
<b>Movements in assets and liabilities</b>		
Decrease/(increase) in receivables	21,539	(26,306)
Increase in prepayments	(188)	(323)
Increase/(decrease) in payables	(2,050)	(892)
(Decrease)/Increase in provisions	(180)	621
Increase/(Decrease) in provisions employee entitlements	44	(303)
Increase in income received in advance	439	1,414
<b>Net cash inflow/(outflow) from operating activities</b>	<b>24,083</b>	<b>(6,150)</b>

### 7.1.3 Funds Administered

	CASH AND CASH EQUIVALENTS (NOTE 7.1.1)	INVESTMENTS AND OTHER FINANCIAL ASSETS (NOTE 5.2)	TOTAL
	\$'000	\$'000	\$'000
<b>2022</b>			
<b>PUBLIC PURPOSE FUND</b>			
General Account	25,755	16,106	41,861
Less: Inter Entity – due to Commissioner	(5,203)	–	(5,203)
<b>Net General Account</b>	<b>20,552</b>	<b>16,106</b>	<b>36,658</b>
<b>Distribution Account</b>	<b>154</b>	<b>191,515</b>	<b>191,669</b>
<b>Statutory Deposit Account</b>	<b>3,260,741</b>	<b>598,904</b>	<b>3,859,646</b>
<b>Total Public Purpose Fund</b>	<b>3,281,447</b>	<b>806,525</b>	<b>4,087,973</b>
<b>FIDELITY FUND</b>			
<b>Total Fidelity Fund</b>	<b>29,038</b>	<b>49,431</b>	<b>78,468</b>
<b>Total Board funds</b>	<b>3,310,485</b>	<b>855,956</b>	<b>4,166,440</b>
<b>COMMISSIONER</b>			
<b>Total Commissioner funds</b>	<b>5,533</b>	<b>–</b>	<b>5,533</b>
<b>Total Board and Commissioner funds administered</b>	<b>3,316,018</b>	<b>855,956</b>	<b>4,171,973</b>
<b>2021</b>			
<b>PUBLIC PURPOSE FUND</b>			
General Account	13,670	142,256	155,926
Less: Inter Entity – due to Commissioner	(4,572)	–	(4,572)
<b>Net General Account</b>	<b>9,098</b>	<b>142,256</b>	<b>151,354</b>
<b>Distribution Account</b>	<b>154</b>	<b>147,416</b>	<b>147,571</b>
<b>Statutory Deposit Account</b>	<b>2,075,831</b>	<b>598,904</b>	<b>2,674,735</b>
<b>Total Public Purpose Fund</b>	<b>2,085,083</b>	<b>888,576</b>	<b>2,973,659</b>
<b>FIDELITY FUND</b>			
<b>Total Fidelity Fund</b>	<b>30,514</b>	<b>49,788</b>	<b>80,302</b>
<b>Total Board funds</b>	<b>2,115,597</b>	<b>938,364</b>	<b>3,053,961</b>
<b>COMMISSIONER</b>			
<b>Total Commissioner funds</b>	<b>5,333</b>	<b>–</b>	<b>5,333</b>
<b>Total Board and Commissioner funds administered</b>	<b>2,120,930</b>	<b>938,364</b>	<b>3,059,295</b>



## 7.2 Statutory deposit account balances

Each law practice or approved clerk with Trust Accounts has an individual Statutory Deposit Account (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. Refer to Note 2.1.1 for further detail on the SDA.

Accounts held by the Board in individual law practices names totalled and were represented by the following investments which are all categorised as funds under management:

	2022	2021
	\$'000	\$'000
<b>Public Purpose Fund</b>		
<b>Current</b>		
Bank – Statutory Deposit Account	3,859,646	2,674,735
<b>Total Statutory Deposit Account balances</b>	<b>3,859,646</b>	<b>2,674,735</b>

Accounts held by the Board in individual law practices names totalled and were represented by the following investments:

	2022	2021
	\$'000	\$'000
<b>Public Purpose Fund</b>		
Cash trust accounts	3,260,741	2,055,831
Deposits	–	20,000
Australian fixed interest	57,632	57,632
Global fixed interest	151,300	151,300
Diversified growth funds	97,349	97,349
Australian equities	43,794	43,794
Australian small capitalisation equities	20,000	20,000
Overseas equities – unhedged	78,850	78,850
Overseas equities – hedged	19,262	19,262
Emerging market equities	20,000	20,000
Property and infrastructure managed funds	110,717	110,717
<b>Total Statutory Deposit Account balances</b>	<b>3,859,646</b>	<b>2,674,735</b>

## 7.3 Lease liabilities

	2022	2021
	\$'000	\$'000
<b>Current lease liabilities</b>		
VicFleet vehicle lease	33	106
Accommodation lease	912	872
Multi-function devices lease	–	16
<b>Total current lease liabilities</b>	<b>945</b>	<b>994</b>
<b>Non-current lease liabilities</b>		
VicFleet vehicle lease	23	–
Accommodation lease	1,403	2,361
<b>Total non-current lease liabilities</b>	<b>1,425</b>	<b>2,361</b>
<b>Total Lease liabilities</b>	<b>2,371</b>	<b>3,355</b>

### 7.3.1 Lease liabilities – current and non-current payable

2022	NOT LONGER THAN ONE YEAR	ONE YEAR TO FIVE YEARS	MORE THAN FIVE YEARS	TOTAL
	\$'000	\$'000	\$'000	\$'000
<b>Lease Liability</b>				
VicFleet vehicle lease	33	23	–	56
Accommodation lease	912	1,403	–	2,315
<b>Total lease liability</b>	<b>945</b>	<b>1,425</b>	<b>–</b>	<b>2,371</b>
2021	NOT LONGER THAN ONE YEAR	ONE YEAR TO FIVE YEARS	MORE THAN FIVE YEARS	TOTAL
	\$'000	\$'000	\$'000	\$'000
<b>Lease Liability</b>				
VicFleet vehicle lease	106	–	–	106
Accommodation lease	872	2,361	–	3,233
Multi-function devices lease	16	–	–	16
<b>Total lease liability</b>	<b>994</b>	<b>2,361</b>	<b>–</b>	<b>3,355</b>

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- payments arising from purchase and termination options reasonably certain to be exercised.

#### Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

#### Short-term leases and leases of low-value assets

The VLSB+C has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### Presentation of right-of-use assets and lease liabilities

The VLSB+C presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

## 7.4 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note at their nominal value and inclusive of the goods and services tax (GST) payable.

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.

2022	NOTES	LESS THAN 1 YEAR \$'000	1-5 YEARS \$'000	5+ YEARS \$'000	TOTAL \$'000
Operating commitments	7.4.1	1,039	115	–	1,154
<b>Total commitments</b>		<b>1,039</b>	<b>115</b>	<b>–</b>	<b>1,154</b>
2021					
Operating commitments	7.4.1	1,721	2,986	–	4,707
<b>Total commitments</b>		<b>1,721</b>	<b>2,986</b>	<b>–</b>	<b>4,707</b>

Figures presented are inclusive of GST.

### 7.4.1 Operating commitments

Commitments in relation to operating contracts contracted for by the Board at the reporting date but not recognised as liabilities payable:

	2022 \$'000	2021 \$'000
Operating commitments		
Less than 1 year	1,039	1,721
Greater than 1 year but not later than 5 years	115	2,986
<b>Total commitments in relation to operating contracts</b>	<b>1,154</b>	<b>4,707</b>

### 7.4.2 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 transferred from the 2021 General Account balance to the Distribution Account in 2022 is \$75.7m (2021: \$40.5m).

Funding under sections 143, 144 and s 146 are paid to recipients from the Distribution Account as per section 138 of the Act. Recipients include Victoria Legal Aid, Victorian Law Reform Commission, Victoria Law Foundation and successful project and major grants applicants. For further details, refer to the report of operations.

## 8. Risks, contingencies and valuation judgements

### 8.1 Financial instruments specific disclosures

The Board and Commissioner are exposed to risk from its activities and outside factors. In certain circumstances it is necessary to make reasonable judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out specific information on financial instruments (including exposure to financial risks), items that are contingent in nature and valuation judgements associated with fair valuation determination.

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 and Commissioner's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Movements in the fair value of financial instruments will continue to be accounted for through net result (profit and loss).

#### 8.1.1 Categories of financial instruments

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the organisation to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Board and Commissioner recognise the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables);
- term deposits; and
- certain debt securities

**Financial assets and liabilities at fair value through profit and loss** are categorised as such at trade date, or 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 distributions or interest on a financial asset is recognised in the net result from transactions. The Board recognises investments in equities and Funds under Management in this category.

**Financial instrument liabilities at amortised cost** 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 (excluding statutory payables), deposits held and advances received, and interest-bearing arrangements (including finance lease liabilities) other than those designated at fair value through profit or loss.

#### 8.1.2 Derecognition, impairment and reclassification of financial instruments

##### 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 retains 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 Commissioner have transferred their rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - 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 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.

##### 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.

### 8.1.3 Financial instruments categorisation

The carrying amounts of contractual financial assets and financial liabilities are disclosed below with loans between the Board and the Commissioner eliminated:

#### Financial instruments categorisation for the year ended 30 June 2022

2022	CASH AND DEPOSITS	CONTRACTUAL FINANCIAL ASSETS/ LIABILITIES AT FAIR VALUE THROUGH PROFIT/LOSS	CONTRACTUAL FINANCIAL ASSETS AT AMORTISED COST	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CONTRACTUAL FINANCIAL ASSETS</b>					
<b>Cash and deposits</b>					
Cash and deposits	3,316,019	–	–	–	<b>3,316,019</b>
<b>Receivables</b>					
Receivables	–	–	22,103	–	<b>22,103</b>
<b>Investments and other contractual financial assets</b>					
Funds under Management	–	848,956	–	–	<b>848,956</b>
Term deposits	–	–	7,000	–	<b>7,000</b>
<b>Total contractual financial assets</b>	<b>3,316,019</b>	<b>848,956</b>	<b>29,103</b>	<b>–</b>	<b>4,194,078</b>
<b>CONTRACTUAL FINANCIAL LIABILITIES</b>					
<b>Payables</b>					
Contractual payables and accrued expenses	–	–	–	2,653	<b>2,653</b>
Major grants, projects and lease incentive	–	–	–	5,507	<b>5,507</b>
<b>Borrowings and deposits at call</b>					
Lease liabilities	–	–	–	2,371	<b>2,371</b>
Statutory Deposit Account balances	–	–	–	3,859,646	<b>3,859,646</b>
<b>Total contractual financial liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,870,177</b>	<b>3,870,177</b>

## Financial instruments categorisation for the year ended 30 June 2021

2021	CONTRACTUAL FINANCIAL ASSETS/ LIABILITIES AT FAIR VALUE THROUGH PROFIT/LOSS				TOTAL
	CASH AND DEPOSITS	CONTRACTUAL FINANCIAL ASSETS AT AMORTISED COST	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST		
	\$'000	\$'000	\$'000	\$'000	
<b>CONTRACTUAL FINANCIAL ASSETS</b>					
<b>Cash and deposits</b>					
Cash and cash equivalents	2,120,930	–	–	–	<b>2,120,930</b>
<b>Receivables</b>					
Receivables	–	–	43,834	–	<b>43,833</b>
<b>Investments and other contractual financial assets</b>					
Funds under Management	–	933,364	–	–	<b>933,364</b>
Term deposits held to maturity	–	–	5,000	–	<b>5,000</b>
<b>Total contractual financial assets</b>	<b>2,120,930</b>	<b>933,364</b>	<b>48,834</b>	<b>–</b>	<b>3,103,128</b>
<b>CONTRACTUAL FINANCIAL LIABILITIES</b>					
<b>Payables</b>					
Contractual payables and accrued expenses	–	–	–	2,922	<b>2,922</b>
Major grants and projects	–	–	–	2,289	<b>2,289</b>
Disputed costs	–	–	–	–	<b>–</b>
<b>Borrowings and deposits at call</b>					
Lease liabilities	–	–	–	3,355	<b>3,355</b>
Statutory Deposit Account balances	–	–	–	2,674,735	<b>2,674,735</b>
<b>Total contractual financial liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,689,506</b>	<b>2,689,506</b>

## Net holding gain/(loss) on financial instruments by category

2022	NET HOLDING GAIN/(LOSS)	TOTAL DISTRIBUTION INCOME	TOTAL
	\$'000	\$'000	\$'000
	Financial assets at fair value through profit/loss	(93,834)	25,270
<b>Total contractual financial assets</b>	<b>(93,834)</b>	<b>25,270</b>	<b>(68,564)</b>
<b>2021</b>			
Financial assets designated at fair value through profit/loss	93,460	52,803	<b>146,262</b>
<b>Total contractual financial assets</b>	<b>93,460</b>	<b>52,803</b>	<b>146,262</b>

### 8.1.4 Financial risk management objectives and policies

The net holding gains or losses disclosed above are determined as follows:

For cash and cash equivalents, financial assets at amortised cost and debt instruments that are classified as financial assets at fair value through other comprehensive income, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result.

