

**ANNUAL REPORT 2020**

Inspiring a new beginning

Victorian Legal Services  
**BOARD + COMMISSIONER**

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4 November 2020

Dear Attorney-General

We are pleased to provide you with the 2019-20 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 2020. 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

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

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## ABBREVIATIONS AND ACRONYMS USED IN THIS REPORT

<b>Application Act</b>	<i>Legal Profession Uniform Law Application Act 2014 (Vic)</i>	<b>Legal Profession Uniform Law</b>	Schedule 1 of the Application Act
<b>Bar</b>	Victorian Bar Inc	<b>LIV</b>	Law Institute of Victoria Inc
<b>Board</b>	Victorian Legal Services Board	<b>LPLC</b>	Legal Practitioners' Liability Committee
<b>CLS</b>	Community Legal Service	<b>VLSB</b>	Victorian Legal Services Board
<b>Commissioner</b>	Victorian Legal Services Commissioner	<b>VLSC</b>	Victorian Legal Services Commissioner
<b>CPD</b>	Continuing Professional Development	<b>PC</b>	Practising Certificate
<b>FTE</b>	Full Time Equivalent	<b>PPF</b>	Public Purpose Fund
<b>ILP</b>	Incorporated Legal Practice	<b>SDA</b>	Statutory Deposit Account
<b>LPA</b>	Legal Profession Act 2004 (Vic)	<b>Uniform Law</b>	Legal Profession Uniform Law
		<b>VCAT</b>	Victorian Civil and Administrative Tribunal

# CHAPTER 1

## Introduction

### About us



#### Who we are

We are the regulator of the legal profession in Victoria. We regulate legal practices, manage a register of legal practitioners, administer the trust account framework, and intervene when law practices fail. We are also responsible for the management of the Public Purpose and Fidelity Funds.



#### Why we exist

Our goal is to maintain and enhance public trust and confidence in the legal profession in Victoria. We do this because the integrity of the legal profession is fundamental to the legitimacy of the justice system and the maintenance and protection of the rule of law.



#### What we do

Protect consumers and the public by effective regulation of lawyers and legal practice. Assist the profession to achieve the highest standards of ethics and legal practice. Manage our funds to support effective regulation and promote confidence in the administration of justice.



#### How we do it

We achieve these goals through our approach to regulating the legal profession, our stewardship role, and our organisational aims.

### Our Functions

#### OUR ROLE WITH LAWYERS



Register lawyers



Assist and intervene in law firms experiencing issues



Prosecute breaches of the Act and Rules in VCAT



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



Oversee and audit trust accounts



Educate the legal profession



Oversee professional indemnity insurance



Prosecute unqualified legal practice

#### OUR ROLE WITH CONSUMERS AND THE COMMUNITY



Receive complaints about lawyers and law practices



Resolve disputes between lawyers and clients



Resolve costs disputes



Provide fraud compensation via the Fidelity Fund



Educate and inform the Victorian community



Improve legal practice and regulation through policy development



Improve access to justice via our Public Purpose Fund programs

## Our commitments and behaviours



## How we achieve our vision

Our strategy, A Clear Direction, outlines how we intend to meet our goal of maintaining public trust and confidence in the legal profession in Victoria.

It highlights our three main areas of focus:



To protect consumers and the public by effective regulation of lawyers and legal practice.



To assist the profession to achieve the highest standards of ethics and legal practice.



To manage our funds to support effective regulation and promote public confidence in the administration of justice.

We achieve these goals through our approach to regulating the profession, our stewardship role and our organisational aims.

### Our regulatory approach

- Outcome focused – responses which improve legal practice and promote consumer confidence;
- Risk based – identifying and assessing the risk associated with non-compliance and targeting our response accordingly;
- Evidence based – our decisions are grounded in the best available data, information and research;
- Collaborative – working with our Uniform Law partners, the profession and consumers for consistent and practical regulation and guidance;
- Independent, transparent and fair in our processes and decision-making;
- Consumer focused – understanding consumers and helping them make informed choices about legal services;
- Experiment with approaches to emerging issues in the legal profession.

### Our stewardship approach

- Manage our funds so that we can:
  - Fund research and collaborate with the profession to respond to current trends in legal practice and help the profession meet the ethical demands of the changing work environment;
  - Support effective regulation and measures to promote confidence in the administration of justice including fidelity cover, improved access to justice and education;
  - Grant funds to projects which will create long-lasting and effective improvements to access to justice;
  - Provide additional funding to Victoria Legal Aid and other important Victorian legal and justice organisations;
- Continuously improve our processes including our capacity to monitor, evaluate and learn from what we do and better manage change;
- Communicate clearly to explain plainly what we do and why.

### Our organisational approach

- Demonstrate leadership in ethics, legal practice and consumer protection;
- Be responsive and innovative in the face of change;
- Cultivate an engaged and resilient workforce;
- Encourage learning and support professionalism;
- Prioritise collaboration across the organisation.

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 2019-20 reporting year.

# Snapshot of the year

## SUPPORTING LAWYERS AND CONSUMERS

Hosted the **Australian and New Zealand conference** of legal regulators



Hosted a **lawyer wellbeing workshop** and undertook research into wellbeing across the profession

Spoke to thousands of lawyers at seminars, workshops and conferences **about regulatory and law practice management issues**

Launched our **new Consumer Panel** to put consumers at the centre of our work



Released a **report into sexual harassment** in the Victorian legal profession



Received **11 queries** in the **innovation inbox**



## PROTECTING CONSUMERS

We registered

**24,495**

lawyers, including

**1,898**

new lawyers



Finalised **14** prosecutions in VCAT



**5,561**

enquiries from the public



**1,277** complaints received



**1,270** complaints closed

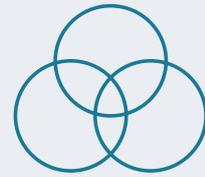
## OUR PEOPLE



Enabled all staff to **work remotely**



**Developed new** commitments and behaviours



Finalised our **organisation redesign**

## MANAGING OUR FUNDS



Provided

**\$5 million**

in grants funding to **15 access to justice and law reform projects**



**\$35 million**

**to fund** Victoria Legal Aid



Accumulated net gains of over **\$183 million** in the Public Purpose Fund over last **10 years**

**465**

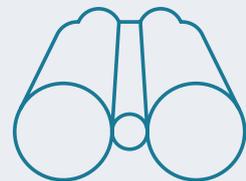
trust account investigations carried out



We undertook

**94**

disciplinary investigations



**60%**

of complaints closed within **90 days**

**Paid 6 Fidelity Fund**

compensation claims totalling

**\$871,671**

# The story of the legal profession

Each year we collect data from lawyers when they renew their practising certificates. This data provides valuable information about the demographics of the legal profession in Victoria during 2019-20.

There are

# 24,495

registered lawyers

 **4.2%** higher than 2019

**91%** solicitors

**9%** barristers



# 1,898

**new lawyers**

joined the profession



# 510

**lawyers** retired or stopped practising – significantly lower than previous years

# 10,202

businesses employ lawyers

**Most** are located in the city or suburbs

**Half** are sole practitioners



There are more female lawyers than male lawyers



# 52%



# 48%

However barristers are significantly more likely to be male



# 53%

**solicitors** are female



# 69%

**barristers** are male

Most lawyers work in the city and suburbs

# 53%

 city

# 36%

 suburbs

# 7%

 country

35%

Lawyers are employees

14%

Corporate lawyers

10%

Directors

3%

Volunteers

19%

Sole practitioners (including barristers)

11%

Government lawyers

8%

Partners



Men are more likely to be Principals, with **18% of women and 36% of men holding this certificate type**

Women lawyers are more likely to be employees, with almost **44% of women holding an employee certificate** while less than one third of men do

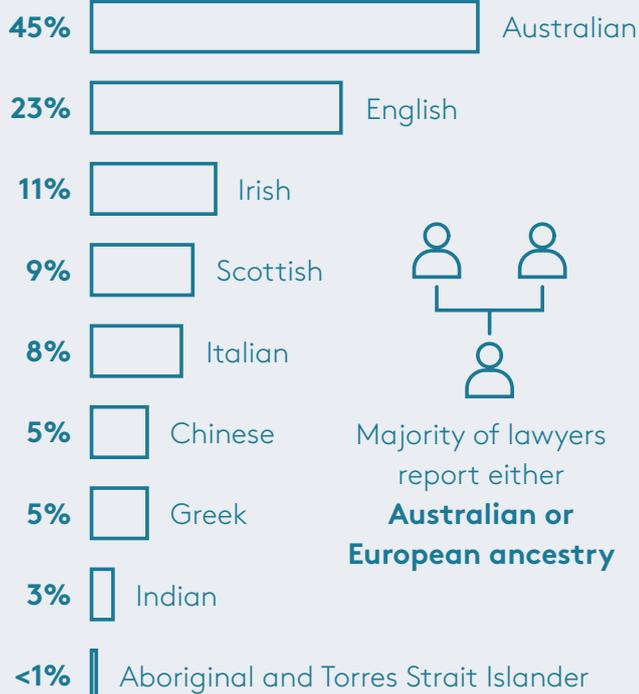
Most lawyers were born in Australia

78%



22%

of lawyers report speaking languages other than English



Lawyers speak

150

different languages

The top languages spoken are Italian, Mandarin, Greek, French, Cantonese, German, Spanish, Arabic, Hindi and Vietnamese

Ancestry and language questions were voluntary and not all lawyers responded. 70% of lawyers answered country of birth and ancestry questions.

# Chairperson and CEO/Commissioner's report

## Introduction

The past year has been one of great disruption and, like all Victorians, at the VLSB+C we have faced challenges on many fronts.

The COVID-19 pandemic struck Victoria during the practising certificate renewal period, which is our busiest time of year. With many lawyers facing financial or employment uncertainty, our teams fielded more queries and more complex questions than ever before. Despite this, we registered over 24,000 lawyers, an increase of 4.2% on the last financial year.

Like many other organisations, we closed our office and mobilised our people to work remotely. For our frontline teams this meant finding new ways of working and thinking about how to deliver services differently.

From a financial perspective, 2019-20 was also challenging, with the VLSB+C recording a net deficit of \$38.2 million. This outcome was driven by external economic factors, with record low interest rates and extreme market volatility impacting significantly on our investment returns.

While we recorded a drop in investment returns this year, across the ten year period to 30 June 2020 our cumulative net gains equated to more than \$183 million, and we remain in a strong financial position to continue our work protecting consumers and assisting the legal profession in meeting and maintaining its professional obligations. We will also be able to draw on these net gains to limit the extent of reductions in funding from the Public Purpose Fund and allow a staged return to a balanced budget in the medium term.

Despite the year's challenges, we have made significant progress on many of our key projects and organisational improvements. We are in the second year of our strategy 'A Clear Direction', and we are very proud of the work we have done this year. We continue to be inspired by our people and the work they do to maintain and enhance public trust and confidence in the legal profession, and by the lawyers who provide this vital support to Victorians.

## Supporting lawyers and consumers

As a modern regulator we aim to prevent or mitigate harm. Our prevention programs identify and address issues that affect lawyers in their work and support and encourage lawyers to innovate and improve. We also provide vital funding across the justice sector to support programs and organisations that improve access to justice for Victorians.

Throughout the year in our communications and at events we returned to the key message of ethics and culture as the cornerstone of maintaining the integrity of the legal profession. We firmly believe that ethics must be lived and cannot be reduced to merely abiding by the rules. All lawyers share the responsibility of creating a culture within the profession that calls out bad behaviour, supports improvement and celebrates those that are demonstrating the highest ethical standards.

A major focus of this year was our sexual harassment survey and report. Our survey found that one in three lawyers, and nearly two thirds of female lawyers, reported being sexually harassed at work. These results strengthen our resolve and commitment to work with the profession to eliminate the systemic cultural problems that have enabled these unlawful and unacceptable behaviours to harm individuals and bring disrepute to the legal profession. We are engaging with stakeholders across the sector and have developed a regulatory strategy to reduce the prevalence of sexual harassment in the profession. We will also use our powers to investigate and respond to complaints about sexual harassment.

Poor lawyer wellbeing is a serious problem. The impact of COVID-19 is exacerbating this. Aside from the personal toll it takes, it can become a regulatory issue. In 2019, we met stakeholders from across the profession to understand their experiences of, and insights into, poor wellbeing and its systemic causes, and identify possible ways to improve wellbeing outcomes for lawyers. The findings are being analysed by an independent academic and we will soon release a report that will provide a foundation for future wellbeing projects.

Our Grants program continues to provide vital development funding to projects for legal and community organisations across the state. These projects help to support and develop policy research, law reform, legal education and access to justice programs for all Victorians. To date the total amount we have provided in grants exceeds \$45 million. This year's grant recipients were awarded \$5 million for 15 projects that explored new ways of doing things, or built on proven methods to change legal services and improve access to justice.

## Protecting consumers

Our regulatory approach is to be independent, transparent and fair in our processes and decision-making. To achieve this, we began a new initiative to publish more information about how we make decisions as well as guidance to assist lawyers in their ethical and compliance obligations. We also improved how we communicate with lawyers through our new website and monthly Commissioner Updates to the profession. We will build on this work in the coming financial year.

Through our practising certificate renewal process we collected data from lawyers that helps us identify areas of risk as well as providing greater understanding of the profession.

For the first time in 2020 we collected data about diversity, and with the lawyer's permission, this will be included on the register of lawyers next year. By providing information about languages spoken, ancestry and areas of practice, consumers of legal services will be able to make better informed decisions about engaging the right lawyer to support them.

In 2020 we also introduced a new intake and triage process for enquiries, which over time will improve our efficiency and effectiveness in responding to the needs of consumers and lawyers. The triage process is designed to identify issues quickly and enable our staff to provide an appropriate response, escalate the issue to a more appropriate team member or refer the issue to our complaints or investigations teams.

An important consumer protection function we exercise is our compliance and enforcement activities. It is critical that consumers of legal services have trust and confidence in the quality of the legal services being provided to them and in the lawyers who provide them. Through our role of regulating lawyers we aim to ensure that this trust and confidence is maintained and enhanced by our actions.

In 2019 we assumed responsibility for conducting trust account investigations from the Law Institute of Victoria (LIV) and our regulatory compliance team now has a holistic view of all compliance activities. We undertook 14 successful prosecutions against lawyers at Victorian Civil and Administrative Tribunal and the Courts for unsatisfactory professional conduct and professional misconduct and are awaiting the outcome of another 16 matters.

We are the only legal regulator in Australia that undertakes our own investigations of fraud offences. In 2019-20, following lengthy and complex investigations, we concluded two prosecutions of lawyers in the Supreme Court of Victoria for dishonest dealings with trust money. Both lawyers were jailed and have been struck off the roll of lawyers maintained by the Court.

## Our people and stakeholders

Due to COVID-19 the Board met more often than usual and quickly adapted to new ways of working together. In 2020 we made changes to a number of Board Committees. The Board Fidelity Fund Claims Advisory Committee ceased in April 2020 and we particularly thank external member Roger Batrouney for his service to this committee over many years. The new Consumer Panel met for the first time in April 2020, and has commenced work on an important initiative to apply consumer principles to legal service regulation and provision in Victoria. The Panel is the first of its kind for legal regulation in Australia, and its members bring strong and diverse experience to help us put consumers at the centre of legal services and regulation.

We launched a commitments and behaviours statement to shape our workplace culture and define how we work with others. 'We value relationships'; 'we are professional'; 'we adapt'; 'we are courageous and authentic'; and 'we collaborate' are statements that both our people and our Board have committed to. Along with some agreed behaviours, these will support our strategy and ensure our people perform at the highest level.

We continue to work closely with our Uniform Law partners as well as the LIV, the Victorian Bar and the Legal Practitioners' Liability Committee (LPLC) to support and enhance regulation and professional standards of lawyers.

Over the period we worked closely with both the LIV and the Bar to improve how they manage their delegated functions. In particular, we worked with the Bar reviewing their complaints handling and suitability assessment processes. The Bar now have a dedicated, skilled investigator managing barrister complaint investigations and there is a stronger relationship between the Bar and our suitability teams.

In June 2020 we launched our first Access and Inclusion Plan. Underpinning this plan is our commitment to improving the community's access to justice, and to supporting a fairer and more inclusive justice system for all. Through this plan we will improve our services, programs and employment opportunities for people with disability, and take the opportunity to influence and educate the legal profession to improve access to justice for people with disability.

These achievements would not have been possible without the passion and commitment of our people and the dedication and support of our Board, and we thank everyone who contributed to this success. The last year has required agility and ingenuity and our people again demonstrated their willingness to take on new challenges and adapt to changing situations.



**Fiona Bennett**  
Board Chairperson



**Fiona McLeay**  
Board CEO and Commissioner

## Board members



**Ms Fiona Bennett**

**Chairperson, Non-lawyer member (first appointed 22 January 2008, appointed Chairperson 29 January 2013, reappointed 30 November 2016)**

Fiona is a non-executive director of Hills Ltd, Select Harvests Ltd and BWX Ltd. She is a Chartered Accountant with 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.



**Ms Jennifer Batrouney  
AM QC**

**Lawyer (advocate) member (elected 1 July 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 QC 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.



**Mr Geoff Bowyer**

**Lawyer (non-advocate) member (elected 1 July 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. Over his career Geoff has built up a broad portfolio of legal experience spanning the public, private and corporate sectors. Geoff is a past President of the Law Institute of Victoria and former executive member of the Law Council of Australia, and a current Director of Bendigo Community Health.



**Ms Liz Harris**

**Lawyer (non-advocate) member (elected 1 July 2018)**

Liz has specialised in consumer complaints relating to lawyers, acting for both lawyers and consumers. She is a recognised expert in costs law as co-author of Quick on Costs. She 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, and Chair of LIV Cost Lawyers section.



**Dr Lynne Williams AM**

**Non-lawyer member (appointed 9 October 2013)**

Lynne is an economist with over 30 years' experience in the public sector. She is the Deputy 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.



**Ms Catherine Wolthuizen**

**Non-lawyer member (appointed 12 December 2017)**

Catherine is a consumer advocate and former ombudsman. 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).



**Ms Cate Wood AM**

**Non-lawyer member (appointed 31 July 2016)**

Cate has been a Director and Executive of Industry Superannuation Funds and has experience in investment strategy and governance. Cate has also served on the boards of a number of superannuation industry bodies. She is a Director of Sun Super, a member of the Professional Standards Councils, Chair of Women in Super and a Director of the Mother's Day Classic Foundation.

## Senior leadership team



**Fiona McLeay**

**Victorian Legal Services  
Board Chief Executive  
Officer and Commissioner**

Fiona commenced her tenure as Commissioner and Board CEO in 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.



**Matt Anstee**

**Director, Investigations**

Matt has been Director Investigations since April 2020. He was formerly Head of Legal Operations and Compliance at the UK Foreign and Commonwealth Office focusing on national security, counter terrorism and international relations. Matt also has worked with the National Crime Agency in the UK, the anti-torture NGO Redress, the International Criminal Court in the Hague, the Commonwealth Director of Public Prosecutions and the Victorian Office of Public Prosecutions.



**Lucy Fraser**

**Manager, People  
and Culture**

Lucy is an experienced Human Resources professional with a broad generalist HR background and a passion for innovation, leadership, coaching and conflict resolution. Lucy's previous work has been in HR roles spanning across manufacturing, retail and logistics industries. Lucy holds a Master of Entrepreneurship and Innovation and a Master of Conflict Resolution and Mediation. She is also an experienced coach and trainer, and enjoys working with individuals and groups to develop their potential.



**John Ireson**

**Director, Corporate  
Services**

John is an experienced executive and CPA with over 20 years in the state and federal public sectors. Prior to joining VLSB+C as Chief Finance Officer, John was Director, Budget Strategy and Financial Reporting at the Department of Justice and Senior Economic Strategist, Fiscal Policy at Victorian Treasury. He is Chair of the Residential Tenancies Bond Authority Audit Committee and a former Honorary Director of a leading Melbourne Independent School.



**Kerri-anne Millard**

**Director, Policy and  
Outreach**

Kerri-anne has 20 years' experience in the public service. Specialising in policy and legislation development, Kerri-anne's passion for engagement and collaboration has driven legislative reform for a diverse range of Victorian regulators, including EPA Victoria, Earth Resources, Consumer Affairs Victoria and Biosecurity Victoria. Kerri-anne was appointed as Director Policy and Outreach in 2018 where she manages teams that deliver policy, regulatory strategy, communications, education, consumer engagement, innovation, data insights and general counsel expertise.



**Kelly Spiteri**

**Senior Strategic Advisor**

Kelly was appointed as Senior Advisor to the CEO and Commissioner in 2019. With a background spanning multiple strategic roles across the Victorian Government, Kelly plays a pivotal role providing advice and executive support to the Board and leadership team. She has a background in dispute resolution and specialist expertise in stakeholder management. Kelly is passionate about cultivating positive connections and establishing intuitive, efficient and collaborative processes that benefit both the consumer and the organisation.



**Tina Stagliano**

**Director, Enquiries  
and Complaints**

Tina is an experienced disciplinary investigator, prosecutor and complaints handler and has held multiple senior roles across the organisation. Tina has built and managed high performing teams and has specialist expertise in the area of Wills and Estates. Tina was appointed to the role of Director Enquiries and Complaints in 2018 to oversee our licensing function and the area that manages the 20,000+ enquiries and nearly 1,300 complaints we receive each year.

## Governance structure

We were established on 1 July 2015 under the *Legal Profession Uniform Law Application Act 2014 (Vic)* (or the 'Application Act' for short). This legislation superseded the *Legal Profession Act 2004 (Vic)*.

Although the Application Act established us as two independent statutory authorities (the Victorian Legal Services Board and the Victorian Legal Services Commissioner), for practical reasons we operate as one body under a unified name: the **Victorian Legal Services Board and Commissioner**. We function as one unified body, and therefore 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 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. Jill Hennessy MP.

As the regulator of the legal profession in Victoria, our main function is to implement the Legal Profession Uniform Law (or simply, the 'Uniform Law'). This forms Schedule 1 to the Application Act. A series of Rules and Regulations underneath the Uniform Law further expand the regulatory regime. These serve to protect consumers of legal services and enhance the integrity of the legal profession.

We work closely with the Legal Services Council, the Commissioner for Uniform Legal Services Regulation, the LIV and the Victorian Bar (as the local professional associations), and legal regulators in other jurisdictions. This helps us to ensure that our approach to delivering on our responsibilities is consistent with other Uniform Law jurisdictions.

We also consult with the broader legal sector, and are actively working on ways to improve how we engage with consumers of legal services.

### A strong relationship between the LIV and the regulator is critical to supporting those in legal practice and protecting the consumers of legal services.

*The last six months in particular have been extremely challenging for the legal profession and its ability to continue to administer justice. The strong relationship between the VLSB+C and the LIV throughout this time has ensured we have been able to act quickly and respond to the needs of the profession as best we can.*

*This is facilitated by an open, respectful working relationship between both organisations and ongoing communication to resolve any issues, address challenges or deliver on opportunities.*

*While both organisations recognise their different roles and responsibilities, working together on the areas of intersection only serves to strengthen the collaboration across the profession.*

*On a personal note, our Commissioner Fiona McLeay has been a very strong supporter of the important role the LIV plays in the Victorian justice sector. She has provided ongoing support to the LIV and the profession and she is always open to work through any issues.*

*As Commissioner, Fiona is alive to issues that affect legal practice. She also takes the time to understand issues for practitioners in suburban and regional Victoria and has joined the LIV on many outreach visits.*



*Our Commissioner is driven to work with the profession to advance legal practice in Victoria for the benefit of the consumer.*

**Adam Awty**  
Chief Executive  
Law Institute of Victoria

**L to R: Adam Awty, Fiona McLeay and John Ireson**

## CHAPTER 2

# Supporting consumers and lawyers

An important part of our role as a regulator is to support Victorian lawyers to achieve the highest standards of ethics and legal practice. We do this by identifying and addressing issues that affect lawyers in their work (such as sexual harassment and poor wellbeing), and by helping to support and encourage the profession to improve (such as supporting innovative ideas). We also provide vital funding and support for programs and organisations across the sector to improve consumers' access to justice.

## Addressing sexual harassment



In the second half of 2019, we undertook a wide-ranging study to better understand the prevalence and characteristics of sexual harassment in Victoria's legal profession. The study involved two anonymous surveys, the first focusing on lawyers' personal experiences of sexual harassment and the second looking at the policies, procedures and training in place in legal workplaces to

prevent and respond to this problem. Over 2,300 Victorian lawyers contributed to the practitioner survey, and over 250 law practices were represented in the results of our management practices survey.

In April 2020 we published a report outlining the findings of our study. We found that, overall, over one third of Victorian lawyers have been sexually harassed. For most respondents this was the majority within the past five years. However, the proportion of lawyers who have experienced this conduct varies dramatically according to gender: we found that almost two thirds of female lawyers had experienced sexual harassment, compared with just over one in 10 male lawyers.

Aside from gender, our study showed that power imbalances are the single biggest risk factor for experiencing sexual harassment as a lawyer. Junior lawyers in particular are vulnerable to being harassed, with over half of those reporting being harassed having fewer than six years' experience at the time of the incident.

Many of the study findings reflect findings of broader research undertaken by the Australian Human Rights Commission about sexual harassment in Australian workplaces generally.

Our management practices survey found that workplace policies and procedures are not standard in legal workplaces, and training to prevent sexual harassment from occurring is rare.

Our study was the first time all lawyers in Victoria have been surveyed in this way by the regulator. The results strengthen our resolve and commitment to work with the profession to eliminate the systemic cultural problems that have enabled these unlawful and unacceptable behaviours to harm individuals and bring disrepute to the legal profession.

Besides engaging with stakeholders about the report findings, we have developed a regulatory strategy to reduce the prevalence of sexual harassment in the profession.

The strategy proposes a range of measures intended to improve the profession's understanding of, and ability to effectively prevent (and where necessary, respond to) sexual harassment in the workplace. The strategy also makes it clear that we will use our powers to investigate and respond to complaints about sexual harassment within the profession, where appropriate.

We invite people to report sexual harassment in the profession via the email address [harrasmentcomplaints@lsbc.vic.gov.au](mailto:harrasmentcomplaints@lsbc.vic.gov.au) or by calling and speaking to a dedicated member of our Sexual Harassment Complaints Team.

A full copy of the report outlining our study findings is available on our website.



*I congratulate and thank the VLSB+C for this timely and informative report. The VLSB+C team showed great foresight in running their survey at the same time as I was undertaking the National Sexual Harassment Inquiry across all Australian workplaces. My Respect@Work report strongly recommended industry action based on rigorous evidence. This report provides that evidence and underlines that the legal sector has systemic risk factors which need to be specifically addressed to effectively fight sexual harassment within the profession. Sexual harassment is pervasive, but it is not inevitable, and it is not acceptable. This report and the ongoing work of the VLSB+C shines a light on the way forward to prevent and respond to sexual harassment effectively within the Australian legal profession.*

**Kate Jenkins** Sex Discrimination Commissioner

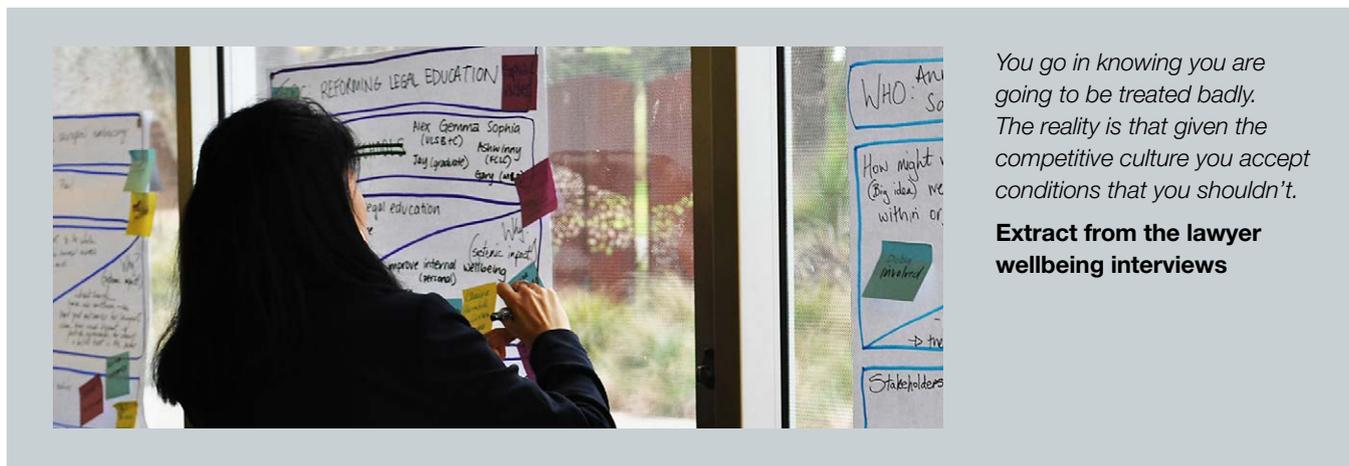
## Lawyer wellbeing project

Poor lawyer wellbeing is a serious problem. Aside from the personal toll it takes, it can become a regulatory issue, such as in the cases of misconduct or error brought on by stress or mental health issues.

In 2019, we met stakeholders from across the profession to conduct in-depth explorations of their experiences of, and insights into, poor wellbeing and its systemic causes. We held a forum in August 2019 to further explore this issue and identify possible ways to improve wellbeing outcomes for lawyers.

In late 2019 we engaged Dr Michelle Brady, an academic based at the University of Queensland, to analyse the themes emerging from our stakeholder consultations and prepare a comprehensive report.

Dr Brady's report will be published on our website in 2020, and will strongly inform future conversations with stakeholders about changes necessary to support wellbeing in legal workplaces, as well as provide a foundation for possible future wellbeing projects.



*You go in knowing you are going to be treated badly. The reality is that given the competitive culture you accept conditions that you shouldn't.*

**Extract from the lawyer wellbeing interviews**

## Supporting innovation within the legal profession

As a modern regulator, we see the enormous potential in using technology and new business models to provide legal services that are easier for consumers to use. Such modern services often represent better value for money and also help lawyers to work more effectively and efficiently. We hope that use of technology to scale up services will allow greater access to legal services for middle and low income consumers. Technology also provides a valuable tool to lawyers in the community and not-for-profit sector, enabling them to service more clients, particularly in one-off legal advice sessions.

The Uniform Law affords lawyers considerable flexibility to step outside the usual models of practice, and allows us to apply exemptions or conditions on how the legal profession rules and regulations apply in certain areas. It is important that we communicate to the profession a welcoming stance on the development of new services.

To support innovation in the Victorian profession, we encourage lawyers to look for new ways to streamline and improve their practice. As part of our approach, our Innovation Inbox enables lawyers and developers to submit innovative ideas, and query how those ideas intersect with regulation. We then have a conversation with those lawyers to discuss any concerns we might have and talk through the development of any proposal. Where appropriate, the LPLC also provide input.

In 2019-20 we received 11 enquiries to the Inbox, and we actively worked with several lawyers to help them understand how we might view their service model in light of the rules and regulations.

### Case study

The Fitzroy Community Legal Centre contacted us through the Innovation Inbox. They had recently merged with another legal centre, and wanted to ensure they could perform an increased number of one-off community advice sessions.

Lawyers are subject to strict rules to ensure that confidential information from one client doesn't spread to another client who might be able to make use of that information against the first client. This rule has presented some significant difficulties to organisations like community legal centres because of the volume of demand for their services.

The merger with the second centre gave the management group an opportunity to think differently about how to handle that problem through putting in place Information Barriers that would prevent inadvertent disclosure of another person's information. We worked with the Fitzroy CLC as they designed their new system and provided a statement of regulatory intent in relation to the final policy.



*The VLSB+C remained a constructive and supportive resource throughout the merger of Darebin Community Legal Centre and Fitzroy Legal Service. The fact that they were willing to field numerous questions and review draft policies was an invaluable contribution. The VLSB+C's support of our Information Barrier policy provided us with confidence that we had successfully struck the difficult balance of complying with our legal and professional obligations and enabling meaningful and accessible legal assistance to as many people as possible within the constraints of our working environment, staff capacity and resources.*

**Jennifer Black**

Principal Lawyer, Fitzroy Community Legal Service

## Consumer engagement

### Consumer Panel

As part of our aim to increase our understanding of consumers of legal services, we recruited an expert Consumer Panel to advise and guide our efforts. The Panel is the first of its kind for a legal regulator in Australia. Its focus is to put consumers at the centre of legal services and improve outcomes for them by:

- finding out what consumers think, expect and need;
- bringing us consumer voices and experiences;
- helping us protect vulnerable consumers; and
- improving consumer trust and confidence in, and access to, legal services.

The Panel comprises seven members drawn from the Victorian community, each of whom has a strong expertise and experience in such diverse fields as industry regulation, consumer research, change management and consumer advocacy and support. The Panel is chaired by the Board's consumer member, Catherine Wolthuizen.