For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

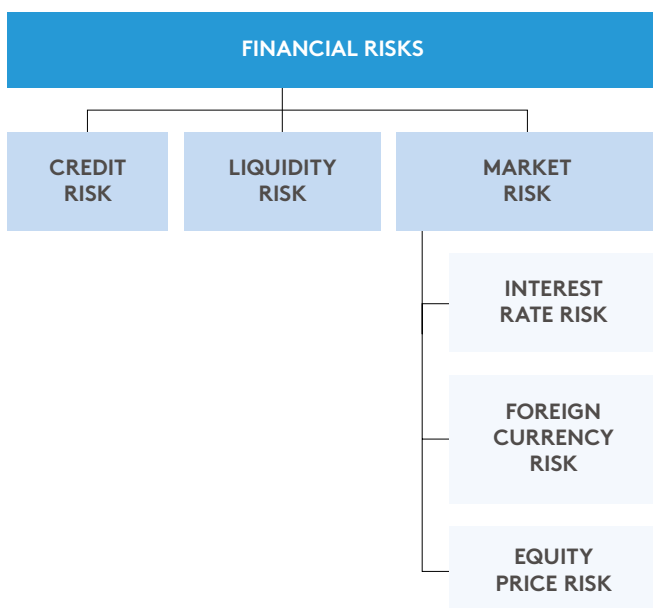
For financial asset and liabilities that are mandatorily measured at or designated at fair value through net result, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

The Board and Commissioner's principal financial instruments comprise:

- cash assets;
- term deposits;
- receivables (excluding statutory receivables);
- investments in equities and Funds under Management;
- payables (excluding statutory payables);
- lease liability; and
- statutory deposit account balances.

The Board and Commissioner's main financial risks include credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and equity price risk). The Board and Commissioner manage these financial risks in accordance with its financial risk management policy. The main purpose of holding financial instruments is to prudentially manage financial commitments and risks within policy parameters.

#### Financial risk management objectives and policies



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

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 the relevant notes to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the VLSB+C's financial risks within the government policy parameters.

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

VLSB+C uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Responsible Persons of the VLSB+C.

#### Financial Instruments: Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. 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 the Board or 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 Commonwealth Bank of Australia holds the majority of financial assets. For the Commissioner, management has assessed the risk associated with receivables as minimal.

## Credit quality of financial assets

2022	CREDIT RATING								
	AA-	A				B+		OTHER	TOTAL
	\$'000	A	A (P)	A (T)	A (W)	B+	B+ (W)	\$'000	\$'000
Cash and cash equivalents	3,294,713	21,305	–	–	–	–	–	–	<b>3,316,018</b>
Receivables <sup>(i)</sup>	4,997	–	–	–	–	–	16,326	780	<b>22,103</b>
Investments and other financial assets	7,000	490,285	29,780	64,507	23,542	–	43,413	197,426	<b>855,954</b>
<b>Total contractual financial assets</b>	<b>3,306,710</b>	<b>511,590</b>	<b>29,780</b>	<b>64,507</b>	<b>23,542</b>	<b>–</b>	<b>59,740</b>	<b>198,206</b>	<b>4,194,074</b>
<b>2021</b>									
Cash and cash equivalents	2,096,542	24,388	–	–	–	–	–	1	<b>2,120,930</b>
Receivables <sup>(i)</sup>	1,619	–	–	–	–	–	40,052	2,163	<b>43,834</b>
Investments and other financial assets	5,000	495,296	96,045	94,055	–	206,600	17,371	23,997	<b>938,364</b>
<b>Total contractual financial assets</b>	<b>2,103,161</b>	<b>519,684</b>	<b>96,045</b>	<b>94,055</b>	<b>–</b>	<b>206,600</b>	<b>57,423</b>	<b>26,162</b>	<b>3,103,129</b>

(i) Amounts disclosed exclude statutory financial assets.

### Calculation of Credit Rating

Credit ratings are sourced from a Mercer Investment Manager's Credit rating. The ratings are applied to each Investment Manager's portfolio of Funds under management with the totals noted in the table relating to the credit quality of financial assets.

### Impairment of financial assets under AASB 9

Consistent with AASB 9, the allowance for expected credit loss approach is applied to the relevant financial instruments. Subject to AASB 9, impairment assessment includes contractual receivables and statutory receivables.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to

impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, no impairment loss was identified.

### Contractual receivables at amortised cost

A simplified approach is applied for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates.

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

2022	CURRENT	LESS THAN 1 MONTH	1-3 MONTHS	OVER 3 MONTHS	TOTAL
	Expected loss rate (%)	0%	0%	60%	53%
Gross carrying amount of contractual receivables (\$'000)	–	–	10	999	1,009
<b>Loss allowance (\$'000)</b>	<b>–</b>	<b>–</b>	<b>6</b>	<b>529</b>	<b>535</b>
2021	CURRENT	LESS THAN 1 MONTH	1-3 MONTHS	OVER 3 MONTHS	TOTAL
	Expected loss rate (%)	55%	0%	65%	51%
Gross carrying amount of contractual receivables (\$'000)	15	–	15	970	1,000
<b>Loss allowance (\$'000)</b>	<b>8</b>	<b>–</b>	<b>10</b>	<b>491</b>	<b>508</b>



### Statutory receivables at amortised cost

Non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

Statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses.

### Financial instruments: Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. Both the Board and the 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 and the Commissioner manage their liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligation, including honouring all Statutory Deposit Account withdrawal requests.
- 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.
- Close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements.

The Board's and Commissioner's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of financial investments held at fair value through net result (profit or loss).

The carrying amount of contractual financial liabilities detailed in the table of 'fair value of financial instruments measured at amortised cost' under Note 8.3.2 represents the Board and the Commissioner's maximum exposure to liquidity risk.

### Financial instruments: Market risk

The Board is exposed to market risk which includes interest rate risk, equity price risk and foreign currency risk. The Commissioner is exposed to interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below:

#### Financial Instruments: 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 through Funds under Management.

The Board also has significant exposure to cash flow interest rate risk through its cash, term deposits and deposits that are at floating rates. Interest rate sensitivity analysis in the following section illustrates the potential impact of a 25 basis points movement on the Board's revenue.

The Board manages this interest rate risk through:

- a diversified asset allocation strategy;
- 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 2022 and 2021 the Commissioner had minimal exposure to cash flow interest rate risk as its operating bank account is transferred overnight to the Board's General Account.

The inter-entity 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 under section 141 of the Act.

## Interest rate exposure of financial instruments for the year ended 30 June 2022

2022	INTEREST RATE EXPOSURE				
	WEIGHTED AVERAGE INTEREST RATE	CARRYING AMOUNT	FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON-INTEREST BEARING
	%	\$'000	\$'000	\$'000	\$'000
<b>Financial assets<sup>(i)</sup></b>					
<b>Cash and cash equivalents</b>	<b>0.65%</b>	<b>3,316,019</b>	–	3,316,019	–
<b>Receivables</b>					
Trade Receivables		475	–	–	475
Accrued investment distributions		16,631	–	–	16,631
Accrued interest – Statutory Deposit Account		3,307	–	–	3,307
Accrued interest – Residual Trust Account		1,646	–	–	1,646
Accrued other income		44	–	–	44
<b>Investments and other contractual financial assets</b>					
Funds under Management	18.79%	848,956	219,382	–	629,574
Term deposits – operating cash	0.34%	7,000	–	7,000	–
<b>Total financial assets</b>		<b>4,194,078</b>	<b>219,382</b>	<b>3,323,019</b>	<b>651,677</b>
<b>Financial liabilities<sup>(i)</sup></b>					
<b>Payables</b>					
Payables and accrued expenses		2,653	–	–	2,653
Major grants and projects		5,507	–	–	5,507
<b>Borrowings and deposits</b>					
Lease liabilities	2.44%	2,371	2,371	–	–
Statutory Deposit Account balances		3,859,646	–	–	3,859,646
<b>Total financial liabilities</b>		<b>3,870,177</b>	<b>2,371</b>	<b>–</b>	<b>3,867,806</b>

(i) Excludes statutory financial assets and liabilities.

## Interest rate exposure of financial instruments for the year ended 30 June 2021

2021	INTEREST RATE EXPOSURE				
	WEIGHTED AVERAGE INTEREST RATE <sup>(i)</sup>	CARRYING AMOUNT	FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON-INTEREST BEARING
	%	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
<b>Cash and cash equivalents</b>	0.65%	<b>2,120,930</b>	<b>–</b>	<b>2,120,930</b>	<b>–</b>
<b>Receivables</b>					
Trade Receivables		<b>492</b>	–	–	492
Accrued investment distributions		<b>41,719</b>	–	–	41,719
Accrued interest – Residual Trust Account		<b>335</b>	–	–	335
Accrued interest – Statutory Deposit Account		<b>1,247</b>	–	–	1,247
Accrued other income		<b>41</b>	–	–	41
<b>Investments and other contractual financial assets</b>					
Funds under management	17.76%	<b>933,364</b>	246,268	–	687,096
Term deposits – operating cash	0.34%	<b>5,000</b>	–	5,000	–
<b>Total financial assets</b>		<b>3,103,127</b>	<b>246,258</b>	<b>2,126,930</b>	<b>730,929</b>
<b>Financial liabilities<sup>(i)</sup></b>					
<b>Payables</b>					
Payables and accrued expenses		<b>2,922</b>	–	–	2,922
Major grants, projects and lease incentives		<b>2,289</b>	–	–	2,289
<b>Borrowings and deposits</b>					
Finance lease liabilities	2.44%	<b>3,355</b>	3,355	–	–
Statutory Deposit Account balances		<b>2,674,735</b>	–	–	2,674,235
<b>Total financial liabilities</b>		<b>2,683,300</b>	<b>3,355</b>	<b>–</b>	<b>2,679,945</b>

(i) Excludes statutory financial assets and liabilities.

### Interest rate sensitivity analysis

The Board and Commissioner's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-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.

Sensitivity analysis is presented in the table below for a movement of 20 basis points up and down (2021: 10 down and 10 up).

The impact on the Board and Commissioner'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 and Commissioner have no financial liabilities subject to movements in market rates and prices.

### Residual Trust accounts

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 2022 was \$5.81m (2021: \$3.83m). Based on a rolling average balance in Residual Trust Funds as at 30 June 2022 of \$4.42bn (2021: \$3.42bn), a 75 basis point movement would impact the revenue attributable to the Board by \$33.16m (2021: \$3.42m with 10 basis point in June 2021).

## Equity price risk

Exposure to equity 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 is exposed to equity price risk through its investments in listed and unlisted Funds under Management (the Commissioner does not hold investments in managed investment schemes). Such investments are allocated and traded to match the approved investment objectives appropriate for the Board's liabilities.

The Board oversees the management of equity price risk throughout the year. The Board's objective of managing other price risk is to minimise negative impacts on investment value due to the volatility of financial markets.

The Board has appointed Mercer as its external, independent investment managers 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.

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 Funds under Management and diversification through different asset classes as per the mandated allocations.

### Equity price risk sensitivity analysis

Mercer estimates that movements in equity price risk will be from negative 20% to positive 20% in the next 12 months. Management does not believe that it is possible to reasonably estimate the variables used further than for 12 months.

	EQUITY PRICE RISK				
	CARRYING AMOUNT	-20%		+20%	
		NET RESULT	EQUITY	NET RESULT	EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>					
<b>Financial assets</b>					
Investments at fair value through profit or loss <sup>(i)</sup>	848,956	(169,791)	(169,791)	169,791	169,791
<b>Total impact</b>		<b>(169,791)</b>	<b>(169,791)</b>	<b>169,791</b>	<b>169,791</b>
<b>2021</b>					
<b>Financial assets</b>					
Investments at fair value through profit or loss <sup>(i)</sup>	933,364	(186,673)	(186,673)	186,673	186,673
<b>Total impact</b>		<b>(186,673)</b>	<b>(186,673)</b>	<b>186,673</b>	<b>186,673</b>

(i) Investments of \$849.0m (2021: \$933.4m) are exposed to equity price movements. Sensitivities to these movements are calculated as follows:

- 2022: \$849.0m x -20% = (\$169.8m); and \$849.0m x 20% = \$169.8m; and
- 2021: \$933.4m x -20% = (\$186.7m); and \$933.4m x 20% = \$186.7m.

## Foreign currency risk

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

- Global equities;
- Global fixed interest; and
- Emerging markets.

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

## 8.2 Contingent Assets and Liabilities

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

**Contingent assets** are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

At balance date there were no contingent assets (2021: nil contingent assets).

**Contingent liabilities** are also classified as either quantifiable or non-quantifiable and include:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
  - the amount of the obligations cannot be measured with sufficient reliability.

## 8.2.1 Quantifiable contingent liabilities

	2022	2021
	\$'000	\$'000
<b>Contract liabilities</b>		
Legal proceedings and disputes <sup>(a)</sup>	897	245
<b>Total</b>	<b>897</b>	<b>245</b>

Notes:

(a) Claims were lodged in relation to various matters on external intervention including:

- mismanagement of law practice
- mismanagement of client (trust) funds and/or loan funds
- bankruptcy issue
- other matters

The timing for majority of the matters \$682K is unknown, while \$215K of the contingent liabilities are expected to be finalised in 2022-23.

Other potential obligations that are non-quantifiable at this time arise from unclaimed monies, which may be subject to future claims by the general public against the State.

## 8.3 Fair value determination

### Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the Board and Commissioner.

**Fair value** is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result
- plant and equipment.

The Board and Commissioner determine the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

### 8.3.1 Fair value hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The three levels of the fair value hierarchy and fair value determination are as follows:

- Level 1 – the fair value of financial instruments 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 unobservable market inputs.

The Board and Commissioner determine whether transfers have occurred between levels in the hierarchy by reassessing 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.

### 8.3.2 Fair value determination of financial instruments

The Board and Commissioner currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short term nature of the financial instruments or with the expectation that they will be paid in full by the end of the reporting period. These financial instruments include:

FINANCIAL ASSETS	FINANCIAL LIABILITIES
<b>Cash and deposits</b> <b>Receivables</b> <ul style="list-style-type: none"> <li>• Sale of goods and services</li> <li>• Accrued investment income</li> <li>• Other receivables</li> </ul> <b>Investments and other contractual financial assets</b> <ul style="list-style-type: none"> <li>• Term deposits</li> <li>• Investments at fair value through profit or loss</li> </ul>	<b>Payables</b> <ul style="list-style-type: none"> <li>• For supplies and services</li> <li>• Amounts payable to government and agencies</li> <li>• Other payables</li> <li>• Statutory Deposit Account Balances</li> <li>• Lease liability</li> </ul>

## Fair value of financial instruments

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

	2022		2021	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
	\$'000	\$'000	\$'000	\$'000
<b>Contractual financial assets</b>				
Cash and cash equivalents	3,316,019	3,316,019	2,120,930	2,120,930
<b>Receivables</b>				
Accrued investment distributions	16,631	16,631	41,719	41,719
Accrued interest – Residual Trust Account	1,646	1,646	335	335
Accrued interest – Statutory Deposit Account	3,307	3,307	1,247	1,247
Trade receivables – Public Purpose Fund	37	37	32	32
Trade receivables – Commissioner	437	437	460	460
Accrued other interest and income	44	44	41	41
<b>Total receivables<sup>(i)</sup></b>	<b>22,102</b>	<b>22,102</b>	<b>43,833</b>	<b>43,833</b>
<b>Investments and other contractual financial assets</b>				
Investments at fair value through profit or loss held for trading	848,956	848,956	933,364	933,364
Term deposits – operating cash	7,000	7,000	5,000	5,000
<b>Investments and other financial assets</b>	<b>855,956</b>	<b>855,956</b>	<b>938,364</b>	<b>938,364</b>
<b>Total contractual financial assets</b>	<b>4,194,077</b>	<b>4,194,077</b>	<b>3,103,128</b>	<b>3,103,128</b>
<b>Contractual financial liabilities</b>				
<b>Payables</b>				
Contractual payables and accrued expenses – Public Purpose Fund	2,268	2,268	2,487	2,487
Contractual payables and accrued expenses – Fidelity Fund	3	3	110	110
Contractual payables and accrued expenses – Commissioner	382	382	325	325
Major grants and projects	5,507	5,507	2,289	2,289
<b>Total payables</b>	<b>8,160</b>	<b>8,160</b>	<b>5,211</b>	<b>5,211</b>
<b>Borrowings and deposits at call</b>				
Lease liabilities	2,371	2,371	3,355	3,355
Statutory Deposit Account balances	3,859,646	3,859,646	2,674,735	2,674,735
<b>Total borrowings and deposits at call</b>	<b>3,862,017</b>	<b>3,862,017</b>	<b>2,678,090</b>	<b>2,678,090</b>
<b>Total contractual financial liabilities</b>	<b>3,870,177</b>	<b>3,870,177</b>	<b>2,683,300</b>	<b>2,683,300</b>

## Financial assets measured at fair value

2022	CARRYING AMOUNT \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:	
		LEVEL 1	LEVEL 2 <sup>(i)</sup>
		\$'000	\$'000
Investments at fair value through profit or loss	848,955	703,988	144,967
<b>Total</b>	<b>848,955</b>	<b>703,988</b>	<b>144,967</b>

2021	CARRYING AMOUNT \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:	
		LEVEL 1	LEVEL 2 <sup>(i)</sup>
		\$'000	\$'000
Investments at fair value through profit or loss	841,523	709,927	131,596
<b>Total</b>	<b>841,523</b>	<b>709,927</b>	<b>131,596</b>

(i) Level 2 assets relate to unlisted property and infrastructure fund holdings.

### Fair value determination of non-financial assets

Capitalised plant and equipment, including right-of-use assets, of \$3.0m at 30 June 2022 (2021: \$4.6m) is measured at level 2 of the fair value hierarchy. There have been no transfers between levels during the period.

**Motor vehicles** are valued using the depreciated replacement cost method.

**Plant and equipment** is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2022. For all assets measured at fair value, the current use is considered the highest and best use.

### Fair value determination of Property plant and equipment

2022	CARRYING AMOUNT 30 JUNE 2022 \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:	
		LEVEL 1	LEVEL 2
		\$'000	\$'000
Non-specialised computer equipment at fair value	65	na	65
Non-specialised office equipment at fair value	2	na	2
Non-specialised right-of-use assets at fair value	2,096	na	2,096
Non-specialised leasehold improvements at fair value	810	na	810
Non-specialised motor vehicle at fair value	55	na	55
<b>Total plant and equipment at fair value</b>	<b>3,027</b>	<b>–</b>	<b>3,027</b>

2021	CARRYING AMOUNT \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:	
		LEVEL 1	LEVEL 2
		\$'000	\$'000
Non-specialised computer equipment at fair value	280	na	280
Non-specialised office equipment at fair value	5	na	5
Non-specialised right-of-use assets at fair value	3,040	na	3,040
Non-specialised leasehold improvements at fair value	1,171	na	1,171
Non-specialised motor vehicle at fair value	106	na	106
<b>Total plant and equipment at fair value</b>	<b>4,601</b>	<b>–</b>	<b>4,601</b>

## 9. Other disclosures

### 9.1 Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. 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

- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

#### Other economic flows – by entity

	2022	2021
	\$'000	\$'000
<b>Public Purpose Fund</b>		
(Loss)/gain on financial instruments arising from changes in fair value	(86,323)	86,616
(Loss) on disposal of financial instruments through profit and loss	(974)	(172)
Bad debts written off unilaterally and doubtful debts	(4)	2
<b>Total net (loss)/gain on financial instruments</b>	<b>(87,302)</b>	<b>86,445</b>
<b>Fidelity Fund</b>		
Net (loss)/gain on financial instruments arising from changes in fair value	(7,511)	6,941
Change due to actuarial valuations	180	(620)
<b>Total net (loss)/gain on financial instruments</b>	<b>(7,331)</b>	<b>6,321</b>
<b>Victorian Legal Services Commissioner</b>		
Bad debts written off unilaterally and doubtful debts	(22)	(31)
Net gain from the revaluation of present value of long service leave	332	87
<b>Total net gain on financial instruments</b>	<b>310</b>	<b>56</b>
<b>Total other economic flows included in net result</b>	<b>(94,322)</b>	<b>92,822</b>



## Other economic flows – by type

	2022	2021
	\$'000	\$'000
<b>Net gain/(loss) on financial instruments</b>		
Net (loss)/gain on financial instruments arising from changes in fair value	(93,834)	93,556
Net (loss) on disposal of financial instruments through profit and loss	(974)	(172)
<b>Total net (loss)/gain on financial instruments</b>	<b>(94,808)</b>	<b>93,384</b>
<b>Other gains/(loss) from other economic flows</b>		
Bad debts written off unilaterally and doubtful debts	(26)	(29)
Change due to actuarial valuations	180	(620)
Net gain/(loss) from the revaluation of present value of long service leave	332	87
<b>Total other gains/(loss) from other economic flows</b>	<b>486</b>	<b>(562)</b>
<b>Total other economic flows included in net result</b>	<b>(94,322)</b>	<b>92,822</b>

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

Types of other economic flows included in net result include:

- net gain/(loss) on financial instruments;
- net gain/(loss) on non-financial assets; and
- other gain/(loss) from other economic flows.

### 9.1.1 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;
- disposals of financial assets; and
- bad debts written off unilaterally and increase or decrease in provision for doubtful debts.

### 9.1.2 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;
- Net gain/(loss) on disposal of non-financial assets – any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time;
- Amortisation of non-produced intangible assets – intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management; and
- Impairment of non-financial assets.

### 9.1.3 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 reclassified amounts relating to available for sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument.

## 9.2 Responsible persons

In accordance with the Standing Directions 2018 under the *Financial Management Act 1994* (FMA), the following disclosures are made regarding responsible persons for the reporting period.

### 9.2.1 Names of responsible persons

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

POSITION	RESPONSIBLE PERSON	PERIOD
Attorney-General	The Hon. Jaclyn Symes MP	1 July 2021 to 30 June 2022
Acting Attorney-General	The Hon. Lisa Neville MP	16 June 2022 to 18 June 2022
Acting Attorney-General	The Hon. Natalie Hutchins MP	19 April 2022 to 27 April 2022
Acting Attorney-General	The Hon. Lisa Neville MP	18 April 2022 to 18 April 2022
Acting Attorney-General	The Hon. Natalie Hutchins MP	20 September 2021 to 1 October 2021
Accountable Officer	Ms Fiona McLeay	1 July 2021 to 30 June 2022
Chairperson	Ms Fiona Bennett	1 July 2021 to 30 June 2022
Board Member	Ms Jennifer Batrouney AM QC	1 July 2021 to 30 June 2022
Board Member	Mr Geoff Bowyer	1 July 2021 to 30 June 2022
Board Member	Ms Liz Harris	1 July 2021 to 30 June 2022
Board Member	Dr Lynne Williams AM	1 July 2021 to 30 June 2022
Board Member	Ms Catherine Wolthuizen	1 July 2021 to 30 June 2022
Board Member	Mr Ian Silk	1 July 2021 to 30 June 2022

### 9.2.2 Remuneration of responsible persons

Remuneration received or receivable by the Responsible Persons and Accountable Officer in connection with the management of the Board and Commissioner (excluding the responsible Minister) during the reporting period is as per the below table:

	2022 NO.	2021 NO.
<b>Income band</b>		
less than \$9,999	–	2
\$30,000 to \$39,999	1	–
\$40,000 to \$49,999	5	5
\$80,000 to \$89,999	–	1
\$90,000 to \$99,999	1	–
\$310,000 to \$319,999	–	1
\$400,000 to \$409,999	1	–
<b>Total numbers</b>	<b>8</b>	<b>9</b>
<b>Total amount (\$)</b>	<b>755,628</b>	<b>645,582</b>

### 9.3 Remuneration of executives

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by or on behalf of the Commissioner, in exchange for services rendered, and is disclosed in the following categories.

**Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

**Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

**Other long-term benefits** include long service leave, other long service benefits or deferred compensation.

The number of executive officers, other than the Minister and Accountable Officer, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

	COMPENSATION 2022	COMPENSATION 2021
<b>Remuneration of executive officers</b>		
Short-term employee benefits	\$799,551	\$833,713
Post-employment benefits	\$76,729	\$76,821
Other long-term benefits	\$18,723	\$21,954
<b>Total remuneration</b>	<b>\$895,003</b>	<b>\$932,489</b>
<b>Total number of executives<sup>(i)</sup></b>	<b>5</b>	<b>5</b>
<b>Total annualised employee equivalents<sup>(ii)</sup></b>	<b>4</b>	<b>4</b>

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures*.

(ii) Annualised employee equivalent is based on the time fraction worked over the reporting period. The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

### 9.4 Related parties

Related parties of the Board and Commissioner include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

### Significant transactions with government-related entities

During the year, the Board had the following government-related entity transactions:

- Funding to Victoria Legal Aid of \$22.89m (2021: \$25.79m) under Sections 143 and 146 of the *Legal Profession Uniform Law Application Act 2014*;
- Funding to Victoria Law Reform Commission of \$1.89m (2021: \$1.84m) to continue performing functions under the *Victorian Law Reform Commission Act 2000*.
- Funding to Victoria Law Foundation of \$2.50m (2021: \$2.43m) to continue performing functions under the *Victoria Law Foundation Act 2009 (Vic)*;
- Funding to Victoria Civil and Administrative Tribunal of \$0.99m (2021: \$0.96m) for the Legal Practice List; and
- Funding to Victoria Legal Admissions Board of \$1.41m (2021: \$1.52m) to perform functions under *Legal Profession Uniform Law Application Act 2014* – primarily to regulate entry to the legal profession in Victoria.