Following an inaugural workshop in March, the Panel met for the first time in April and again in June. It has already commenced preliminary work on the application of Consumer Principles to legal services regulation and provision, and is advising us on the consumer impact of various initiatives to be undertaken in the next financial year. The Panel aims to commence research into consumer experience within the next 12-18 months, aimed at helping us to address systemic consumer harms.



*As Chair of the first VLSB+C Consumer Panel, I'm delighted at the support and commitment to consumers the Board and Commissioner have shown in setting up this dedicated body to bring greater focus to improving consumer experiences and outcomes in legal services. With membership drawn from a range of backgrounds, I'm looking forward to leading the Panel's work to apply diverse expertise to generate new insights into how the consumer interest in legal services can be best understood and applied to the VLSB+C's regulatory activities.*

**Catherine Wolthuizen**

## Educating the profession

### Improving our strategic approach

The recent formation of a new Strategic Communications and Engagement team within the Policy and Outreach division is helping us improve how we communicate with our stakeholders. The team's aim is to educate lawyers about current and emerging issues, as well as their ethical obligations. This will help ensure consumers of legal services have access to justice and good outcomes through the delivery of high quality legal advice. The team also aims to improve the public's understanding of the legal sector and what is reasonable to expect when engaging a lawyer.

In its first nine months, the team has sought to understand the issues lawyers and consumers have in engaging with the regulator, and has developed a strategic communications plan to address these. A number of critical improvement initiatives have already been delivered, which are outlined below.

### Website upgrade

In March 2020 we launched a new website to improve the experience of consumers and lawyers who interact with us. The new website provides a modern look and better functionality. We have made changes to improve accessibility for users with a disability, and further improvements are also planned. The content is also undergoing a significant review and enhancement. The register of lawyers was upgraded to provide consumers and lawyers with one place to find all information about Victorian registered lawyers.

We also developed a new online tool allowing lawyers to submit their enquiries via our website.

### Commissioner Updates

In December we launched a new initiative to keep lawyers informed of the work we are doing and emerging issues. In particular, our regular Commissioner Updates have been valuable in keeping lawyers informed about issues they should consider during the COVID-19 pandemic, resources available to assist them and changes to practising certificate renewal requirements.

### Regulatory guidelines, policies and operational directives

In 2019-20 we provided guidance to lawyers through the release of a new regulatory guideline covering lawyer conduct in providing information to the police. We also began work on a number of operational directives that will help lawyers better understand our processes.

### Education programs

Our staff, including the Commissioner, presented on a range of topics to lawyers from across the profession to up-skill them and highlight important trends in legal regulation. Topics covered included costs, legal ethics, complaints, risk and compliance, and the role and priorities of the regulator.

We also joined the Bar and the LIV to visit rural and regional lawyers, and spoke to suburban lawyers alongside the LPLC.

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## Our funding impact

We provide vital funding for a range of public benefits across the legal sector.

We fund the LIV and the Victorian Bar to carry out specific regulatory functions delegated to them where they have specialist expertise. The LIV also receives funds for ethics and professional practice programs as well as specific initiatives in the areas of contingency and succession planning, wellbeing and

the practitioner performance and professionalism framework.

We provide Victoria Legal Aid with a significant component of their annual operating costs to deliver legal aid to the Victorian community. We also fund the Victoria Law Foundation to develop and provide resources for community legal education and to the Victorian Law Reform Commission to review and recommend changes to laws.



*The people who need legal assistance from Victoria Legal Aid have long benefited from the financial contribution the VLSB+C makes towards our service delivery across Victoria, alongside core state and federal government funding.*

*In addition, and as a consequence of VLSB+C funding, we have been able to progress our digital capacity and competency in order to create greater accessibility for those who use our services, support our staff to work flexibly, and create pathways of innovation in the justice system. This has impacted on many of our services including Legal Help, child protection, summary crime and family violence. It also means that those who use our services get better and more targeted assistance and improved referrals. This work wouldn't be possible without the dedicated funding from the VLSB+C.*

**Louise Glanville** Chief Executive Officer, Victoria Legal Aid

## Grants program

Our Grants program continues to provide vital development funding to projects for legal and community organisations across the state. These projects help to support and develop policy research, law reform, legal education and access to justice programs for all Victorians. Since 2007 the total amount we have provided in grants exceeds \$45 million.

This year's grant recipients worked on 15 projects that explored new ways of doing things, or built on proven methods

to improve access to justice. Our theme of 'Designing Justice Differently: Using human-centred design and technology' encouraged innovation that used human-centred design to interrupt, streamline or change legal services and the justice system.

We awarded \$5 million in funding in two streams: an Explore stream, where new ideas are investigated; and a Build stream, where projects are further developed and delivered (see Table 1).

**TABLE 1: GRANTS AWARDED IN 2019-20**

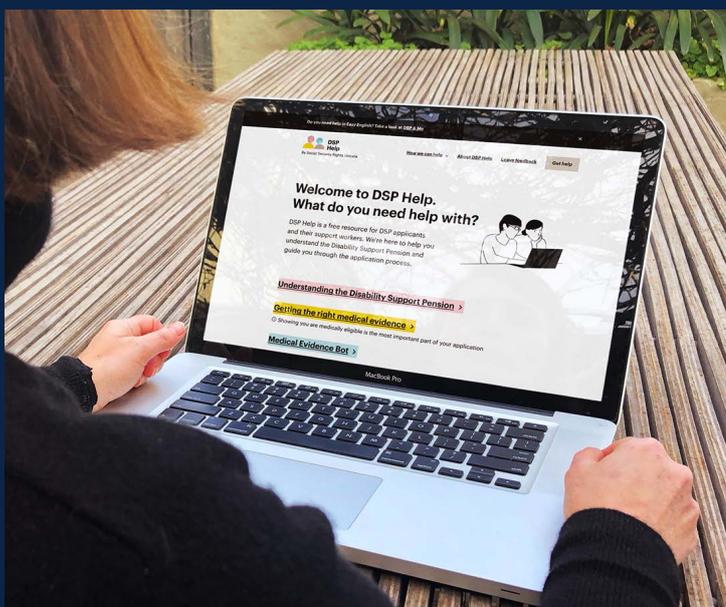
ORGANISATION AND PROJECT	AMOUNT AWARDED
<b>Explore stream – finding practical ways to achieve impact</b>	
<b>Young People's Legal Rights Centre</b> Early family violence support options for young people to improve outcomes at court	\$356,000 over 2 years
<b>Banyule Community Health (West Heidelberg Community Legal Service)</b> Making SPACE: Transforming a service to put the needs of parents and children at the centre	\$257,000 over 2 years
<b>Goulburn Valley Community Legal Centre</b> Haven Connect	\$360,000 over 2 years
<b>Women's Legal Service Victoria</b> Supporting women experiencing family violence during pregnancy	\$338,000 over 1 year
<b>Social Security Rights Victoria</b> The 'DSP Help' Project	\$400,000 over 2 years
<b>Build stream – developing and scaling tested or proven projects</b>	
<b>Friends of Castlemaine Library</b> Read-Along Dads/Mums audio book program for Port Phillip Prison	\$62,000 over 3 years
<b>Taskforce Community Agency</b> The Living Free Project	\$518,000 over 2 years
<b>RMIT University</b> Reducing barriers to employment for Aboriginal people: Rethinking the role of criminal record checks	\$300,000 over 3 years
<b>University of Melbourne</b> The Legal Technology and Design Clearinghouse	\$310,000 over 2 years
<b>Justice Connect</b> Spotting the problem: Scaling a smart legal problem diagnosis system	\$300,000 over 2 years
<b>Refugee Legal</b> Temporary Protection Visa – Stage 2 clinic project	\$230,000 over 1 year
<b>Flemington Kensington Community Legal Centre</b> Policing family violence: Changing the story	\$380,000 over 2 years
<b>WEstJustice</b> Youth Law – Breaking cycles of disadvantage for young people	\$480,000 over 3 years
<b>Darebin Community Legal Centre</b> Women transforming justice	\$800,000 over 2 years
<b>Regional Arts Victoria</b> Out: Alive	\$110,000 over 1 year

## Case study

This year we provided funding to Social Security Rights Victoria (SSRV), enabling them to launch a new online service to help people to apply for the Disability Support Pension.

One of the challenges SSRV clients face is navigating the detailed requirements for medical evidence to support their application.

Our funding encouraged SSRV to use human-centred design and technology to improve access to justice for people with a disability, which resulted in a medical chat bot within the online service. This 'Med Bot' helps users to prepare a personalised Evidence Kit, making the often complex task of applying for a disability support pension quicker and easier.



## Funding for the professional associations

We work closely with the LIV and the Victorian Bar and have the power to delegate functions to these professional associations. Lists of our delegations are provided in Appendix 4 and 5 of this report. In addition to delegations, we contract with the LIV to provide services like Fidelity Fund investigations. We fund the LIV and the Victorian Bar to cover the costs associated with delegations and services. Furthermore, we provide funding subsidies for some professional association non-regulatory programs (Table 2).

**TABLE 2: FUNDING PROVIDED TO THE LIV AND THE VICTORIAN BAR IN 2019-20 FOR REGULATORY ACTIVITIES**

	2018-19	2019-20
	\$'000	\$'000
<b>PUBLIC PURPOSE FUND</b>		
<b>Law Institute of Victoria</b>		
Trust account inspections	1,572	–
Continuing Professional Development (CPD)	246	<b>250</b>
External interventions and debt collection	124	–
External counsel fees	–	–
Compliance audits	56	–
<b>Total Regulatory payments</b>	<b>1,998</b>	<b>250</b>
<b>Victorian Bar</b>		
Practising certificates	<b>162</b>	<b>295</b>
<b>Total Regulatory payments</b>	<b>162</b>	<b>295</b>
<b>Fidelity Fund compensation scheme investigations</b>		
<b>Legal contractors</b>	<b>244</b>	<b>121</b>
<b>Payments for complaints handling</b>		
<b>Victorian Bar</b>	<b>84</b>	<b>88</b>

## Sponsorship policy

On occasion we receive requests for sponsorship from external organisations and individuals.

In 2019-20, we reviewed our sponsorship guidelines and processes and developed a new policy to assist with the management of these requests. This was done in line with the whole-of-government Victorian sponsorship guidelines.

In this reporting period we provided \$20,000 sponsorship to the Women's Legal Service Victoria, for the development of a pilot industry-wide professional development program on family violence training for lawyers and barristers.

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## Legislation changes and submissions

### *Amendments to the Legal Profession Uniform Law Application Act 2014*

The Government made amendments to the Application Act to clarify that the Commissioner has the power to deal with complaints and investigations related to lawyer conduct that occurred under the *Legal Profession Act 2004*.

The amendments were included in the *Legal Profession Uniform Law Application Amendment Act 2019*, which received Royal assent on 17 September 2019.

### *Review of Model Defamation Provisions discussion paper: Defamation Working Party of the Council of Attorneys-General.*

Our previous 2018-19 submission to the Review of Model Defamation Provisions was adopted in draft amendments by the Defamation Working Party in January 2020.

The submission was aimed at amending Schedule 1 to the *Defamation Act 2005* (NSW), which was also adopted by the Victorian Government for the *Defamation Act 2005* (Vic). This part of the submission dealt with concerns we shared with the NSW Office of the Legal Services Commissioner about the defence of absolute privilege. Our submission sought to provide greater certainty and clarity for the work undertaken by compliance auditors and trust account investigators.

We also supported the Working Group's proposal to address how threats of defamation proceedings can potentially limit the ability of a complainant to pursue their claim. This issue is of particular importance to us as the potential for such threats can affect the willingness of people to make complaints to us about sexual harassment in the legal profession.

It is important that members of the public from every background and businesses of every size have ready access to high quality legal services. Our role is to ensure that these services are provided by competent and ethical professionals and meet the needs of consumers. We do this by licensing and supervising the providers of legal services, helping to resolve disputes between lawyers and clients and sanctioning bad or criminal behaviour.

## Investigating complaints about lawyers

### Receiving complaints

We receive and manage complaints about Victorian lawyers. Appendix 2 describes the outcomes of all enquiries we received and complaints we investigated in 2019-20.

We received 5,561 enquiries from members of the public about possible complaints involving a lawyer, down 10% from last year. In 61% of enquiries, we provided clear information, or empowered the person with strategies to resolve the problem for themselves. Where we could not help resolve the issue, we referred them on to other organisations better able to assist them (see Table 36, Appendix 2).

### Types of complaints we handle

We receive complaints involving:

- disputes over legal costs and/or the quality of legal services a lawyer provides (which we call ‘consumer matters’);
- complaints about the lawyer’s behaviour (which are potential ‘disciplinary matters’); or
- complaints involving both a consumer matter and a potential disciplinary matter (which we call ‘mixed’ complaints).  
The different matters in mixed complaints are usually handled separately.

Most consumer matters involve disputes over legal costs. Consumers can come to us with a costs dispute of any amount if their total legal bill does not exceed \$100,000. Where their total bill is above \$100,000, consumers can only dispute an amount less than \$10,000. When consumers wish to dispute larger sums than we can accept, we explain what other avenues are available to them to dispute those amounts. Further details are provided on our website.

### Investigating allegations

In March 2020 we further refined the way we process enquiries and written complaints received from the public. Each matter we receive is carefully reviewed to clarify the issues involved before we open a formal complaint file in line with our Regulatory Approach Statement. Over the year we opened 1,277 new complaints compared with 1,784 in the previous year (Table 37).

The 28% decrease in complaint files opened might be explained by both the 10% reduction in enquiries, combined

with our process changes. It is unclear, however, whether COVID-19 also played a part in the overall reduction in enquiries and complaints. We do not have any definitive information on changes in consumer behaviour and whether or not they continued to engage lawyers in the same way they did before COVID-19.

The majority of complaints opened were consumer matters (695, or 55%) while 529 complaints (41%) involved potential disciplinary matters and 53 (4%) were a mixture of the two.\*

Solicitors were complained about more than barristers, reflecting their higher level of contact with consumers (Table 39). Family law, probate/estate provisions, conveyancing and small business commercial law issues attract the most complaints, accounting for over half the number of complaints we received (Table 40). Table 41 shows that complaints about costs being too high, and poor service and advice were the most common issues raised in complaints.

### How we deal with complaints

We use alternative dispute resolution tools to attempt to resolve consumer matters. Where we are unable to help resolve a consumer matter, we may close the matter without taking any further action if it is appropriate to do so.

The vast majority of complaints classified as disciplinary are closed after a preliminary assessment and don’t require an investigation. More serious matters that require an investigation may involve a review of the lawyer’s files or collecting witness statements.

We can also make a formal determination in both consumer and disciplinary matters. In consumer matters, we can make a determination of what are fair and reasonable costs. We can also caution the lawyer, order them to apologise, to redo work or reduce their fees, undertake further training or supervision, or pay compensation to their client.

In disciplinary matters, we can order a reprimand or caution if we find the lawyer has engaged in unsatisfactory professional conduct. We can also make orders including that the lawyer apologise, redo work, undertake further education or supervision, pay a fine of up to \$25,000 and we can place a condition on their practising certificate.

\* The data provided for the Legal Profession Uniform Commissioner’s annual report was taken at a different time to the data for this report; therefore a small discrepancy may exist between the two reports due to late file adjustments.

## Closing complaints and matters

We closed 1,270 complaints in 2019-20 (Tables 42 and 43), including one complaint received under the previous LPA. More than half (731 or 55%) were consumer matters. We successfully resolved 303 consumer matters, while a further 155 were withdrawn by the complainants. This often happens where a complainant decides not to proceed with their complaint after we help the client to communicate with their lawyer. We also resolved four consumer matters by issuing a binding costs determination or cautioning the lawyer. Tables 44 and 45 detail all reasons why we closed these files.

We commenced formal investigations into 94 disciplinary matters, including our Commissioner initiated complaints. This is significantly lower than the amount last year because of our focus on implementing our Regulatory Approach Statement, our strategic objectives in assessing matters, and improvements in our internal referral processes between the various teams that handle complaints. Table 46 shows the number of disciplinary investigations undertaken in 2019-20.

We closed a total of 572 disciplinary matters, including one received under the LPA. Not all complaints were investigated because of withdrawals by the complainant (206 matters), and many lower level conduct matters were resolved during our early conversations between the complainant and the lawyer (61). In addition we made 15 disciplinary determinations, ordering 10 reprimands and 5 cautions for unsatisfactory professional conduct (see Tables 47 and 48).

Table 49 shows the outcomes of Commissioner initiated complaints, and 'Own motion' investigations we commenced for complaints that we handled under the LPA.

## Complaints finalised and outstanding

The time it takes to finalise a complaint varies depending on a number of factors including the complexity of the matters involved and how cooperative the parties are with our processes. We closed 323 complaints within a 30-day period. Most complaints (761 or 60%) were finalised within three months of their receipt. This is shown in Tables 50 and 51. A total of 325 complaints took more than 120 days to conclude. These matters involved more complex investigations. By 30 June 2020 there were 527 complaints that had not been closed (including Commissioner initiated complaints), as shown in Tables 52 and 53, one of which was received under the LPA.

## Prosecuting disciplinary breaches

Appendix 3 shows details of all disciplinary applications we brought before VCAT in 2019-20. Table 54 shows 14 cases were heard and determined at VCAT, and Table 55 shows 16 further matters were awaiting a hearing or final orders as at 30 June 2020. Tables 56 to 59 show the status of other applications brought before VCAT, the Supreme Court of Victoria, or the Court of Appeal.

We appeared before VCAT on 26 days over the year. We were represented by Counsel on 16 days and our own staff appeared on the other 10 days.

## Removal from the roll of Australian lawyers

Removal from the Supreme Court roll is reserved for the most serious cases, where the character and conduct of the lawyer is assessed to be inconsistent with the privileges of further practice. The Uniform Law gives us the power to apply to the Supreme Court to have lawyers removed from ('struck off') the roll of Australian lawyers maintained by the Court.

The Supreme Court struck off one Victorian lawyer during 2019-20. Mr George James Bouhalis was struck off on 14 October 2019. We made a further strike-off application to the Supreme Court during the year, however that application was yet to be heard as at 30 June 2020.

## Case study

In August 2019 we took a migration lawyer to VCAT after he covered up a mistake by falsifying Commonwealth government documents.

The lawyer was working on a visa application for a client and his family, however when he submitted the application he selected both the wrong migration entry stream and the wrong technical skill. When the Department of Immigration and Border Protection refused the application, the lawyer realised his error. To hide his mistake, he altered the Department's decision to say the application was refused based on English language requirements – although those requirements did not exist. The client realised that the Department's decision had been falsified, and he informed the lawyer's principal. The lawyer lost his job and we received a complaint shortly after.

When he appeared before VCAT, the lawyer pleaded guilty to two charges of professional misconduct for creating false documents and providing them to his client. VCAT noted that the lawyer had breached his duty to his client *'to act with honesty and integrity, and to put the client's interests first, rather than his own.'*

The lawyer was reprimanded, banned from practising for 18 months and upon resuming practice must be supervised for two years. He was also ordered to complete additional professional development training in ethics and professional responsibility and pay our costs for the prosecution.

## Intervening in legal practices

Each year we have to intervene in the operation of several legal practices to protect the interests of their clients. This might happen because of a lawyer's alleged improper conduct, insolvency, ill health or death.

The Uniform Law grants us the power to appoint a Supervisor to manage a practice's trust account, or appoint a suitably qualified lawyer to take over as the Manager of a practice. In some circumstances, we may also ask the Supreme Court to appoint a Receiver to attempt to recover trust money or trust property belonging to clients.

Since 2018 we have encouraged sole practitioners and sole legal directors of incorporated legal practices to develop a

contingency plan and register it with our office. In the plan, the principal nominates another lawyer who is willing to manage the law practice if the principal is incapacitated. To date, 265 principals have notified us of their contingency plans, an increase of 84 from last year.

In 2019-20, we appointed Supervisors of trust money to two law practices. One Supervisor concluded their appointment during the year, and the other was subsequently replaced by a Manager. Managers were appointed to a further eight law practices during the year, and four Managers concluded their appointments. Table 3 provides further information.

**TABLE 3: EXTERNAL INTERVENTIONS IN 2019-20**

TYPE OF EXTERNAL INTERVENTION	CONTINUING FROM 2018-19	COMMENCED 2019-20	CONCLUDED DURING 2019-20	ONGOING AT 30 JUNE 2020
Receiverships	0	0	0	0
Managements	5	9	4	10
Supervisions	0	2	2	0

## Protecting consumers from unqualified legal practice

Unqualified legal practice is a serious issue for consumers of legal services and for the reputation of the legal profession. An unqualified person can be either a lawyer who does not hold a current practising certificate or a lay person who has no legal qualifications.

Occasionally, unqualified people either claim to be lawyers or seek to provide legal services to the public. Consumers who use an unqualified person to perform legal work are not protected by professional indemnity insurance or our compensation scheme if things go wrong. In order to protect the public, we invite reports of people who falsely claim to be lawyers or who engage in legal practice when they are not qualified to do so.

In 2019-20 we opened 13 new cases to investigate suspected unqualified legal practice. We concluded a total of 21 investigations, some of which were carried over from the 2018-19 year. When deciding what action to take, we look at a range of public policy considerations, especially the risk to the public.

During the year we directed eight individuals to cease their activities and we provided guidance in another five cases. We commenced one prosecution in the Magistrates' Court for unqualified legal practice offences. Due to court delays, no prosecutions were concluded in 2019-20. In the remaining seven cases we were unable to find sufficient evidence of unqualified practice to pursue charges or take other action.

## Prosecutions for indictable offences

Since 2014, we have been undertaking our own investigations of indictable fraud offences within law practices that involve trust money handled by lawyers or law practice employees. This work had previously been undertaken exclusively by Victoria Police. In 2019-20 we had four investigations ongoing, and we were assisting Victoria Police with another two matters.

In addition, following lengthy and complex investigations, we concluded two prosecutions of lawyers in the Supreme Court in 2019-20 for dishonest dealings with trust money. Both lawyers were jailed:

- In August 2019, Mr George Bouhalis pleaded guilty to 10 charges of theft, false accounting and causing a deficiency in a trust account. In November 2019, he was sentenced to five years and five months in prison. Mr Bouhalis was struck off in October 2019.
- In February 2020, Mr John James Kotsifas pleaded guilty to 23 charges of causing a deficiency in a trust account and theft. In June 2020, Mr Kotsifas was sentenced to six years in prison. Mr Kotsifas was struck off in March 2018.

## Trust account investigations

When a law practice receives money from their clients for legal work on their behalf, the money must be held in a trust account. The monies don't belong to the law practice and can only be used for the purpose they were received. Severe penalties apply if the money is misused.

We work throughout the year to monitor, and where necessary, investigate legal practices to ensure they maintain high standards of record keeping, and trust monies are held safely and securely according to the law.

### Investigating trust accounts

From 1 July 2019, our own trust investigators became solely responsible for managing both proactive and reactive investigations into trust accounts. Prior to this, the LIV managed these responsibilities on our behalf.

We now operate with agreed principles of collaboration with the LIV. These principles acknowledge we both have a role to play in assisting lawyers maintain their professional standards.

### How we detect breaches

There are a range of ways we may become aware of potential trust account breaches. Each year, every trust account is audited by an external examiner, appointed by the law firm and approved by us, to review their trust records. External examiners then submit detailed reports to us for verification. These reports can raise issues leading to a more comprehensive trust account investigation.

We receive enquiries or complaints from consumers or from legal practice employees who are concerned and request our intervention. We currently manage more than 2,400 enquiries from lawyers and external examiners within our Trust and Investigations team. Our routine monitoring and analysis also enables us to identify risky conduct, and these are monitored closely for evidence of wrong doing.

In the reporting year, there were 2,196 trust accounts held by law practices with monies held in trust. Trust account breaches are uncommon. Most often breaches are the result of an administrative error, however on rare occasions we find issues that prove more concerning and require a formal investigation.

### How we respond to breaches

This year we conducted 465 trust investigations in relation to 319 law practices. Of those that had been concluded by 30 June, 145 accounts required either a compliance visit, further education or remedial work; 16 needed minor follow-up action and 114 found very minor or no issues.

In at least eight law practices we found conduct that was significant enough to warrant disciplinary action, external intervention (by appointing a Supervisor or Manager) or referral to Victoria Police for possible criminal investigation. These law practices will now warrant closer scrutiny over the next 12 months. Table 4 summarises our trust investigations across the 2019-20 year.

### Case study

We recently dealt with a Melbourne lawyer after we found he had delayed an estate settlement for 16 years.

The experienced solicitor had administered an estate in 2001, which involved a substantial amount of money being placed in his trust account on behalf of a single beneficiary.

By May of that year, administration of the estate was almost complete save for a few minor matters. These were cleared up by June, however he failed to make the final payment to the beneficiary. Around this time he took over his father's law practice, and found himself overwhelmed with work and personal issues. Despite receiving several letters about the estate over the following years, he still failed to respond, and the beneficiary's money became dormant in his trust account.

During a routine trust account investigation in 2017, we queried why he held a dormant balance in his account for so many years. When he eventually found the file, he realized his error and paid out the balance to the beneficiary, along with an interest payment from his own savings.

Because of the significance of the offence, we took him to VCAT in June 2020 where he pleaded guilty to professional misconduct. He was fined \$5,000 and ordered to pay a further \$5,000 in costs.

#### Postscript – help is available for lawyers in trouble

Lawyers who find themselves overwhelmed and unable to manage their practice can reach out for help through the LIV's confidential PMConsult service. We also offer Contingency Planning support and resources for lawyers who find themselves experiencing difficulties running their practice due to ill health, or some other compelling reason. More information is available on our website.

**TABLE 4: OUTCOMES OF TRUST ACCOUNT INVESTIGATIONS IN 2019-20**

BREACHES FOUND	NUMBER
None or minimal	144
Minor, requiring light-touch follow up action	16
Moderate, requiring a compliance visit, further education or remedial work	145
Serious, that could warrant potential disciplinary action in VCAT	3
Investigations warranting direct intervention of a Supervisor or Manager	5
Investigations referred to police (also included in category above).	1
<b>Total</b>	<b>313</b>

## Compensating lost money and property

We manage a compensation scheme for people who have lost trust money or property due to the dishonest or fraudulent behaviour of a lawyer, an employee of a law practice or a barrister's clerk. Our website describes in detail how the compensation scheme – known as the Fidelity Fund – works.

In 2019-20 we received 15 new claims for compensation totalling **\$3,220,370.25**. All claims received are investigated to determine whether they meet the legislative requirements for compensation.

Over the year 11 claims were resolved, including claims received in the 2018-19 year:

- 6 were wholly allowed, partly allowed or otherwise settled, with resulting claim payments (including interest) totalling **\$871,671.67** (not all of which has been paid by 30 June 2020);
- 1 was wholly disallowed; and
- 4 were withdrawn.

**TABLE 5: CLAIMS RECEIVED AND PAYMENTS MADE DURING 2019-20**

	2018-19		2019-20	
	NO. CLAIMS	AMOUNT \$'000S	NO. CLAIMS	AMOUNT \$'000S
Claims received	26	6,571	15	3,220
Claim payments made (includes interest)	12	1,776	6	871
Claims outstanding as at 30 June	<b>23</b>	<b>4,990</b>	<b>28</b>	<b>6,944</b>

### Case study

In December 2019 we received a claim from the executor of a deceased estate. The executor alleged that the lawyer she retained to administer the estate (valued at approximately \$1,490,000) had mismanaged the estate. Our Fidelity Fund investigation found that the lawyer had taken estate money out of his law practice's trust account and used it for purposes unconnected to the estate. These included paying \$130,000 to an unrelated company he controlled, and taking over \$60,000 for legal fees without providing any invoices. We also found that trust account records were falsified to conceal the unauthorised payments.

We cancelled the lawyers practising certificate in February 2020, and in May we approved the executor's claim and paid the estate compensation of \$360,214 plus interest and costs.

Our external intervention into his law practice is ongoing, as is a criminal investigation into his conduct.

## CPD audits

All practising lawyers (both solicitors and barristers) must undertake continuing professional development (CPD) each year. This helps them to keep their skills current and become familiar with changes in the law. Lawyers are required to complete 10 CPD units each year, but may be exempted from completing some units if they did not work for the full year or for other special reasons.

All lawyers must declare if they have met their CPD obligations when they apply to renew their practising certificate each year. If they have not met their obligations we may require them to submit a rectification plan to make up any missing units. We take appropriate enforcement action against lawyers who fail to complete their rectification plan. Further details on CPD are available on our website.

The LIV carries out CPD monitoring and compliance checks of solicitors on our behalf. As part of this function, the LIV works with all solicitors who disclose that they have not met their CPD obligations when applying to renew their practising certificate. In 2019-20, the LIV worked with 275 solicitors who did not meet their CPD quota when applying for their 2019-20 practising certificate. These solicitors were required to complete a rectification plan, which the LIV assessed. Most solicitors successfully completed their rectification plans, however 11 failed to do so. We took appropriate action against these solicitors in line with our CPD policy.

The LIV also carries out random audits of solicitors' CPD compliance on our behalf each year. This year the LIV audited 450 solicitors to check they met their CPD compliance during previous practising years. The LIV found that 17 solicitors failed to meet their compliance obligations, and commenced follow-up action.

Across both the random audit program and the renewal cycle verifications, only 1.4% of solicitors had not met their CPD obligations with the main reason being they were time-poor. Just 0.1% failed to complete a rectification plan, leading to further enforcement action taken. As with previous years, these are extremely low numbers across the size of the profession.

Similarly, the Victorian Bar monitors CPD compliance of all barristers on our behalf. In 2019-20 the Bar contacted 32 barristers who had disclosed they had not met their CPD obligations. All but four provided evidence that they had subsequently met their CPD obligations within the allowed timeframe, while the Bar granted an exemptions to three barristers, and one rectification plan was due at a later date.

The Bar also carried out audits of barristers. Of the 108 audits conducted, 92 barristers had met their CPD obligations, 14 completed a rectification plan and two were granted exemptions.

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## Licensing

One of our major functions is to license all lawyers in Victoria, as well as assess their suitability to practise law.

At 30 June there were 24,495 lawyers registered in Victoria – approximately 91% were solicitors and 9% were barristers. The number of lawyers has steadily increased over time, with female lawyers comprising 52% of the Victorian profession. Barristers are significantly more likely to be male (69%), with only 31% of barristers being female.

This year we recorded diversity and workplace culture information for the first time. 70% of lawyers responded to the diversity questions, and of those the majority were born in Australia (78%). Most lawyers who responded reported being either of Australian or European ancestry. 22% of all lawyers reported speaking languages other than English, with 150 different languages spoken, and 164 lawyers indicated they had Aboriginal or Torres Strait Islander heritage, or both.

Appendix 1 provides further details on the size of the profession, the gender balance, the types of different roles lawyers have, different languages lawyers speak and the types and locations of law practices operating in Victoria.

We are also responsible for ensuring all Victorian lawyers are fit and proper to practise law at all times. Lawyers must disclose certain things to us, such as whether they have been declared bankrupt, found guilty of a serious offence or a tax offence or have been disciplined by a legal regulator in another state, territory or country. In such instances, we have the power to cancel or limit a lawyer's ability to practise in Victoria, where appropriate. This is an important and powerful consumer protection mechanism. Further information about lawyer suitability is available on our website.

## CHAPTER 4

# Managing our funds

## The Public Purpose Fund (PPF)

### How we manage our funds

The Public Purpose Fund 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 Public Purpose Fund through sound financial management practices and a strong and transparent governance framework.

### Managing the PPF

The PPF is comprised of three separate accounts: the General Account, the Statutory Deposit Account (SDA), and the Distribution Account. The Application Act sets out what money is to be paid into and withdrawn from each account.

The General Account receives interest from law practices' general trust accounts, PPF investment earnings, lawyers' practising certificate fees, and other ancillary funds described by the Application Act. Its expenses include support of the Legal Profession Uniform Framework, the costs of running Victoria's legal regulatory regime, VCAT's Legal Practice List and the continuing legal education programs run by the Bar and the LIV. Other expenses are listed in the Application Act.

The SDA 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 30 of this report). These earnings are paid in to the General Account. All monies in the SDAs are available at call to the law practice.

### Funding from the PPF

Using a formula specified in the Application Act, the Distribution Account receives 50% of the surplus funds from the General Account at 30 June of a given year. This account is used to provide funding to Victoria Legal Aid, the Victoria Law Foundation, the Victorian Law Reform Commission and to other grant recipients for law-related services and activities.

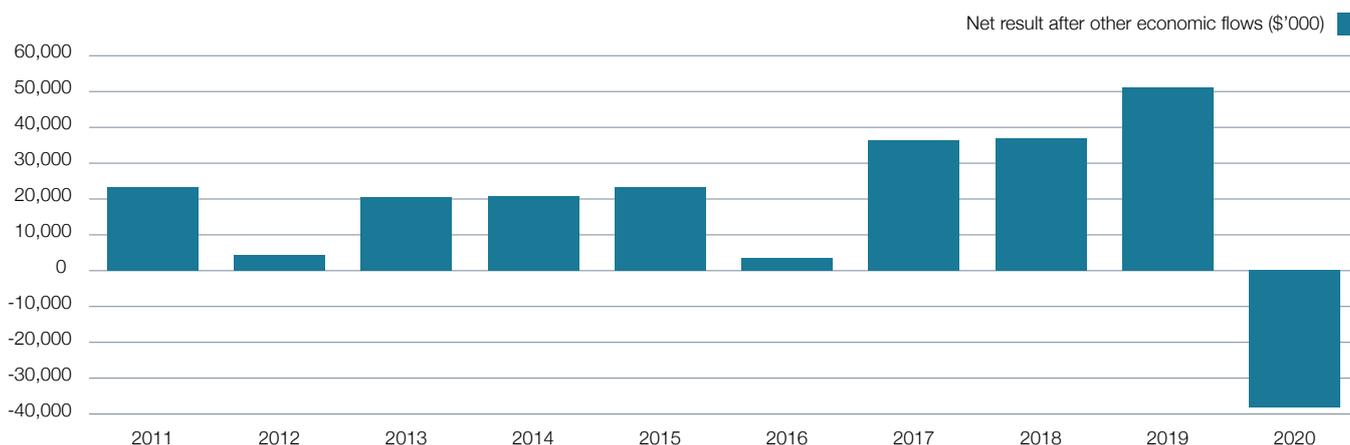
At the end of the reporting year our management of the PPF resulted in a surplus in the General Account of \$80,933,879 compared with \$146,446,407 at 30 June 2019. The distributions we made from the General Account and the Distribution Account during 2019-20 are listed in Table 6 and Appendix 6 of this report. All distributions are made with the approval of the Attorney-General.

### Impact of COVID-19

In 2019-20 the surplus in the General Account decreased compared with last year. This was the result of significant interest rate cuts and capital losses on investments due to the impact of the COVID-19 pandemic on financial markets.

Figure 1 illustrates the net result after other economic flows, for the ten years to 30 June 2020. In the context of the PPF investment portfolio, the net deficit of \$38.2 million at 30 June 2020 is equivalent to less than 5.0% of the total portfolio value. Despite the significant negative net result in 2020 driven by the pandemic, cumulative net gains over the ten year period equate to more than \$183 million.

**FIGURE 1:** VLSB+C NET RESULT - 10 YEARS TO 30 JUNE 2020



## Financial overview

**TABLE 6:** PPF DISTRIBUTIONS – ACTUAL 2020, FORECAST 2021

PPF GENERAL ACCOUNT BALANCE	ACTUAL 2019-20	FORECAST 2020-21
	\$'000	\$'000
General Account balance as at 1 July 2019 and 1 July 2020	146,446	80,934
<b>Allocation of General Account funds</b>		
Funds allocated to the Distribution Account	(73,223)	(40,467)
<b>Funding allocated from the General Account</b>		
Commissioner	(9,020)	(8,749)
Payments to professional associations for programs	(3,640)	(3,066)
Victorian Civil and Administrative Tribunal – Legal Practice List	(993)	(964)
Victorian Legal Admissions Board	(1,414)	(1,517)
Delegated functions: Law Institute of Victoria	(250)	(239)
Delegated functions: Victorian Bar	(295)	(374)
Legal Services Council – Uniform Law Scheme	(669)	(668)
<b>General Account payments</b>	<b>(16,281)</b>	<b>(15,577)</b>
<b>Balance after payments</b>	<b>56,942</b>	<b>24,890</b>

DISTRIBUTION ACCOUNT BALANCE	ACTUAL 2019-20	FORECAST 2020-21
	\$'000	\$'000
<b>Opening balance</b>	<b>113,725</b>	<b>141,204</b>
<b>Transfer from General Account</b>	<b>73,223</b>	<b>40,467</b>
<b>Grants and funding paid from the Distribution Account</b>		
Major grants and projects paid <sup>①</sup>	(5,047)	(4,187)
Victoria Legal Aid	(35,039)	(25,039)
Victorian Law Reform Commission	(2,243)	(1,836)
Victoria Law Foundation	(2,500)	(2,425)
Justice Connect	(915)	(887)
<b>Sub-total – Funding Grants</b>	<b>(45,744)</b>	<b>(34,374)</b>
<b>Closing balance</b>	<b>141,204</b>	<b>147,279</b>

<sup>①</sup> Major grants approved but unpaid of \$910 thousand as at 30 June 2020.



*The VLF supports better justice for all Victorians through diverse activities including: world leading research on what people know about their law and how it affects their lives; education programs to raise public understanding of our law; and helping community legal organisations increase their impact through targeted grants. This important work is only possible with VLSC+C funding.*

**Lynne Haultain**

Executive Director, Victorian Law Foundation

L to R: Attorney-General Jill Hennessey, Lynne Haultain and Fiona McLeay

## Our Financial Performance and Position

**TABLE 7:** PROVIDES AN OVERVIEW OF OUR FIVE-YEAR FINANCIAL PERFORMANCE AND POSITION

	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Financial Performance (\$'000)</b>					
Interest and distributions	83,611	78,306	77,558	83,815	53,878
Other revenue	10,191	10,993	11,910	12,132	12,942
<b>Total revenue</b>	<b>93,802</b>	<b>89,299</b>	<b>89,468</b>	<b>95,947</b>	<b>66,820</b>
<b>Total expenditure</b>	<b>(63,403)</b>	<b>(69,619)</b>	<b>(68,466)</b>	<b>(78,354)</b>	<b>(72,804)</b>
<b>Net operating result</b>	<b>30,399</b>	<b>19,680</b>	<b>21,002</b>	<b>17,593</b>	<b>(5,984)</b>
Net gain/(loss) on investments	(26,831)	16,629	15,802	33,401	(32,240)
<b>Net result from continuing operations</b>	<b>3,568</b>	<b>36,309</b>	<b>36,804</b>	<b>50,993</b>	<b>(38,224)</b>
<b>Financial Position (\$'000)</b>					
Total assets	1,280,050	1,629,199	1,898,539	1,840,117	2,101,353
Total liabilities	(1,081,506)	(1,394,346)	(1,626,882)	(1,517,468)	(1,816,927)
<b>Net assets</b>	<b>198,544</b>	<b>234,853</b>	<b>271,657</b>	<b>322,650</b>	<b>284,426</b>

## Ensuring transparency in our financial performance

The composite net result for 2019-20 was a deficit of \$38.224 million, \$89.218 million lower than the prior year's surplus of \$50.993 million. The net deficit was a combination of a \$5.984 million net operating deficit and \$32.240 million losses on other economic flows, including \$30.760 million capital losses on investments. Total expenses were lower at \$72.804 million (compared with \$78.354 million in the previous year).

The unfavourable variance in net operating result is due to Reserve Bank of Australia (RBA) cash rate reductions during the year down to 0.25% in March, and lower investment distribution income in June 2020 than for the same period in previous years primarily due to the impacts of the COVID-19 pandemic on financial markets.

### Revenue from transactions

Total revenue from transactions of \$66.820 million was \$29.127 million lower than the previous year income of \$95.947 million. Interest and distributions revenue was \$53.878 million, compared with \$83.815 million in the previous year. Revenue from transactions was impacted by RBA interest rate reductions over the 2019-20 financial year. Between May and October 2019, in response to the weakening economy, the RBA cut rates from 1.50% to 0.75%. Then, with the impact of summer bushfires and the COVID-19 pandemic, there were two rate cuts down to 0.25% in March 2020. Other revenue, comprised mainly of practising certificate fees and Fidelity Fund contributions, increased by \$810,000 to \$12.942 million, up from \$12.132 million in the previous year.

### Expenses from transactions

Total expenses from transactions decreased by \$5.549 million to \$72.804 million compared with 2018-19 expenses of \$78.354 million. This decrease in operating expenses was due

mainly to lower grants payments than in the prior year.

Fidelity Fund claims and related administration expenses were \$1.415 million, \$1.306 million lower than the 2018-19 expenses of \$2.131 million.

### Net gain/(loss) on investments

Net loss on investments was \$30.760 million, \$64.968 million behind the 2018-19 gains of \$34.208 million. This reflects the impact of the COVID-19 pandemic on Australian and global financial markets.

### Making prudent investments

At 30 June 2020 we held \$841.523 million in investments (excluding cash), compared with \$857.972 million last year. The COVID-19 pandemic has negatively impacted financial markets locally and globally, and the decrease in the value of our investment holdings reflects the market volatility.

We engage an external investment adviser to recommend and assist in investment decision-making, and seek to maximise investment returns while limiting risk to an acceptable level. We also directly engage a range of external investment managers to invest funds across a diverse portfolio of asset classes.

The total value of PPF investments, excluding cash holdings, as at 30 June was \$801.775 million (compared with \$817.496 million last year). The total value of Fidelity Fund investments, excluding cash holdings, as at 30 June was \$39.748 million (compared with \$40.476 million last year). In addition, the Fidelity Fund portfolio includes a cash management allocation of \$21.227 million as at 30 June (compared with \$20.979 million in the prior year). Table 8 shows the types of investments we managed.

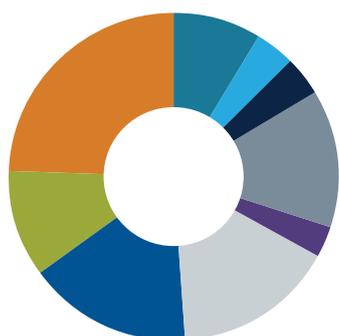
**TABLE 8: INVESTMENT ASSET ALLOCATIONS FOR 2019-20**

<b>2020</b>	<b>PUBLIC PURPOSE FUND \$'000</b>	<b>FIDELITY FUND \$'000</b>	<b>TOTAL INVESTMENTS MANAGED \$'000</b>
Australian equities	71,145	7,219	<b>78,364</b>
Australian small capitalisation equities	29,673	–	<b>29,673</b>
Australian fixed interest	86,198	9,389	<b>95,586</b>
Diversified growth funds	127,202	6,365	<b>133,567</b>
Global fixed interest	194,131	8,447	<b>202,578</b>
Overseas equities hedged	32,364	2,899	<b>35,263</b>
Overseas equities unhedged	107,876	5,429	<b>113,306</b>
Emerging market equities	25,544	–	<b>25,544</b>
Property and infrastructure managed funds	127,642	–	<b>127,642</b>
Cash	–	21,227	<b>21,227</b>
<b>Total</b>	<b>801,775</b>	<b>60,976</b>	<b>862,751</b>

<b>2019</b>	<b>PUBLIC PURPOSE FUND \$'000</b>	<b>FIDELITY FUND \$'000</b>	<b>TOTAL INVESTMENTS MANAGED \$'000</b>
Australian equities	83,789	8,487	<b>92,276</b>
Australian small capitalisation equities	27,561	–	<b>27,561</b>
Australian fixed interest	83,302	8,905	<b>92,207</b>
Diversified growth funds	161,488	6,389	<b>167,878</b>
Global fixed interest	194,346	8,356	<b>202,701</b>
Overseas equities hedged	33,839	3,032	<b>36,870</b>
Overseas equities unhedged	107,511	5,307	<b>112,818</b>
Emerging market equities	26,875	–	<b>26,875</b>
Property and infrastructure managed funds	98,785	–	<b>98,785</b>
Cash	–	20,979	<b>20,979</b>
<b>Total</b>	<b>817,497</b>	<b>61,455</b>	<b>878,952</b>

FIGURE 2: PPF ASSET ALLOCATION



PUBLIC PURPOSE FUND ASSET ALLOCATION 2019-20		
Australian equities		8.87%
Australian small capitalisation equities		3.70%
Overseas equities hedged		4.04%
Overseas equities unhedged		13.45%
Emerging market equities		3.19%
Diversified growth funds		15.87%
Property and infrastructure managed funds		15.92%
Australian fixed interest		10.75%
Global fixed interest		24.21%



FIDELITY FUND ASSET ALLOCATION 2019-20		
Australian equities		11.84%
Overseas equities hedged		4.75%
Overseas equities unhedged		8.90%
Diversified growth funds		10.44%
Australian fixed interest		15.40%
Global fixed interest		13.85%
Cash		34.81%

## Investment Objectives

Our investment objectives for the Public Purpose Fund (offset) are as follows:

- We aim to restrict the frequency of a negative return to not exceed 3.5 in every 20 years when modelling its long term asset allocation and risk/return objectives; and
- To outperform a range of CPI + 2% to CPI + 2.5% per annum return objective over rolling three-year periods.

Our investment objectives for the Fidelity Fund are as follows:

- We aim to restrict the frequency of a negative return to not exceed 3.5 in every 20 years when modelling its long term asset allocation and risk/return objectives; and
- To outperform a CPI + 1.5% per annum return objective over rolling five-year periods.

The strategic asset allocations designed to achieve the objectives are set out in Table 9.

TABLE 9: ASSET ALLOCATIONS FOR 2019-20

ASSET ALLOCATION	PUBLIC PURPOSE FUND		FIDELITY FUND	
	BENCHMARK RANGES	ACTUAL 30/06/20	BENCHMARK RANGES	ACTUAL 30/06/20
Australian equities	0-20%	8.87%	5-15%	11.84%
Australian small capitalisation equities	0-10%	3.70%	0%	0.00%
Overseas equities hedged	0-10%	4.04%	5-15%	4.75%
Overseas equities unhedged	0-20%	13.45%	5-15%	8.90%
Emerging market equities	0-10%	3.19%	0%	0.00%
Diversified growth funds	0-20%	15.87%	5-15%	10.44%
Property and infrastructure managed funds	0-30%	15.92%	0%	0.00%
<b>Growth Assets</b>	<b>50-75%</b>	<b>65.04%</b>	<b>0-45%</b>	<b>35.94%</b>
Australian fixed interest	0-20%	10.75%	10-20%	15.40%
Global fixed interest	0-30%	24.21%	10-20%	13.85%
Cash	0%	0.00%	25-70%	34.81%
<b>Defensive Assets</b>	<b>30-50%</b>	<b>34.96%</b>	<b>55-100%</b>	<b>64.06%</b>
<b>Total</b>	<b>100%</b>	<b>100.00%</b>	<b>100%</b>	<b>100.0%</b>

## CHAPTER 5

# Corporate operations and governance reports

## Board meetings and committees

Our Board consists of a Chairperson, three non-lawyer members and three lawyer members. The Chairperson and the non-lawyer members are appointed by the Governor in Council on the recommendation of the Attorney-General. Our non-lawyer members bring with them extensive experience in finance investment, accounting, public sector management, governance processes, consumer protection and an understanding of community needs.

Our lawyer members (one barrister and two solicitors) are elected by a formal election conducted by the Victorian Electoral Commission. The next election is scheduled for 2022.

### Meeting attendance

Our Board met 10 times in the reporting year.

**TABLE 10: BOARD MEMBERSHIP AND MEETING ATTENDANCE**

Ms Fiona Bennett (Chairperson)	10
Ms Jennifer Batrouney AM QC	10
Mr Geoff Bowyer	10
Ms Liz Harris	10
Dr Lynne Williams AM	10
Ms Catherine Wolthuizen*	8
Ms Cate Wood AM	10

\* Catherine Wolthuizen not required to attend two meetings.

### Board committees

Our Board operates four ordinary committees, each with a Board member appointed as Chair. The functions of these Committees do not change from year to year. A new Consumer Panel was established in 2020, the details of which can be found in Chapter 2; and in April 2020 the Board voted to cease the Fidelity Fund Claims Advisory Committee. A detailed description of our Committees' functions can be found on our website.

#### **Victorian Legal Services Board & Victorian Legal Services Commissioner Audit Committee (4 meetings)**

Dr Lynne Williams AM, Chair

Fiona Bennett

Liz Harris

Dianne Azoor Hughes\*

#### **Finance and Investment Committee (5 meetings)**

Cate Wood AM, Chair

Geoff Bowyer

Dr Lynne Williams AM

Fiona Bennett (ex officio)

#### **Grants Committee (3 meetings)**

Geoff Bowyer, Chair

Catherine Wolthuizen

Cate Wood AM

Fiona Bennett (ex officio)

#### **Consumer Panel (2 meetings)**

Catherine Wolthuizen, Chair

Ben Martin Hobbs\*

Bronwen Jennings\*

Karen Willis\*

Lee Archer\*

Paula Giles\*

Sharon Barker\*

\* Denotes an external member.

## Our people and culture

### Performance planning and professional development

All managers and staff complete a professional development plan each year. This year we updated our performance plans to include additional (optional) discussions about wellbeing and careers. This provides the opportunity for direct supervisors and staff to take part in a more holistic discussion about their performance and future aspirations. These discussions enable us to be aware of the overall health and wellbeing of our staff and how we can maximise their professional development and opportunities for employee satisfaction and growth.

We provided best practice training to staff in our enquiries, complaints and investigations teams on how to manage challenging behaviours when engaging with our customers. The Victorian Ombudsman's office facilitated this training through its education program.

During 2019-20 staff also took part in Privacy Awareness training, and Disability Awareness training as part of the launch of the organisation's Access and Inclusion Plan.

### Public administration values and employment and conduct principles

Our staff uphold the public sector 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.

### Our commitments and behaviours

We continue to uphold the Victorian Public Sector (VPS) Code of Conduct to reinforce public sector values and standards. This year we developed and launched our own commitments and behaviours to shape our workplace culture and define how we perform our work with others. This was a thoroughly inclusive and consultative process with staff to establish a set of commitments and behaviours that will support our corporate strategy and engage employees to perform at their very best.

We agreed on the following commitments and behaviours statements at a staff forum in November 2019:

- **We value relationships** – We respect and trust each other and understand perspectives of all individuals and teams;

- **We are professional** – We share a commitment to providing high quality work to serve and engage with the Victorian community and the profession. We recognise, value and trust each other's experience, knowledge and expertise;
- **We adapt** – We learn, develop and innovate to lead and embrace a changing environment;
- **We are courageous and authentic** – We speak up, listen actively and contribute constructively and with a positive intention; and
- **We collaborate** – We collaborate to achieve our purpose and vision. We rely on each other. We recognise that we benefit from each other's strengths and are generous with our skills and expertise.

These commitments are underpinned by the VPS values and were endorsed by our Board.

We began to integrate our commitments and behaviours into our staff induction program and our professional development process, and through our 'Commitment in Focus' program each Division chose innovative ways to demonstrate the commitments through true to life reflections and activities.

### Occupational health and safety

Our Occupational Health and Safety Committee is comprised of staff and management representatives. The Committee met six times in 2019-20. Our focus this financial year was to build a safety aware workforce by ensuring staff understand how and when to report incidents and how to identify potential workplace hazards. This approach is designed to reduce the potential for harm or adverse incidents and has led to an increase in our reporting figures. During the year we had persistent issues with our building's elevators which accounted for multiple reports by staff and were resolved with building management. Along with this, we supported *RU OK? Day* which reminds people to respectfully check in with others who may be in need of support, and managers and staff undertook mental health first aid training.

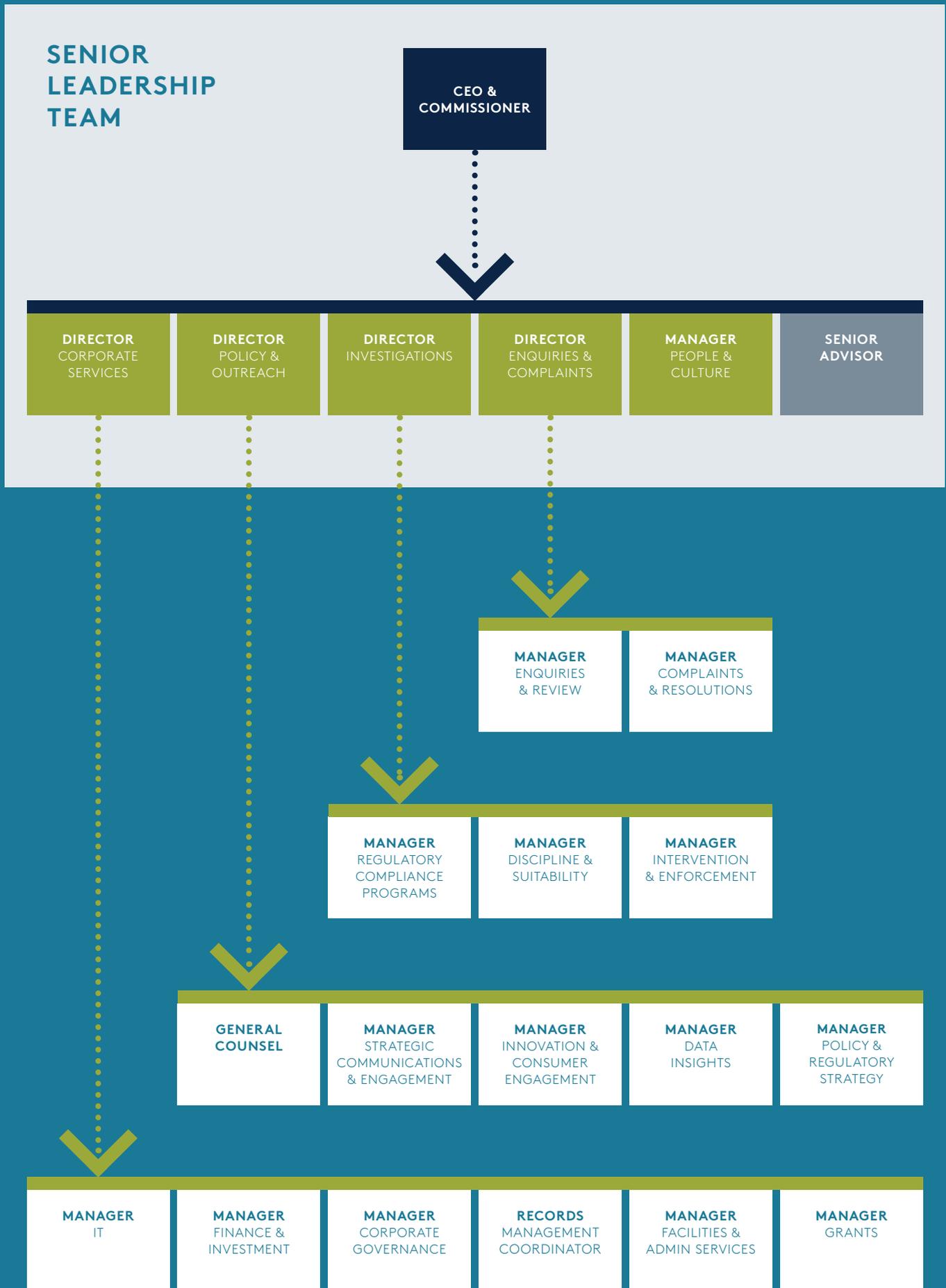
Our COVID-19 response has had employee wellbeing at the centre of all our response strategies. The global pandemic has required significant effort across the organisation and our response has yielded very positive feedback in our staff survey. Staff have felt very well-informed and supported across all levels of the organisation. We have provided a range of support measures for staff working remotely, repeatedly promoted our Employee Assistance Program, offered COVID-19 leave arrangements and encouraged staff to once again check-in with each other (formally and informally) to provide support, encouragement and motivation.

**TABLE 11:** OCCUPATIONAL HEALTH AND SAFETY INCIDENTS DURING 2019-20

OHS INDICATOR	2016-17	2017-18	2018-19	2019-20
Number of reported hazards per 100 FTE	4	3	4	<b>7</b>
Number of 'lost time' claims per 100 FTE	2	1	1	<b>1</b>
Average cost per claim	\$1000	\$1095	\$795	<b>\$707</b>

# Workforce data

FIGURE 3: OUR ORGANISATIONAL STRUCTURE



## Workforce data and staffing trends

**TABLE 12: OUR ORGANISATIONAL STRUCTURE**

	30 JUNE 2019						
	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	26	26	22	2	24	2	2
Female	65	60	44	15	54	6	6
Self-described	–	–	–	–	–	–	–
<b>TOTAL</b>	<b>91</b>	<b>86</b>	<b>66</b>	<b>17</b>	<b>78</b>	<b>8</b>	<b>8</b>
<b>Age</b>							
Under 25	0	0	0	0	0	0	0
25-34	20	19	14	4	17	2	2
35-44	27	25	17	7	22	3	3
45-54	24	23	18	3	20	3	3
55-64	15	14	13	2	14	0	0
65+	5	5	4	1	5	0	0
<b>TOTAL</b>	<b>91</b>	<b>86</b>	<b>66</b>	<b>17</b>	<b>78</b>	<b>8</b>	<b>8</b>
<b>Classification</b>							
VPS 1	0	0	0	0	0	0	0
VPS 2	0	0	0	0	0	0	0
VPS 3	14	13	11	2	12	1	1
VPS 4	24	23	18	4	21	2	2
VPS 5	34	32	23	8	29	3	3
VPS 6	15	14	10	3	12	2	2
STS	1	1	1	0	1	0	0
Executives	2	2	2	0	2	0	0
Other*	1	1	1	0	1	0	0
<b>TOTAL</b>	<b>91</b>	<b>86</b>	<b>66</b>	<b>17</b>	<b>78</b>	<b>8</b>	<b>8</b>

\* Employee reported as 'Other' is the Commissioner, Fiona McLeay, who is a statutory office holder.

30 JUNE 2020							
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)	
26	26	25	1	24	2	2	
67	62	48	19	57	5	5	
<b>93</b>	<b>88</b>	<b>73</b>	<b>20</b>	<b>81</b>	<b>7</b>	<b>7</b>	
0	0	0	0	0	0	0	
27	26	21	6	24	2	2	
22	20	16	6	18	2	2	
23	22	18	5	21	1	1	
17	16	15	2	14	2	2	
4	4	3	1	4	0	0	
<b>93</b>	<b>88</b>	<b>73</b>	<b>20</b>	<b>81</b>	<b>7</b>	<b>7</b>	
0	0	0	0	0	0	0	
0	0	0	0	0	0	0	
17	16	13	4	15	1	1	
21	20	15	6	19	1	1	
33	32	27	7	27	5	5	
16	14	12	3	14	0	0	
1	1	1	0	1	0	0	
4	4	4	0	4	0	0	
1	1	1	0	1	0	0	
<b>93</b>	<b>88</b>	<b>73</b>	<b>20</b>	<b>81</b>	<b>7</b>	<b>7</b>	

## 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 CEO and Commissioner, the Board Chairperson or other Board members.

All figures below reflect employment levels as at the last full pay period in June of the current and corresponding previous reporting years. Tables 13 and 14 disclose details for all executive officers for 2019-20.

**TABLE 13: NUMBER OF EXECUTIVE OFFICERS**

CLASSIFICATION	2018-19		2019-20	
	MALE	FEMALE	MALE	FEMALE
EO-1	0	0	0	0
EO-2	0	0	0	0
EO-3	2	0	2	2
<b>Total</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>2</b>

The number of executives in this report of operations is based on the number of executive positions that are occupied at the end of the financial year. Note 8 in the Financial Report lists the actual number and amount of remuneration paid to executive officers over the course of the reporting period.

The Financial Report Note 8 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 14: RECONCILIATION OF EXECUTIVE NUMBERS**

CATEGORY	2018-19	2019-20
Executives (see Financial Statement Note 8)	2	4
Less separations	0	1
<b>Total executive numbers as at 30 June</b>	<b>2</b>	<b>4</b>

## Executive and senior officer data

Table 15 discloses total salaries in \$20,000 bands for executive and senior non-executive staff.

**TABLE 15: ANNUALISED TOTAL SALARY FOR SENIOR STAFF**

INCOME BAND (SALARY)	EXECUTIVES	STS
\$180,000-\$199,999	2	
\$200,000-\$219,999	2	1
<b>Total</b>	<b>4</b>	<b>1</b>

# Victorian Attorney-General's Statement of Expectations

The Victorian Government is actively pursuing efficiency improvements for regulators across the public sector, while also looking at ways to reduce red tape for businesses and consumers. As part of this program, in June 2019 the Attorney-General issued a third Statement of Expectations for our organisation. It was scheduled to be effective from 1 July 2019 for a period of two years. This Statement is provided below. Both the statement and our response are available on our website.

**TABLE 16:** STATEMENT OF EXPECTATIONS FOR 2019-21

IMPROVEMENT STRATEGIES	IMPROVEMENT MEASURES/EVIDENCE	UPDATE
<p><b>Timeliness</b></p> <p>To improve e-access to information for legal practitioners and consumers of legal services by improving responsiveness of, and broader access to, the VLSB+C website from handheld devices.</p>	<p><b>By June 2021</b></p> <p>Improve timely access for consumers and legal practitioners by enabling access to the VLSB+C website from all mobile device types and a range of web browsers.</p> <p><b>By June 2021</b></p> <p>Enable legal practitioners to complete and submit the full range of forms online and allow consumers a broader range of options to initiate contact with the VLSB+C.</p>	<p><b>Met</b></p> <p>New website launched March 2020 and accessible in a responsive format from all device types including mobile phones and tablets.</p> <p><b>Underway</b></p> <p>Scoping work has commenced on development of online forms/ consolidation of existing forms. Online lawyer enquiry form launched in March 2020.</p>
<p><b>Risk-based strategies</b></p> <p>To develop a better understanding of the consumer perspective on legal services, so we can regulate more effectively.</p>	<p><b>By December 2020</b></p> <p>Collect data to understand the interaction of consumers of legal services with the legal industry and risk-based regulation.</p> <p><b>By June 2021</b></p> <p>Prepare actions to respond to any potential consumer harms identified in the consumer research.</p>	<p><b>Underway</b></p> <p>Consumer research project tracking well to gather data to inform risk-based regulation by due date. The appointment of the Consumer Panel was completed in April 2020.</p> <p><b>Not yet commenced</b></p> <p>Awaiting outcomes of the above stage of project.</p>
<p><b>Compliance related assistance and advice</b></p> <p>To provide advice to the legal profession to raise awareness, knowledge and skill development in workplace safety, and the prevention and management of sexual harassment in the workplace.</p>	<p><b>By June 2020</b></p> <p>The VLSB+C will have undertaken 10-20 proactive initiatives to raise awareness about sexual harassment in legal workplaces.</p> <p><b>By June 2021</b></p> <p>The VLSB+C will have undertaken 10-20 knowledge and skill development proactive initiatives.</p> <p><b>By June 2021</b></p> <p>The VLSB+C will have undertaken an evaluation of the quality of the proactive initiatives to determine success of uptake of practice changes.</p>	<p><b>Met</b></p> <p>In the second half of 2019 we conducted a profession-wide research study on sexual harassment in Victoria's legal workplaces. Subsequently, we published a report on the study's findings, met with stakeholders to discuss the findings' implications and promoted the report on the study through social media activities and communications to the profession. We also gave a number of presentations and undertook media activities dealing with sexual harassment in the profession.</p> <p><b>Underway</b></p> <p>Development of CPD unit, information materials and packs.</p> <p><b>Not yet commenced</b></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*)

In June 2020 we launched our first Access and Inclusion Plan. Underpinning this plan is our commitment to improving the community's access to justice, and to supporting a fairer and more inclusive justice system for all.

Through this plan we will improve our services, programs and employment opportunities for people with a disability, and take the opportunity to influence and educate the legal profession to improve access to justice for people with a disability.

Our plan was developed through a number of consultation and stakeholder sessions, which were critical to helping us understand the scope of where we need to make changes in our operations to ensure our services are accessible to the Victorian public. As a modern regulator of the legal profession, this is particularly important for us.

Our Access and Inclusion Plan focusses on four areas:

- **engagement and communication** – improving the ways that people can connect with us;
- **facilities** – ensuring we provide equitable access to our office as well as workplace facilities and amenities;
- **systems and processes** – embedding access and inclusion principles into our everyday thinking and planning;
- **employment** – creating a welcoming and supportive work environment modelled on best practice for employing people with a disability.

The plan covers the period 2020-2023 and we will take a phased approach to rolling out initiatives.

## 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. Due to the sensitive nature of the majority of the documents we hold, an exemption often applies to preclude access.

### Requests received and processed during the year

During 2019-20, we received 11 new requests made under the FOI Act. One request was finalised during the year with partial access granted. All material denied was exempted under the FOI Act. One further request was withdrawn by the applicant.

Four requests were withdrawn, one discontinued and five were incomplete by 30 June 2020.

### Activity in VCAT during the year

One application that was appealed to VCAT during 2018-19 was carried over into this reporting year, but had not been resolved by 30 June 2020.

## 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**

Access charges (for example, photocopying and search and retrieval charges) may also apply once documents have been processed and a decision on access 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 [www.ovic.vic.gov.au](http://www.ovic.vic.gov.au).

## Public Interest Disclosures Act 2012

The *Public Interest Disclosures Act 2012* (formerly the *Protected Disclosure Act 2012*) encourages and assists people to make disclosures of improper conduct by public officers and public bodies. The Act provides protections to people who make disclosures in accordance with the Act.

As a government entity, we are subject to the Public Interest Disclosures Act. We have established procedures for protecting people against detrimental action that might be taken in reprisal for making protected disclosures. Our policy on how we handle protected disclosures is available on our website, or from our office upon request.

Under this legislation, we cannot receive disclosures. 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 these services as an independent regulator do not fall within the scope of the Competitive Neutrality Policy.