**Key management personnel** of the Board and Commissioner includes Portfolio Minister, the Hon. Jaclyn Symes MP, and members of the Board and Senior Executive Team as follows:

POSITION	KEY MANAGEMENT PERSONNEL	PERIOD
Attorney-General	The Hon. Jaclyn Symes MP	1 July 2021 to 30 June 2022
Accountable Officer	Ms Fiona McLeay	1 July 2021 to 30 June 2022
Chairperson	Ms Fiona Bennett	1 July 2021 to 30 June 2022
Board Member	Ms Jennifer Batrouney AM QC	1 July 2021 to 30 June 2022
Board Member	Mr Geoff Bowyer	1 July 2021 to 30 June 2022
Board Member	Ms Liz Harris	1 July 2021 to 30 June 2022
Board Member	Dr Lynne Williams AM	1 July 2021 to 30 June 2022
Board Member	Ms Catherine Wolthuizen	1 July 2021 to 30 June 2022
Board Member	Mr Ian Silk	1 July 2021 to 30 June 2022
Director, Investigations	Matthew Anstee	1 July 2021 to 15 June 2022
Acting Director, Investigations	Danielah Iacono	16 June 2021 to 30 June 2022
Director, Shared Services	John Casey	1 July 2021 to 2 March 2022
Acting Director, Shared Services	Anna Curran	3 March 2022 to 30 June 2022
Director, Policy & Outreach	Kerri-anne Millard	1 July 2021 to 30 June 2022
Director, Enquiries & Complaints	Tina Stagliano	1 July 2021 to 6 May 2022
Director, Enquiries & Complaints	Danny Whelan	9 May 2022 to 30 June 2022
Manager, People & Culture	Lucy Fraser	1 July 2021 to 21 January 2022
Acting Manager, People & Culture	Joel Brown	22 January 2022 to 17 May 2022
Executive Lead, People & Culture	Simon Daly	18 May 2022 to 30 June 2022
Interim Chief Finance Officer	Varun Saigal	1 May 2022 to 30 June 2022
Senior Advisor	Kelly Spiteri	1 July 2021 to 30 June 2022

### Compensation of key management personnel

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

	COMPENSATION 2022	COMPENSATION 2021
<b>Compensation of key management personnel</b>		
Short-term employee benefits	<b>\$2,125,142</b>	1,863,866
Post-employment benefits	<b>\$208,702</b>	173,470
Other long-term benefits	<b>\$44,840</b>	44,756
<b>Total</b>	<b>\$2,378,684</b>	<b>\$2,082,093</b>

## Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public (e.g. stamp duty and other government fees and charges). Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Board and Commissioner, the following related party transaction occurred during the year:

- Ms Fiona Bennett was a member of the Legal Services Council (LSC) up to October 2020. Ms Liz Harris is a current member of the LSC with commencement date October 2020.

The LSC received \$686,341 for Victoria's contribution to the national Uniform Law Scheme. The payment is allowed under s139 of the Act and states that the Board must pay out of the Public Purpose Fund each financial year an amount determined by the Attorney-General as Victoria's contribution to the funding of the Legal Profession Uniform Framework.

All amounts are GST exclusive and there is no outstanding amount payable as at 30 June 2022.

All other transactions that have occurred with Key Management Personnel and their related parties have not been considered material for disclosure. In this context, transactions are only disclosed when they are considered necessary to draw attention to the possibility that the Board and Commissioner's financial position and profit or loss may have been affected by the existence of related parties, and by transactions and outstanding balances, including commitments, with such parties.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

## 9.5 Remuneration of auditors

	2022	2021
	\$'000	\$'000
<b>Victorian Auditor-General's Office<sup>(i)</sup></b>		
Audit of financial statements	78	74
<b>Total remuneration of auditors</b>	<b>78</b>	<b>74</b>

(i) The Victorian Auditor-General's Office is not allowed to provide non-audit services.

## 9.6 Subsequent events

No material subsequent events occurred after the reporting date.

The policy in connection with recognising subsequent events for events that occur between the end of the reporting period and the date when the financial statements are authorised for issue is as follows:

- Adjustments are made to amounts recognised in the financial statements for events where those events provide information about conditions which existed at the reporting date; and/or
- Note disclosure is made where the events relate to conditions that arose after the end of the reporting period that are considered to be of material interest.

## 9.7 Australian Accounting Standards issued that are not yet effective

Certain new Australian Accounting Standards (AASs) have been published that are not mandatory for the 30 June 2022 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises the Board and the Commissioner of their applicability and early adoption where applicable.

As at 30 June 2022, 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 on or after the stated operative dates as follows:

STANDARD/INTERPRETATION	KEY REQUIREMENTS	EFFECTIVE DATE <sup>(i)</sup>	IMPACT ON VLSB+C FINANCIAL STATEMENTS
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.  AASB 2020-6 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</i> was issued in August 2020 and defers the effective date to annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022, with earlier application permitted.	1 Jan 2023	The standard is not expected to have a material impact on the VLSB+C.
AASB 17 <i>Insurance Contracts</i>	The operative date of this standard has been deferred by AASB 2020-5 <i>Amendments to Australian Accounting Standards – Insurance Contracts</i> to reporting periods beginning on or after 1 January 2023 and will supersede AASB 4 <i>Insurance Contracts</i> . AASB 17 seeks to eliminate inconsistencies and weakness in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard also provides requirements for presentation and disclosure to enhance comparability between entities.	1 Jan 2023	VLSB+C will undertake an assessment of the impact of any revisions to AASB 17 released by the AASB. However, based on preliminary assessment, the Standard is not expected to have a material impact on the VLSB+C.

(i) Effective date denotes that a “Standard applies to annual periods beginning on or after” the date specified.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2021-22 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*.
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates*.
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*.
- AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*.

## 9.8 Glossary of terms and style conventions

The following is a summary of major technical terms used in this report.

### Act

*Legal Profession Uniform Law Application Act 2014* (replaces the former *Legal Profession Act 2004*).

### Actuarial gains or losses

Actuarial gains or losses on superannuation defined benefit plans are changes in the present value of the superannuation defined benefit liability resulting from:

- (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- (b) the effects of changes in actuarial assumptions.

### Administered item

Administered item generally refers to a department or entity lacking the capacity to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

### Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

### Borrowings

Borrowings refer to interest bearing liabilities raised from finance leases.

### Commitments

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

### Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income, representing total change in net worth other than transactions with owners as owners.

### 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'.

### Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

### Employee benefits expenses

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

### Fidelity Fund

The Fidelity Fund is maintained under section 121 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 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.

### Financial instrument

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

## Financial liability

A financial liability is any liability that is:

- (a) a contractual obligation:
  - to deliver cash or another financial asset to another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instrument and is:
  - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own instruments.

## Financial statements

Financial statements comprise:

- (a) a balance sheet as at the end of the period;
- (b) a comprehensive operating statement for the period;
- (c) a statement of changes in equity for the period;
- (d) a cash flow statement for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*; and
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

## 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 under s 144 of the Act:

- (a) law reform;
- (b) legal education;
- (c) judicial education;
- (d) legal research; and
- (e) 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 expense

Represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, deposits, interest components of finance lease repayments, and amortisation of discounts or premiums in relation to borrowings.

## Interest income

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

## Law Practice Residual Trust Accounts

Trust accounts held by law practices that receive trust money held on behalf of a client or other people in the course of, or in connection with, the provision of legal services.

## Leases

Leases are rights conveyed in a contract, or part of a contract, to use an asset (the underlying asset) for a period of time in exchange for consideration.

## Managed funds

Refers to funds managed on behalf of the VLSB+C by investment fund managers.

## Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'.



### **Net result from transactions/net operating balance**

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

### **Net worth**

Is calculated as 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 included in net result**

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 133 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.

### **Supplies and services**

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Department.

### **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**

The notation used in the tables is as follows:

- zero, or rounded to zero

(xxx) negative numbers

201x year period

201x-xx year period

The financial statements and notes are presented based on the illustration for a government department in the 2021-22 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.

## Appendix 3

### Board delegations



**Under s 44 of the Application Act, the Victorian Legal Services Board may delegate certain functions to a Board member, an employee, the Victorian Legal Services Commissioner, a local professional association, or a prescribed person. Copies of all instruments of delegation in force can be viewed on our website.**

#### Current delegations

Table 19 lists all of the internal delegations and Table 20 lists all of the external Board delegations in force as at 30 June 2022.

Table 19: Internal delegations in force as at 30 June 2022

LEGAL PROFESSION ACT 2004		
<b>Part 3.6 Division 3 – Claims about defaults</b>	s 3.6.8(1) – Allow further period to lodge fidelity fund claim	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 3.6.9 – Advertise for claims	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 3.6.10 – Extension of period for making claims	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 3.6.12(1) – Investigate fidelity fund claims	Victorian Legal Services Commissioner (19 Mar 21)
	s 3.6.12(2) – Require fidelity fund claimant to produce security, document or statement of evidence	Victorian Legal Services Commissioner (19 Mar 21)
	s 3.6.12(3) – Disallow claim if requirement for security or document etc. under s.3.6.12(2) is not met	Victorian Legal Services Commissioner (19 Mar 21)
<b>Part 3.6 Division 4 – Determination of claims</b>	s 3.6.14 – Determination of claims but only in respect of claims up to \$250,000 and shortfall claims resulting from Supreme Court orders for pari passu distribution to clients of the balance of funds from the trust account of a defunct law practice	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 3.6.15 – Set maximum amount allowable	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 3.6.16 – Order payment of reasonable legal costs	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)

	s 3.6.17 – Determine interest payable	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 3.6.18 – Reduce claim because of other benefits	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 3.6.19 – Subrogation on payment of fidelity fund claim	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
<b>LEGAL PROFESSION UNIFORM LAW APPLICATION ACT 2014</b>		
<b>Part 2 – Application of Uniform Law</b>	s 13(2) – Approve terms and conditions of a policy of professional indemnity insurance	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Assistant Manager, Enquiries and Review (19 Mar 21)
<b>Part 4 – Admission, practising certificates and registration certificates</b>	s 73(4) – Refund all or part of a surcharge paid in relation to a grant of a practising certificate	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Assistant Manager, Enquiries and Review (19 Mar 21) Senior Enquiries and Review Liaison (19 Mar 21)
	s 75(2) – Refund all or any part of a surcharge payable for late application for renewal	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Review (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Assistant Manager, Enquiries and Review (19 Mar 21) Senior Enquiries and Review Liaison (19 Mar 21)
<b>Part 5 – Trust accounts</b>	s 80 – Determine required quarterly deposit amounts for a law practice or approved clerk to deposit into the Statutory Deposit Account and notification to law practices/approved clerks	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21)
	s 85 – Exempt law practice or approved clerk from SDA deposit requirements	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21) Trust Account Analyst (19 Mar 21)
<b>Part 10 – General</b>	s 153(1) – Appoint a person to investigate an offence or contravention	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21)
	s 154 – Filing of a charge-sheet charging a person with an offence under the Act, the Legal Profession Uniform Law or the regulations	Victorian Legal Services Commissioner (19 Mar 21)

**LEGAL PROFESSION UNIFORM LAW (VICTORIA)**

<b>Part 2.1 – Unqualified Legal Practice</b>	s 14(b) – Institute prosecutions and other proceedings	Victorian Legal Services Commissioner (19 Mar 21)
<b>Part 2.2 – Admission to the Australian Legal Profession</b>	s 23 – Make recommendation to the Supreme Court	Victorian Legal Services Commissioner (19 Mar 21)
<b>Part 3.3 – Australian Legal Practitioners</b>	s 44 – Grant or renewal of an Australian practising certificate	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Assistant Manager, Enquiries and Review (excluding power to refuse certificate) (19 Mar 21) Senior Enquiries and Review Liaison (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Discipline and Suitability (19 Mar 21) Assistant Manager, Discipline and Suitability (excluding the function of refusing to grant and renew practising certificates) (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21) Trust Account Analyst (19 Mar 21)
	s 45 – Consideration of prerequisites for grant or renewal of practising certificate	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Assistant Manager, Enquiries and Review (s45(1), (3) and (4) excluding power to refuse certificate) (19 Mar 21) Senior Enquiries and Review Liaison (s45(1), (3) and (4) only) (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Discipline and Suitability (s45(1), (3) and (4) only) (19 Mar 21) Assistant Manager, Discipline and Suitability (s45(1), (3) and (4) excluding the function of refusing to grant and renew practising certificates) (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21) Trust Account Analyst (19 Mar 21)
	S 46(2) – Rejection of notification of principal place of practice	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Assistant Manager, Enquiries and Review (19 Mar 21)
	s 47 – Grant of practising certificate subject to conditions	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Assistant Manager, Enquiries and Review (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Discipline and Suitability (19 Mar 21) Assistant Manager, Discipline and Suitability (19 Mar 21)

	s 49(4) – Exempt a person or class of persons from the requirement to engage in supervised legal practice or reduce the period for a person or class of persons	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Assistant Manager, Enquiries and Review (19 Mar 21) Senior Enquiries and Review Liaison (19 Mar 21) Enquiries and Review Liaison (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Discipline and Suitability (19 Mar 21) Assistant Manager, Discipline and Suitability (19 Mar 21)
	s 49(5) – Ability to place conditions on the exemption	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Assistant Manager, Enquiries and Review (19 Mar 21) Senior Enquiries and Review Liaison (19 Mar 21) Enquiries and Review Liaison (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Discipline and Suitability (19 Mar 21) Assistant Manager, Discipline and Suitability (19 Mar 21)
	s 50(2) – (5) – Impose conditions or exempt a barrister from the statutory condition to undertake the reading program	Victorian Legal Services Commissioner (19 Mar 21)
	s 53 – Impose discretionary conditions on practising certificates	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Assistant Manager, Enquiries and Review (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Discipline and Suitability (19 Mar 21) Assistant Manager, Discipline and Suitability (19 Mar 21)
	s 55 – Alteration or substitution of varied certificate	Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21)
<b>Part 3.4 – Foreign Lawyers</b>	s 62 – Grant or renew Australian registration certificate	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Senior Enquiries and Review Liaison (19 Mar 21) Assistant Manager, Enquiries and Review (Mar 21)
	s 63(2) – Reject notification of principal place of practice for foreign lawyer	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Assistant Manager, Enquiries and Review (Mar 21)
	s 64 – Determination whether foreign lawyer can receive trust money as part of registration certificate	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Assistant Manager, Enquiries and Review (19 Mar 21)
	s 67 – Impose discretionary conditions on foreign lawyer	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21)

**Part 3.5 –  
Variation, Suspension  
and Cancellation of,  
and refusal to renew  
certificates**

<p>s 74 – Vary a practising certificate for formal or clerical reasons</p> <p>Vary suspend or cancel at the request or with the concurrence of the holder</p>	<p>Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Senior Enquiries and Review Liaison (19 Mar 21) Assistant Manager, Enquiries and Review (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Discipline and Suitability (19 Mar 21) Assistant Manager, Discipline and Suitability (19 Mar 21)</p>
<p>s 76 – Vary, suspend or cancel in accordance with certain grounds under Division 3 or Division 4 in relation to show cause events</p>	<p>Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Discipline and Suitability (19 Mar 21)</p>
<p>s 77 – Immediate variation or suspension before or during consideration of proposed action</p>	<p>Victorian Legal Services Commissioner (19 Mar 21)</p>
<p>s 78 – Ability to lift a suspension and power to renew a certificate while it is suspended until it is cancelled or the suspension is lifted</p>	<p>Victorian Legal Services Commissioner (19 Mar 21)</p>
<p>s 82 – Power to vary, suspend or cancel a certificate on specific grounds:</p> <ul style="list-style-type: none"> <li>• Contravention of a condition</li> <li>• Failure without reasonable excuse to comply with a requirement under Chapter 7 or has committed an offence under Chapter 7 in connection with an investigation</li> <li>• Recommendation from the Commissioner for immediate suspension</li> <li>• Unable to fulfil the inherent requirements.</li> </ul> <p>Also power to vary or suspend on public interest grounds where a holder has been charged with certain offences</p>	<p>Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Discipline and Suitability (19 Mar 21)</p>
<p>s 83 – Giving practising certificate holder notice of intention to take action under section 82 and inviting a response</p>	<p>Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Discipline and Suitability (19 Mar 21)</p>
<p>s 84 – Power to take action following consideration of response under section 83</p>	<p>Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Discipline and Suitability (19 Mar 21)</p>
<p>s 88 – Enable receipt of a statement about an automatic show cause event out of time</p>	<p>Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (s 88(4) only) (19 Mar 21) Manager, Discipline and Suitability (s 88(4) only) (19 Mar 21) Assistant Manager, Discipline and Suitability (s 88(4) only) (19 Mar 21)</p>

	s 89 – Determine fitness following receipt of notice of automatic show cause event	<p>Victorian Legal Services Commissioner (19 Mar 21)</p> <p>Director, Enquiries and Complaints, determine if fit and proper and take appropriate action only in circumstances where the Commissioner has declared a conflict of interest (19 Mar 21)</p> <p>Manager, Enquiries and Review (19 Mar 21)</p> <p>Assistant Manager, Enquiries and Review (19 Mar 21)</p> <p>Director, Investigations (19 Mar 21)</p> <p>Manager, Discipline and Suitability (19 Mar 21)</p> <p>Assistant Manager, Discipline and Suitability (19 Mar 21)</p>
	s 91(3) – Accept a statement regarding a designated show cause event out of time	<p>Victorian Legal Services Commissioner (19 Mar 21)</p> <p>Manager, Enquiries and Review (19 Mar 21)</p> <p>Assistant Manager, Enquiries and Review (19 Mar 21)</p> <p>Director, Investigations (19 Mar 21)</p> <p>Manager, Discipline and Suitability (19 Mar 21)</p> <p>Assistant Manager, Discipline and Suitability (19 Mar 21)</p>
	s 92 – Determine fitness following receipt of notice of designated show cause event	<p>Victorian Legal Services Commissioner (19 Mar 21)</p> <p>Director, Enquiries and Complaints, determine if fit and proper and take appropriate action only in circumstances where the Commissioner has declared a conflict of interest (19 Mar 21)</p> <p>Manager, Enquiries and Review (19 Mar 21)</p> <p>Assistant Manager, Enquiries and Review (19 Mar 21)</p> <p>Director, Investigations (19 Mar 21)</p> <p>Manager, Discipline and Suitability (19 Mar 21)</p> <p>Assistant Manager, Discipline and Suitability (19 Mar 21)</p>
	s 93 – Power to take no action in relation to events that occurred before a person was admitted to the profession or first registered as a foreign lawyer	<p>Victorian Legal Services Commissioner (19 Mar 21)</p> <p>Director, Enquiries and Complaints (19 Mar 21)</p> <p>Manager, Enquiries and Review (19 Mar 21)</p> <p>Assistant Manager, Enquiries and Review (19 Mar 21)</p> <p>Senior Enquiries and Review Liaison (19 Mar 21)</p> <p>Director, Investigations (19 Mar 21)</p> <p>Manager, Discipline and Suitability (19 Mar 21)</p> <p>Assistant Manager, Discipline and Suitability (19 Mar 21)</p>
	s 94 – Apply restriction on making further applications for a practising certificate as part of decision to refuse to grant, renew or cancel a certificate	<p>Victorian Legal Services Commissioner (19 Mar 21)</p> <p>Director, Investigations (19 Mar 21)</p> <p>Manager, Discipline and Suitability (19 Mar 21)</p>
	s 95 – Give notice to applicant or holder requiring provision of further information as part of consideration and investigation of licensing decisions	<p>Victorian Legal Services Commissioner (19 Mar 21)</p> <p>Director, Enquiries and Complaints (19 Mar 21)</p> <p>Manager, Enquiries and Review (19 Mar 21)</p> <p>Assistant Manager, Enquiries and Review (19 Mar 21)</p> <p>Director, Investigations (19 Mar 21)</p> <p>Manager, Discipline and Suitability (19 Mar 21)</p> <p>Assistant Manager, Discipline and Suitability (19 Mar 21)</p> <p>Senior Investigator (16 Jun 19)</p> <p>Investigator (section 95(1)(a) only) (19 Mar 21)</p>
	s 96 – Deferral of action or temporary renewal for limited purposes	<p>Victorian Legal Services Commissioner (19 Mar 21)</p>
<p><b>Part 3.7 – Incorporated and Unincorporated Legal Practices</b></p>	s 106 – Appoint a practitioner to exercise the responsibilities of a principal where law practice does not have a principal	<p>Victorian Legal Services Commissioner (19 Mar 21)</p>

<b>Part 3.9 – Disqualifications</b>	s 119 – Apply for an order for disqualification of individuals	Victorian Legal Services Commissioner (19 Mar 21)
	s 120 – Apply for an order for disqualification of an entity	Victorian Legal Services Commissioner (19 Mar 21)
	s 121(2) – Approve a person as a lay associate	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21)
<b>Part 4.2 – Trust Money and Trust Accounts</b>	s 130(4) – Exempt a particular law practice from complying with the trust account provisions of Part 4.2 – exemption may be subject to conditions	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21)
	s 146 – Authorisation of intermixing trust money – may be subject to conditions	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21)
	s 151(3) – Set manner for notification of details of its trust accounts	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21)
	s 152 – Make determinations about status of trust money	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21)
	s 155 – Appointment of external examiner to conduct external examination of trust records	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21)
	s 160(2) and (3) – Recover costs of external examinations from law practice	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21)
	s 162 – Investigate or appoint external investigator to investigate the affairs of a law practice	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21)
	s 163 – Authorise external investigator to undertake external investigations in relation to particular allegations or suspicions	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21)
	s 166 – Recover costs of external investigation as a debt payable to the law practice	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21)
<b>Part 4.4 – Professional indemnity insurance</b>	s 215(2), (4) and (6) – Exemptions from the requirement to obtain an approved insurance policy	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Assistant Manager, Enquiries and Review (19 Mar 21) Senior Enquiries and Review Liaison (19 Mar 21) Enquiries and Review Liaison (ss 215(2) and (4) only) (19 Mar 21)



<b>Part 4.5 – Fidelity cover</b>	s 235 – Publish notice inviting claims about a default	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 236(1) and (2) – Extension of period for making claims	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 238 – Making advance payments to a claimant in advance of a determination	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 240 – Determination of claims up to \$250,000 and shortfall claims resulting from Supreme Court orders for pari passu distribution to clients of the balance of funds from the trust account of a defunct law practice	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 242 – Order payment of reasonable legal costs	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 243 – Determine interest payment on a claim	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 244 – Reduce claim because of other benefits	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 246 – Exercising rights of subrogation	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 250 – Treatment of claims involving interjurisdictional elements where there is more than one associate involved in the default	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 251 – Treatment of claims involving interjurisdictional elements where default was committed by only one associate	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	s 252(1) and (2) – Request a fidelity authority of another jurisdiction to act as its agent in processing or investigating a claim in another jurisdiction	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
<b>Part 4.6 – Business management and control</b>	s 256 – Conducting or appointing a suitably qualified person to conduct a compliance audit	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21)
	s 257 – Giving a management system direction to a law practice	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Discipline and Suitability (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21)
<b>Part 7.3 – Entry and search of premises</b>	s 374(2)(c)(ii) – Authorise an investigator to enter non-residential premises without consent or a warrant (in writing or orally)	Victorian Legal Services Commissioner (19 Mar 19) Director, Investigations (19 Mar 21)

<b>Part 9.6 – Injunctions</b>	s 447 – Apply to Supreme Court for an injunction	Victorian Legal Services Commissioner (19 Mar 21)
<b>Part 9.7 – Criminal and Civil Penalties</b>	s 453 (1) and (4) – Apply for pecuniary penalty in respect of breaches of civil penalty provision	Victorian Legal Services Commissioner (19 Mar 21)
<b>Part 9.9 – General</b>	s 473(2) – Approval of forms	Victorian Legal Services Commissioner (19 Mar 21)

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	rr 20(3) and (4) – Application for an Australian registration certificate	Victorian Legal Services Commissioner (19 Mar 21)
	r 54 – Statements regarding receipt or holding of trust money	Victorian Legal Services Commissioner (19 Mar 21)
	r 65A – Power to revoke external examiner appointment	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21)
	r 66(4) & (5) – Approve termination of appointment and require evidence	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21)
	r 67 – Exempt examiner from requirement to report using standard form	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Early Detection and Prevention (15 Dec 21)
	r 81 – Regulatory authority may inspect policies	Victorian Legal Services Commissioner (19 Mar 21)
	r 82(1)(d) – Exempt community legal service from requirement to hold or be covered by approved insurance policy	Victorian Legal Services Commissioner (19 Mar 21) Director, Enquiries and Complaints (19 Mar 21) Manager, Enquiries and Review (19 Mar 21) Assistant Manager, Enquiries and Review (19 Mar 21)
	r 86(1) – Receive claim against Fidelity Fund in specified form	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	r 87 – Require information and/or security related to claim	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)
	r 90 – Notify claimant of delay in determination of claim	Victorian Legal Services Commissioner (19 Mar 21) Director, Investigations (19 Mar 21) Manager, Intervention and Enforcement (19 Mar 21)