## Local Jobs First

The *Local Jobs First Act 2003* brings together the Victorian Participation Policy and the Major Projects Skills Guarantee Policy, which were previously administered separately. Departments and public sector bodies are required to apply the 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 2019-20.

## Consultancies

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

In 2019-20, we engaged 16 consultancies where the total fees payable to the consultants were \$10,000 or greater. Our total expenditure incurred during 2019-20 on these consultancies was \$806,660 (excluding GST). Details of individual consultancies are outlined in Table 17 below:

**TABLE 17:** CONSULTANCIES ENGAGED IN 2019-20

CONSULTANT	PURPOSE OF CONSULTANCY	TOTAL APPROVED FEE (EXCL. GST) \$	EXPENDITURE 2019-20 (EXCL. GST) \$	FUTURE EXPENDITURE (EXCL. GST) \$
am actuaries	Actuarial services	74,300	74,300	–
Mercer (Australia) Pty Ltd	Investment advisory services	333,487	134,612	198,875
Fujitsu Australia	Application and maintenance support	231,667	115,833	115,833
Deloitte Touche Tohmatsu	Project management and strategic advice	331,267	241,680	89,587
Herbert Smith Freehills	Legal advice	44,000	22,000	22,000
Dench McClean Carlson	Probity advice	11,200	10,360	840
Elmo Software	Software service agreements	18,500	18,500	–
Summit Consulting	Financial and budgetary advice	25,840	25,840	–
FDC Construction & Fitout Pty Ltd	Building works	107,357	107,357	–
Michelle Brady	Research project services	19,250	17,023	1,273
Hive Legal Pty Limited	Workshop facilitation	12,000	12,000	–
See Your Change Consulting	Report consultancy	20,373	10,000	10,373
Chris Humphries	CPD review	58,200	16,200	42,000
Living Collaborations	Collaboration Principles project	14,500	14,500	–

\* Above amounts are GST exclusive.

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

In 2019-20, we engaged eight consultancies where the total fees payable to the consultants was less than \$10,000 per consultancy. Our total expenditure incurred during 2019-20 on these consultancies was \$35,695 (excluding GST).

## Information and Communications Technology

Infrastructure and cyber-security were a major focus for the 2019-20 period. Upgrades to networking hardware, server operating systems and security appliances increased our effectiveness to analyse and develop mitigation strategies to protect critical data and information.

New storage devices and high-speed communication links were implemented at our data centre, improving disaster recovery capabilities by reducing time for complete systems restoration.

End-of-life desktop computers were replaced with laptops with remote access tools introducing mobility, cross-functional work opportunities, improving collaboration and work/life balance. This was extended to all staff as the rollout was accelerated following the onset of COVID-19.

Hardware upgrades to the telephone system and a corresponding installation of the Unified Communications platform introduced softphone capabilities. Physical handsets are now redundant as all telephony functionality, including voicemail, is controlled by an application installed on the laptop. Our main switchboard console is now managed from a laptop with remote access from home, further supporting our capacity to continue to provide our services remotely from the office.

The first iteration for the redevelopment of our website was also delivered and has been well-received. Further upgrades will continue to improve access to services and information.

### 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.

**TABLE 18: ICT EXPENDITURE FOR 2019-20**

ALL OPERATIONAL ICT EXPENDITURE \$'000	ICT EXPENDITURE RELATED TO PROJECTS TO CREATE OR ENHANCE ICT CAPABILITIES		
	BUSINESS AS USUAL (BAU) ICT EXPENDITURE \$'000	NON-BUSINESS AS USUAL OPERATIONAL EXPENDITURE \$'000	NON-BUSINESS AS USUAL CAPITAL EXPENDITURE \$'000
1,194	789	0	0

### 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**  
**Email: [admin@lsbc.vic.gov.au](mailto:admin@lsbc.vic.gov.au)**

## Office-based environmental impacts

We monitor our office-based environmental impacts and coordinate actions to address waste production, resource use and greenhouse gas generation across the business.

Our baseline dataset for environmental monitoring is set at the 2014-15 year (the first year of operations in the current office).

### Energy consumption

We monitor our use of electricity on a month-by-month basis. As consumption of natural gas use is not metered separately under our office lease, we are unable to report on its use.

**Target:** To reduce electricity consumption to 80% of the 2014-15 baseline per FTE.

**Status:** In progress

**TABLE 19:** ELECTRICITY CONSUMPTION

TOTAL ELECTRICITY USAGE	BASELINE 2014-15	2016-17	2017-18	2018-19	2019-20
Total usage (MJ)	540,000	515,172	533,668	541,113	<b>483,978</b>
Total green power usage (MJ)	17,825	515,172	533,668	541,113	<b>483,978</b>
Greenhouse gas emissions associated with electricity use (tonnes)	175	–	–	–	–
Percentage of electricity purchased as Green Power	3.28	100	100	100	<b>100</b>
Electricity used per FTE (MJ/FTE)	6,667	6,206	6,353	6,292	<b>5,500</b>
Electricity used per unit of office area (MJ/m <sup>2</sup> )	246.24	234.92	243.35	246.75	<b>220.69</b>

#### 2019-20 Activities

Total electricity usage in 2019-20 decreased significantly (11%) compared with the previous year (Table 19). This is largely due to the office closure from late March 2020 as part of our COVID-19 response. Total consumption was therefore 10% below the 2014-15 baseline, and consumption per FTE was 18% below the baseline figure, nearing our target.

### Waste generation

The building owner provides a commingled waste service through which we recycled a portion of our general office waste. We also used a separate secure paper disposal service, and a social enterprise service (Green Collect) that recycles stationery items and e-waste.

**Target:** Reduce waste to landfill by 20%, compared to the 2014-15 baseline.

**Status:** In progress

**TABLE 20:** GENERAL OFFICE WASTE GENERATION

DAILY WASTE GENERATION	BASELINE 2014-15	2016-17	2017-18	2018-19	2019-20
Waste to landfill (kg)	10.51	6.7	9.43	12.5	<b>N/A</b>
Waste recycled (kg)#	6.74	5.57	3.09	1.5	<b>N/A</b>
Total waste (kg)#	17.25	12.27	12.52	14.0	<b>N/A</b>
Waste to landfill / FTE (kg)	0.12	0.08	0.11	0.15	<b>N/A</b>

#### 2019-20 Activities

Due to the COVID-19 restrictions, we were unable to arrange for a general waste audit prior to closing the office, so no data is available for the year (Table 20).

Our secure paper disposal service recycled approximately 3.8 tonnes of paper and cardboard, and we sent 13.7 tonnes of documents (comprised of files obtained from law practices) for destruction, totalling 17.6 tonnes. A further 267kg of stationery equipment, printer cartridges, e-waste, batteries etc, were sent for recycling through Green Collect.

## Paper consumption

Due to the nature of our work, we are often required to use a significant volume of paper to carry out our regulatory functions, however in 2019-20 we managed to achieve significant savings in copy paper use.

**Target:** Reduce FTE paper consumption by 40% compared to the 2014-15 baseline.

**Status: Achieved**

**TABLE 21: PAPER CONSUMPTION**

TOTAL PAPER USAGE	BASELINE 2014-15	2016-17	2017-18	2018-19	2019-20
Number of A4 reams of copy paper used	1,478	779	1,165	858	<b>621</b>
Number of A4 reams of copy paper used per FTE	18.25	11	13.87	9.98	<b>8.2</b>
Percentage of 75-100% recycled content copy paper purchased (%)	0	0.11	0	0	<b>0</b>
Percentage of 50-75% recycled content copy paper purchased (%)	96.1	88.0	97.25	96.74	<b>95</b>
Percentage of 0-50% recycled content copy paper purchased (%)	3.9	11.88	2.75	3.26	<b>5</b>

### 2019-20 Activities

Our copy paper consumption was 28% lower than in 2018-19, in part because of our office closure, but also because of our ongoing adoption of paperless records. The actual volume of copy paper consumed during the year was 58% below the 2014-15 baseline, representing a 55% reduction in paper use per FTE. This figure exceeds our target of a 40% reduction in paper use per FTE (Table 21).

## Water consumption

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

## Transport use

We do not operate a fleet of vehicles for business use. Instead, where transport is required for our staff to attend meetings or events, we encourage public transport. Taxi vouchers are also issued for staff use where necessary.

For areas beyond the normal reach of public transport or taxis, we occasionally hire vehicles through the state government's Shared Services Vehicle Pool. Hire charges include the purchase of carbon offsets for each journey. Occasionally other short business trips are made using a car leased to an Executive Director. Kilometres travelled for these trips are not recorded.

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

**Status: Ongoing**

**TABLE 22: TRANSPORT USE**

BUSINESS RELATED TRAVEL	BASELINE 2014-15	2016-17	2017-18	2018-19	2019-20
Total distance travelled by aeroplane (km)	125,749	37,437	48,640	175,503	<b>46,266</b>
Total distance travelled by car (km) (excluding taxis)	0	357	0	0	<b>0</b>
Percentage of employees regularly (>75 per cent of work attendance days) using public transport, cycling, walking, or car-pooling to and from work or working from home.	93.75	96.47	96.15	94.2	<b>88.6</b>

### 2019-20 Activities

In line with previous years, a majority of employees continued to use public transport, car-pooling, cycling and/or walking to commute to and from the office (Table 22). We continued to promote the use of public transport to destinations throughout Victoria, including encouraging staff to use public transport to attend meetings and seminars in the metropolitan area.

## Greenhouse gas emissions

Table 23 summarises our greenhouse gas emissions for the 2019-20 year. This data is collated from energy utility accounts, data from the state government authorised travel agent and an independent waste audit.

**Target:** To maintain greenhouse gas emissions below 80% of the 2014-15 baseline.

**Status: Achieved**

**TABLE 23:** BOARD AND COMMISSIONER GREENHOUSE GAS EMISSIONS

GREENHOUSE GAS EMISSIONS	BASELINE 2014-15	2016-17	2017-18	2018-19	2019-20
Total greenhouse gas emissions associated with energy use (t CO2-e)	166.48	0	0	0	<b>0</b>
Total greenhouse gas emissions associated with vehicle hire (t CO2-e)	Not recorded	0.06	0	0	<b>0</b>
Total greenhouse gas emissions associated with air travel (t CO2-e) (approximate)	34.3	12.21	15.66	59.01	<b>8.87</b>
Total greenhouse gas emissions associated with waste production (t CO2 e)	0.8	0.88	1.85	2.16	<b>N/A</b>
Greenhouse gas emissions offsets purchased (t CO2-e)	0	0	0	502	<b>75.8</b>

### 2019-20 Activities

We continued to purchase 100% renewable-sourced electricity, which helps us to minimise our carbon emissions. In total there was a 95.6% decrease in greenhouse gas emissions over the year compared to the baseline.

## Procurement

As a standard practice in all procurement decisions, we seek to identify products and services which minimise negative environmental impacts right throughout the life of the product.

**Target:** To continue to factor environmental sustainability into our procurement decisions.

**Status: Ongoing**

### 2019-20 Activities

We minimise the number of formal documents we print, including our annual reports. We only print 60 copies of our annual reports to meet our obligations for tabling in Parliament, to add to the university law library collections, and for internal use. Our reports are printed on certified carbon neutral, 100% post-consumer recycled paper. The majority of office paper purchased for office use contains a minimum of 50% recycled content.

We are a signatory to the Law Council of Australia's Equitable Briefing Policy, which aims to brief female barristers in at least 30% of matters. Throughout the year we used indigenous catering companies to provide catering for our Grants events. In addition, as explained above in the section on 'Waste generation', we engaged the services of the social enterprise Green Collect to help us manage and recycle our office waste, including end-of-life electronics and stationery items.

Victorian Legal Services  
**BOARD + COMMISSIONER**

**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**  
11 August 2020

**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.



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Fiona McLeay  
**Victorian Legal Services Commissioner**  
11 August 2020

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## APPENDIX 1

# Snapshot of Victoria's Legal Profession

We maintain a register of legal practitioners and law practices. The register contains information about all lawyers in Victoria including their name, address for service, practising certificate (PC) status and the name of their employer or the business name they trade under. The register is publicly accessible, enabling consumers to confirm whether a lawyer is currently registered to practice law. There is no charge for inspecting the register.

## Glossary

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

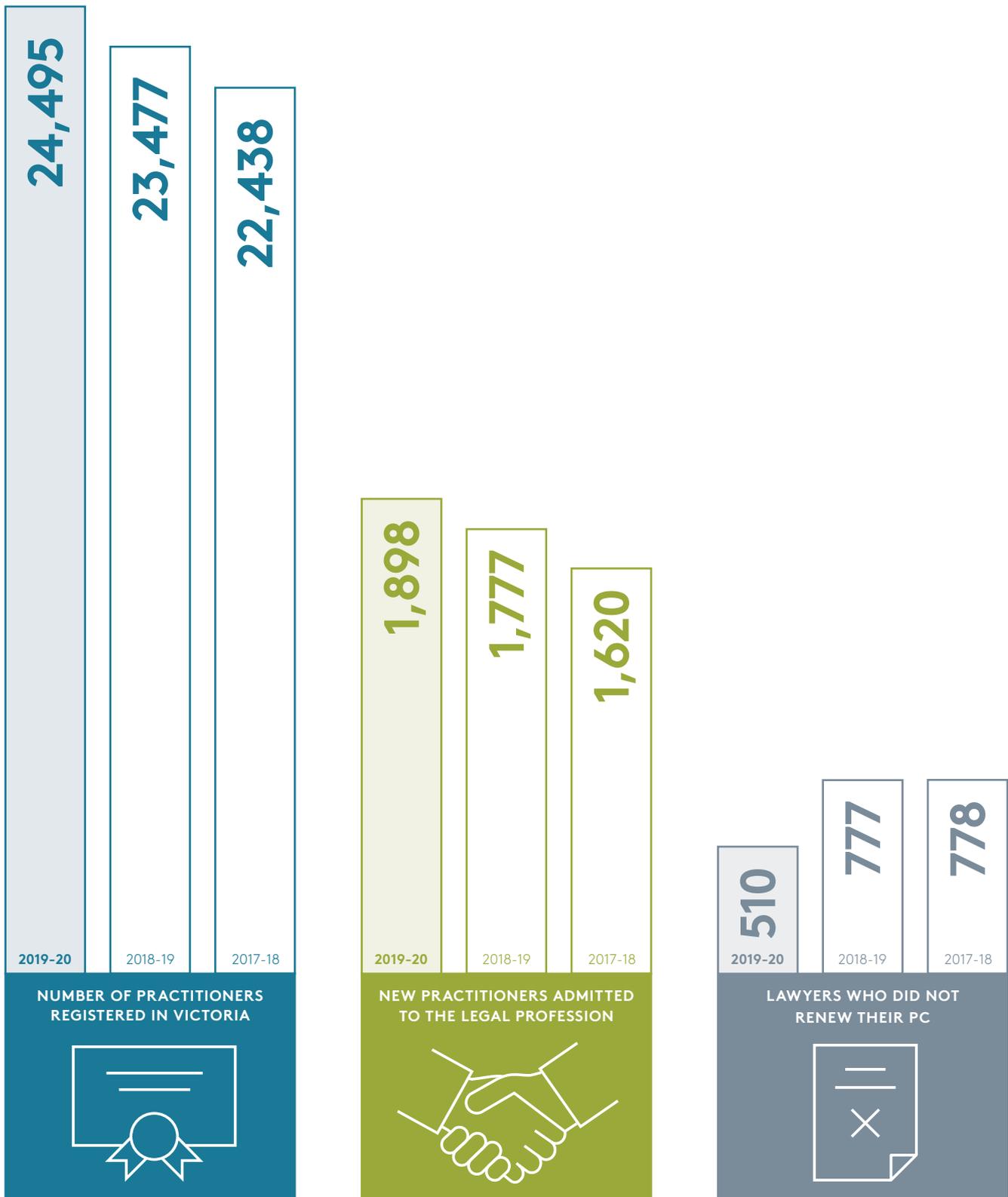
- **Australian legal practitioner** is an Australian lawyer who holds a current Australian practising certificate (PC)
- **Australian-registered foreign lawyer** is a person who holds a current Australian registration certificate.
- **Authorised Principal** is a principal who is authorised by his or her Australian PC to supervise others.
- **Barrister** is an Australian Legal Practitioner whose PC is subject to a condition that the holder is authorised to engage in legal practice as or in the manner of a barrister only.
- **Community Legal Service (CLS)** is an organisation that provides free legal services to members of the community who generally do not have financial means to obtain privately funded legal services.
- **Corporate legal practitioner** means an Australian legal practitioner who provides legal services to an employer or agency that is not a legal entity or law practice.
- **Director** is an Australian legal practitioner engaging in legal practice as the principal of an ILP.
- **Employee** is an Australian legal practitioner holding an employee PC employed by a law practice for the provision of legal services.
- **Foreign law practice** means a partnership or corporate entity that is entitled to engage in legal practice in a foreign country.
- **Government Lawyer** is a person who engages in legal practice only as an officer or employee of a government authority or as the holder of a statutory office of the Commonwealth or of a jurisdiction or in another category specified in the Uniform Rules.
- **Incorporated Legal Practice (ILP)** is an incorporated company registered with ASIC that engages in legal practice, and may also provide non-legal services.
- **Law firm** is a partnership consisting of Australian legal practitioners and/or one or more ILPs and/or one or more Australian registered foreign lawyers.
- **Law practice** means either an Australian sole practitioner, a law firm, an ILP, ULP or CLS.
- **Non-legal employer** is an entity that is not a registered legal entity and employs lawyers for the provision of in-house legal services.
- **Partner** is an Australian legal practitioner engaging in legal practice as the principal of a law practice.
- **Principal** means an Australian legal practitioner who is either a sole practitioner, lawyer partner (of either a law firm or ULP), a lawyer director of an ILP or supervising lawyer of a CLS.
- **Principal with trust authorisation** can be either a sole practitioner, a partner in a law firm or ULP, a lawyer director in an ILP, or a supervising lawyer in a CLS who is authorised to receive trust money and/or operate a trust account.
- **Sole practitioner** is an Australian legal practitioner who engages in legal practice on his or her own account.
- **Supervising legal practitioner** is an Australian legal practitioner who is the principal for the legal services provided by a CLS.
- **Unincorporated legal practice (ULP)** is a partnership between one or more Australian legal practitioners and persons who are not Australian legal practitioners, or in an unincorporated body or group as approved by the Legal Services Council, where the business of the partnership includes the provision of legal services.
- **Volunteer** at CLS is an Australian legal practitioner who provides legal services in a volunteering capacity at a CLS and otherwise on a *pro bono* basis only.

## Practitioner statistics

There were 24,495 lawyers registered in Victoria at 30 June 2020. This is an increase of 1,018, or 4.2%, from the previous year. 1,898 new lawyers were admitted between 1 July 2019 and 30 June 2020, 121 more than recorded last year. 510 lawyers informed us that they would not be renewing their PCs for the coming 2020-21 practising certificate year.

Figure 4 illustrates this change.

**FIGURE 4:** NUMBERS OF LAWYERS REGISTERED IN VICTORIA



## Cultural diversity

Victorian lawyers reported that most (78%) were born in Australia, however 22% were born in one of 135 other countries (Table 24). Lawyers also speak a total of 150 languages other than English, with Italian and Mandarin the most common languages known (Table 25).

**TABLE 24: COUNTRY OF BIRTH OF VICTORIAN LAWYERS**

COUNTRY OF BIRTH	NUMBER
Australia	13,370
United Kingdom	554
Malaysia	349
New Zealand	327
China	208
South Africa	203
India	155
Sri Lanka	154
USA	139
Singapore	130
Hong Kong	108

**TABLE 25: LANGUAGES SPOKEN BY VICTORIAN LAWYERS**

LANGUAGE SPOKEN	NUMBER
Italian	780
Mandarin	756
Greek	694
French	570
Cantonese	424
German	295
Spanish	293
Arabic	215
Hindi	213
Vietnamese	186

## Practitioners by age and gender

As with recent years, female lawyers outnumber their male counterparts in the first three age brackets as illustrated in Table 26. Male lawyers still dominate the 51-60 and above age brackets.

**TABLE 26: LAWYERS BY AGE AND GENDER**

	AGE IN YEARS						TOTAL
	20-30	31-40	41-50	51-60	61-70	>70	
<b>Female</b>							
<b>2019-20</b>	3,040	4,804	2,812	1,345	567	114	<b>12,682</b>
2018-19	2,891	4,555	2,690	1,276	499	100	12,011
<b>Male</b>							
<b>2019-20</b>	1,782	3,127	2,365	1,959	1,818	755	<b>11,806</b>
2018-19	1,640	2,982	2,346	1,988	1,799	706	11,461
<b>Non-binary</b>							
<b>2019-20</b>	2	4	0	1	0	0	<b>7</b>
2018-19	1	3	1	0	0	0	5
<b>Total</b>							
<b>2019-20</b>	<b>4,824</b>	<b>7,935</b>	<b>5,177</b>	<b>3,305</b>	<b>2,385</b>	<b>869</b>	<b>24,495</b>
2018-19	4,532	7,540	5,037	3,264	2,298	806	23,477

## Lawyer practice type and gender

As shown in Table 27, the majority of lawyers registered in Victoria (91%) practise as non-advocates (usually as a solicitor) while 9% practise as advocates (usually as a barrister). Females make up 53% of non-advocates, while males constitute 69% of all Victorian advocates. Note: Tables 28 and 29 show the type of legal practise lawyers engage in. Because a small number of advocates don't practise as barristers (e.g. public defenders) and a small number of non-advocates don't practise as solicitors, these tables will not exactly match the totals in Tables 30 to 32, which show practising certificate type.

**TABLE 27: LAWYER PRACTISE TYPE AND GENDER**

GENDER	NON-ADVOCATE		ADVOCATE		TOTAL	
	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20
	Female	11,367	11,997	644	684	12,011
Male	9,977	10,310	1,484	1,495	11,461	11,806
Non-binary	4	6	1	1	5	7
<b>Total</b>	<b>21,348</b>	<b>22,313</b>	<b>2,129</b>	<b>2,180</b>	<b>23,477</b>	<b>24,495</b>

The majority of lawyers registered in Victoria are based in the inner city area (53%) followed by the suburbs (36%). Table 28 shows the geographic distribution of lawyers.

**TABLE 28: LOCATION OF LAWYERS BY TYPE**

LOCATION	NON-ADVOCATE		ADVOCATE		TOTAL	
	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20
	City	10,529	10,974	1,929	1,953	12,457
Suburb	8,237	8,634	171	196	8,404	8,825
Country	1,735	1,840	22	23	1,757	1,863
Interstate	241	249	5	5	246	254
Overseas	606	618	2	3	608	621
<b>Total</b>	<b>21,348</b>	<b>22,315</b>	<b>2,129</b>	<b>2,180</b>	<b>23,477</b>	<b>24,495</b>

## Lawyers by position type

There were 28,085 individual legal positions registered in Victoria as at 30 June 2020. This is higher than the total number of registered lawyers as some lawyers maintain positions with more than one entity. For example, a solicitor employee of a law firm may also be a volunteer with a community legal service.

The types of positions occupied by Victorian lawyers remained relatively similar to those recorded for previous years. Table 29 indicates that the employee position type was the most populous, followed by that of sole practitioner.

**TABLE 29: LAWYERS BY POSITION TYPE**

POSITION TYPE	2018-19	2019-20
Employee	8,917 (34%)	9,694 (35%)
Sole practitioner (includes barristers)	5,152 (20%)	5,209 (19%)
Corporate lawyer	3,575 (14%)	3,932 (14%)
Government	2,896 (10%)	3,176 (11%)
Director	2,524 (10%)	2,782 (10%)
Partner	2,380 (9%)	2,372 (8%)
Volunteer at CLS	769 (3%)	793 (3%)
Supervising lawyer	125 (<1%)	127 (<1%)
<b>Total</b>	<b>26,338</b>	<b>28,085</b>

## Lawyers by PC type and age

Tables 30 to 32 show the number of lawyers registered in Victoria broken down by gender, the type of PC held and their age. Employee PCs were the most common certificate type held with almost half of all female lawyers and less than a third of male lawyers holding this PC type. Female lawyers also hold more corporate and government practising certificates. Approximately 27% of all lawyers held a principal PC (with or without trust authorisation) with male lawyers accounting for almost two-thirds of that number.

**TABLE 30: FEMALE LAWYERS BY PC TYPE AND AGE**

	AGE IN YEARS						TOTAL
	20-30	31-40	41-50	51-60	61-70	>70	
<b>Employee</b>							
<b>2019-20</b>	2,306	2,163	709	236	99	17	<b>5,530</b>
2018-19	2,194	2,023	652	229	92	18	5,208
<b>Principal with trust authorisation</b>							
<b>2019-20</b>	25	276	333	254	121	33	<b>1,042</b>
2018-19	26	261	328	248	110	28	1,001
<b>Principal</b>							
<b>2019-20</b>	13	330	425	281	155	32	<b>1,236</b>
2018-19	18	372	428	277	130	31	1,256
<b>Corporate</b>							
<b>2019-20</b>	201	886	640	242	48	1	<b>2,018</b>
2018-19	190	795	614	201	46	0	1,846
<b>Government</b>							
<b>2019-20</b>	431	826	442	192	54	4	<b>1,949</b>
2018-19	392	803	418	171	43	4	1,831
<b>Barrister</b>							
<b>2019-20</b>	27	233	216	114	71	18	<b>679</b>
2018-19	24	219	200	120	64	14	641
<b>Volunteer</b>							
<b>2019-20</b>	35	68	34	25	19	9	<b>190</b>
2018-19	43	69	41	27	14	5	199
<b>Employee with Trust</b>							
<b>2019-20</b>	2	22	13	1	0	0	<b>38</b>
2018-19	4	13	9	3	0	0	29
<b>Total</b>							
<b>2019-20</b>	<b>3,040</b>	<b>4,804</b>	<b>2,812</b>	<b>1,345</b>	<b>567</b>	<b>114</b>	<b>12,682</b>
2018-19	2,891	4,555	2,690	1,276	499	100	12,011

**TABLE 31: MALE LAWYERS BY PC TYPE AND AGE**

	AGE IN YEARS						TOTAL
	20-30	31-40	41-50	51-60	61-70	>70	
<b>Employee</b>							
<b>2019-20</b>	1,413	1,296	375	225	247	123	<b>3,679</b>
2018-19	1,313	1,200	389	206	242	117	3,467
<b>Principal with trust authorisation</b>							
<b>2019-20</b>	23	324	575	723	688	251	<b>2,584</b>
2018-19	23	315	577	765	688	231	2,599
<b>Principal</b>							
<b>2019-20</b>	22	279	418	338	387	206	<b>1,650</b>
2018-19	19	315	415	343	378	195	1,665
<b>Corporate</b>							
<b>2019-20</b>	130	514	435	181	62	9	<b>1,331</b>
2018-19	106	496	413	176	63	10	1,264
<b>Government</b>							
<b>2019-20</b>	134	357	194	142	53	5	<b>885</b>
2018-19	123	315	186	151	53	5	833
<b>Barrister</b>							
<b>2019-20</b>	31	300	331	325	358	146	<b>1,491</b>
2018-19	33	293	331	331	353	140	1,481
<b>Volunteer</b>							
<b>2019-20</b>	21	36	28	15	12	8	<b>120</b>
2018-19	21	36	25	10	10	6	108
<b>Employee with Trust</b>							
<b>2019-20</b>	8	21	9	10	11	7	<b>66</b>
2018-19	2	12	10	6	12	2	44
<b>Total</b>							
<b>2019-20</b>	<b>1,782</b>	<b>3,127</b>	<b>2,365</b>	<b>1,959</b>	<b>1,818</b>	<b>755</b>	<b>11,806</b>
2018-19	1,640	2,982	2,346	1,988	1,799	706	11,461

**TABLE 32: NON-BINARY LAWYERS BY PC TYPE AND AGE**

	AGE IN YEARS			TOTAL
	20-30	31-40	41-50	
<b>Barrister</b>				
<b>2019-20</b>	0	1	0	<b>1</b>
2018-19	0	1	0	1
<b>Employee</b>				
<b>2019-20</b>	1	3	1	<b>5</b>
2018-19	0	2	1	3
<b>Government</b>				
<b>2019-20</b>	1	0	0	<b>1</b>
2018-19	1	0	0	1
<b>Total</b>				
<b>2019-20</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>7</b>
2018-19	1	3	1	5

## Employment statistics

We record all law firms, companies, charities and other organisations that employ lawyers. As at 30 June 2020 there were 10,202 entities registered as employing lawyers in Victoria.

Table 33 shows the number of employer entities registered in Victoria by entity type and location as at 30 June 2020. Half of all sole practitioners are city-based, while a further 40% are located in the suburbs. 51% of registered law firms are also located in the city, down from 54% last year.

**TABLE 33: LOCATION OF EMPLOYERS**

TYPE	CITY	SUBURB	COUNTRY	INTERSTATE	OVERSEAS	TOTAL
<b>Sole practitioner</b>						
<b>2019-20</b>	2,743	2,169	412	35	113	<b>5,472</b>
2018-19	2,632	2,105	339	30	115	5,281
<b>Non-legal employer</b>						
<b>2019-20</b>	893	841	72	101	190	<b>2,097</b>
2018-19	831	776	60	90	190	1,947
<b>ILP</b>						
<b>2019-20</b>	769	973	231	152	0	<b>2,125</b>
2018-19	707	886	211	133	0	1,937
<b>Law firm</b>						
<b>2019-20</b>	104	60	25	9	3	<b>201</b>
2018-19	110	59	24	8	3	204
<b>Government employer</b>						
<b>2019-20</b>	126	42	12	7	1	<b>188</b>
2018-19	123	40	11	7	1	182
<b>CLS</b>						
<b>2019-20</b>	15	33	8	5	0	<b>61</b>
2018-19	15	32	8	5	0	60
<b>ULP</b>						
<b>2019-20</b>	20	8	4	5	0	<b>37</b>
2018-19	17	8	4	7	0	36
<b>Foreign law practice</b>						
<b>2019-20</b>	6	7	1	0	7	<b>21</b>
2018-19	5	7	1	0	7	20
<b>Total</b>						
<b>2019-20</b>	<b>4,676</b>	<b>4,133</b>	<b>765</b>	<b>314</b>	<b>314</b>	<b>10,202</b>
2018-19	4,440	3,913	718	279	317	9,667

## Entities by type and number of principals

The vast majority of entities only employ one principal (sole practitioners). Table 34 shows the number of employer entities by entity type and the number of principals. Non-legal entities and Government employers have been excluded from this table as they do not employ principals.

**TABLE 34: ENTITIES BY TYPE AND NUMBER OF PRINCIPALS**

TYPE	1	2-3	4-5	6-10	11-20	21-40	>40	TOTAL
<b>Sole practitioner</b>								
<b>2019-20</b>	5,195	0	0	0	0	0	0	<b>5,195</b>
2018-19	5,163	0	0	0	0	0	0	5,163
<b>ILP</b>								
<b>2019-20</b>	1,673	289	43	9	10	3	0	<b>2,027</b>
2018-19	1,537	260	38	15	7	3	0	1,860
<b>Law firm</b>								
<b>2019-20</b>	12	119	11	14	13	11	11	<b>191</b>
2018-19	13	122	10	15	11	13	12	196
<b>CLS</b>								
<b>2019-20</b>	22	28	4	4	0	0	0	<b>58</b>
2018-19	22	27	5	3	0	0	0	57
<b>ULP</b>								
<b>2019-20</b>	14	6	1	2	3	4	5	<b>35</b>
2018-19	14	6	1	3	2	4	5	35
<b>Foreign law practice</b>								
<b>2019-20</b>	14	1	0	0	0	0	0	<b>15</b>
2018-19	13	1	0	0	0	0	0	14
<b>Total</b>								
<b>2019-20</b>	<b>6,930</b>	<b>443</b>	<b>59</b>	<b>29</b>	<b>26</b>	<b>18</b>	<b>16</b>	<b>7,521</b>
2018-19	6,762	416	54	36	20	20	17	7,325

## Entities by entity type and number of employees

Sole practitioners, as an entity type, continue to be the largest single employer of lawyers, while the number of lawyers employed by ILPs continues to grow. Table 35 shows the number of legal entities registered in Victoria by entity type and the number of employees.

**TABLE 35: ENTITIES BY ENTITY TYPE AND NUMBER OF EMPLOYEES**

TYPE	0*-1	2-3	4-5	6-10	11-20	21-40	>40	TOTAL
<b>Sole practitioner</b>								
<b>2019-20</b>	4,832	309	50	18	2	1	0	<b>5,212</b>
2018-19	4,781	321	47	18	3	0	0	5,170
<b>Non-legal employer</b>								
<b>2019-20</b>	761	309	94	88	41	11	5	<b>1,309</b>
2018-19	704	295	90	85	34	10	0	1,222
<b>ILP</b>								
<b>2019-20</b>	1,000	570	202	158	63	30	11	<b>2,034</b>
2018-19	935	505	183	154	63	22	9	1,871
<b>Law firm</b>								
<b>2019-20</b>	8	61	31	34	20	16	25	<b>195</b>
2018-19	8	65	30	32	23	15	27	200
<b>Government employer</b>								
<b>2019-20</b>	40	32	20	19	20	11	17	<b>159</b>
2018-19	37	34	15	20	18	13	17	154
<b>CLS</b>								
<b>2019-20</b>	6	4	7	7	16	12	7	<b>59</b>
2018-19	5	3	6	12	12	13	8	59
<b>ULP</b>								
<b>2019-20</b>	13	3	3	1	1	5	9	<b>35</b>
2018-19	13	4	2	1	2	4	9	35
<b>Foreign law practice</b>								
<b>2019-20</b>	16	2	0	1	0	0	0	<b>19</b>
2018-19	15	2	0	0	1	0	0	18
<b>Total</b>								
<b>2019-20</b>	<b>6,676</b>	<b>1,290</b>	<b>407</b>	<b>326</b>	<b>163</b>	<b>86</b>	<b>74</b>	<b>9,022</b>
2018-19	6,498	1,229	373	322	156	77	74	8,729

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

## APPENDIX 2

# Complaints and related data

**TABLE 36:** NUMBER AND OUTCOME OF ENQUIRIES RECEIVED IN 2019-20\*

PROVIDED INFORMATION	ASSISTED TO RESOLVE ISSUE	OUTSIDE OUR JURISDICTION / NO FURTHER ACTION TAKEN	ASSISTANCE NO LONGER REQUIRED / UNABLE TO RETURN CONTACT	MAY BECOME COMPLAINT	STILL BEING ASSESSED AT 30 JUNE	TOTAL
2,243	1,164	150	897	976	131	<b>5,561</b>

\* Due to a change in how enquiries were classified, comparative data with previous years for the above categories is not available.

**TABLE 37:** NUMBER AND TYPE OF COMPLAINT FILES OPENED

YEAR	CONSUMER MATTER ONLY	DISCIPLINARY MATTER ONLY	MIXED MATTER	TOTAL COMPLAINTS
2019-20	695 (55%)	529 (41%)	53 (4%)	<b>1,277</b>
2018-19	987 (55%)	754 (43%)	43 (2%)	<b>1,784</b>
2017-18	952 (57%)	671 (40%)	52 (3%)	<b>1,675</b>

**TABLE 38:** COMMISSIONER INITIATED INVESTIGATIONS

BASIS FOR COMMISSIONER INITIATED INVESTIGATION	PRELIMINARY INVESTIGATION		COMMISSIONER INITIATED INVESTIGATION		TOTAL	
	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20
Trust account report	1	11	10	0	11	<b>11</b>
Referral from other agency (e.g. court)	3	9	3	1	6	<b>10</b>
VLSC complaint file	5	7	11	4	16	<b>11</b>
Media	1	0	0	0	1	<b>0</b>
Possible unqualified practice	0	0	0	0	0	<b>0</b>
Arises from PC process	1	0	7	1	8	<b>1</b>
Other	7	5	5	2	12	<b>7</b>
<b>Total</b>	<b>18</b>	<b>32</b>	<b>36</b>	<b>8</b>	<b>54</b>	<b>40</b>

**TABLE 39:** NEW COMPLAINT FILES OPENED BY LAWYER TYPE

	CONSUMER MATTER	DISCIPLINARY MATTER	MIXED MATTER	TOTAL 2019-20
Solicitors	669	489	52	<b>1,210</b>
Barristers	26	40	1	<b>67</b>
<b>Total</b>	<b>695</b>	<b>529</b>	<b>53</b>	<b>1,277</b>

**TABLE 40: AREAS OF LAW FEATURED IN NEW COMPLAINTS**

AREA OF LAW	2017-18	2018-19	2019-20
<b>Family / Defacto</b>	415 (24%)	443 (25%)	304 (24%)
<b>Other Civil</b> (combines Breach Legal Profession Act / Regulations, Civil Liberties, Debt Collection, Defamation, Equal Opportunity, Freedom of Information, Intellectual Property, Taxation, Trade Practices, Motor Vehicle Repairs / Claims, Other / Unsure. Includes new categories of Constitutional, Otherwise unfit.)	276 (16%)	326 (18%)	291 (23%)
<b>Probate / Family Provisions</b> (formerly Probate and estate)	178 (12%)	183 (10%)	124 (10%)
<b>Conveyancing</b>	195 (12%)	169 (9%)	110 (9%)
<b>Commercial / Corporations / Franchise</b> (combines previous Commercial, Company and Banking)	138 (8%)	161 (9%)	89 (7%)
<b>Criminal</b>	85 (5%)	117 (7%)	79 (6%)
<b>Wills / Powers of Attorney</b> (combines previous Wills and Guardianship/Administration)	56 (3%)	63 (4%)	44 (3%)
<b>Building</b>	46 (3%)	41 (2%)	39 (3%)
<b>Employment</b> (formerly Industrial Relations)	46 (3%)	44 (3%)	29 (2%)
<b>Professional Negligence</b> (New)	28 (2%)	32 (2%)	27 (2%)
<b>Personal Injuries</b> (combines Personal Injury, Motor Vehicle Accident)	51 (3%)	42 (2%)	26 (2%)
<b>Workers Compensation</b>	34 (2%)	44 (3%)	24 (2%)
<b>Leases / Mortgages</b> (combines previous Leasing, Mortgages)	36 (3%)	46 (3%)	23 (2%)
<b>Immigration</b>	20 (1%)	18 (1%)	18 (1%)
<b>Insolvency</b>	12 (<1%)	10 (<1%)	16 (1%)
<b>Strata Bodies / Corporates</b> (formerly Body Corporate / Strata Title)	17 (<1%)	17 (1%)	12 (1%)
<b>Trust Account Breaches</b> (New)	19 (1%)	12 (<1%)	11 (1%)
<b>Victims Compensation</b> (formerly Crimes compensation)	7 (<1%)	3 (<1%)	6 (<1%)
<b>Land and Environment</b> (combines Planning, Environmental)	16 (<1%)	13 (<1%)	5 (<1%)
<b>Total</b>	<b>1,675</b>	<b>1,784</b>	<b>1,277</b>

**TABLE 41: ALLEGATIONS FEATURED IN NEW COMPLAINTS**

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

NATURE OF ALLEGATION	2017-18	2018-19	2019-20
Costs/Bills – overcharging	695 (30%)	620 (28%)	455 (31%)
Negligence – including bad case handling	413 (18%)	442 (20%)	274 (18%)
Other disciplinary issues*	116 (5%)	168 (8%)	159 (11%)
Dishonest / Misleading	114 (5%)	142 (6%)	82 (6%)
Breach of Act, rules, court order or undertaking	87 (4%)	81 (4%)	75 (5%)
Defective costs disclosure communications	121 (5%)	64 (3%)	57 (4%)
Conflict of interest	87 (4%)	79 (4%)	44 (3%)
Instructions – including failure to comply	74 (3%)	72 (3%)	41 (3%)
Duress / Pressure / Bullying / Harassment	73 (3%)	61 (3%)	42 (3%)
Documents / Trust property – including retention and lost	83 (4%)	84 (4%)	40 (3%)
Delays	70 (3%)	60 (3%)	37 (3%)
Trust money – including failure to account, mismanagement of funds	129 (6%)	114 (5%)	36 (2%)
Abusive / Rude	51 (2%)	62 (3%)	35 (2%)
Communication with other party	7 (<1%)	10 (<1%)	26 (2%)
Improper personal conduct	23 (1%)	24 (1%)	23 (2%)
Communication with client – including failure to return calls, give progress reports	89 (4%)	66 (3%)	19 (1%)
Gross overcharging	14 (<1%)	8 (<1%)	14 (1%)
Debts – including practitioner’s failure to pay	18 (<1%)	17 (<1%)	9 (<1%)
Confidentiality breach	12 (<1%)	20(1%)	7 (<1%)
Court system	3 (<1%)	3 (<1%)	2 (<1%)
Advertising	3 (<1%)	2 (<1%)	3 (<1%)
<b>Total#</b>	<b>2,282</b>	<b>2,202</b>	<b>1,480</b>

\* ‘Other disciplinary issues’ covers a range of allegations including anti-competitiveness, taking executors commission, failing to check capacity, practising while unqualified and refusal of legal aid.

# A complaint may contain a number of allegations, which means there are more allegations than complaints opened.

**TABLE 42: FINALISED COMPLAINTS RECEIVED UNDER THE LPA**

YEAR	CIVIL	DISCIPLINARY	MIXED	TOTAL
<b>2019-20</b>	0 (0%)	0 (0%)	1 (100%)	<b>1</b>
2018-19	3 (43%)	4 (57%)	0	<b>7</b>
2017-18	14 (70%)	5 (25%)	1 (5%)	<b>20</b>

**TABLE 43: FINALISED COMPLAINTS RECEIVED UNDER THE UNIFORM LAW**

YEAR	CONSUMER MATTERS	DISCIPLINARY MATTERS	MIXED MATTERS	TOTAL
<b>2019-20</b>	693 (55%)	536 (42%)	40 (3%)	<b>1,269</b>
2018-19	968 (56%)	703 (41%)	49 (3%)	1,720
2017-18	979 (58%)	629 (37%)	73 (4%)	1,681

**TABLE 44: OUTCOMES OF CLOSED UNIFORM LAW CONSUMER MATTERS (INCLUDING THE CONSUMER MATTER OUTCOMES FROM 'MIXED' COMPLAINTS)**

CONSUMER COMPLAINT OUTCOME	2017-18	2018-19	2019-20
Closed following a binding costs determination – s 292(1)	20 (2%)	4 (<1%)	3 (<1%)
Informal resolution successful	270 (26%)	283 (28%)	186 (25%)
Informal resolution not successful (Close – no determination)	–	–	6 (<1%)
Closure – s 277(1)(a) Closed because vexatious, misconceived, frivolous or lacking in substance	154 (15%)	160 (16%)	122 (17%)
Closure – s 277(1)(b) Complaint made out of time	63 (6%)	52 (5%)	29 (4%)
Closure – s 277(1)(c) Closed because the complainant has not responded, or has responded inadequately, to a request for further information	59 (6%)	47 (5%)	27 (3%)
Closure – s 277(1)(d) Matter was already investigated	1 (<1%)	1 (<1%)	3 (<1%)
Closure – s 277(1)(e) Subject matter of the complaint would be better investigated or dealt with by police or another investigatory or law enforcement body	1 (<1%)	0	0
Closure – s 277(1)(g) Client is sued. No jurisdiction over consumer matter	13 (1%)	15 (2%)	12 (1%)
Closure – s 277(1)(i) Closed because the complaint is not one that the designated local regulatory authority has power to deal with	21 (2%)	13 (1%)	10 (1%)
Closure – s 277(1)(j) Closed because the designated local regulatory authority is satisfied that it is otherwise in the public interest to close the complaint	12 (1%)	10 (1%)	0
Closure – s 277(2) Closed after preliminary assessment – commercial or government client	1 (<1%)	0	0
Closure – s 291(2) No jurisdiction > \$100,000	6 (<1%)	1 (<1%)	7 (1%)
Determination – Caution – s 290(2)(a) An order requiring cautioning the respondent or a legal practitioner associate of the respondent law practice	0	1 (<1%)	1 (<1%)
Determination – Compensation Order – s 308(2) An order requiring the respondent to pay monetary compensation costs	3 (<1%)	1 (<1%)	0
Determination – Compensation Order – s 308(3) An order requiring the respondent to pay monetary compensation NOT costs	0	1 (<1%)	0
Determination – Education – s 290(2)(d) An order requiring respondent to undertake training, education or counselling or be supervised	0	0	0
Not resolved – Rights given > \$10,0000 – s 293(2)(b)(i)	24 (2%)	39 (4%)	31 (4%)
Not resolved – Rights given < \$10,0000 – s 293(2)(b)(ii)	1 (<1%)	3 (<1%)	7 (<1%)
Parties self-resolve	23 (2%)	25 (3%)	9 (1%)
Preliminary Assessment – resolved	137 (13%)	111 (11%)	117 (16%)
Preliminary Assessment – withdrawn	112 (11%)	111 (11%)	96 (12%)
Mediation – resolved – s 288(3)	6 (<1%)	5 (<1%)	2 (<1%)
Consumer matter – withdrawn	124 (12%)	135 (13%)	59 (8%)
Closed – Abeyance ongoing proceedings	1 (<1%)	1 (<1%)	4 (<1%)
<b>Total</b>	<b>1052</b>	<b>1,019</b>	<b>731</b>

**TABLE 45: OUTCOMES OF CLOSED CIVIL COMPLAINTS MADE UNDER LPA (INCLUDING THE CIVIL COMPLAINT OUTCOMES FROM 'MIXED' COMPLAINTS)**

CIVIL COMPLAINT OUTCOME	2017-18	2018-19	2019-20
Dispute was unable to be settled and parties were advised of their right to apply to VCAT	4 (26%)	2 (66%)	0
Complainant failed to lodge unpaid disputed costs	1 (7%)	0	0
Complaint made out of time	1 (7%)	0	0
Complaint involved costs dispute which exceeded \$25,000	4 (26%)	0	0
Complainant failed to provide further information when requested	3 (20%)	0	0
Complaint not one that the Commissioner has power to deal with (e.g. matter has already been dealt with/should be dealt with by a court)	1 (7%)	1 (33%)	1
Complaint lacked legal substance (e.g. dispute already settled)	1 (7%)	0	0
<b>Total</b>	<b>15</b>	<b>3</b>	<b>1</b>

**TABLE 46: DISCIPLINARY INVESTIGATIONS COMMENCED**

INVESTIGATIONS	2017-18	2018-19	2019-20
Disciplinary investigations undertaken by Commissioner	185	165	88
Disciplinary investigations delegated / handled by Bar	5	5	6
<b>Total Investigations</b>	<b>190</b>	<b>170</b>	<b>94</b>

**TABLE 47: OUTCOMES OF CLOSED LPA DISCIPLINARY COMPLAINTS (INCLUDING THE OUTCOMES OF THE DISCIPLINARY ISSUES IN 'MIXED' COMPLAINTS)**

INVESTIGATION OUTCOME	2017-18	2018-19	2019-20
VCAT likely to find lawyer guilty of a disciplinary breach	5 (100%)	3 (75%)	1
VCAT unlikely to find lawyer guilty of a disciplinary breach	0	1 (25%)	0
<b>Total</b>	<b>5</b>	<b>4</b>	<b>1</b>

**TABLE 48: OUTCOMES OF CLOSED UNIFORM LAW DISCIPLINARY COMPLAINTS, INCLUDING OUTCOMES OF DISCIPLINARY ISSUES IN 'MIXED' COMPLAINTS**

INVESTIGATION OUTCOME	2017-18	2018-19	2019-20
Abeyance – ongoing proceedings	26 (4%)	21 (3%)	11 (3%)
Closure – s 277(1)(a) Closed – vexatious, misconceived, frivolous or lacking in substance	134 (19%)	176 (23%)	101 (17%)
Closure – s 277(1)(b) Complaint made out of time	10 (1%)	7 (<1%)	10 (2%)
Closure – s 277(1)(c) Closed – the complainant has not responded, or has responded inadequately, to a request for further information	12 (2%)	8 (1%)	15 (3%)
Closure – s 277(1)(d) Closed – the subject matter of the complaint has been or is already being investigated	9 (1%)	13 (2%)	6 (1%)
Closure – s 277(1)(e) Closed – the subject matter of the complaint would be better investigated or dealt with by police or another investigatory or law enforcement body	8 (1%)	1 (<1%)	1 (<1%)
Closure – s 277(1)(h) Closed – designated local regulatory authority, having considered the complaint, forms the view that the complaint cannot result in a disciplinary outcome and requires no further investigation	94 (14%)	84 (11%)	104 (18%)
Closure – s 277(1)(i) Closed – the complaint is not one that the designated local regulatory authority has power to deal with	2 (<1%)	2 (<1%)	1 (<1%)
Closure – s 277(1)(j) Closed – the designated local regulatory authority is satisfied that it is otherwise in the public interest to close the complaint	14 (2%)	8 (1%)	3 (<1%)
May be Professional misconduct – Initiate VCAT prosecution	25 (4%)	18 (2%)	5 (1%)
May be Unsatisfactory professional conduct – initiate VCAT prosecution	2 (<1%)	0	0
Preliminary Assessment – resolved	116 (16%)	110 (15%)	61 (11%)
Preliminary Assessment – withdrawn	167 (24%)	223 (30%)	201 (35%)
Unsatisfactory professional conduct determination – Apology – s 299(1)(c) An order requiring an apology from the respondent or a legal practitioner associate of the respondent law practice	0	0	0
Unsatisfactory professional conduct determination – Caution – s 299(1)(a) An order cautioning the respondent or a legal practitioner associate of the respondent law practice	28 (4%)	14 (2%)	5 (1%)
Unsatisfactory professional conduct determination – Fine – s 299(1)(f) An order fining the respondent or a legal practitioner associate of the respondent law practice	0	0	0
Unsatisfactory professional conduct determination – Education – s 299(1)(e) An order requiring the respondent to undertake training, education or counselling or be supervised	0	1 (<1%)	0
Unsatisfactory professional conduct determination – Reprimand – s 299(1)(b) An order reprimanding the respondent or a legal practitioner associate of the respondent law practice	16 (16%)	12 (2%)	10 (2%)
Withdrawn – Disciplinary	32 (5%)	58 (8%)	25 (5%)
Decline to commence VLSC initiated investigation s 266(2)			12 (2%)
<b>Total</b>	<b>695</b>	<b>756</b>	<b>571</b>

**TABLE 49: OUTCOMES OF OWN MOTION INVESTIGATIONS (LPA) AND COMMISSIONER INITIATED COMPLAINTS (UNIFORM LAW)**

OUTCOME	2017-18	2018-19	2019-20
VCAT likely to find lawyer guilty of Professional misconduct, application made to VCAT	8	6	3
VCAT likely to find lawyer guilty of Unsatisfactory profession conduct, application made to VCAT	1	0	0
Commissioner reprimanded lawyer (likely finding of unsatisfactory professional conduct)	4	7	1
Commissioner cautioned lawyer (likely finding of unsatisfactory professional conduct)	13	8	3
Closure s 277(1)(a) – misconceived, lacking in substance	1	0	0
Closure – s 277(1)(d) Closed – the subject matter of the complaint has been or is already being investigated	2	1	0
Closure s 277(1)(e) – subject matter better investigated by another investigatory body	1	0	0
Closure s 277(1)(j) – otherwise in the public interest to close	0	1	1
Commissioner forms the view no further investigation required (Uniform Law s 277(1)(h))	16	16	0
Abeyance – ongoing proceedings	5	3	0
<b>Total</b>	<b>49</b>	<b>42</b>	<b>8</b>

**TABLE 50: TIME TAKEN TO FINALISE COMPLAINTS RECEIVED – LPA**

DAYS SINCE RECEIPT OF COMPLAINT	<30	31-60	61-90	91-120	>120	TOTAL
<b>Civil Dispute</b>						
<b>2019-20</b>	0	0	0	0	0	<b>0</b>
2018-19	0	2	0	0	1	3
2017-18	2	0	1	0	11	14
<b>Disciplinary</b>						
<b>2019-20</b>	0	0	0	0	0	<b>0</b>
2018-19	0	0	0	0	4	4
2017-18	0	0	0	0	5	5
<b>Mixed</b>						
<b>2019-20</b>	0	0	0	0	1	<b>1</b>
2018-19	0	0	0	0	0	0
2017-18	0	0	0	0	1	1
<b>Total</b>						
<b>2019-20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
2018-19	0	2	0	0	5	7
2017-18	2	0	1	0	17	20

**TABLE 51: TIME TAKEN TO FINALISE COMPLAINTS RECEIVED – UNIFORM LAW**

DAYS SINCE RECEIPT OF COMPLAINT	<30	31-60	61-90	91-120	>120	TOTAL
<b>Consumer Matter</b>						
<b>2019-20</b>	115	114	155	124	185	<b>693</b>
2018-19	407	264	127	64	106	968
2017-18	371	205	136	91	176	979
<b>Disciplinary Matter</b>						
<b>2019-20</b>	204	91	66	54	121	<b>536</b>
2018-19	330	133	56	55	129	703
2017-18	326	84	44	27	148	629
<b>Mixed Matters</b>						
<b>2019-20</b>	4	5	7	4	20	<b>40</b>
2018-19	8	2	5	7	27	49
2017-18	5	8	6	2	52	73
<b>Total</b>						
<b>2019-20</b>	<b>323</b>	<b>210</b>	<b>228</b>	<b>182</b>	<b>324</b>	<b>1,269</b>
2018-19	745	399	188	126	262	1,720
2017-18	702	297	186	120	376	1,681

**TABLE 52: NUMBER OF COMPLAINTS OUTSTANDING AT 1 JULY 2020 RECEIVED UNDER THE LPA**

DAYS SINCE RECEIPT OF COMPLAINT	<30	31-60	61-90	91-120	>120	TOTAL
<b>Civil Dispute</b>						
<b>2019-20</b>	0	0	0	0	0	<b>0</b>
2018-19	0	0	0	0	0	0
2017-18	0	0	0	0	0	0
<b>Disciplinary</b>						
<b>2019-20</b>	0	0	0	0	0	<b>0</b>
2018-19	0	0	0	0	6	6
2017-18	0	0	0	0	10	10
<b>Mixed</b>						
<b>2019-20</b>	0	0	0	0	1	<b>1</b>
2018-19	0	0	0	0	1	1
2017-18	0	0	0	0	1	1
<b>Total</b>						
<b>2019-20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
2018-19	0	0	0	0	7	7
2017-18	0	0	0	0	11	11

**TABLE 53: NUMBER OF COMPLAINTS OUTSTANDING AT 1 JULY 2020 RECEIVED UNDER THE UNIFORM LAW (INCLUDING COMMISSIONER INITIATED COMPLAINTS)**

<b>DAYS SINCE RECEIPT OF COMPLAINT</b>	<b>&lt;30</b>	<b>31-60</b>	<b>61-90</b>	<b>91-120</b>	<b>&gt;120</b>	<b>TOTAL</b>
<b>Consumer Matter</b>						
<b>2019-20</b>	32	13	13	38	64	<b>160</b>
2018-19	11	32	46	30	46	165
2017-18	56	45	21	14	31	167
<b>Disciplinary Matter</b>						
<b>2019-20</b>	3	5	6	11	267	<b>292</b>
2018-19	18	8	18	22	235	301
2017-18	41	31	17	11	163	263
<b>Mixed Matter</b>						
<b>2019-20</b>	4	8	1	2	59	<b>74</b>
2018-19	0	0	2	1	47	50
2017-18	6	3	1	3	27	40
<b>Total</b>						
<b>2019-20</b>	<b>39</b>	<b>26</b>	<b>20</b>	<b>51</b>	<b>389</b>	<b>526</b>
2018-19	29	40	66	53	328	516
2017-18	103	79	39	28	221	470

## APPENDIX 3

# Disciplinary Prosecutions in VCAT and the Courts

**TABLE 54:** DISCIPLINARY APPLICATIONS HEARD AND DETERMINED AT VCAT IN 2019-20 (BY DATE OF APPLICATION)

NO.	MATTER IDENTIFICATION	SUMMARY OF VCAT FINDINGS	DATE AND ORDERS MADE
1	Name: Graeme EFRON VCAT reference: J29/2018 Application date: 02/05/2018 Amended on: 09/10/2019 Hearing date: 14/11/2019	Unsatisfactory professional conduct: Communicated directly with opposing side's client; Made misrepresentations to opposing side's client.	14/11/2019 – Reprimanded. Fined \$5,000. Pay VLSC costs fixed at \$5,000.
2	Name: Michael WINTER VCAT reference: J36/2018 Application date: 24/05/2018 Hearing date: 20/08/2019	Professional misconduct: Caused deficiencies in a trust account; Intermixed trust money; Unauthorised withdrawal of trust money for payment of legal costs; Failed to provide trust account statements to client; Failed to provide ongoing costs disclosures; Failed to provide required information in bills; Borrowed money from client.  Unsatisfactory professional conduct: Failed to sign bills; Failed to maintain proper records.	15/10/2019 – Reprimanded. Pay VLSC costs fixed at \$3,500.
3	Name: Robert BOOTH VCAT reference: J46/2018 Application date: 15/06/2018 Hearing dates: 29-30/04/2019	Professional misconduct: Held himself out and acted as a solicitor contrary to practising certificate; Misled Federal Circuit Court by falsely representing an entitlement to appear as a legal practitioner; Knowingly made misleading statements to Court (x2); Made dishonest statements; Failed to correct his misstatements.  Unsatisfactory professional conduct: Made false declaration in application for practising certificate renewal.	31/03/2020 – Listed for penalty hearing on 17/08/2020. Adjournment sought by consent, hearing likely to be about 16 November 2020.
4	Name: Chaim GERON VCAT reference: J47/2018 Application date: 18/06/2018 Hearing date: 29/07/2019	Professional misconduct: Wrote inappropriate letters to client's treating physicians; Charged for work done without instructions, Relied on a fee disclosure signed when the client lacked capacity, Charged counsel's fees for work done to benefit Respondent instead of client.  Unsatisfactory professional conduct: Failed to obtain proper instructions; Failed to make proper file notes and maintain proper records; Failed to assess client's capacity; Failed to satisfy himself his client understood the content of documents he was signing; failed to give advice; Failed to have regard for client's condition; Failed to have independent witness sign documents; Acted without instructions.	29/07/2019 – Reprimanded. The respondent precluded from holding a PC for a period of 9 months from the date of this order. Pay VLSC costs fixed at \$13,000.

NO.	MATTER IDENTIFICATION	SUMMARY OF VCAT FINDINGS	DATE AND ORDERS MADE
5	Name: Louise HANBY D'WYNN VCAT reference: J56/2018 Application date: 27/06/2018 Hearing date: 30/10/2019	Professional misconduct: Withdrew trust money without notice or bill to the client, causing deficiency in trust ledger account; Failed to pay or deliver trust monies.  Unsatisfactory professional conduct: Failed to report trust account irregularity; Withdrew trust money without notice or bill to the client, causing deficiency in trust ledger account; Failed to pay or deliver trust monies; Failed to respond to the VLSC; Failed to maintain proper trust records.	30/10/2019 – Reprimanded. Fined \$6,000. Pay VLSC costs fixed at \$10,464.83.
6	Name: Adam PRIDDLE VCAT reference: J50/2018 Application date: 28/06/2018 Hearing date: 16/03/2020	Professional misconduct: Failed to return file to former client; Threatened to shred former client's file; Threatened to withhold documents from client until the Respondent's former employer provided other documents to him.	16/03/2020 – Tribunal accepted Respondent's undertaking that he would not apply for a PC in Victoria before 16/03/2021. Reprimanded. Pay VLSC costs fixed at \$3,000.
7	Name: Andrew BELL VCAT references: J122/2018 and J51/2019 Application date: J122/201 – 20/12/2018 and J51/2019 – 06/06/2019 Amended on: 07/10/2019 Hearing date: 18/02/2020	<b>In relation to J122/2018:</b> Professional misconduct: Failed to account for trust money.  Misconduct at common law: Failed to act on client instructions; Acted with a conflict of interest; Made representations he knew or reasonably believed to be untrue or misleading; Drew a cheque from his trust account payable to an entity he knew it would not be paid or delivered to.  Unsatisfactory professional conduct: Failed to provide client with requested progress reports and itemised bill.  <b>In relation to J51/2019:</b> Professional misconduct: Failed to bring to another's lawyer's attention an error which he took unfair advantage of, which if not identified would have obtained a benefit for his client.	06/04/2020 – <b>In relation to J122/2018:</b> Reprimanded. Suspended from practice for a period of 12 months, with 6 months suspended for 3 years; a local PC maybe granted during the suspended order period; Respondent shall not commit an act of professional misconduct or unsatisfactory professional conduct during the suspended order period. In the event that he does so an application can be made to revoke the suspended order period; complete 3 additional points of CPD in ethics before 30/4/2021; Pay the VLSC costs.  <b>In relation to J51/2019:</b> Reprimanded. Suspended from practice for a period of 3 months to be served concurrently with the immediate suspension period in J122/2018; complete 2 additional points of CPD in ethics before 30/4/2021; Pay the VLSC costs.
8	Name: Steven NIKOLAIDOU VCAT reference: J22/2019 Application date: 23/12/2018 Hearing date: 17/06/2019	Professional misconduct: Acted on the instructions of a recovery agent without having sought or obtained authority from the clients.	18/02/2020 – Reprimanded. Fined \$2,000; Pay VLSC costs fixed at \$20,000.

NO.	MATTER IDENTIFICATION	SUMMARY OF VCAT FINDINGS	DATE AND ORDERS MADE
9	Name: Aaron ZAITMAN VCAT reference: J23/2019 Application date: 08/01/2019 Amended on: 20/05/2019 Hearing date: 10/07/2019	Professional misconduct: Charged executor's commission when not entitled to; Caused deficiency in a trust account; Failed to properly inform client when drafting will (x2); Failed to disclose charges and executor's commission taken from the estate; Failed to provide beneficiaries with sufficient information to provide fully informed consent; Provided misleading information regarding executor's commission to the beneficiaries; Failed to disclose information to the VLSC.  Unsatisfactory professional conduct: Failed to keep proper trust records; Failed to record withdrawal of money from trust account; Failed to keep accurate trust records.	23/07/2019 – Respondent gave an undertaking to the Tribunal and to the VLSC:  i. not to accept instructions in relation to: a. drawing a will; b. acting as solicitor for any executor or solicitor of a deceased estate other in relation to immediate family members; and  ii. to forthwith renounce any appointment as an executor of a deceased estate (other than deceased estate of an immediate family member).  Reprimanded. Fined \$30,000; Pay VLSC costs fixed at \$15,000; By 31/03/2020 complete 3 hours of CPD covering his duties under the Solicitor's Conduct Rules 2015.
10	Name: Lee FLANAGAN VCAT reference: J40/2019 Application date: 16/04/2019 Amended on: 10/01/2020 Hearing date: 03/03/2020	Professional misconduct: Failed to use best endeavours to complete work; Failed to comply with the undertakings to funding body.	20/03/2020 – Reprimanded. Fined \$5,000; Pay VLSC costs fixed at \$10,000.
11	Name: Matthew STIRLING VCAT reference: J39/2019 Application date: 23/04/2019 Hearing date: 26/11/2019	Professional misconduct: Failed to appear at Court hearing; Failed to respond to VLSC.  Unsatisfactory professional conduct: Delays in preparation of documents (x2).	06/12/2019 – Listed for penalty hearing 28/08/2020.
12	Name: Ibadapo OLAYEMI VCAT reference: J48/2019 Application date: 28/05/2019 Hearing date: 20/08/2019	Misconduct at common law: Knowingly created false documents; Sent false email to client and acting dishonestly.	20/08/2019 – Reprimanded. Ineligible to apply for or be granted a PC for 18 months; any PC thereafter limited to supervised employee for 2 years, and within first 6 months of first PC being granted complete 8 hours of CPD in ethics; Pay VLSC costs fixed at \$6,000.
13	Name: Damian HARRIS VCAT reference: J37/2019 Application date: 19-08-2019 Hearing date: 03/06/2020	Professional misconduct: Directed another person to take action which contravened subpoena and Court Orders; Provided a copy of a document to another party which contravened a subpoena and Court Orders.	24/06/2020 – Reprimanded. Fined \$5,000 and pay VLSC costs.
14	Name: Francis HUNT VCAT reference: J86/2019 Application date: 19/09/2019 Amended on: 07/01/2020 Hearing date: 26/02/2020	Misconduct at common law: Caused delay in finalisation of the estate.	01/06/2020 – Reprimanded. Fined \$5,000 and pay VLSC costs fixed at \$5,000.

**TABLE 55: DISCIPLINARY APPLICATIONS TO VCAT, WHERE APPLICATION IS AWAITING HEARING AND/OR DETERMINATION**

NO.	DATE APPLICATION MADE	TYPE OF CHARGES	STATUS AS AT 30 JUNE 2020
1	30/06/2017 Amended on: 31/01/2019	Misconduct at common law: Conferred with client about trial whilst under cross-examination; Deliberately, recklessly and/or carelessly provided false and/or misleading information to VLSC.	Listed for administrative mention on 31/07/2020.  Practitioner sought leave to appeal matter to Supreme Court at liability.
2	30/06/2017	Professional misconduct: Failed to supervise non-lawyer conveyancer of the law practice; Failed to ensure clients received clear advice; Made false representation to ASIC; Made false representation to VLSC.  Unsatisfactory professional conduct: Failed to securely retain client file.	Matter stayed by VCAT.
3	10/01/2018	Misconduct at common law: Sent inappropriate and unprofessional email (alternatively professional misconduct).  Professional misconduct: Dismissed client's counsel without proper instructions to do so; Failed to brief counsel to appear.	05/09/2019 – Proceeding stayed pending further order of the Tribunal.
4	26/06/2018	Misconduct at common law: Made allegations of fraud or serious misconduct without a proper basis (alternatively professional misconduct).	Listed for administrative mention on 28/07/2020.
5	27/07/2018 Amended on: 27/02/2020	Professional misconduct: Failed to appear or arrange for counsel appearance in the Federal Circuit Court and/or inform clients of hearing (x2); Failed to respond to communications; Failed to respond to VLSC request for information; Failed to pay relevant monies from estate; Failed to deposit trust money into law practice trust account as soon as received.	Proceeding stayed by VCAT due to COVID-19.
6	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.	Listed for administrative mention on 09/07/2020.
7	12/02/2019	Misconduct at common law: Misled client (x3); Misled VLSC; Failed to respond to complainant; Intentionally misled VLSC; (alternatively professional misconduct).  Professional misconduct: Failed to retain documents for required 7 years; Destroyed client documents before expiration of 7 years.	Listed for administrative mention on 16/07/2020.
8	11/06/2019	Professional misconduct: Conflict of interest; Provided misleading statements to VLSC; Improperly charged client after completion of retainer.  Unsatisfactory professional conduct: Failed to release file to client; Failed to provide costs disclosure regarding barrister costs.	Proceeding stayed by VCAT due to COVID-19.