Table 20: External Board delegations in force as at 30 June 2022

<b>LEGAL PROFESSION UNIFORM LAW APPLICATION ACT 2014</b>		
<b>Part 4, Division 2 – Australian practising certificates</b>	s 73(4) – refund all or part of a surcharge	Victorian Bar (1 Aug 16)
	s 75(2) – refund all or part of a surcharge	Victorian Bar (1 Aug 16)
<b>Part 5, Division 3 – Approved Clerks</b>	s 88(1) – approve barristers' clerks receiving trust money on account of legal costs of one or more barristers	Victorian Bar (1 Aug 16)
<b>Part 4.2, Division 2 – Trust money and trust accounts</b>	s 151 – receive notice of accounts	Law Institute of Victoria (1 Aug 16)
	s 152 – determine whether money is trust money	Law Institute of Victoria (1 Aug 16)
<b>Part 10 of the Act – General</b>	s 153(1) – appoint person to investigate offence	Victorian Bar (1 Aug 16)
	s 154 – file charge sheet	Victorian Bar (1 Aug 16)
<b>LEGAL PROFESSION UNIFORM LAW (VICTORIA)</b>		
<b>Part 3.3, Division 2 – Australian practising certificates</b>	s 44 – grant or renew Australian practising certificate	Victorian Bar (1 Aug 16)
	s 45 – determine prerequisites for grant or renewal of Australian practising certificate	Victorian Bar (1 Aug 16)
<b>Part 3.3, Division 3 – Conditions of Australian practising certificates</b>	s 47 – grant Australian practising certificate subject to conditions	Victorian Bar (1 Aug 16)
	s 50(2)-(5) – impose conditions and grant exemptions in respect of the reading condition	Victorian Bar (1 Aug 16)
	s 53 – impose discretionary conditions on Australian practising certificates	Victorian Bar (1 Aug 16)
<b>Part 3.5, Division 2 – Variation, suspension or cancellation of certificates</b>	s 74 – vary a certificate	Victorian Bar (1 Aug 16)
	s 76 – vary, suspend or cancel certificate	Victorian Bar (1 Aug 16)
	s 77 – vary or suspend certificate	Victorian Bar (1 Aug 16)
	s 78 – lift suspension of a certificate and renew certificate while suspended	Victorian Bar (1 Aug 16)
<b>Part 3.5, Division 3 – Variation, suspension or cancellation on specific grounds</b>	s 82 – vary, suspend or cancel certificate	Victorian Bar (1 Aug 16)
	s 83 – give certificate holder notice of variation, suspension or cancellation	Victorian Bar (1 Aug 16)
	s 84 – take proposed action after giving notice	Victorian Bar (1 Aug 16)
<b>Part 3.5, Division 4 – Show cause procedure for variation, suspension or cancellation or, or refusal to renew, certificates</b>	s 87 – receive notice of show cause event	Victorian Bar (1 Aug 16)
	s 88 – receive notice of show cause event	Victorian Bar (1 Aug 16)
	s 89 – determine fitness following receipt of notice of show cause event	Victorian Bar (1 Aug 16)
	s 91 – receive statement from certificate holder	Victorian Bar (1 Aug 16)
	s 92 – determine fitness following receipt of notice of show cause event	Victorian Bar (1 Aug 16)
	s 93 – take no action on disclosed event that occurred before admission	Victorian Bar (1 Aug 16)
	s 94 – apply restriction on making practising certificate applications	Victorian Bar (1 Aug 16)
	s 95 – require further information	Victorian Bar (1 Aug 16)
<b>Part 3.9, Division 1 – Making of disqualification orders</b>	s 119 – apply for an order for disqualifications of individuals	Victorian Bar (1 Aug 16)
<b>Part 4.2, Division 2 – Trust money and trust accounts</b>	s 151 – receive notice of accounts	Victorian Bar (1 Aug 16)
	s 152 – determine whether money is trust money	Victorian Bar (1 Aug 16)

<b>Part 4.2, Division 3 – External examination of trust records</b>	s 159 – receive written report from external examiners	Law Institute of Victoria (1 Aug 16)
<b>Part 4.2, Division 4 – External Investigations</b>	s 162 – investigate or appoint external investigator	Law Institute of Victoria (1 Aug 16)
	s 163 – undertake or authorise external investigations	Law Institute of Victoria (1 Aug 16)
	s 165 – receive written report on investigation	Law Institute of Victoria (1 Aug 16)
<b>Part 4.5, Division 4 – Claims about defaults</b>	s 237 – process and investigate claims	Law Institute of Victoria (1 Aug 16)
<b>Part 4.6 – Business Management and Control</b>	s 256 – conduct compliance audits	Law Institute of Victoria (1 Aug 16)
<b>Part 9.5 – Notices and Evidentiary Matters</b>	s 446 – seal or sign certificate confirming a person held an Australian practising certificate	Law Institute of Victoria (1 Aug 16)
<b>Part 9.5 – Notices and Evidentiary Matters</b>	s 446 – seal or sign certificate confirming a person held an Australian practising certificate	Victorian Bar (1 Aug 16)
<b>Part 9.6 – Injunctions</b>	s 447 – apply to Supreme Court for injunction	Victorian Bar (1 Aug 16)
<b>LEGAL PROFESSION UNIFORM CONTINUING PROFESSIONAL DEVELOPMENT (BARRISTERS) RULES 2015</b>		
	r 13 – receive certification of CPD compliance	Victorian Bar (1 Aug 16)
	r 14 – require verification of compliance	Victorian Bar (1 Aug 16)
	r 15 – give written notice requiring rectification plan	Victorian Bar (1 Aug 16)
	r 16 – exempt from requirement to undertake CPD activities	Victorian Bar (1 Aug 16)
<b>LEGAL PROFESSION UNIFORM CONTINUING PROFESSIONAL DEVELOPMENT (SOLICITORS) RULES 2015</b>		
	r 13 – receive certification of CPD compliance	Law Institute of Victoria (1 Aug 16)
	r 14 – require verification of compliance	Law Institute of Victoria (1 Aug 16)
	r 15 – give written notice requiring rectification plan	Law Institute of Victoria (1 Aug 16)
	r 16 – exempt from requirement to undertake CPD activities	Law Institute of Victoria (1 Aug 16)

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<b>Chapter 4, Division 2 – Trust Money and Trust Accounts</b>	r 54 – require statement on trust money	Law Institute of Victoria (1 Aug 16)
<b>Part 3.3, Division 2 – Australian practising certificates</b>	s 44 – grant or renew Australian practising certificate in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
	s 45 – determine prerequisites for grant or renewal of Australian practising certificate in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
<b>Part 3.3, Division 3 – Conditions of Australian practising certificates</b>	s 47 – grant Australian practising certificate subject to conditions in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
	s 53 – impose discretionary conditions on Australian practising certificates in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
<b>Part 3.5, Division 2 – Variation, suspension or cancellation of certificates</b>	s 74 – vary a certificate in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
	s 76 – vary, suspend or cancel certificate in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
	s 77 – vary or suspend certificate in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
	s 78 – lift suspension of a certificate and renew certificate while suspended in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
<b>Part 3.5, Division 3 – Variation, suspension or cancellation on specific grounds</b>	s 82 – vary, suspend or cancel certificate in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
	s 83 – give certificate holder notice of variation, suspension or cancellation in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
	s 84 – take proposed action after giving notice in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
<b>Part 3.5, Division 4 – Show cause procedure for variation, suspension or cancellation or, or refusal to renew, certificates</b>	s 87 – receive notice of show cause event in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
	s 88 – receive notice of show cause event in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
	s 89 – determine fitness following receipt of notice of show cause event in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
	s 91 – receive statement from certificate holder in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
	s 92 – determine fitness following receipt of notice of show cause event in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
	s 93 – take no action on disclosed event that occurred before admission in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
	s 94 – apply restriction on making practising certificate applications in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
<b>Part 3.5, Division 5 – Miscellaneous</b>	s 95 – require further information in respect of a particular solicitor only	Law Institute of Victoria (6 June 21)
<b>Part 4.2, Division 2 – Trust money and trust accounts</b>	s 151 – receive notice of accounts	Law Institute of Victoria (1 Aug 16)
	s 152 – determine whether money is trust money	Law Institute of Victoria (1 Aug 16)

## Revoked delegations

In 2021-22 the Board revoked all delegations to the Manager, Regulatory Compliance Programs as the position title was renamed to Manager, Early Detection and Resolution. The individual delegations revoked are listed in Table 21.

Table 21: Board delegations revoked in 2021-22

<b>LEGAL PROFESSION UNIFORM LAW APPLICATION ACT 2014</b>		
<b>Part 5 – Trust accounts</b>	s 80 – Determine required quarterly deposit amounts for a law practice or approved clerk to deposit into the Statutory Deposit Account and notification to law practices/approved clerks	Manager, Regulatory Compliance Programs
	s 85 – Exempt law practice or approved clerk from SDA deposit requirements	Manager, Regulatory Compliance Programs
<b>LEGAL PROFESSION UNIFORM LAW (VICTORIA)</b>		
<b>Part 3.3 – Australian Legal Practitioners</b>	s 44 – Grant or renewal of an Australian practising certificate	Manager, Regulatory Compliance Programs
	s 45 – Consideration of prerequisites for grant or renewal of practising certificate	Manager, Regulatory Compliance Programs
<b>Part 4.2 – Trust Money and Trust Accounts</b>	s 130(4) – Exempt a particular law practice from complying with the trust account provisions of Part 4.2 – exemption may be subject to conditions.	Manager, Regulatory Compliance Programs
	s 146 – Authorisation of intermixing trust money – may be subject to conditions	Manager, Regulatory Compliance Programs
	s 151(3) – Set manner for notification of details of its trust accounts	Manager, Regulatory Compliance Programs
	s 152 – Make determinations about status of trust money	Manager, Regulatory Compliance Programs
	s155 – Appointment of external examiner to conduct external examination of trust records	Manager, Regulatory Compliance Programs
	s 160(2) and (3) – Recover costs of external examinations from law practice	Manager, Regulatory Compliance Programs
	s 162 – Investigate or appoint external investigator to investigate the affairs of a law practice	Manager, Regulatory Compliance Programs
	s 163 – Authorise external investigator to undertake external investigations in relation to particular allegations or suspicions	Manager, Regulatory Compliance Programs
<b>Part 4.6 – Business management and control</b>	s 166 – Recover costs of external investigation as a debt payable to the law practice	Manager, Regulatory Compliance Programs
	s 256 – Conducting or appointing a suitably qualified person to conduct a compliance audit	Manager, Regulatory Compliance Programs
	s 257 – Giving a management system direction to a law practice	Manager, Regulatory Compliance Programs
<b>LEGAL PROFESSION UNIFORM GENERAL RULES 2015</b>		
	r. 65A – Power to revoke external examiner appointment	Manager, Regulatory Compliance Programs
	r 66(4) & (5) – Approve termination of appointment and require evidence	Manager, Regulatory Compliance Programs
	r 67 – Exempt examiner from requirement to report using standard form	Manager, Regulatory Compliance Programs

## Appendix 4

### Commissioner delegations



Under s 56 of the Application Act the Victorian Legal Services Commissioner may delegate certain functions to an employee, a local professional association, or a prescribed person.

Copies of all instruments of delegation in force can be viewed on our website.

#### Current delegations

Table 22 lists all of the internal Commissioner delegations in force as at 30 June 2022. There were no external Commissioner delegations in force as at 30 June 2022.

#### Revoked delegations

No Commissioner delegations were revoked during the 2021-22 reporting year.