NO.	DATE APPLICATION MADE	TYPE OF CHARGES	STATUS AS AT 30 JUNE 2020
9	28/06/2019	Professional misconduct: Failed to adequately supervise employees in allowing them to send false and misleading messages to the Magistrates' Court; Failed to correct misleading statements to the Magistrates' Court; Failed to adequately supervise employees regarding affidavits.  Misconduct at common law: Allowed the law practice to mislead the Magistrate Court.	Listed for compulsory conference on 09/09/2020.
10	28/06/2019	Professional misconduct: Knowingly made a misleading statement to the Magistrates' Court; Failed to correct misleading statements to the Court; Failed in role as supervisor to maintain direct control and supervision of proceedings.  Misconduct at common law: Witnessed and filed false and misleading affidavits.	Listed for compulsory conference on 09/09/2020.
11	14/02/2020	Professional misconduct: Failed to provide clients counterclaim and its supporting material; Failed to provide summons for judgement in default of defence; Failed to inform the Court date; Made untrue statements to client; Failed to take reasonable steps to comply with the clients' obligations under Uniform Law.  Unsatisfactory professional conduct: Failed to serve a copy of the Notice of Discontinuance on the client on the day it was filed with the Court; Failed to obtain leave to file a Notice of Solicitor Ceasing to Act with the Court.	Listed for administrative mention on 05/08/2020.
12	26/02/2020	Misconduct at common law: Created false documents (x4); Filed false documents (x4) (alternatively professional misconduct).	Proceeding stayed by VCAT due to COVID-19.
13	30/04/2020	Professional misconduct: Dishonestly caused a deficiency in the trust account; Failed to comply with the direction for payment of trust money to client's liquidators; Conflict of interest (alternatively misconduct at common law).	Listed for directions hearing on 03/09/2020.
14	30/04/2020	Professional misconduct: Engaged in conduct that involved a substantial failure to reach or maintain a reasonable standard of competence and diligence; Caused a deficiency in the trust account.	Listed for directions hearing on 03/09/2020.
15	30/04/2020	<i>Legal Profession Act 2004:</i> Professional misconduct: Failed to provide client with costs disclosure; Deliberately or recklessly caused a deficiency in the trust account (alternatively misconduct at common law).  <i>Legal Profession Uniform Law:</i> Misconduct at common law: Acted in court proceedings without instructions; failed to advise client of risks.  Professional misconduct: Failed to maintain trust records properly; Failed to provide client with a trust account statement.	Listed for directions hearing on 03/09/2020.
16	03/06/2020	Professional misconduct: Failed to deal with trust money as directed; Caused a trust account deficiency; Failed to act in the best interests of his client.	Listed for administrative mention on 28/07/2020.

**TABLE 56: ONGOING RE-HEARING APPLICATIONS TO VCAT**

NO.	LAWYER	DATE APPLICATION MADE	DETAILS	STATUS AS AT 30 JUNE 2020
1	Alan McDonald	13 February 2019 – Supreme Court. Court of Appeal orders that the matter be remitted to VCAT for penalty.	Unsatisfactory professional conduct: Failed to ensure communications with another practitioner were courteous, and/or avoiding offensive or provocative language or conduct.	Listed for administrative mention on 20/07/2020.

**TABLE 57: APPEALS HEARD AND DETERMINED IN THE COURT OF APPEAL IN 2019-20**

NO.	NAME OF LAWYER	DATE OF APPLICATION	HEARING DATES	APPEALED GROUNDS	ORDERS MADE 2019-20
1	Graeme EFRON	16/07/2018	N/A	Declaration that: Decision to close file was final; VLSC has no power to continue the investigation. Alternatively; Abuse of process by contravening obligation to investigate expeditiously; Failure to disclose path of reasoning; No power to initiate proceedings in relation to three charges.	17/07/2019 – The plaintiff (lawyer) granted leave to discontinue proceedings. No order as to costs.

**TABLE 58: CASES ON APPEAL AND JUDICIAL REVIEW TO THE SUPREME COURT**

NO.	NAME OF LAWYER	DATE SC /VCAT ORDERS WERE MADE ON	DATE OF APPEAL APPLICATION TO SUPREME COURT	STATUS AS AT 30 JUNE 2020
1	Andrew Burgess	17/01/2019 (VCAT)	30/01/2019	Listed for five day hearing from 24/08/2020.

**TABLE 59: STRIKE-OFF APPLICATIONS BEFORE THE SUPREME COURT OF VICTORIA**

NO.	DATE ORIGINATING MOTION FILED	STATUS AS AT 30 JUNE 2020
1	28/05/2020	Proceeding to be determined on a date to be fixed.

## APPENDIX 4

# 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 60 lists all of the internal Board delegations and Table 61 lists all of the external Board delegations in force as at 30 June 2020.

**TABLE 60:** INTERNAL BOARD DELEGATIONS IN FORCE AS AT 30 JUNE 2020

<b>LEGAL PROFESSION ACT 2004</b>		
<b>Part 3.6 Division 3 – Claims about defaults</b>	s 3.6.8(1) – Allow further period to lodge Fidelity Fund claim	Manager, Intervention and Enforcement (21 Apr 20)
	s 3.6.9 – Advertise for claims	Manager, Intervention and Enforcement (21 Apr 20)
	s 3.6.10 – Extension of period for making claims	Manager, Intervention and Enforcement (21 Apr 20)
	s 3.6.12(1) – Investigate Fidelity Fund claims	Victorian Legal Services Commissioner (21 Apr 20)
	s 3.6.12(2) – Require Fidelity Fund claimant to produce security, document or statement of evidence	Victorian Legal Services Commissioner (21 Apr 20)
	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 (21 Apr 20)
<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 (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Intervention and Enforcement (21 Apr 20)
	s 3.6.14 – Determination of claims but only in respect of claims up to \$10,000 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	Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
	s 3.6.15 – Set maximum amount allowable	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Intervention and Enforcement (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review Manager, Complaints and Resolutions (16 Jun 19)

	s 3.6.16 – Order payment of reasonable legal costs	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Intervention and Enforcement (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review Manager, Complaints and Resolutions (16 Jun 19)
	s 3.6.17 – Determine interest payable	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Intervention and Enforcement (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
	s 3.6.18 – Reduce claim because of other benefits	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Intervention and Enforcement (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
	s 3.6.19 – Subrogation on payment of Fidelity Fund claim	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Intervention and Enforcement (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)

#### LEGAL PROFESSION UNIFORM LAW APPLICATION ACT 2014

<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 (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) General Counsel (29 May 18) (29 May 18) Manager, Complaints and Resolutions (16 Jun 19)
<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 (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Assistant Manager, Enquiries and Review (20 May 19) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) Manager, Complaints and Resolutions (16 Jun 19) Assistant Manager, Complaints and Resolutions (20 May 19) Manager, Discipline and Suitability (16 Jun 19) Assistant Manager, Discipline and Suitability (20 May 19)
	s 75(2) – Refund all or any part of a surcharge payable for late application for renewal	Victorian Legal Services Commissioner (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Assistant Manager, Enquiries and Review (20 May 19) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) General Counsel (29 May 18) Manager, Complaints and Resolutions (16 Jun 19) Assistant Manager, Complaints and Resolutions (20 May 19) Manager, Discipline and Suitability (16 Jun 19) Assistant Manager, Discipline and Suitability (20 May 19)

<b>Part 5 – Trust accounts</b>	s 80 – Determine required quarterly deposit amounts for a law practice or approved clerk to deposit into the SDA and notification to law practices/approved clerks	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Regulatory Compliance Programs (17 Dec 19) Director, Corporate Services (11 Dec 18) Director, Enquiries and Complaints (16 Jun 19) General Counsel (29 May 18) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19) Assistant Manager, Discipline and Suitability (20 May 19)
	s 85 – Exempt law practice or approved clerk from SDA deposit requirements	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Regulatory Compliance Programs (17 Dec 19) Director, Corporate Services (11 Dec 18) Director, Enquiries and Complaints (16 Jun 19) General Counsel (29 May 18) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19) Assistant Manager, Discipline and Suitability (20 May 19)
<b>Part 10 – General</b>	s 153(1) – Appoint a person to investigate an offence or contravention	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
	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 (21 Apr 20)

**Part 3.3 –  
Australian Legal  
Practitioners**

<p>s 44 – Grant or renewal of an Australian practising certificate</p>	<p>Victorian Legal Services Commissioner (21 Apr 20)                  Director, Enquiries and Complaints (16 Jun 19)                  Manager, Enquiries and Review (16 Jun 19)                  Assistant Manager, Enquiries and Review (20 May 19)                  Director, Investigations (21 Apr 20)                  Manager, Discipline and Suitability (16 Jun 19)                  Assistant Manager, Discipline and Suitability (20 May 19)                  Manager, Complaints and Resolutions (16 Jun 19)                  Assistant Manager, Complaints and Resolutions (20 May 19)</p>
<p>s 45 – Consideration of prerequisites for grant or renewal of practising certificate</p>	<p>Victorian Legal Services Commissioner (21 Apr 20)                  Director, Enquiries and Complaints (16 Jun 19)                  Manager, Enquiries and Review (16 Jun 19)                  Assistant Manager, Enquiries and Review (20 May 19)                  Director, Investigations (21 Apr 20)                  Manager, Discipline and Suitability (16 Jun 19)                  Assistant Manager, Discipline and Suitability (20 May 19)                  Manager, Complaints and Resolutions (16 Jun 19)                  Assistant Manager, Complaints and Resolutions (20 May 19)</p>
<p>s 47 – Grant of practising certificate subject to conditions</p>	<p>Victorian Legal Services Commissioner (21 Apr 20)                  Director, Enquiries and Complaints (16 Jun 19)                  Manager, Enquiries and Review (16 Jun 19)                  Assistant Manager, Enquiries and Review (20 May 19)                  Director, Investigations (21 Apr 20)                  Manager, Discipline and Suitability (16 Jun 19)                  Assistant Manager, Discipline and Suitability (20 May 19)                  Manager, Complaints and Resolutions (16 Jun 19)                  Assistant Manager, Complaints and Resolutions (20 May 19)</p>
<p>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</p>	<p>Victorian Legal Services Commissioner (21 Apr 20)                  Director, Enquiries and Complaints (16 Jun 19)                  Manager, Enquiries and Review (16 Jun 19)                  Assistant Manager, Enquiries and Review (20 May 19)                  Director, Investigations (21 Apr 20)                  Manager, Discipline and Suitability (16 Jun 19)                  Assistant Manager, Discipline and Suitability (20 May 19)                  Director, Corporate Services (11 Dec 18)                  General Counsel (29 May 18)                  Manager, Complaints and Resolutions (16 Jun 19)                  Assistant Manager, Complaints and Resolutions (20 May 19)</p>

	s 49(5) – Ability to place conditions on the exemption	Victorian Legal Services Commissioner (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Assistant Manager, Enquiries and Review (20 May 19) Director, Investigations (21 Apr 20) Manager, Discipline and Suitability (16 Jun 19) Assistant Manager, Discipline and Suitability (20 May 19) Director, Corporate Services (11 Dec 18) General Counsel (29 May 18) Manager, Complaints and Resolutions (16 Jun 19) Assistant Manager, Complaints and Resolutions (20 May 19)
	s 50(2) – (5) – Impose conditions or exempt a barrister from the statutory condition to undertake the reading program	Victorian Legal Services Commissioner (21 Apr 20)
	s 53 – Impose discretionary conditions on practising certificates	Victorian Legal Services Commissioner (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Assistant Manager, Enquiries and Review (20 May 19) Director, Investigations (21 Apr 20) Manager, Discipline and Suitability (16 Jun 19) Assistant Manager, Discipline and Suitability (20 May 19) Manager, Complaints and Resolutions (16 Jun 19) Assistant Manager, Complaints and Resolutions (20 May 19)
<b>Part 3.4 – Foreign Lawyers</b>	s 62 – Grant or renew Australian registration certificate	Victorian Legal Services Commissioner (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) General Counsel (29 May 18) Manager, Complaints and Resolutions (16 Jun 19)
	s 63(2) – Reject notification of principal place of practice for foreign lawyer	Victorian Legal Services Commissioner (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) General Counsel (29 May 18) Manager, Complaints and Resolutions (16 Jun 19)
	s 64 – Determination whether foreign lawyer can receive trust money as part of registration certificate	Victorian Legal Services Commissioner (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) General Counsel (29 May 18) Manager, Complaints and Resolutions (16 Jun 19)

	<p>s 66 – Notification of certain events by foreign lawyer</p>	<p>Victorian Legal Services Commissioner (21 Apr 20)  Director, Investigations (21 Apr 20)  Director, Corporate Services (11 Dec 18)  Director, Enquiries and Complaints (16 Jun 19)  General Counsel (29 May 18)  Manager, Enquiries and Review (16 Jun 19)  Manager, Complaints and Resolutions (16 Jun 19)</p>
	<p>s 67 – Impose discretionary conditions on foreign lawyer</p>	<p>Victorian Legal Services Commissioner (21 Apr 20)  Director, Enquiries and Complaints (16 Jun 19)  Manager, Enquiries and Review (16 Jun 19)  Director, Investigations (21 Apr 20)  Director, Corporate Services (11 Dec 18)  General Counsel (29 May 18)  Manager, Complaints and Resolutions (16 Jun 19)</p>
<p><b>Part 3.5 – Variation, Suspension and Cancellation of, and refusal to renew certificates</b></p>	<p>s 74 – Vary a practising certificate for formal or clerical reasons  Vary suspend or cancel at the request or with the concurrence of the holder</p>	<p>Victorian Legal Services Commissioner (21 Apr 20)  Director, Investigations (21 Apr 20)  Manager, Discipline and Suitability (16 Jun 19)  Assistant Manager, Discipline and Suitability (20 May 19)  Director, Enquiries and Complaints (16 Jun 19)  Manager, Enquiries and Review (16 Jun 19)  General Counsel (29 May 18)  Manager, Complaints and Resolutions (16 Jun 19)</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 (21 Apr 20)  Director, Enquiries and Complaints (16 Jun 19)  Manager, Enquiries and Review (16 Jun 19)  Director, Investigations (21 Apr 20)  Manager, Complaints and Resolutions (16 Jun 19)</p>
	<p>s 77 – Immediate variation or suspension before or during consideration of proposed action</p>	<p>Victorian Legal Services Commissioner (21 Apr 20)</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 (21 Apr 20)</p>
	<p>s 82 – Power to vary, suspend or cancel a practising 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 (21 Apr 20)  Director, Investigations (21 Apr 20)  Director, Enquiries and Complaints (16 Jun 19)  Manager, Enquiries and Review (16 Jun 19)  Manager, Complaints and Resolutions (16 Jun 19)</p>

s 83 – Giving practising certificate holder notice of intention to take action under section 82 and inviting a response	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Discipline and Suitability (16 Jun 19) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
s 84 – Power to take action following consideration of response under section 83	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
s 87 – Receive notice of automatic show cause event by applicant for a practising certificate	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
s 88 – Enable receipt of a statement about an automatic show cause event out of time	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
s 89 – Determine fitness following receipt of notice of automatic show cause event	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19)
s 90 – Definition of designated show cause event	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19) Manager, Discipline and Suitability (16 Jun 19) Assistant Manager, Discipline and Suitability (20 May 19)
s 91 – Accept a statement regarding a designated show cause event out of time	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Discipline and Suitability (16 Jun 19) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
s 92 – Determine fitness following receipt of notice of designated show cause event	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19)

	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	Victorian Legal Services Commissioner (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Assistant Manager, Enquiries and Review (20 May 19) Director, Investigations (21 Apr 20) Manager, Discipline and Suitability (16 Jun 19) Assistant Manager, Discipline and Suitability (20 May 19) Manager, Complaints and Resolutions (16 Jun 19) Assistant Manager, Complaints and Resolutions (20 May 19)
	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	Victorian Legal Services Commissioner (21 Apr 20)
	s 95 – Give notice to applicant or holder requiring provision of further information as part of consideration and investigation of licensing decisions	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Discipline and Suitability (16 Jun 19) Assistant Manager, Discipline and Suitability (20 May 19) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Assistant Manager, Enquiries and Review (20 May 19) Senior Investigator (16 Jun 19) Director, Corporate Services (11 Dec 18) General Counsel (29 May 18) Manager, Complaints and Resolutions (16 Jun 19) Assistant Manager, Complaints and Resolutions (20 May 19)
<b>Part 3.9 – Disqualifications</b>	s 119 – Apply for an order for disqualification of individuals	Victorian Legal Services Commissioner (21 Apr 20)
	s 120 – Apply for an order for disqualification of an entity	Victorian Legal Services Commissioner (21 Apr 20)
	s 121(2) – Approve a person as a lay associate	Victorian Legal Services Commissioner (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) General Counsel (29 May 18) Manager, Complaints and Resolutions (16 Jun 19)
<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 (21 Apr 20) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) Director, Enquiries and Complaints (16 Jun 19) General Counsel (29 May 18) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
	s 151 – Set manner for notification of details of its trust accounts	Victorian Legal Services Commissioner (21 Apr 20)
	s 152 – Make determinations about status of trust money	Victorian Legal Services Commissioner (21 Apr 20)
	s 160(2) and (3) – Recover costs of external examinations from law practice	Victorian Legal Services Commissioner (21 Apr 20)

	s 162 – Investigate or appoint external investigator to investigate the affairs of a law practice	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
	s 163 – Authorise external investigator to undertake external investigations in relation to particular allegations or suspicions	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
	s 165 – Receive written report on investigation	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
	s 166 – Recover costs of external investigation as a debt payable to the law practice	Victorian Legal Services Commissioner (21 Apr 20)
<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 (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) General Counsel (29 May 18) Manager, Complaints and Resolutions (16 Jun 19)
<b>Part 4.5 – Fidelity cover</b>	s 236(1) and (2) – Extension of period for making claims	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Intervention and Enforcement (21 Apr 20) Director, Corporate Services (11 Dec 18) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
	s 237 – Processing and investigation of claims	Victorian Legal Services Commissioner (21 Apr 20)
	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 (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Intervention and Enforcement (21 Apr 20)
	s 240 – Determination of claims up to \$10,000 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	Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19) Board members who are members of the Fidelity Fund Claims Advisory Committee (18 Aug 15)

	s 241 – Maximum amount allowable	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Intervention and Enforcement (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
	s 242 – Order payment of reasonable legal costs	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Intervention and Enforcement (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
	s 243 – Determine interest payment on a claim	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Intervention and Enforcement (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
	s 244 – Reduce claim because of other benefits	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Intervention and Enforcement (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
	s 246 – Exercising rights of subrogation	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Intervention and Enforcement (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
	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 (21 Apr 20) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
<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 (21 Apr 20) Director, Investigations (21 Apr 20) Manager, Regulatory Compliance Programs (17 Dec 19) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Intervention and Enforcement (21 Apr 20) Manager, Complaints and Resolutions (16 Jun 19)
	s 257 – Giving a management system direction to a law practice	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Director, Corporate Services (11 Dec 18) General Counsel (29 May 18) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
<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 (21 Apr 20) Director, Investigations (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) General Counsel (29 May 18) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)

<b>Part 9.4 – Cooperative and other arrangements</b>	s 439 – Enables disclosure of information between relevant persons	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) Director, Enquiries and Complaints (16 Jun 19) General Counsel (29 May 18) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
<b>Part 9.6 – Injunctions</b>	s 447 – Apply to Supreme Court for an injunction	Victorian Legal Services Commissioner (21 Apr 20)
<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 (21 Apr 20)
<b>Part 9.9 – General</b>	s 462(2) – Disclosure of information by relevant person	Victorian Legal Services Commissioner (21 Apr 20)
	s 473(2) – Approval of forms	Victorian Legal Services Commissioner (21 Apr 20)

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	rr 20(3) and (4) – Application for an Australian registration certificate	Victorian Legal Services Commissioner (21 Apr 20)
	r 54 – Statements regarding receipt or holding of trust money	Victorian Legal Services Commissioner (21 Apr 20)
	rr 66(4) & (5) – Approve termination of appointment and require evidence	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
	r 67 – Exempt examiner from requirement to report using standard form	Victorian Legal Services Commissioner (21 Apr 20) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Manager, Complaints and Resolutions (16 Jun 19)
	r 81 – Regulatory authority may inspect policies	Victorian Legal Services Commissioner (21 Apr 20)
	r 82(1)(d) – Exempt community legal service from requirement to hold or be covered by approved insurance policy	Victorian Legal Services Commissioner (21 Apr 20) Director, Enquiries and Complaints (16 Jun 19) Manager, Enquiries and Review (16 Jun 19) Director, Investigations (21 Apr 20) Director, Corporate Services (11 Dec 18) General Counsel (29 May 18) Manager, Complaints and Resolutions (16 Jun 19)
	r 86(1) – Receive claim against Fidelity Fund in specified form	Victorian Legal Services Commissioner (21 Apr 20)
	r 87 – Require information and/or security related to claim	Victorian Legal Services Commissioner (21 Apr 20)
	r 90 – Notify claimant of delay in determination of claim	Victorian Legal Services Commissioner (21 Apr 20)

**TABLE 61: VICTORIAN LEGAL SERVICES BOARD EXTERNAL DELEGATIONS IN FORCE AS AT 30 JUNE 2020**

<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 2016)
	s 75(2) – refund all or part of a surcharge	Victorian Bar (1 Aug 2016)
<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 2016)
<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 2016)
	s 154 – file charge sheet	Victorian Bar (1 Aug 2016)
<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 2016)
	s 45 – determine prerequisites for grant or renewal of Australian practising certificate	Victorian Bar (1 Aug 2016)
<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 2016)
	s 50(2)-(5) – impose conditions and grant exemptions in respect of the reading condition	Victorian Bar (1 Aug 2016)
	s 53 – impose discretionary conditions on Australian practising certificates	Victorian Bar (1 Aug 2016)
<b>Part 3.5, Division 2 – Variation, suspension or cancellation of certificates</b>	s 74 – vary a certificate	Victorian Bar (1 Aug 2016)
	s 76 – vary, suspend or cancel certificate	Victorian Bar (1 Aug 2016)
	s 77 – vary or suspend certificate	Victorian Bar (1 Aug 2016)
	s 78 – lift suspension of a certificate and renew certificate while suspended	Victorian Bar (1 Aug 2016)
<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 2016)
	s 83 – give certificate holder notice of variation, suspension or cancellation	Victorian Bar (1 Aug 2016)
	s 84 – take proposed action after giving notice	Victorian Bar (1 Aug 2016)
<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 2016)
	s 88 – receive notice of show cause event	Victorian Bar (1 Aug 2016)
	s 89 – determine fitness following receipt of notice of show cause event	Victorian Bar (1 Aug 2016)
	s 91 – receive statement from certificate holder	Victorian Bar (1 Aug 2016)
	s 92 – determine fitness following receipt of notice of show cause event	Victorian Bar (1 Aug 2016)
	s 93 – take no action on disclosed event that occurred before admission	Victorian Bar (1 Aug 2016)
	s 94 – apply restriction on making practising certificate applications	Victorian Bar (1 Aug 2016)
<b>Part 3.5, Division 5 – Miscellaneous</b>	s 95 – require further information	Victorian Bar (1 Aug 2016)

<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 2016)
<b>Part 4.2, Division 2 – Trust money and trust accounts</b>	s 151 – receive notice of accounts	Victorian Bar (1 Aug 2016)
	s 152 – determine whether money is trust money	Victorian Bar (1 Aug 2016)
<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 2016)
<b>Part 9.6 – Injunctions</b>	s 447 – apply to Supreme Court for injunction	Victorian Bar (1 Aug 2016)
<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)
<b>LEGAL PROFESSION UNIFORM CONTINUING PROFESSIONAL DEVELOPMENT (BARRISTERS) RULES 2015</b>		
	r 13 – receive certification of CPD compliance	Victorian Bar (1 Aug 2016)
	r 14 – require verification of compliance	Victorian Bar (1 Aug 2016)
	r 15 – give written notice requiring rectification plan	Victorian Bar (1 Aug 2016)
	r 16 – exempt from requirement to undertake CPD activities	Victorian Bar (1 Aug 2016)
<b>LEGAL PROFESSION UNIFORM GENERAL RULES 2015</b>		
<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)

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

1. The delegation does not prevent the discharge, exercise or performance by the Board of the functions duties and powers delegated, and
2. If the Board gives notice to the delegate that the Board intends to discharge, exercise or perform its functions duties and powers delegated, the delegate shall not commence to discharge, exercise or perform those functions duties and powers, or shall cease to do so, as the case may be.

## Revoked delegations

The following table lists all of the Board delegations revoked during 2019-20 and the reasons for their revocation.

**TABLE 62:** INTERNAL BOARD DELEGATIONS REVOKED DURING 2019-20

<b>LEGAL PROFESSION ACT 2004</b>		
<b>Part 3.6, Division 3 – Claims about defaults</b>	s 3.6.8(1) – allow further period to lodge Fidelity Fund claim	Manager, Regulatory Intervention (position title changed to Manger, Intervention & Enforcement)
	s 3.6.9 – advertisements	Manager, Regulatory Intervention (position title changed to Manger, Intervention & Enforcement)
	s 3.6.10 – time limit for making claims following advertisements	Manager, Regulatory Intervention (position title changed to Manger, Intervention & Enforcement)
<b>Part 3.6, Division 4 – Determination of claims</b>	s 3.6.14 but only in respect of claims up to \$10,000 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	Manager, Regulatory Intervention (position title changed to Manger, Intervention & Enforcement)
	s 3.6.15 – set maximum amount allowable	Manager, Regulatory Intervention (position title changed to Manger, Intervention & Enforcement)
	s 3.6.16 – order payment of reasonable legal costs	Manager, Regulatory Intervention (position title changed to Manger, Intervention & Enforcement)
	s 3.6.17 – determine interest payable	Manager, Regulatory Intervention (position title changed to Manger, Intervention & Enforcement)
	s 3.6.18 – reduce claim because of other benefits	Manager, Regulatory Intervention (position title changed to Manger, Intervention & Enforcement)
	s 3.6.19 – subrogation on payment of Fidelity Fund claim	Manager, Regulatory Intervention (position title changed to Manger, Intervention & Enforcement)
<b>LEGAL PROFESSION UNIFORM LAW APPLICATION ACT 2014</b>		
<b>Part 5, Division 1 – Statutory deposits into Public Purpose Fund</b>	s 80 – determine of required deposit amount	Manager, Trust (position title changed to Manager Regulatory Compliance Programs)
	s 85 – exempt of law practice or clerk	Manager, Trust (position title changed to Manager Regulatory Compliance Programs)
<b>Part 3.5, Division 4 – Show cause procedure for variation, suspensions, cancellation of, or refusal to renew, certificates</b>	s 89 – determine if fit and proper and take appropriate action (only in circumstances where the Commissioner has declared a conflict of interest)	Director Investigations (limitation removed)
	s 92 – determine if fit and proper and take appropriate action (only in circumstances where the Commissioner has declared a conflict of interest)	Director Investigations (limitation removed)

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<b>Part 4.5, Division 4 – Claims about defaults</b>	s 236(1) and (2) – time limit for making claims	Manager, Regulatory Intervention (position title changed to Manager, Intervention & Enforcement)
<b>Part 4.5, Division 5 – Determination of claims</b>	s 240 but only in respect of claims up to \$10,000 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	Manager, Regulatory Intervention (position title changed to Manager, Intervention & Enforcement)
	s 241 – set maximum amount allowable	Manager, Regulatory Intervention (position title changed to Manager, Intervention & Enforcement)
	s 242 – order payment of reasonable legal costs	Manager, Regulatory Intervention (position title changed to Manager, Intervention & Enforcement)
	s 243 – determine interest payable	Manager, Regulatory Intervention (position title changed to Manager, Intervention & Enforcement)
	s 244 – reduce claim because of other benefits	Manager, Regulatory Intervention (position title changed to Manager, Intervention & Enforcement)
	s 246 – subrogate rights and remedies of claimant	Manager, Regulatory Intervention (position title changed to Manager, Intervention & Enforcement)
<b>Part 4.6 – Business management and control</b>	s 256 – conduct compliance audits	Manager, Trust (position title changed to Manager Regulatory Compliance Programs)  Manager, Regulatory Intervention (position title changed to Manager, Intervention & Enforcement)

## APPENDIX 5

# 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 63 lists all of the internal Commissioner delegations and Table 64 lists all of the external Commissioner delegations in force as at 30 June 2020.

**TABLE 63: INTERNAL COMMISSIONER DELEGATIONS IN FORCE AS AT 30 JUNE 2020**

<b>LEGAL PROFESSION ACT 2004</b>		
<b>Part 3.3 Division 3 – Investigations</b>	s 3.3.44(2) – Obtain information from financial institutions and other specified bodies	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19)
<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 (20 May 19) Manager, Discipline and Suitability (20 May 19)
	s 4.1.4(5) – Consent to deal with issue under corresponding law	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
<b>Part 4.2 – Making a complaint</b>	s 4.2.7 – Vary time limit for complaint	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19)
	s 4.2.8 – Give written notification of a complaint	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19)
	s 4.2.9 – Require further information from complainant	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19)
	s 4.2.10 – Summarily dismiss complaint	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
<b>Part 4.3, Division 2 – Dealing with civil complaints</b>	s 4.3.3 – Lodgement of disputed legal costs	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
	s 4.3.3(2) and (3) – Lodgement of disputed legal costs	Assistant Manager, Discipline and Suitability (20 May 19)
	s 4.3.4 – Deposit disputed legal costs in ADI	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
	s 4.3.5 – Attempt to resolve civil dispute	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
	s 4.3.5A(1) – Prepare written agreement	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19)
	s 4.3.6 – Give written notice dispute	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
	s 4.3.7 – Give written notice dispute unable to be resolved	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19)

<b>Part 4.3, Division 3 – Mediation</b>	s 4.3.9 – Appoint a mediator	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
	s 4.3.13 – Dismiss complaint or give rights to apply to VCAT	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
<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 (20 May 19) Manager, Discipline and Suitability (20 May 19)
<b>Part 4.4, Division 3 – Investigations</b>	s 4.4.7 – Investigate complaint	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19)
	s 4.4.8 – Investigate without complaint	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
	s 4.4.9 – Refer complaint to prescribed investigatory body	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19)
	s 4.4.9(1)-(4) – Refer complaint to prescribed investigatory body	Assistant Manager, Discipline and Suitability (20 May 19)
	s 4.4.10(3) – Deal with complaint	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
	s 4.4.11 – Require further information and documents	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19)
	s 4.4.12 – Investigate expeditiously	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
	s 4.4.12A – Suspend investigation	Director, Investigations (20 May 19)
	s 4.4.12B – Take no further action	Director, Investigations (20 May 19)
	s 4.4.12C – Notify practitioner of decision	Director, Investigations (20 May 19)
	s 4.4.13 – Take appropriate action	Director, Investigations (20 May 19)
	s 4.4.13(1), (3)(b), (3)(c), (4), (5) and (6) – Take appropriate action	Manager, Discipline and Suitability (20 May 19)
	s 4.4.14 – Give notice of decision	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
<b>Part 4.4, Division 7 – Inter-jurisdictional provisions</b>	s 4.4.33 – Request another jurisdiction to investigate	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
	s 4.4.34 – Receive request from another jurisdiction to investigate	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
	s 4.4.36 – Cooperate with corresponding authorities	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
<b>Part 7.2 – General provisions</b>	s 7.2.14 – Disclose information	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19)
<b>Schedule 2, Part 6 – Disputes and discipline</b>	Clause 6.1 – Handle disputes lodged under old Act	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
	Clause 6.2 – Handle disputes lodged under old Act	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
	Clause 6.3 – Handle disputes lodged under old Act	Director, Investigations (20 May 19) Manager, Discipline and Suitability (20 May 19)
<b>LEGAL PROFESSION UNIFORM LAW APPLICATION ACT 2014</b>		
<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 (20 May 19) Director, Enquiries and Complaints (20 May 19)

**Part 5.2,  
Division 1 –  
Making complaints  
and other matters  
about complaints**

s 266(2) – Initiate a complaint containing a disciplinary matter	<p>Director, Investigations (20 May 19)                  Director, Enquiries and Complaints (20 May 19)                  Manager, Discipline and Suitability (20 May 19)                  Manager, Enquiries and Review (29 Jan 20)                  Manager, Complaints and Resolutions (25 Jul 19)                  Assistant Manager, Complaints and Resolutions (20 May 19)                  Assistant Manager, Discipline and Suitability (20 May 19)</p>
s 267 – Making a complaint	<p>Director, Investigations (20 May 19)                  Director, Enquiries and Complaints (20 May 19)                  Manager, Discipline and Suitability (20 May 19)                  Manager, Enquiries and Review (29 Jan 20)                  Manager, Complaints and Resolutions (25 Jul 19)                  Assistant Manager, Complaints and Resolutions (20 May 19)</p>
s 269(1) – Definition of consumer matter	<p>Director, Investigations (20 May 19)                  Director, Enquiries and Complaints (20 May 19)                  Manager, Discipline and Suitability (20 May 19)                  Manager, Enquiries and Review (29 Jan 20)                  Manager, Complaints and Resolutions (25 Jul 19)                  Assistant Manager, Complaints and Resolutions (20 May 19)                  Assistant Manager, Enquiries and Review (20 May 19)                  Assistant Manager, Discipline and Suitability (20 May 19)                  Senior Investigator (31 May 19)                  Senior Resolutions Advisor (29 Jan 20)                  Resolutions Officer (29 Jan 20)                  Assistant Resolutions Officer (29 Jan 20)                  ADR Specialist (29 Jan 20)</p>
s 271 – Priority given to resolving consumer matter where there is a mixed complaint	<p>Director, Investigations (20 May 19)                  Director, Enquiries and Complaints (20 May 19)                  Manager, Discipline and Suitability (20 May 19)                  Manager, Enquiries and Review (29 Jan 20)                  Manager, Complaints and Resolutions (25 Jul 19)                  Assistant Manager, Complaints and Resolutions (20 May 19)                  Assistant Manager, Enquiries and Review (20 May 19)                  Assistant Manager, Discipline and Suitability (20 May 19)                  Senior Investigator (31 May 19)                  Senior Resolutions Advisor (29 Jan 20)                  Assistant Resolutions Officer (29 Jan 20)                  ADR Specialist (29 Jan 20)                  Resolutions Officer (29 Jan 20)</p>
s 272 – Making complaint within 3 year time limit	<p>Director, Investigations (20 May 19)                  Director, Enquiries and Complaints (20 May 19)                  Manager, Discipline and Suitability (20 May 19)                  Manager, Enquiries and Review (29 Jan 20)                  Manager, Complaints and Resolutions (25 Jul 19)                  Assistant Manager, Complaints and Resolutions (20 May 19)                  Assistant Manager, Enquiries and Review (20 May 19)                  Senior Resolutions Advisor (29 Jan 20)                  ADR Specialist (29 Jan 20)</p>
s 273(2) – Ability to continue investigation even where complaint is withdrawn	<p>Director, Investigations (20 May 19)                  Director, Enquiries and Complaints (20 May 19)                  Manager, Discipline and Suitability (20 May 19)                  Manager, Enquiries and Review (29 Jan 20)                  Manager, Complaints and Resolutions (25 Jul 19)                  Assistant Manager, Complaints and Resolutions (20 May 19)</p>

**Part 5.2,  
Division 2 –  
Preliminary  
assessment of  
complaints**

s 276 – Conduct preliminary complaint	<p>Director, Investigations (20 May 19)          Director, Enquiries and Complaints (20 May 19)          Manager, Discipline and Suitability (20 May 19)          Manager, Enquiries and Review (29 Jan 20)          Manager, Complaints and Resolutions (25 Jul 19)          Assistant Manager, Complaints and Resolutions (20 May 19)          Assistant Manager, Enquiries and Review (20 May 19)          Assistant Manager, Discipline and Suitability (20 May 19)          ADR Specialist (29 Jan 20)          Senior Investigator (31 May 19)          Senior Resolutions Advisor (29 Jan 20)          Resolutions Officer (29 Jan 20)          Assistant Resolutions Officer (29 Jan 20)          Investigator (31 May 19)          Trust Account Analyst (21 Aug 15)</p>
s 277 – Ability to close complaint after conducting preliminary assessment	<p>Director, Investigations (20 May 19)          Director, Enquiries and Complaints (20 May 19)          Manager, Discipline and Suitability (20 May 19)          Manager, Enquiries and Review (29 Jan 20)          Manager, Complaints and Resolutions (25 Jul 19)          Assistant Manager, Complaints and Resolutions (20 May 19)          Assistant Manager, Enquiries and Review (20 May 19)          Assistant Manager, Discipline and Suitability (20 May 19)</p>
s 278 – Ability to make recommendation that a practising certificate be suspended	<p>Director, Investigations (20 May 19)          Director, Enquiries and Complaints (20 May 19)          Manager, Discipline and Suitability (20 May 19)          Manager, Enquiries and Review (29 Jan 20)          Manager, Complaints and Resolutions (25 Jul 19)          Assistant Manager, Complaints and Resolutions (20 May 19)          Assistant Manager, Enquiries and Review (20 May 19)          Assistant Manager, Discipline and Suitability (20 May 19)          Senior Investigator (31 May 19)</p>

**Part 5.2,  
Division 3 –  
Notifications  
to and submissions  
by respondents**

<p>s 279 – Notify respondent of complaint as soon as practicable</p>	<p>Director, Investigations (20 May 19)            Director, Enquiries and Complaints (20 May 19)            Manager, Discipline and Suitability (20 May 19)            Manager, Enquiries and Review (29 Jan 20)            Manager, Complaints and Resolutions (25 Jul 19)            Assistant Manager, Complaints and Resolutions (20 May 19)            Assistant Manager, Enquiries and Review (20 May 19)            Assistant Manager, Discipline and Suitability (20 May 19)            Senior Resolutions Advisor (29 Jan 20)            Resolutions Officer (29 Jan 20)            Assistant Resolutions Officer (29 Jan 20)            Senior Investigator (31 May 19)            ADR Specialist (29 Jan 20)</p>
<p>s 280 – Response to complaint by respondent</p>	<p>Director, Investigations (20 May 19)            Director, Enquiries and Complaints (20 May 19)            Manager, Discipline and Suitability (20 May 19)            Manager, Enquiries and Review (29 Jan 20)            Manager, Complaints and Resolutions (25 Jul 19)            Assistant Manager, Complaints and Resolutions (20 May 19)            Assistant Manager, Enquiries and Review (20 May 19)            Assistant Manager, Discipline and Suitability (20 May 19)            Senior Resolutions Advisor (29 Jan 20)            Resolutions Officer (29 Jan 20)            Assistant Resolutions Officer (29 Jan 20)            Senior Investigator (31 May 19)            Investigator (31 May 19)            ADR Specialist (29 Jan 20)            Trust Account Analyst (21 Aug 15)</p>
<p>s 281 – Ability to not notify a respondent of a complaint under certain circumstances</p>	<p>Director, Investigations (20 May 19)            Director, Enquiries and Complaints (20 May 19)            Manager, Discipline and Suitability (20 May 19)            Manager, Enquiries and Review (29 Jan 20)            Manager, Complaints and Resolutions (25 Jul 19)            Assistant Manager, Complaints and Resolutions (20 May 19)            Assistant Manager, Enquiries and Review (20 May 19)            Assistant Manager, Discipline and Suitability (20 May 19)            Senior Resolutions Advisor (29 Jan 20)            Senior Investigator (31 May 19)            ADR Specialist (29 Jan 20)</p>

**Part 5.2,  
Division 4 –  
Investigation of  
complaints**

s 282 – Investigate internally or appoint externally	<p>Director, Investigations (20 May 19)          Director, Enquiries and Complaints (20 May 19)          Manager, Discipline and Suitability (20 May 19)          Manager, Enquiries and Review (29 Jan 20)          Manager, Complaints and Resolutions (25 Jul 19)          Assistant Manager, Complaints and Resolutions (20 May 19)</p>
s 282 (1) – Investigate internally or appoint externally	<p>Assistant Manager, Discipline and Suitability (20 May 19)          Senior Investigator (31 May 19)          Investigator (31 May 19)          Senior Resolutions Advisor (29 Jan 20)          Assistant Manager, Enquiries and Review (20 May 19)          Assistant Resolutions Officer (29 Jan 20)          Resolutions Officer (29 Jan 20)          ADR Specialist (29 Jan 20)          Trust Account Analyst (21 Aug 15)</p>
s 283 – Extend scope of investigation	<p>Director, Investigations (20 May 19)          Director, Enquiries and Complaints (20 May 19)          Manager, Discipline and Suitability (20 May 19)          Manager, Enquiries and Review (29 Jan 20)          Manager, Complaints and Resolutions (25 Jul 19)          Assistant Manager, Complaints and Resolutions (20 May 19)          Assistant Manager, Enquiries and Review (20 May 19)          Assistant Manager, Discipline and Suitability (20 May 19)          Senior Resolutions Advisor (29 Jan 20)          Senior Investigator (31 May 19)</p>
s 284 – Arrange assessment of costs charged or claimed by respondent	<p>Director, Investigations (20 May 19)          Director, Enquiries and Complaints (20 May 19)          Manager, Discipline and Suitability (20 May 19)          Manager, Enquiries and Review (29 Jan 20)          Manager, Complaints and Resolutions (25 Jul 19)          Assistant Manager, Complaints and Resolutions (20 May 19)          Assistant Manager, Enquiries and Review (20 May 19)          Assistant Manager, Discipline and Suitability (20 May 19)          Senior Resolutions Advisor (29 Jan 20)          Senior Investigator (31 May 19)          ADR Specialist (29 Jan 20)</p>

**Part 5.3,  
Division 2 –  
Provisions  
applicable to all  
consumer matters**

<p>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</p>	<p>Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19) Assistant Manager, Enquiries and Review (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19) Senior Resolutions Advisor (29 Jan 20) Resolutions Officer (29 Jan 20) Assistant Resolutions Officer (29 Jan 20) Senior Investigator (31 May 19) Investigator (31 May 19) ADR Specialist (29 Jan 20) Trust Account Analyst (21 Aug 15)</p>
<p>s 287 – Resolve consumer matter by informal means as soon as practicable</p>	<p>Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19) Assistant Manager, Enquiries and Review (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19) Senior Resolutions Advisor (29 Jan 20) Resolutions Officer (29 Jan 20) Assistant Resolutions Officer (29 Jan 20) Senior Investigator (31 May 19) Investigator (31 May 19) ADR Specialist (29 Jan 20) Trust Account Analyst (21 Aug 15)</p>
<p>s 288 – Order parties to the complaint attend mediation</p>	<p>Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19) Assistant Manager, Enquiries and Review (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19) Senior Resolutions Advisor (29 Jan 20) Resolutions Officer (29 Jan 20) Senior Investigator (31 May 19) ADR Specialist (29 Jan 20)</p>
<p>s 289 – Prepare written record of agreement to mediation</p>	<p>Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19) Assistant Manager, Enquiries and Review (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19) Senior Resolutions Advisor (29 Jan 20) Resolutions Officer (29 Jan 20) Senior Investigator (31 May 19) ADR Specialist (29 Jan 20)</p>
<p>s 290 – Resolve consumer matter by making determination</p>	<p>Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19)</p>

<b>Part 5.3, Division 3 – Further provisions applicable to costs disputes</b>	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	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19)
	s 291(1) – Deal with costs disputes the same way as consumer matters	Senior Resolutions Advisor (29 Jan 20) Senior Investigator (31 May 19) Investigator (31 May 19) ADR Specialist (29 Jan 20) Resolutions Officer (29 Jan 20) Assistant Manager, Discipline and Suitability (20 May 19) Assistant Manager, Enquiries and Review (20 May 19) Trust Account Analyst (21 Aug 15)
	s 292 – Make a binding determination about costs	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19)
	s 293 – Cease to act where dispute is less than \$10,000	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19) Assistant Manager, Enquiries and Review (20 May 19) Senior Investigator (31 May 19)
<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	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19) Assistant Manager, Enquiries and Review (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19) Senior Investigator (31 May 19) Investigator (31 May 19) Trust Account Analyst (21 Aug 15)
<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	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19)
<b>Part 5.4, Division 3 – Role of designated tribunal</b>	s 300 – Initiate and prosecute proceedings against respondent lawyer in the designated tribunal	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19)

<b>Part 5.5 – Compensation Orders</b>	s 306 – Make compensation order	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19)
	s 307(4) – Request may be made at any time after complaint made	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19) Assistant Manager, Enquiries and Review (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19) Senior Resolutions Advisor (29 Jan 20) Resolutions Officer (29 Jan 20) Senior Investigator (31 May 19) Investigator (31 May 19) ADR Specialist (29 Jan 20) Trust Account Analyst (21 Aug 15)
	s 308 – Order to compensate aggrieved person	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19)
	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	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19)
<b>Part 5.6 – Appeal or Review</b>	s 313 – Conduct an internal review	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19) Senior Resolutions Advisor (29 Jan 20) ADR Specialist (29 Jan 20)
	s 313(2) – Conduct an internal review	Assistant Manager, Discipline and Suitability (20 May 19) Senior Investigator (31 May 19) Investigator (31 May 19) Assistant Manager, Enquiries and Review (20 May 19) 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	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19)
	s 320 – Make order directing or refraining action	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19)
<b>Part 9.9 – General</b>	s 466(7) – Recommend practising certificate or registration certificate be suspended	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Discipline and Suitability (20 May 19) Assistant Manager, Complaints and Resolutions (20 May 19) Assistant Manager, Enquiries and Review (20 May 19)
<b>Schedule 3, Part 4 – Dispute Resolution and Professional Discipline</b>	Clause 14 – Conduct of lawyer does not apply if it is being dealt with under a corresponding law	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Discipline and Suitability (20 May 19) Assistant Manager, Complaints and Resolutions (20 May 19) Assistant Manager, Enquiries and Review (20 May 19) Senior Investigator (31 May 19) Senior Resolutions Advisor (29 Jan 20) ADR Specialist (29 Jan 20)
<b>Schedule 4, Division 7 – Dispute resolution and professional discipline</b>	Clause 26 – Complaint made under the old Chapter 4 is to be investigated with the provisions of the old legislation	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19) Assistant Manager, Enquiries and Review (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19) Senior Resolutions Advisor (29 Jan 20) Resolutions Officer (29 Jan 20) Senior Investigator (31 May 19) Investigator (31 May 19) Trust Account Analyst (21 Aug 15)
	Clause 27 – Investigation may be commenced under the new law as long as conduct was not investigated before that day under the old legislation	Director, Investigations (20 May 19) Director, Enquiries and Complaints (20 May 19) Manager, Discipline and Suitability (20 May 19) Manager, Enquiries and Review (29 Jan 20) Manager, Complaints and Resolutions (25 Jul 19) Assistant Manager, Complaints and Resolutions (20 May 19) Assistant Manager, Enquiries and Review (20 May 19) Assistant Manager, Discipline and Suitability (20 May 19) Senior Resolutions Advisor (29 Jan 20) Resolutions Officer (29 Jan 20) Senior Investigator (31 May 19) Investigator (31 May 19) Trust Account Analyst (21 Aug 15)

**TABLE 64: VICTORIAN LEGAL SERVICES COMMISSIONER EXTERNAL DELEGATIONS IN FORCE AS AT 30 JUNE 2020**

Note: Some delegations were also re-made to the Victorian Bar on 1 February 2019 in respect of one solicitor.

<b>LEGAL PROFESSION UNIFORM LAW (VICTORIA)</b>		
<b>Part 5.2, Division 1 – Making complaints and other matters about complaints</b>	s 266(2) – Initiate a complaint containing a disciplinary matter (only in respect of disciplinary matters arising as a result between Victorian barristers)	Victorian Bar (28 Aug 2015)
	s 269(1) – Definition of consumer matter	Victorian Bar (28 Aug 2015 and 1 Feb 2019)
	s 271 – Priority given to resolving consumer matter where there is a mixed complaint	Victorian Bar (28 Aug 2015 and 1 Feb 2019)
<b>Part 5.2, Division 2 – Preliminary assessment of complaints</b>	s 276 – Conduct preliminary complaint	Victorian Bar (28 Aug 2015 and 1 Feb 2019)
	s 277 – Ability to close complaint after conducting preliminary assessment (only in respect of disciplinary matters arising as a result between Victorian barristers)	Victorian Bar (28 Aug 2015)
	s 278 – Ability to make recommendation that a practising certificate be suspended (but recommendation can only be made to the Victorian Legal Services Board, not the Victorian Bar as delegate of the Board)	Victorian Bar (28 Aug 2015 and 1 Feb 2019)
<b>Part 5.2, Division 3 – Notifications to and submissions by respondents</b>	s 279 – Notify respondent of complaint as soon as practicable	Victorian Bar (28 Aug 2015 and 1 Feb 2019)
	s 280 – Response to complaint by respondent	Victorian Bar (28 Aug 2015 and 1 Feb 2019)
	s 281 – Ability to not notify a respondent of a complaint under certain circumstances	Victorian Bar (28 Aug 2015 and 1 Feb 2019)
<b>Part 5.2, Division 4 – Investigation of complaints</b>	s 282 – Investigate internally or appoint externally	Victorian Bar (28 Aug 2015 and 1 Feb 2019)
	s 283 – Extend scope of investigation (only in respect of disciplinary matters arising as a result between Victorian barristers)	Victorian Bar (28 Aug 2015 and 1 Feb 2019)
	s 284 – Arrange assessment of costs charged or claimed by respondent	Victorian Bar (28 Aug 2015 and 1 Feb 2019)
<b>Part 5.3, Division 2 – Provisions applicable to all consumer matters</b>	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	Victorian Bar (28 Aug 2015 and 1 Feb 2019)
	s 287 – Resolve consumer matter by informal means as soon as practicable	Victorian Bar (28 Aug 2015 and 1 Feb 2019)
	s 288 – Order parties to the complaint attend mediation	Victorian Bar (28 Aug 2015 and 1 Feb 2019)
	s 289 – Prepare written record of agreement to mediation	Victorian Bar (28 Aug 2015 and 1 Feb 2019)
<b>Part 5.3, Division 3 – Further provisions applicable to costs disputes</b>	s 291(1) – 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	Victorian Bar (28 Aug 2015 and 1 Feb 2019)
<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	Victorian Bar (28 Aug 2015 and 1 Feb 2019)
<b>Part 5.5 – Compensation orders</b>	s 307(4) – Request may be made at any time after complaint made	Victorian Bar (28 Aug 2015 and 1 Feb 2019)

## Conditions

1. In accordance with section 42A of the *Interpretation of Legislation Act 1984* (Vic), these delegations do not prevent the discharge, exercise or performance by the Victorian Legal Services Commissioner (which expression in these conditions includes an acting Victorian Legal Services Commissioner) of the functions duties and powers delegated.
2. In any particular case, where at any stage notice is given to the delegate by or on behalf of the Victorian Legal Services Commissioner, that the Victorian Legal Services Commissioner intends to discharge, exercise or perform the functions duties and powers delegated, the delegate shall not commence to discharge, exercise or perform those functions duties and powers, or shall cease to do so, as the case may be.

Copies of all instruments of delegation in force can be viewed on our website.

**TABLE 65: INTERNAL COMMISSIONER DELEGATIONS REVOKED DURING 2019-20**

LEGAL PROFESSION UNIFORM LAW (VICTORIA)		
<b>Part 5.2, Division 1 – Making complaints and other matters about complaints</b>	Section 266(2) – initiate a complaint containing a disciplinary matter	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed) Assistant Manager, Disciplinary Investigations (role title changed)
	Section 267 – making a complaint	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed)
	Section 269(1) – definition of consumer matter	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed)
	Section 271 – priority given to resolving consumer matter where there is a mixed complaint	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed) Assistant Manager, Disciplinary Investigations (role title changed)
	Section 272 – making complaint within 3 year time limit	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed)
	Section 273(2) – ability to continue investigation even where complain is withdrawn	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed)

<b>Part 5.2, Division 2 – Preliminary assessment of complaints</b>	Section 276 – conduct preliminary complaint	<p>Manager, Assessment and Resolutions (role title changed)</p> <p>Assistant Manager, Assessment and Resolutions (role title changed)</p> <p>Manager, Disciplinary Investigations (role title changed)</p> <p>Assistant Manager, Disciplinary Investigations (role title changed)</p> <p>Dispute Resolution Officer (role title changed)</p> <p>Assistant Dispute Resolutions Officer (role title changed)</p>
	Section 277 – ability to close complaint after conducting preliminary assessment	<p>Manager, Assessment and Resolutions (role title changed)</p> <p>Assistant Manager, Assessment and Resolutions (role title changed)</p> <p>Manager, Disciplinary Investigations (role title changed)</p>
	Section 278 – ability to make recommendation that a practising certificate be suspended	<p>Manager, Assessment and Resolutions (role title changed)</p> <p>Assistant Manager, Assessment and Resolutions (role title changed)</p> <p>Manager, Disciplinary Investigations (role title changed)</p> <p>Assistant Manager, Disciplinary Investigations (role title changed)</p>
<b>Part 5.2, Division 3 – Notifications to and submissions by respondents</b>	Section 279 – notify respondent of complaint as soon as practicable	<p>Manager, Assessment and Resolutions (role title changed)</p> <p>Assistant Manager, Assessment and Resolutions (role title changed)</p> <p>Manager, Disciplinary Investigations (role title changed)</p> <p>Assistant Manager, Disciplinary Investigations (role title changed)</p>
	Section 280 – response to complaint by respondent	<p>Manager, Assessment and Resolutions (role title changed)</p> <p>Assistant Manager, Assessment and Resolutions (role title changed)</p> <p>Dispute Resolution Officer (role title changed)</p> <p>Manager, Disciplinary Investigations (role title changed)</p> <p>Assistant Manager, Disciplinary Investigations (role title changed)</p> <p>Assistant Dispute Resolutions Officer (role title changed)</p> <p>Assistant Manager, Assessment and Resolutions (role title changed)</p>
	Section 281 – ability to not notify a respondent under certain circumstances	<p>Manager, Assessment and Resolutions (role title changed)</p> <p>Assistant Manager, Assessment and Resolutions (role title changed)</p> <p>Manager, Disciplinary Investigations (role title changed)</p> <p>Assistant Manager, Disciplinary Investigations (role title changed)</p>

**Part 5.2,  
Division 4 –  
Investigation of  
complaints**

Section 282 – investigate internally or appoint externally	<p>Manager, Assessment and Resolutions (role title changed)</p> <p>Assistant Manager, Assessment and Resolutions (role title changed)</p> <p>Manager, Disciplinary Investigations (role title changed)</p>
Section 282(1) – investigate internally or appoint externally	<p>Dispute Resolution Officer (role title changed)</p> <p>Assistant Dispute Resolutions Officer (role title changed)</p> <p>Assistant Manager, Disciplinary Investigations (role title changed)</p>
Section 283 – extend scope of investigation	<p>Manager, Assessment and Resolutions (role title changed)</p> <p>Assistant Manager, Assessment and Resolutions (role title changed)</p> <p>Manager, Disciplinary Investigations (role title changed)</p> <p>Assistant Manager, Disciplinary Investigations (role title changed)</p>
Section 284 – arrange assessment of costs charged or claimed by respondent	<p>Manager, Assessment and Resolutions (role title changed)</p> <p>Assistant Manager, Assessment and Resolutions (role title changed)</p> <p>Manager, Disciplinary Investigations (role title changed)</p> <p>Assistant Manager, Disciplinary Investigations (role title changed)</p>

**Part 5.3,  
Division 2 –  
Provisions  
applicable to all  
consumer matters**

<p>Section 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</p>	<p>Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed) Assistant Manager, Disciplinary Investigations (role title changed) Dispute Resolution Officer (role title changed) Assistant Dispute Resolutions Officer (role title changed)</p>
<p>Section 287 – resolve consumer matter by informal means as soon as practicable</p>	<p>Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed) Assistant Manager, Disciplinary Investigations (role title changed) Dispute Resolution Officer (role title changed) Assistant Dispute Resolutions Officer (role title changed)</p>
<p>Section 288 – order parties to the complaint attend mediation</p>	<p>Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed) Assistant Manager, Disciplinary Investigations (role title changed)</p>
<p>Section 289 – prepare written record of agreement to mediation</p>	<p>Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed) Assistant Manager, Disciplinary Investigations (role title changed)</p>
<p>Section 290 – resolve consumer matter by making determination</p>	<p>Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed)</p>

<b>Part 5.3, Division 3 – Further provisions applicable to costs disputes</b>	Section 291 – deal with costs disputes the same way as consumer matters	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed)
	Section 291(1) – deal with costs disputes the same way as consumer matters	Dispute Resolution Officer (role title changed) Assistant Dispute Resolutions Officer (role title changed) Assistant Manager, Disciplinary Investigations (role title changed)
	Section 292 – make a binding determination about costs	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed)
	Section 293 – cease to act where dispute is less than \$10,000	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed) Assistant Manager, Disciplinary Investigations (role title changed)
<b>Part 5.4, Division 1 – Preliminary</b>	Section 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	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Assistant Manager, Disciplinary Investigations (role title changed) Manager, Disciplinary Investigations (role title changed) Dispute Resolution Officer (role title changed) Assistant Dispute Resolutions Officer (role title changed)
<b>Part 5.4, Division 2 – Determination by local regulatory authority</b>	Section 299 – determine unsatisfactory professional conduct and make orders to rectify that conduct	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed)
<b>Part 5.4, Division 2 – Role of designated tribunal</b>	Section 300 – Initiate and prosecute proceedings against respondent lawyer in the designated tribunal	Manager, Disciplinary Investigations (role title changed)

<b>Part 5 – Compensation Orders</b>	Section 306 – make compensation order	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed)
	Section 307(4) – request may be made at any time after complaint made	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed) Assistant Manager, Disciplinary Investigations (role title changed) Dispute Resolution Officer (role title changed) Assistant Dispute Resolutions Officer (role title changed)
	Section 308 – order to compensate aggrieved person	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed)
	Section 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	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed)
<b>Part 5.6 – Appeal or Review</b>	Section 313 – conduct an internal review	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed)
	Section 313(2) – conduct an internal review	Dispute Resolution Officer (role title changed) Assistant Dispute Resolutions Officer (role title changed) Assistant Manager, Disciplinary Investigations (role title changed)
<b>Part 5.7 – General Duties of Local Regulatory Authorities</b>	Section 318 – provide the complainant and respondent written notice of decisions or determinations	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed)
	Section 320 – make order directing or refraining action	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed)
<b>Part 9.9 – General</b>	Section 466(7) – recommend practising certificate or registration certificate be suspended	Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed) Assistant Manager, Disciplinary Investigations (role title changed)

<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>Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed) Assistant Manager, Disciplinary Investigations (role title changed)</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>Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed) Assistant Manager, Disciplinary Investigations (role title changed) Dispute Resolution Officer (role title changed) Assistant Dispute Resolutions Officer (role title changed)</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>Manager, Assessment and Resolutions (role title changed) Assistant Manager, Assessment and Resolutions (role title changed) Manager, Disciplinary Investigations (role title changed) Assistant Manager, Disciplinary Investigations (role title changed) Dispute Resolution Officer (role title changed) Assistant Dispute Resolutions Officer (role title changed)</p>

## APPENDIX 6

# Board and Commissioner Consolidated Financial Report

## Financial Statements

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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 *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, cash flow statement, statement of changes in equity and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and financial position of the Victorian Legal Services Board and Victorian Legal Services Commissioner at 30 June 2020.

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 18 August 2020.



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F Bennett  
Chairperson,  
Victorian Legal Services Board  
Melbourne  
18 August 2020



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F McLeay  
CEO, Victorian Legal Services Board and Victorian Legal Services Commissioner  
Melbourne  
18 August 2020



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J Ireson  
Chief Finance and Accounting Officer,  
Victorian Legal Services Board and Victorian Legal Services Commissioner  
Melbourne  
18 August 2020

D-20-161252

## Independent Auditor's Report

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

**Opinion** I have audited the financial report of the Victorian Legal Services Board (the Board) and the Victorian Legal Services Commissioner (the Commissioner) prepared pursuant to Section 53(1)(b) of the Financial Management Act 1994, which comprises the:

- balance sheet as at 30 June 2020
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- financial statements declaration.

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 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

**Basis for Opinion** I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. 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 *Code of Ethics for Professional Accountants* (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.

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

**The Board members' and the Commissioner's responsibilities for the financial report** 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 *Financial Management Act 1994*, 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.

In preparing the financial report, the Board members and the Commissioner are responsible for assessing the Board's and the 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.

**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 the 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.

MELBOURNE  
31 August 2020



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

# COMPREHENSIVE OPERATING STATEMENT

for the financial year ended 30 June 2020

	NOTES	2020 \$'000	2019 \$'000
<b>CONTINUING OPERATIONS</b>			
<b>INCOME FROM TRANSACTIONS</b>			
Interest and distributions	3.1	53,878	83,815
Practising certificate fees and Fidelity Fund contributions	3.2	12,591	11,833
Other income	3.3	351	299
<b>Total income from transactions</b>		<b>66,820</b>	<b>95,947</b>
<b>EXPENSES FROM TRANSACTIONS</b>			
Employee benefits expenses	4.1	(13,798)	(12,479)
Funding and grants	4.2	(48,678)	(53,072)
Payments to service providers	4.3	(633)	(2,244)
Fidelity Fund claims and expenses	4.4	(1,202)	(1,864)
Depreciation and amortisation expense	5.3.2	(2,105)	(947)
Board and committee member fees		(359)	(335)
Legal expenses	4.5	(3,115)	(3,122)
Other operating expenses	4.6	(2,914)	(4,291)
<b>Total expenses from transactions</b>		<b>(72,804)</b>	<b>(78,354)</b>
<b>Net result from transactions</b>		<b>(5,984)</b>	<b>17,593</b>
<b>OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT</b>			
Net gain/(loss) on financial instruments	9.1	(30,760)	34,208
Net gain/(loss) on non-financial assets	9.1	6	(2)
Other gain/(loss) from other economic flows	9.1	(1,486)	(805)
<b>Total other economic flows included in net result</b>		<b>(32,240)</b>	<b>33,401</b>
<b>Net result from continuing operations</b>		<b>(38,224)</b>	<b>50,993</b>
<b>Net result</b>		<b>(38,224)</b>	<b>50,993</b>
<b>Other economic flows – other comprehensive income</b>		<b>–</b>	<b>–</b>
<b>Comprehensive result</b>		<b>(38,224)</b>	<b>50,993</b>

The accompanying notes form part of these financial statements.

# BALANCE SHEET

as at 30 June 2020

	NOTES	2020 \$'000	2019 \$'000
<b>ASSETS</b>			
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	5.1.1	<b>618,324</b>	312,441
Receivables	5.4.1	<b>17,700</b>	21,586
Investments and other financial assets	5.2	<b>1,457,523</b>	1,501,872
<b>Total financial assets</b>		<b>2,093,547</b>	<b>1,835,900</b>
<b>NON-FINANCIAL ASSETS</b>			
Plant and equipment	5.3.3	<b>6,032</b>	2,328
Intangible assets		<b>1,577</b>	1,454
Prepayments		<b>197</b>	435
<b>Total non-financial assets</b>		<b>7,806</b>	<b>4,217</b>
<b>Total assets</b>		<b>2,101,353</b>	<b>1,840,117</b>
<b>LIABILITIES</b>			
Payables	6.3.1	<b>6,207</b>	10,425
Lease liabilities	6.3.3	<b>4,163</b>	–
Finance lease liabilities		<b>–</b>	29
Provisions	6.4	<b>17,613</b>	16,143
Income received in advance	6.2	<b>12,157</b>	11,975
Statutory deposit account balances	6.1	<b>1,776,787</b>	1,478,897
<b>Total liabilities</b>		<b>1,816,927</b>	<b>1,517,468</b>
<b>Net assets</b>		<b>284,426</b>	<b>322,650</b>
<b>EQUITY</b>			
Contributed equity		<b>29</b>	29
Accumulated surplus		<b>284,397</b>	322,621
<b>Net worth</b>		<b>284,426</b>	<b>322,650</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2020

	CONTRIBUTED EQUITY	ACCUMULATED SURPLUS	TOTAL EQUITY
	\$'000	\$'000	\$'000
Balance at 1 July 2018	29	271,627	<b>271,656</b>
Change in accounting policy	–	1	<b>1</b>
<b>Restated balance at 1 July 2018</b>	<b>29</b>	<b>271,628</b>	<b>271,657</b>
Net result for the year	–	50,993	<b>50,993</b>
Other comprehensive income for the year	–	–	–
<b>Balance at 30 June 2019</b>	<b>29</b>	<b>322,621</b>	<b>322,650</b>
Net result for the year	–	(38,224)	<b>(38,224)</b>
Other comprehensive income for the year	–	–	–
<b>Balance at 30 June 2020</b>	<b>29</b>	<b>284,397</b>	<b>284,426</b>

The accompanying notes form part of these financial statements.