Table 22: Internal Commissioner delegations in force as at 30 June 2022

LEGAL PROFESSION ACT 2004		
<b>Part 3.3 Division 3 – Investigations</b>	s 3.3.44(2) – Obtain information from financial institutions and other specified bodies	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20) Assistant Manager, Discipline and Suitability (16 Oct 20)
<b>Part 4.1, Division 2 – Application of Chapter</b>	s 4.1.4(3) – Consent to deal with issue under corresponding law	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)
	s 4.1.4(5) – Consent to deal with issue under corresponding law	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)
<b>Part 4.2 – Making a complaint</b>	s 4.2.7 – Vary time limit for complaint	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20) Assistant Manager, Discipline and Suitability (16 Oct 20)
	s 4.2.8 – Give written notification of a complaint	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20) Assistant Manager, Discipline and Suitability (16 Oct 20)
	s 4.2.9 – Require further information from complainant	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20) Assistant Manager, Discipline and Suitability (16 Oct 20)
	s 4.2.10 – Summarily dismiss complaint	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)

<b>Part 4.3, Division 2 – Dealing with civil complaints</b>	s 4.3.3 – Lodgement of disputed legal costs	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20) Assistant Manager, Discipline and Suitability (16 Oct 20)
	s 4.3.4 – Deposit disputed legal costs in ADI	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)
	s 4.3.5 – Attempt to resolve civil dispute	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)
	s 4.3.5A(1) – Prepare written agreement	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20) Assistant Manager, Discipline and Suitability (16 Oct 20)
	s 4.3.6 – Give written notice dispute	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)
	s 4.3.7 – Give written notice dispute unable to be resolved	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20) Assistant Manager, Discipline and Suitability (16 Oct 20)
<b>Part 4.3, Division 3 – Mediation</b>	s 4.3.9 – Appoint a mediator	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)
	s 4.3.13 – Dismiss complaint or give rights to apply to VCAT	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)
<b>Part 4.3, Division 4 – Resolution of civil disputes by the Tribunal</b>	s 4.3.15 – Make application to the Tribunal	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)
<b>Part 4.4 – Division 3 – Investigations</b>	s 4.4.7 – Investigate complaint	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20) Assistant Manager, Discipline and Suitability (16 Oct 20)
	s 4.4.8 – Investigate without complaint	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)
	s 4.4.9 – Refer complaint to prescribed investigatory body	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20) Assistant Manager, Discipline and Suitability (16 Oct 20)
	s 4.4.10(3) – Deal with complaint	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)
	s 4.4.11 – Require further information and documents	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20) Assistant Manager, Discipline and Suitability (16 Oct 20)
	s 4.4.12 – Investigate expeditiously	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)
	s 4.4.12A – Suspend investigation	Director, Investigations (16 Oct 20)
	s 4.4.12B – Take no further action	Director, Investigations (16 Oct 20)
	s 4.4.12C – Notify practitioner of decision	Director, Investigations (16 Oct 20)
	s 4.4.13 – Take appropriate action	Director, Investigations (16 Oct 20)
	s 4.4.13(1), (3)(b), (3)(c), (4), (5) and (6) – Take appropriate action	Manager, Discipline and Suitability (16 Oct 20)
	s 4.4.14 – Give notice of decision	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)



<b>Part 4.4, Division 7 – Inter-jurisdictional provisions</b>	s 4.4.33 – Request another jurisdiction to investigate	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)
	s 4.4.34 – Receive request from another jurisdiction to investigate	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)
	s 4.4.36 – Cooperate with corresponding authorities	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)
<b>Part 7.2 – General provisions</b>	s 7.2.14 – Disclose information	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20) Assistant Manager, Discipline and Suitability (16 Oct 20)
<b>Schedule 2, Part 6 – Disputes and discipline</b>	Clause 6.1 – Handle disputes lodged under old Act	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)
	Clause 6.2 – Handle disputes lodged under old Act	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)
	Clause 6.3 – Handle disputes lodged under old Act	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20)

#### LEGAL PROFESSION UNIFORM LAW APPLICATION ACT 2014

<b>Part 3, Division 4 – General provisions for the Victorian Legal Services Board and Victorian Commissioner</b>	s 60 – Appoint a panel of mediators	Director, Investigations (16 Oct 20) Director, Enquiries and Complaints (20 Oct 20)
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#### LEGAL PROFESSION UNIFORM LAW (VICTORIA)

<b>Part 5.2, Division 1 – Making complaints and other matters about complaints</b>	s 266(2) – Initiate a complaint containing a disciplinary matter	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20) Assistant Manager, Discipline and Suitability (16 Oct 20) Director, Enquiries and Complaints (20 Oct 20) Manager, Enquiries and Review (16 Oct 20) Manager, Complaints and Resolutions (16 Oct 20) Assistant Manager, Complaints and Resolutions (16 Oct 20) Assistant Manager, Enquiries and Review (16 Oct 20) Assistant Manager, Discipline and Suitability (16 Oct 20)
	s 267 – Making a complaint	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20) Director, Enquiries and Complaints (20 Oct 20) Manager, Enquiries and Review (16 Oct 20) Manager, Complaints and Resolutions (16 Oct 20) Assistant Manager, Complaints and Resolutions (16 Oct 20)
	s 269(1) – Definition of consumer matter	Director, Investigations (16 Oct 20) Manager, Discipline and Suitability (16 Oct 20) Assistant Manager, Discipline and Suitability (16 Oct 20) Senior Investigator (1 Jul 21) Director, Enquiries and Complaints (20 Oct 20) Manager, Enquiries and Review (16 Oct 20) Manager, Complaints and Resolutions (16 Oct 20) Assistant Manager, Complaints and Resolutions (16 Oct 20) Assistant Manager, Enquiries and Review (16 Oct 20) Senior Resolutions Advisor (16 Oct 20) ADR Specialist (16 Oct 20) Senior Enquiries and Review Liaison (16 Oct 20) Enquiries and Review Liaison (16 Oct 20)

	s 271 – Priority given to resolving consumer matter where there is a mixed complaint	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Senior Investigator (1 Jul 21)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Enquiries and Review (16 Oct 20)</p> <p>ADR Specialist (16 Oct 20)</p> <p>Senior Resolutions Advisor (16 Oct 20)</p> <p>Assistant Resolutions Officer (16 Oct 20)</p> <p>Resolutions Officer (16 Oct 20)</p>
	s 272 – Making complaint within 3 year time limit	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Senior Investigator (1 Jul 21)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Enquiries and Review (16 Oct 20)</p> <p>Senior Resolutions Advisor (16 Oct 20)</p> <p>ADR Specialist (16 Oct 20)</p> <p>Senior Enquiries and Review Liaison (16 Oct 20)</p>
	s 273(2) – Ability to continue investigation even where complaint is withdrawn	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Enquiries and Review (16 Oct 20)</p>
<p><b>Part 5.2, Division 2 – Preliminary assessment of complaints</b></p>	s 276 – Conduct preliminary complaint	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Senior Investigator (1 Jul 21)</p> <p>Investigator (1 Jul 21)</p> <p>Trust Account Analyst (21 Aug 15)</p> <p>Paralegal (16 Oct 20)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Enquiries and Review (16 Oct 20)</p> <p>ADR Specialist (16 Oct 20)</p> <p>Senior Resolutions Advisor (16 Oct 20)</p> <p>Senior Enquiries and Review Liaison (16 Oct 20)</p> <p>Resolutions Officer (16 Oct 20)</p> <p>Assistant Resolutions Officer (16 Oct 20)</p> <p>Enquiries and Review Liaison (16 Oct 20)</p>

	<p>s 277 – Ability to close complaint after conducting preliminary assessment</p> <p>s 278 – Ability to make recommendation that a practising certificate be suspended</p>	<p>Director, Investigations (16 Oct 20)  Manager, Discipline and Suitability (16 Oct 20)  Assistant Manager, Discipline and Suitability (16 Oct 20)  Director, Enquiries and Complaints (20 Oct 20)  Manager, Enquiries and Review (16 Oct 20)  Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Enquiries and Review (16 Oct 20)</p> <p>Director, Investigations (16 Oct 20)  Manager, Discipline and Suitability (16 Oct 20)  Assistant Manager, Discipline and Suitability (16 Oct 20)  Senior Investigator (1 Jul 21)  Director, Enquiries and Complaints (20 Oct 20)  Manager, Enquiries and Review (16 Oct 20)  Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Enquiries and Review (16 Oct 20)</p>
<p><b>Part 5.2, Division 3 –  Notifications to  and submissions  by respondents</b></p>	<p>s 279 – Notify respondent of complaint as soon as practicable</p> <p>s 280 – Response to complaint by respondent</p>	<p>Director, Investigations (16 Oct 20)  Manager, Discipline and Suitability (16 Oct 20)  Assistant Manager, Discipline and Suitability (16 Oct 20)  Director, Enquiries and Complaints (20 Oct 20)  Manager, Enquiries and Review (16 Oct 20)  Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Enquiries and Review (16 Oct 20)  Senior Resolutions Advisor (16 Oct 20)  Senior Investigator (1 Jul 21)  Senior Enquiries and Review Liaison (16 Oct 20)  ADR Specialist (16 Oct 20)  Resolutions Officer (16 Oct 20)  Assistant Resolutions Officer (16 Oct 20)  Enquiries and Review Liaison (16 Oct 20)</p> <p>Director, Investigations (16 Oct 20)  Manager, Discipline and Suitability (16 Oct 20)  Assistant Manager, Discipline and Suitability (16 Oct 20)  Senior Investigator (1 Jul 21)  Investigator (1 Jul 21)  Trust Account Analyst (21 Aug 15)  Director, Enquiries and Complaints (20 Oct 20)  Manager, Enquiries and Review (16 Oct 20)  Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Enquiries and Review (16 Oct 20)  Senior Resolutions Advisor (16 Oct 20)  Senior Enquiries and Review Liaison (16 Oct 20)  Resolutions Officer (16 Oct 20)  Assistant Resolutions Officer (16 Oct 20)  ADR Specialist (16 Oct 20)  Enquiries and Review Liaison (16 Oct 20)</p>

	s 281 – Ability to not notify a respondent of a complaint under certain circumstances	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Enquiries and Review (16 Oct 20)</p>
<b>Part 5.2, Division 4 – Investigation of complaints</b>	s 282 – Investigate internally or appoint externally	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Senior Investigator (1 Jul 21)</p> <p>Investigator (1 Jul 21)</p> <p>Paralegal (16 Oct 20)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Enquiries and Review (16 Oct 20)</p> <p>Senior Resolutions Advisor (16 Oct 20)</p> <p>Senior Enquiries and Review Liaison (16 Oct 20)</p> <p>Resolutions Officer (16 Oct 20)</p> <p>Assistant Resolutions Officer (16 Oct 20)</p> <p>ADR Specialist (16 Oct 20)</p> <p>Enquiries and Review Liaison (16 Oct 20)</p>
	s 282 (1) – Investigate internally or appoint externally	Trust Account Analyst (21 Aug 15)
	s 283 – Extend scope of investigation	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Senior Investigator (1 Jul 21)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Enquiries and Review (16 Oct 20)</p> <p>Senior Resolutions Advisor (16 Oct 20)</p> <p>Senior Enquiries and Review Liaison (16 Oct 20)</p> <p>ADR Specialist (16 Oct 20)</p>
	s 284 – Arrange assessment of costs charged or claimed by respondent	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (16 Oct 20)</p>

**Part 5.3, Division 2 – Provisions applicable to all consumer matters**

s 286 – Not to take action resolving consumer matter unless parties have made reasonable attempt to resolve matter or it would be unreasonable to expect complainant to be involved in such attempt

Director, Investigations (16 Oct 20)  
 Manager, Discipline and Suitability (16 Oct 20)  
 Assistant Manager, Discipline and Suitability (16 Oct 20)  
 Senior Investigator (1 Jul 21)  
 Investigator (1 Jul 21)  
 Trust Account Analyst (21 Aug 15)  
 Director, Enquiries and Complaints (20 Oct 20)  
 Manager, Enquiries and Review (16 Oct 20)  
 Manager, Complaints and Resolutions (16 Oct 20)  
 Assistant Manager, Complaints and Resolutions (16 Oct 20)  
 Assistant Manager, Enquiries and Review (16 Oct 20)  
 Senior Resolutions Advisor (16 Oct 20)  
 Senior Enquiries and Review Liaison (16 Oct 20)  
 Resolutions Officer (16 Oct 20)  
 Assistant Resolutions Officer (16 Oct 20)  
 ADR Specialist (16 Oct 20)  
 Enquiries and Review Liaison (16 Oct 20)

s 287 – Resolve consumer matter by informal means as soon as practicable

Director, Investigations (16 Oct 20)  
 Manager, Discipline and Suitability (16 Oct 20)  
 Assistant Manager, Discipline and Suitability (16 Oct 20)  
 Senior Investigator (1 Jul 21)  
 Investigator (1 Jul 21)  
 Trust Account Analyst (21 Aug 15)  
 Director, Enquiries and Complaints (20 Oct 20)  
 Manager, Enquiries and Review (16 Oct 20)  
 Manager, Complaints and Resolutions (16 Oct 20)  
 Assistant Manager, Complaints and Resolutions (16 Oct 20)  
 Assistant Manager, Enquiries and Review (16 Oct 20)  
 Senior Resolutions Advisor (16 Oct 20)  
 Senior Enquiries and Review Liaison (16 Oct 20)  
 Resolutions Officer (16 Oct 20)  
 Assistant Resolutions Officer (16 Oct 20)  
 ADR Specialist (16 Oct 20)  
 Enquiries and Review Liaison (16 Oct 20)

s 288 – Order parties to the complaint attend mediation

Director, Investigations (16 Oct 20)  
 Manager, Discipline and Suitability (16 Oct 20)  
 Assistant Manager, Discipline and Suitability (16 Oct 20)  
 Senior Investigator (1 Jul 21)  
 Investigator (1 Jul 21)  
 Director, Enquiries and Complaints (20 Oct 20)  
 Manager, Enquiries and Review (16 Oct 20)  
 Manager, Complaints and Resolutions (16 Oct 20)  
 Assistant Manager, Complaints and Resolutions (16 Oct 20)  
 Assistant Manager, Enquiries and Review (16 Oct 20)  
 Senior Resolutions Advisor (16 Oct 20)  
 Senior Enquiries and Review Liaison (16 Oct 20)  
 Resolutions Officer (16 Oct 20)  
 ADR Specialist (16 Oct 20)

	<p>s 289 – Prepare written record of agreement to mediation</p>	<p>Director, Investigations (16 Oct 20)  Manager, Discipline and Suitability (16 Oct 20)  Assistant Manager, Discipline and Suitability (16 Oct 20)  Senior Investigator (1 Jul 21)  Director, Enquiries and Complaints (20 Oct 20)  Manager, Enquiries and Review (16 Oct 20)  Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Enquiries and Review (16 Oct 20)  Senior Resolutions Advisor (16 Oct 20)  Senior Enquiries and Review Liaison (16 Oct 20)  Resolutions Officer (16 Oct 20)  ADR Specialist (16 Oct 20)</p>
	<p>s 290 – Resolve consumer matter by making determination</p>	<p>Director, Investigations (16 Oct 20)  Manager, Discipline and Suitability (16 Oct 20)  Assistant Manager, Discipline and Suitability (16 Oct 20)  Director, Enquiries and Complaints (20 Oct 20)  Manager, Enquiries and Review (16 Oct 20)  Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Complaints and Resolutions (16 Oct 20)</p>
<p><b>Part 5.3, Division 3 – Further provisions applicable to costs disputes</b></p>	<p>s 291 – Deal with costs disputes the same way as consumer matters or inform parties of right to apply for costs assessment or to VCAT if total bill is over \$100,000 or the amount in dispute is over \$10,000 where the bill is over \$100,000</p>	<p>Director, Investigations (16 Oct 20)  Manager, Discipline and Suitability (16 Oct 20)  Assistant Manager, Discipline and Suitability (16 Oct 20)  Director, Enquiries and Complaints (20 Oct 20)  Manager, Enquiries and Review (16 Oct 20)  Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Enquiries and Review (16 Oct 20)  Senior Enquiries and Review Liaison (16 Oct 20)  Resolutions Officer (16 Oct 20)  Assistant Resolutions Officer (16 Oct 20)  ADR Specialist (16 Oct 20)  Enquiries and Review Liaison (16 Oct 20)</p>
	<p>s 291(1) – Deal with costs disputes the same way as consumer matters</p>	<p>Senior Resolutions Advisor (16 Oct 20)  Senior Investigator (1 Jul 21)  Investigator (1 Jul 21)  Trust Account Analyst (21 Aug 15)</p>
	<p>s 292 – Make a binding determination about costs</p>	<p>Director, Investigations (16 Oct 20)  Manager, Discipline and Suitability (16 Oct 20)  Assistant Manager, Discipline and Suitability (16 Oct 20)  Director, Enquiries and Complaints (20 Oct 20)  Manager, Enquiries and Review (16 Oct 20)  Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Enquiries and Review (16 Oct 20)</p>

	s 293 – Cease to act where dispute is less than \$10,000	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Senior Investigator (1 Jul 21)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Enquiries and Review (16 Oct 20)</p> <p>ADR Specialist (16 Oct 20)</p> <p>Senior Enquiries and Review Liaison (16 Oct 20)</p>
<b>Part 5.4, Division 1 – Preliminary</b>	s 297(2) – Consider matters that would be taken into account in terms of admission when deciding if a lawyer is a fit and proper person in terms of professional misconduct	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Trust Account Analyst (21 Aug 15)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p>
<b>Part 5.4, Division 2 – Determination by local regulatory authority</b>	s 299 – Determine unsatisfactory professional conduct and make orders to rectify that conduct	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Enquiries and Review (16 Oct 20)</p>
	s 299(2) – Provide details of proposed determination	<p>Senior Investigator (1 Jul 21)</p> <p>Investigator (1 Jul 21)</p>
<b>Part 5.4, Division 3 – Role of designated tribunal</b>	s 300 – Initiate and prosecute proceedings against respondent lawyer in the designated tribunal	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p>
<b>Part 5.5 – Compensation Orders</b>	s 306 – Make compensation order	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Enquiries and Review (16 Oct 20)</p>
	s 307(4) – Request may be made at any time after complaint made	<p>Senior Investigator (1 Jul 21)</p> <p>Trust Account Analyst (21 Aug 15)</p>
	s 308 – Order to compensate aggrieved person	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Enquiries and Review (16 Oct 20)</p>

	s 309 – Order not to be made unless the designated authority or tribunal is satisfied of a loss or that it be in the interest of justice or if compensation has been made by court or paid from a fidelity fund	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (25 Jul 19)</p> <p>Assistant Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Enquiries and Review (16 Oct 20)</p>
<b>Part 5.6 – Appeal or Review</b>	s 313 – Conduct an internal review	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Senior Investigator (1 Jul 21)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Enquiries and Review (16 Oct 20)</p> <p>Senior Resolutions Advisor (16 Oct 20)</p> <p>Senior Enquiries and Review Liaison (16 Oct 20)</p> <p>ADR Specialist (16 Oct 20)</p>
	s 313(2) – Conduct an internal review	Trust Account Analyst (21 Aug 15)
<b>Part 5.7 – General Duties of Local Regulatory Authorities</b>	s 318 – Provide the complainant and respondent written notice of decisions or determinations	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Enquiries and Review (16 Oct 20)</p>
	s 320 – Make order directing or refraining action	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Enquiries and Review (16 Oct 20)</p>
<b>Part 9.9 – General</b>	s 466(7) – Recommend practising certificate or registration certificate be suspended	<p>Director, Investigations (16 Oct 20)</p> <p>Manager, Discipline and Suitability (16 Oct 20)</p> <p>Manager, Intervention and Enforcement (16 Oct 20)</p> <p>Assistant Manager, Discipline and Suitability (16 Oct 20)</p> <p>Assistant Manager, Intervention and Enforcement (16 Oct 20)</p> <p>Director, Enquiries and Complaints (20 Oct 20)</p> <p>Manager, Enquiries and Review (16 Oct 20)</p> <p>Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Complaints and Resolutions (16 Oct 20)</p> <p>Assistant Manager, Enquiries and Review (16 Oct 20)</p>



<p><b>Schedule 3, Part 4 – Dispute Resolution and Professional Discipline</b></p>	<p>Clause 14 – Conduct of lawyer does not apply if it is being dealt with under a corresponding law</p>	<p>Director, Investigations (16 Oct 20)  Manager, Discipline and Suitability (16 Oct 20)  Assistant Manager, Discipline and Suitability (16 Oct 20)  Senior Investigator (1 Jul 21)  Director, Enquiries and Complaints (20 Oct 20)  Manager, Enquiries and Review (16 Oct 20)  Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Enquiries and Review (16 Oct 20)  Senior Resolutions Advisor (16 Oct 20)  Senior Enquiries and Review Liaison (16 Oct 20)  ADR Specialist (16 Oct 20)</p>
<p><b>Schedule 4, Division 7 – Dispute resolution and professional discipline</b></p>	<p>Clause 26 – Complaint made under the old Chapter 4 is to be investigated with the provisions of the old legislation</p>	<p>Director, Investigations (16 Oct 20)  Manager, Discipline and Suitability (16 Oct 20)  Assistant Manager, Discipline and Suitability (16 Oct 20)  Senior Investigator (1 Jul 21)  Investigator (1 Jul 21)  Trust Account Analyst (21 Aug 15)  Director, Enquiries and Complaints (20 Oct 20)  Manager, Enquiries and Review (16 Oct 20)  Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Enquiries and Review (16 Oct 20)  Senior Resolutions Advisor (16 Oct 20)  Senior Enquiries and Review Liaison (16 Oct 20)  Resolutions Officer (16 Oct 20)  ADR Specialist (16 Oct 20)  Enquiries and Review Liaison (16 Oct 20)</p>
	<p>Clause 27 – Investigation may be commenced under the new law as long as conduct was not investigated before that day under the old legislation</p>	<p>Director, Investigations (16 Oct 20)  Manager, Discipline and Suitability (16 Oct 20)  Assistant Manager, Discipline and Suitability (16 Oct 20)  Senior Investigator (1 Jul 21)  Investigator (1 Jul 21)  Trust Account Analyst (21 Aug 15)  Director, Enquiries and Complaints (20 Oct 20)  Manager, Enquiries and Review (16 Oct 20)  Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Complaints and Resolutions (16 Oct 20)  Assistant Manager, Enquiries and Review (16 Oct 20)  Senior Resolutions Advisor (16 Oct 20)  Senior Enquiries and Review Liaison (16 Oct 20)  Resolutions Officer (16 Oct 20)  ADR Specialist (16 Oct 20)  Enquiries and Review Liaison (16 Oct 20)</p>

## Appendix 5

### Disclosure index



The Annual Report of the Board and Commissioner is prepared in line with all relevant Victorian legislation and pronouncements. This index has been prepared to show the Board and Commissioner's compliance with the statutory disclosure requirements.

#### Ministerial Directions and Financial Reporting Directions: Report of operations

LEGISLATION	REQUIREMENT	PAGE REFERENCE
<b>Charter and purpose</b>		
FRD 22	Manner of establishment and the relevant Ministers	4
FRD 22	Purpose, functions, powers and duties	3, 4
FRD 22	Key initiatives and projects	6-7
FRD 22	Nature and range of services provided	3
<b>Management and structure</b>		
FRD 22	Organisational structure	47
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FRD 10	Disclosure index	144
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FRD 22	Employment and conduct principles	38
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FRD 22	Summary of the financial results for the year	40
FRD 22	Significant changes in financial position during the year	40
FRD 22	Major changes or factors affecting performance	40
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FRD 22	Application and operation of the <i>Freedom of Information Act 1982</i>	51
FRD 22	Compliance with building and maintenance provisions of the <i>Building Act 1993</i>	51
FRD 22	Statement on National Competition Policy	52
FRD 22	Application and operation of the <i>Protected Disclosure Act 2012</i>	51
FRD 22	Details of consultancies over \$10,000	51
FRD 22	Details of consultancies under \$10,000	51
FRD 22	Disclosure of government advertising expenditure	N/A
FRD 22	Disclosure of ICT expenditure	53
FRD 22	Statement of availability of other information	54
FRD 24	Reporting of officebased environmental impacts	54
FRD 25	Local Jobs First	52

LEGISLATION	REQUIREMENT	PAGE REFERENCE
FRD 29	Workforce data disclosures	48-49
SD 5.2	Specific requirements under Standing Direction 5.2	65
<b>Compliance attestation and declaration</b>		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	55
SD 5.2.3	Declaration in report of operations	Inside front cover

#### Ministerial Directions and Financial Reporting Directions: Financial statements

LEGISLATION	REQUIREMENT	PAGE REFERENCE
<b>Declaration</b>		
SD 5.2.2	Declaration in financial statements	65
<b>Other requirements under Standing Directions 5.2</b>		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	65
SD 5.2.1(a)	Compliance with Standing Directions	65
SD 5.2.1(b)	Compliance with Model Financial Report	65
<b>Other disclosures as required by FRDs in notes to the financial statements</b>		
FRD 11	Disclosure of <i>ex gratia</i> expenses	N/A
FRD 21	Disclosures of Responsible Persons, Executive Officers and other personnel (contractors with significant management responsibilities) in the Financial Report	112
FRD 103	Non-financial physical assets	81
FRD 110	Cash flow statements	71
FRD 112	Defined benefit superannuation obligations	78
FRD 114	Financial Instruments – general government entities and public non-financial corporations	98

#### Compliance with legislative declarations

LEGISLATION	REQUIREMENT	PAGE REFERENCE
<b>Legal Profession Uniform Law Application Act 2014</b>		
s. 46(a)	Delegations in force as at 30 June	120
s. 46(b)	Delegations revoked during the year	132
s. 46(c)	Number and type of trust investigations conducted	20
s. 57(1)(a)	Number and type of complaints made to the Commissioner	13
s. 75(1)(b)	Number of complaints involving disciplinary matters investigated	14
s. 75(1)(c)	Outcome of complaints made	13-14
s. 75(1)(d)	Number and type of applications made to VCAT and results	15, 57
s. 75(1)(e)	Number of complaints outstanding at end of year	15
s. 75(1)(f)	Time taken to investigate disciplinary matters in complaints	14
s. 75(1)(g)	Delegations in force as at 30 June	133
s. 75(1)(h)	Delegations revoked during the year	N/A
<b>Disability Act 2006</b>		
s. 38(3)	Implementation of Disability Action Plan	51

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