## CASH FLOW STATEMENT

for the financial year ended 30 June 2020

	NOTES	2020 \$'000	2019 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Interest and distributions received		59,154	48,503
Receipts from practising certificates fees and Fidelity Fund contributions		12,729	12,631
Other receipts		(1,199)	(333)
Goods and Services Tax recovered from the ATO		96	(113)
<b>Total receipts</b>		<b>70,780</b>	<b>60,689</b>
<b>PAYMENTS</b>			
Payments to suppliers and employees		(20,425)	(22,521)
Payments of Fidelity Fund claims, costs and other expenses		(1,208)	(2,342)
Payments of grants		(52,460)	(51,414)
<b>Total payments</b>		<b>(74,093)</b>	<b>(76,277)</b>
<b>Net cash flows from/(used in) operating activities</b>	5.1.2	<b>(3,313)</b>	<b>(15,588)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of investments and other financial assets		–	18,000
Purchases of non-financial assets		(197)	(436)
Payments for intangible assets		(568)	(831)
Payments for investments and other financial assets		13,660	(451,373)
<b>Net cash flows from/(used in) investing activities</b>		<b>12,895</b>	<b>(434,640)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of leases		(1,589)	(169)
Deposits into statutory deposit accounts by solicitors		1,588,046	1,264,283
Withdrawals from statutory deposit accounts by solicitors		(1,290,156)	(1,375,447)
<b>Net cash flows from/(used in) financing activities</b>		<b>296,301</b>	<b>(111,333)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>305,883</b>	<b>(561,561)</b>
Cash and cash equivalents at the beginning of the financial year		312,441	874,003
<b>Cash and cash equivalents at the end of the financial year</b>	5.1.1	<b>618,324</b>	<b>312,441</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 2020.

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 managed investment schemes after initial recognition, which are measured at fair value with movements reflected in the 'other economic flows – other comprehensive income' (refer to Note 7.1 and Note 7.2 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, including in Note 5.4.2 Impairment of receivables and Note 7.2 Fair value determination.

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

The following new accounting standards have come into effect for the 2019-20 financial year that are applicable to the Board and the Commissioner:

- AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*. There is no change to the Board's recognition of revenue; and
- AASB 16 *Leases*. The accommodation and multi-function device (MFD) leases have been brought onto the balance sheet from 1 July 2019.

Accounting standards changes not yet in effect but applicable to future years are presented at Note 9.6.

## Impact of COVID-19 and going concern

The COVID-19 pandemic has negatively impacted economic markets globally and, combined with significantly reduced interest rates over the past 12 months, has resulted in reduced income in 2019-20 and a substantial deficit from transactions. Evidence confirms that there is not a going concern issue for the Board and Commissioner. While interest income could remain low in 2020-21, the Board and Commissioner have a clear strategy to reduce expenses and have assets and reserves that can be drawn upon in the short term, including investment assets that can be divested. The strategy includes a return to balance from transactions over four years.

### 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. Jill Hennessy, 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 surplus in 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.

## 2.3 Funds Administered

2020	CASH AND CASH EQUIVALENTS (NOTE 5.1.1) \$'000	INVESTMENTS AND OTHER FINANCIAL ASSETS (NOTE 5.2) \$'000	TOTAL \$'000
<b>Public Purpose Fund</b>			
General Account	14,698	70,993	85,691
Less: Inter Entity – due to Commissioner	(4,757)	–	(4,757)
<b>Net General Account</b>	<b>9,941</b>	<b>70,993</b>	<b>80,934</b>
<b>Distribution Account</b>	<b>327</b>	<b>140,878</b>	<b>141,204</b>
<b>Statutory Deposit Account</b>	<b>577,883</b>	<b>1,198,904</b>	<b>1,776,787</b>
<b>Total Public Purpose Fund</b>	<b>588,151</b>	<b>1,410,775</b>	<b>1,998,925</b>
<b>Fidelity Fund</b>			
<b>Total Fidelity Fund</b>	<b>24,021</b>	<b>46,748</b>	<b>70,769</b>
<b>Total Board funds</b>	<b>612,171</b>	<b>1,457,523</b>	<b>2,069,694</b>
<b>Commissioner</b>			
<b>Total Commissioner funds</b>	<b>6,153</b>	<b>–</b>	<b>6,153</b>
<b>Total Board and Commissioner funds administered</b>	<b>618,324</b>	<b>1,457,523</b>	<b>2,075,848</b>
<b>2019</b>			
<b>PUBLIC PURPOSE FUND</b>			
General Account	8,634	142,056	150,690
Less: Inter Entity – due to Commissioner	(4,244)	–	(4,244)
<b>Net General Account</b>	<b>4,390</b>	<b>142,056</b>	<b>146,446</b>
<b>Distribution Account</b>	<b>289</b>	<b>113,436</b>	<b>113,725</b>
<b>Statutory Deposit Account</b>	<b>279,993</b>	<b>1,198,904</b>	<b>1,478,897</b>
<b>Total Public Purpose Fund</b>	<b>284,672</b>	<b>1,454,396</b>	<b>1,739,068</b>
<b>Fidelity Fund</b>			
<b>Total Fidelity Fund</b>	<b>23,542</b>	<b>47,476</b>	<b>71,018</b>
<b>Total Board funds</b>	<b>308,214</b>	<b>1,501,872</b>	<b>1,810,086</b>
<b>Commissioner</b>			
<b>Total Commissioner funds</b>	<b>4,227</b>	<b>–</b>	<b>4,227</b>
<b>Total Board and Commissioner funds administered</b>	<b>312,441</b>	<b>1,501,872</b>	<b>1,814,313</b>

### 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

	2020	2019
	\$'000	\$'000
<b>Public Purpose Fund</b>		
Distributions from Investments	23,872	30,387
Interest on Statutory Deposit Account	16,581	21,780
Interest on Law Practice Residual Trust accounts	11,529	28,309
Interest on Operating Accounts	573	1,385
<b>Total Public Purpose Fund interest and distributions</b>	<b>52,554</b>	<b>81,861</b>
<b>Fidelity Fund</b>		
Distributions from Investments	1,185	1,754
Interest on Operating Account	138	200
<b>Total Fidelity Fund interest and distributions</b>	<b>1,324</b>	<b>1,954</b>
<b>Victorian Legal Services Commissioner</b>		
<b>Total Victorian Legal Services Commissioner</b>	<b>–</b>	<b>–</b>
<b>Total interest and distributions</b>	<b>53,878</b>	<b>83,815</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

	2020	2019
	\$'000	\$'000
<b>Public Purpose Fund</b>		
Practising certificate fees	9,601	9,046
<b>Fidelity Fund</b>		
Fidelity Fund contributions	2,990	2,787
<b>Total Practising certificate fees and Fidelity Fund contributions</b>	<b>12,591</b>	<b>11,833</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 2020 to 30 June 2021 are payable prior to 30 June 2020. This income has been accounted for as income received in advance (refer to Note 6.2). Due to the COVID-19 environment, the Board has determined that Fidelity Fund contributions from practitioners may be deferred up to 30 May 2021.

### 3.3 Other income

	2020	2019
	\$'000	\$'000
<b>Public Purpose Fund</b>		
Income from fines	56	48
Income from Commissioner – asset usage	876	348
Sundry income	145	46
<b>Total Public Purpose Fund other income</b>	<b>1,076</b>	<b>442</b>
<b>Fidelity Fund</b>		
Fidelity Fund recoveries	20	58
<b>Total Fidelity Fund other income</b>	<b>20</b>	<b>58</b>
<b>Victorian Legal Services Commissioner</b>		
Board funding to the Commissioner	9,020	9,278
Employee benefits recharged	6,738	5,479
Income from the Board – asset usage	8	8
Costs recoveries	123	146
Sundry income	8	0
<b>Total Commissioner other income</b>	<b>15,897</b>	<b>14,911</b>
<b>Elimination of inter-entity income</b>	<b>(16,642)</b>	<b>(15,112)</b>
<b>Total other income</b>	<b>351</b>	<b>299</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 its 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

	2020	2019
	\$'000	\$'000
<b>Victorian Legal Services Commissioner</b>		
Salaries and wages, annual leave, long service leave	(11,953)	(10,770)
Superannuation contributions	(908)	(886)
Other employee on-costs and training	(822)	(823)
Termination benefits	(115)	–
<b>Total employee benefits expense</b>	<b>(13,798)</b>	<b>(12,479)</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.

Employee benefits in the balance sheet are disclosed in Note 6.4.2.

#### 4.1.2 Superannuation contributions

The amount recognised in the comprehensive operating statement is the employer contributions for members of both **defined benefit** and **defined contribution (accumulation)** superannuation plans that are paid or payable during the reporting period. The defined benefit plan provides benefits based on years of service and final average salary.

Defined benefit liabilities are not recognised by the Board and the Commissioner because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

## 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:

	2020 \$'000	2019 \$'000
<b>Public Purpose Fund</b>		
<b>Funding and grants allocated from the Distribution Account</b>		
<b>Other funding</b>		
Victoria Legal Aid	35,039	35,539
Victorian Law Reform Commission	2,243	1,893
Victoria Law Foundation	2,500	2,150
Justice Connect	915	–
<b>Grants</b>		
Major grants and projects approved	910	6,745
<b>Total funding and grants allocated from the Distribution Account</b>	<b>41,606</b>	<b>46,327</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	993
Victorian Legal Admissions Board	1,414	1,281
<b>Other funding</b>		
Professional association programs to the Law Institute and Victorian Bar	3,640	3,862
Law Library of Victoria	355	–
Legal Profession Uniform Framework	669	609
<b>Total funding allocated from the General Account</b>	<b>7,071</b>	<b>6,745</b>
<b>Total funding and grants</b>	<b>48,678</b>	<b>53,072</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 Payments to service providers

	2020	2019
	\$'000	\$'000
<b>Public Purpose Fund</b>		
<b>Recharge from the Victorian Legal Services Commissioner</b>		
Employee benefits <sup>(i)</sup>	6,738	5,479
<b>Functions delegated to the Law Institute of Victoria</b>		
Trust account inspections	0	1,572
Continuing professional development	250	246
<b>Other payments to the Law Institute of Victoria</b>		
External interventions and debt collection	0	124
Compliance audits	0	56
<b>Total Regulatory payments to the Law Institute of Victoria<sup>(ii)</sup></b>	<b>250</b>	<b>1,998</b>
<b>Functions delegated to the Victorian Bar</b>		
Issuing barrister practising certificates	295	162
<b>Total Regulatory payments to the Victorian Bar</b>	<b>295</b>	<b>162</b>
<b>Total payments from Public Purpose Fund</b>	<b>7,282</b>	<b>7,639</b>
<b>Victorian Legal Services Commissioner</b>		
<b>Functions delegated to the Victorian Bar</b>		
<b>Complaints handling</b>	<b>88</b>	<b>84</b>
<b>Total Regulatory payments to the Victorian Bar</b>	<b>88</b>	<b>84</b>
<b>Elimination of payment to the Commissioner<sup>(i)</sup></b>	<b>(6,738)</b>	<b>(5,479)</b>
<b>Net payments to service providers</b>	<b>633</b>	<b>2,244</b>

(i) Elimination of payments to the Commissioner are recharges of salaries from the Commissioner to the Board.

(ii) Trust account investigations are no longer only undertaken by the LIV. They are now primarily undertaken by Board staff or other contract providers as required.

**Payments to services providers** are payments to professional associations, Law Institute of Victoria and Victorian Bar, for delegated functions or provision of other services. These payments are recognised in the reporting period in which they are paid or payable.

Payments to the Law Institute of Victoria for Fidelity Fund investigations are disclosed at Note 4.4.

#### 4.4 Fidelity fund claims and other expenses

	2020	2019
	\$'000	\$'000
<b>Fidelity Fund</b>		
<b>Fidelity Fund claims</b>		
Capital claims paid	837	1,752
Interest claims paid	25	92
Increase/(decrease) in claims payable	(11)	(491)
Cost claims paid	58	19
<b>Total Fidelity Fund claims</b>	<b>910</b>	<b>1,372</b>
<b>Fidelity Fund other expenses</b>		
Legal expenses	82	165
Consultants	76	71
Investment advice	13	12
Administration expenses	0	–
<b>Total Fidelity Fund operating expenses</b>	<b>171</b>	<b>248</b>
<b>Functions delegated to the Law Institute of Victoria</b>		
Fidelity Fund Investigations	121	244
<b>Total Fidelity Fund claims and other expenses</b>	<b>1,202</b>	<b>1,864</b>

**Fidelity Fund claims** for capital and interest are compensation payments to people who have lost money or property due to the dishonest or fraudulent behaviour of a lawyer, an employee of a law practice or an approved clerk. Some compensation for related costs is allowed. Fidelity Fund claims are recognised in the reporting period in which they are paid or payable, as approved by the Board.

Details relating to the calculation of the Fidelity Fund claims provisions are reported at Note 6.4.1

**Other Fidelity Fund expenses** are expenses incurred in administering the Fidelity Fund, including payment to the LIV for investigating Fidelity Fund claims. Employee benefits related to administering the Fidelity Fund are included in Note 4.1.1.

#### 4.5 Legal expenses

	2020	2019
	\$'000	\$'000
<b>Legal expenses</b>		
Investigations	764	916
Litigation and other legal expenses	964	1,248
External interventions	1,373	866
Compliance audits	15	92
<b>Total legal expenses</b>	<b>3,115</b>	<b>3,122</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.

Legal expenses of the Fidelity Fund are disclosed at Note 4.4.

#### 4.6 Other operating expenses

	2020	2019
	\$'000	\$'000
<b>Other operating expenses</b>		
Information technology	1,175	771
Occupancy	(28)	1,248
Administration	861	1,190
External audit fees	77	77
Internal audit fees	32	84
Investment advice	168	163
Consultants	549	655
Other staff costs	69	100
Community and education	11	3
<b>Total other operating expenses</b>	<b>2,914</b>	<b>4,291</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.

Operating lease payments up until 30 June 2019 (including contingent rentals) are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, 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.

## 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 Cash balances and cash flow information

#### 5.1.1 Reconciliation of cash and cash equivalents

CASH AND CASH EQUIVALENTS	2020	2019
	\$'000	\$'000
<b>Public Purpose Fund</b>		
<b>General Account</b>		
Cash on hand	1	1
General operating account	1,927	7,178
Practising Certificate Fees account	14,166	1,437
Inter-entity balance – Fidelity Fund	(1,396)	18
<b>Total General Account</b>	<b>14,698</b>	<b>8,634</b>
<b>Distribution Account</b>	<b>327</b>	<b>289</b>
<b>Statutory Deposit Account – cash trust accounts</b>	<b>577,883</b>	<b>279,993</b>
<b>Total Public Purpose Fund – cash and cash equivalents</b>	<b>592,907</b>	<b>288,916</b>
<b>Fidelity Fund</b>		
Fidelity Fund operating account	2,793	2,563
Managed cash	21,227	20,979
<b>Total Fidelity Fund – cash and cash equivalents</b>	<b>24,021</b>	<b>23,542</b>
<b>Victorian Legal Services Commissioner</b>		
Cash on hand	0	1
<b>Total Victorian Legal Services Commissioner</b>	<b>0</b>	<b>1</b>
<b>Elimination of inter-entity balances</b>		
Inter-entity balance – Board	1,396	(18)
<b>Total amounts eliminated</b>	<b>1,396</b>	<b>(18)</b>
<b>Balances per cash flow statement</b>	<b>618,324</b>	<b>312,441</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.

## 5.1.2 Reconciliation of net result for the period to net cashflows from operating activities

	2020	2019
	\$'000	\$'000
Net result for the year	<b>(38,224)</b>	<b>50,993</b>
<b>Non-cash movements</b>		
Depreciation	<b>2,105</b>	947
Net (gain)/loss on financial instruments	<b>30,689</b>	(65,945)
Net (gain)/loss on non-financial instruments	<b>(6)</b>	2
Other net (gain)/loss from other economic flows	<b>1,486</b>	805
Other non-cash movements	<b>98</b>	-
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables	<b>3,743</b>	(4,275)
(Increase)/decrease in prepayments	<b>238</b>	(119)
Increase/(decrease) in payables	<b>(3,648)</b>	1,782
Increase/(decrease) in provisions	<b>(17)</b>	(517)
Increase/(decrease) in income received in advance	<b>222</b>	740
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(3,313)</b>	<b>(15,588)</b>

## 5.2 Investments and other financial assets

	2020	2019
	\$'000	\$'000
<b>Current</b>		
<b>Public Purpose Fund investments</b>		
Australian fixed interest	86,198	83,302
Global fixed interest	194,131	194,346
Diversified growth funds	127,202	161,488
Australian equities	71,145	83,789
Australian small capitalisation equities	29,673	27,561
Overseas equities – unhedged	107,876	107,511
Overseas equities – hedged	32,364	33,839
Emerging market equities	25,544	26,875
Property and infrastructure managed funds	127,642	98,785
<b>Total Public Purpose Fund investments</b>	<b>801,775</b>	<b>817,496</b>
<b>Fidelity Fund investments</b>		
Australian fixed interest	9,389	8,905
Global fixed interest	8,447	8,356
Diversified growth funds	6,365	6,389
Australian equities	7,219	8,487
Overseas equities – unhedged	5,429	5,307
Overseas equities – hedged	2,899	3,032
<b>Total Fidelity Fund investments</b>	<b>39,748</b>	<b>40,476</b>
<b>Total investments</b>	<b>841,523</b>	<b>857,972</b>
<b>Public Purpose Fund other financial assets</b>		
Term deposits – Statutory Deposit Accounts	–	400,000
Term deposits – Operating cash	–	36,900
<b>Fidelity Fund other financial assets</b>		
Term deposits – Operating cash	7,000	7,000
<b>Non-current</b>		
<b>Public Purpose Fund other financial assets</b>		
Term deposits – Statutory Deposit Accounts	609,000	200,000
<b>Total other financial assets</b>	<b>616,000</b>	<b>643,900</b>
<b>Total investments and other financial assets</b>	<b>1,457,523</b>	<b>1,501,872</b>

**Investments** are categorised as financial assets at fair value through profit or loss and include investments in equities and managed investment schemes 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.

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

Refer to Note 7.1 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 2020 (and 30 June 2019).

AASB 9 introduced a new impairment (expected loss) model. 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 7.1.4.

## 5.3 Plant and equipment

### 5.3.1 Initial recognition, subsequent measurement, impairment and revaluation

#### 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.

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.

The initial cost for non-financial physical assets under a finance lease (under AASB 117 until 30 June 2019) is measured at an amount equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

#### Right-of-use asset acquired by lessees (under AASB 16 Leases from 1 July 2019) – 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.

	GROSS CARRYING AMOUNT 2020	ACCUMULATED DEPRECIATION 2020	NET CARRYING AMOUNT 2020
	\$'000	\$'000	\$'000
Accommodation leasehold	4,882	(929)	<b>3,953</b>
Equipment	48	(16)	<b>32</b>
<b>Total right-of-use assets</b>	<b>4,930</b>	<b>(945)</b>	<b>3,985</b>

#### 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 103H. As at 30 June 2020 right-of-use assets did not require revaluation.

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.

### 5.3.2 Depreciation and amortisation

	2020	2019
	\$'000	\$'000
<b>Public Purpose Fund</b>		
Leasehold improvements	307	264
Right-of-use assets	945	–
Office equipment	5	5
Office furniture and fittings	0	1
Computer equipment	391	294
Intangible assets	446	370
<b>Total Public Purpose Fund depreciation and amortisation</b>	<b>2,094</b>	<b>933</b>
<b>Victorian Legal Services Commissioner</b>		
Motor vehicles	11	13
<b>Total Commissioner depreciation</b>	<b>11</b>	<b>13</b>
<b>Total depreciation and amortisation</b>	<b>2,105</b>	<b>947</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:

CLASS OF ASSET	USEFUL LIFE	USEFUL LIFE
	2020	2019
Leasehold asset and improvements	10 years	10 years
Right-of-use assets	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).

### 5.3.3 Carrying values of Non-Financial Assets

The **carrying value** of plant and equipment is the historical cost of the asset, less accumulated depreciation and any impairment.

PUBLIC ADMINISTRATION	2020	2019
	\$'000	\$'000
<b>Computer equipment</b>		
Historical Cost	1,920	1,782
Less: accumulated depreciation	(1,350)	(1,042)
<b>Net carrying amount – Computer equipment</b>	<b>570</b>	<b>740</b>
<b>Office equipment</b>		
Historical Cost	44	44
Less: accumulated depreciation	(37)	(32)
<b>Net carrying amount – Office equipment</b>	<b>7</b>	<b>12</b>
<b>Right-of-use assets</b>		
Historical Cost	4,930	–
Less: accumulated depreciation	(945)	–
<b>Net carrying amount – Right-of-use assets<sup>(i)</sup></b>	<b>3,985</b>	<b>–</b>
<b>Leasehold improvements</b>		
Historical Cost	2,988	2,802
Less: accumulated depreciation	(1,562)	(1,255)
<b>Net carrying amount – Leasehold improvements</b>	<b>1,426</b>	<b>1,547</b>
<b>Office furniture and fittings</b>		
Historical Cost	31	31
Less: accumulated depreciation	(31)	(31)
<b>Net carrying amount – Office furniture and fittings</b>	<b>–</b>	<b>–</b>
<b>Motor vehicles</b>		
Historical Cost	48	65
Less: accumulated depreciation	(5)	(36)
<b>Net carrying amount – Motor vehicles</b>	<b>43</b>	<b>29</b>
<b>Total net carrying amount – Plant and equipment</b>	<b>6,032</b>	<b>2,328</b>
<b>Assets in progress</b>		
Computer equipment	–	–
<b>Total plant and equipment</b>	<b>6,032</b>	<b>2,328</b>

All balances are non-current.

(i) AASB 16 Leases has been applied for the first time from 1 July 2019.

## 5.4 Receivables

### 5.4.1 Statutory and contractual receivables

	NOTE	2020 \$'000	2019 \$'000
<b>Public Purpose Fund</b>			
<b>Contractual receivables</b>			
Trade receivables		97	251
Provision for impairment of receivables	5.4.2	(72)	(209)
Accrued investment distributions		13,447	11,878
Accrued interest – Residual Trust Accounts		52	2,225
Accrued interest – Statutory Deposit Accounts		237	387
Accrued other interest and income		2,890	6,299
<b>Total contractual receivables</b>		<b>16,651</b>	<b>20,832</b>
<b>Statutory receivables</b>			
GST recoverable		157	253
<b>Total statutory receivables</b>		<b>157</b>	<b>253</b>
<b>Total Public Purpose Fund receivables</b>		<b>16,808</b>	<b>21,085</b>
<b>Fidelity Fund</b>			
<b>Contractual receivables</b>			
Accrued investment distributions		500	–
Accrued interest		26	58
<b>Total contractual receivables</b>		<b>525</b>	<b>58</b>
<b>Statutory Receivables</b>			
<b>Total statutory receivables</b>		<b>–</b>	<b>–</b>
<b>Total Fidelity Fund receivables</b>		<b>525</b>	<b>58</b>
<b>Victorian Legal Services Commissioner</b>			
<b>Contractual receivables</b>			
Trade receivables		774	787
Provision for impairment of receivables	5.4.2	(408)	(343)
Accrued other income		–	0
<b>Total contractual receivables</b>		<b>366</b>	<b>444</b>
<b>Statutory Receivables</b>			
<b>Total statutory receivables</b>		<b>–</b>	<b>–</b>
<b>Total Commissioner receivables</b>		<b>366</b>	<b>444</b>
<b>Total receivables</b>		<b>17,700</b>	<b>21,587</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 7.1.

## 5.4.2 Movement in the provision for impairment of receivables

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

	2020	2019
	\$'000	\$'000
Balance at beginning of the year	551	535
<b>Increase in provision recognised in the net result</b>	<b>64</b>	<b>15</b>
Receivables written off during the year as uncollectable	(136)	0
<b>Balance of provision for impairment of receivables at 30 June</b>	<b>479</b>	<b>551</b>

### **Bad and doubtful debts**

Receivables are assessed for expected credit loss.

A provision for loss allowance is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

The AASB 9 simplified approach has been 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. Bad debts written off are classified as a transaction expense. Bad debts not written off, but included in the provision for credit loss allowance, are classified as 'other economic flows in the net result'.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts when there is objective evidence that an individual receivable is impaired.

### 5.4.3 Ageing analysis of contractual receivables

2020	CARRYING AMOUNT \$'000	NOT PAST DUE AND NOT IMPAIRED \$'000	PAST DUE BUT NOT IMPAIRED			IMPAIRMENT \$'000
			LESS THAN 1 MONTH \$'000	1-3 MONTHS \$'000	3 MONTHS – 1 YEAR \$'000	
<b>Contractual receivables</b>						
Accrued investment distributions	13,946	13,946	–	–	–	–
Accrued interest – Residual Trust Accounts	52	52	–	–	–	–
Accrued interest – Statutory Deposit Account	237	237	–	–	–	–
Trade receivables – Board	25	5	–	–	92	(72)
Trade receivables – Commissioner	366	5	–	3	766	(408)
Accrued other income	2,916	2,916	–	–	–	–
<b>Total receivables</b>	<b>17,543</b>	<b>17,161</b>	<b>–</b>	<b>3</b>	<b>858</b>	<b>(479)</b>
<b>2019</b>						
<b>Contractual receivables</b>						
Accrued investment distributions	11,878	11,878	–	–	–	–
Accrued interest – Residual Trust Account	2,225	2,225	–	–	–	–
Accrued interest – Statutory Deposit Account	387	387	–	–	–	–
Trade receivables – Board	42	–	–	–	42	(209)
Trade receivables – Commissioner	443	5	24	–	415	(343)
Accrued other Income	6,357	6,357	–	–	–	–
<b>Total receivables</b>	<b>21,333</b>	<b>20,852</b>	<b>24</b>	<b>–</b>	<b>457</b>	<b>(551)</b>

General terms of receivables are outlined below:

- Investment distributions are generally received from managed investment schemes within 30 days of the distribution date determined by fund managers.
- Interest from Residual Trust Accounts and Statutory Deposit Accounts are received from the banks on a monthly basis generally within 30 days of the interest period ending.
- Income from fines and cost recoveries are payable within 14 days of the invoice date and are generally received within this period.

Currently the Board or Commissioner does not hold any collateral as security nor credit enhancements relating to any of the financial assets. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they generally are stated at the carrying amounts as indicated.

## 6 LIABILITIES

### 6.1 Statutory deposit account balances

	2020	2019
	\$'000	\$'000
<b>Public Purpose Fund</b>		
<b>Current</b>		
Bank – Statutory Deposit Account	1,776,787	1,478,897
<b>Total Statutory Deposit Account balances</b>	<b>1,776,787</b>	<b>1,478,897</b>

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:

	2020	2019
	\$'000	\$'000
<b>Public Purpose Fund</b>		
Cash trust accounts	577,883	279,993
Term deposits – Statutory Deposit Accounts	600,000	600,000
Australian fixed interest	57,632	57,632
Global fixed interest	151,300	151,300
Diversified growth funds	97,349	128,349
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	79,717
<b>Total Statutory Deposit Account balances</b>	<b>1,776,787</b>	<b>1,478,897</b>

### 6.2 Income received in advance

	2020	2019
	\$'000	\$'000
<b>Public Purpose Fund</b>		
Practising certificate fees	9,858	9,500
<b>Fidelity Fund</b>		
Fidelity Fund contributions	2,299	2,475
<b>Total income received in advance</b>	<b>12,157</b>	<b>11,975</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 2020 to 30 June 2021 that are payable prior to 30 June 2020.

## 6.3 Payables

### 6.3.1 Contractual and statutory payables

	2020	2019
	\$'000	\$'000
<b>Current payables</b>		
<b>Public Purpose Fund</b>		
Contractual payables and accrued expenses	1,320	1,329
Major grants, projects and lease incentives	4,187	5,138
<b>Total Public Purpose Fund current payables</b>	<b>5,508</b>	<b>6,467</b>
<b>Fidelity Fund</b>		
Contractual payables and accrued expenses	50	56
<b>Total Fidelity Fund current payables</b>	<b>50</b>	<b>56</b>
<b>Victorian Legal Services Commissioner</b>		
Contractual payables and accrued expenses	369	324
<b>Total Commissioner current payables</b>	<b>369</b>	<b>324</b>
<b>Non-current payables</b>		
<b>Public Purpose Fund</b>		
Major grants, projects and lease incentives	280	3,578
<b>Total non-current payables Public Purpose Fund</b>	<b>280</b>	<b>3,578</b>
<b>Total payables</b>	<b>6,207</b>	<b>10,425</b>

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, projects and lease incentives** includes the Board's liability for grants in respect of grants approved during the financial year ended 30 June 2020 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. In prior years this also included the proportion of the total unrecognised lease incentive, a contractual liability recognised in FY18 following the recognition of a contractual asset and a change in the accounting treatment for the lease incentive offered by the Lessor to the Board and the Commissioner office premises at the start of the office lease in September 2014. This change in accounting treatment followed the use of grossed-up average rent charged to the income and expenditure statement per AASB 117. Following adoption of AASB 16, the lease incentive is not recorded in 2019-20.

### 6.3.2 Maturity analysis of contractual liabilities

2020	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 – Public Purpose Fund	1,320	1,320	1,320	–	–	–
Contractual payables and accrued expenses – Fidelity Fund	50	50	50	–	–	–
Contractual payables and accrued expenses – Victorian Legal Services Commissioner	369	369	369	–	–	–
Major grants and projects	4,467	4,467	–	–	4,187	280
Statutory Deposit Account balances	1,776,787	1,776,787	1,776,787	–	–	–
<b>Total</b>	<b>1,782,993</b>	<b>1,782,993</b>	<b>1,778,526</b>	<b>–</b>	<b>4,187</b>	<b>280</b>
<b>2019</b>						
<b>Contractual payables</b>						
Contractual payables and accrued expenses – Public Purpose Fund	1,329	1,329	1,329	–	–	–
Contractual payables and accrued expenses – Fidelity Fund	56	56	56	–	–	–
Contractual payables and accrued expenses – Victorian Legal Services Commissioner	324	324	324	–	–	–
Major grants, projects and lease incentives	8,716	8,716	–	–	5,138	3,578
Statutory Deposit Account balances	1,478,897	1,478,897	1,478,897	–	–	–
<b>Total</b>	<b>1,489,322</b>	<b>1,489,322</b>	<b>1,480,606</b>	<b>–</b>	<b>5,138</b>	<b>3,578</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 7.1.

### 6.3.3 Lease liabilities

	2020 \$'000	2019 \$'000
<b>Current lease liabilities</b>		
VicFleet vehicle lease	43	–
Accommodation lease	833	–
Multi-function devices lease	16	–
<b>Total current lease liabilities</b>	<b>892</b>	<b>0</b>
<b>Non-current lease liabilities</b>		
Accommodation lease	3,255	–
Multi-function devices lease	16	–
<b>Total non-current lease liabilities</b>	<b>3,271</b>	<b>0</b>
<b>Total Lease liabilities</b>	<b>4,163</b>	<b>0</b>

## 6.4 Provisions

	NOTE	2020 \$'000	2019 \$'000
<b>Current provisions</b>			
<b>Fidelity Fund claims provision</b>			
Fidelity Fund current provision for claims lodged and anticipated	6.4.1	3,300	2,860
<b>Total current Fidelity Fund claims provision</b>		<b>3,300</b>	<b>2,860</b>
<b>Employee benefits provisions</b>			
<b>Annual leave</b>			
Unconditional and expected to be settled within 12 months		562	489
Unconditional and expected to be settled after 12 months		209	167
<b>Long service leave</b>			
Unconditional and expected to be settled within 12 months		78	91
Unconditional and expected to be settled after 12 months		1,382	1,469
<b>Employee on-costs</b>			
Unconditional and expected to be settled within 12 months		121	109
Unconditional and expected to be settled after 12 months		256	262
<b>Total current employee benefits provisions</b>		<b>2,608</b>	<b>2,587</b>
<b>Total current provisions</b>		<b>5,908</b>	<b>5,447</b>
<b>Non-current provisions</b>			
Fidelity Fund non-current provision for claims lodged and anticipated	6.4.1	11,450	10,480
Employee benefits		221	187
Employee on-costs		34	29
<b>Total non-current provisions</b>		<b>11,705</b>	<b>10,696</b>
<b>Total provisions</b>		<b>17,613</b>	<b>16,143</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	2020	2019
Later than one year discount rate <sup>(i)</sup>	0.47%	1.08%

(i) The discount rate shown above for the discounting of the outstanding defalcations liability as at 30 June 2020 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 2020 and 30 June 2019

	2020	2019
	\$'000	\$'000
Undiscounted liability of lodged claims	3,400	2,080
Plus: Estimated liability for claims incurred but not lodged	6,620	7,150
<b>Estimated undiscounted liability for incurred defalcations</b>	<b>10,020</b>	<b>9,230</b>
<b>Plus/(minus) adjustments</b>		
Less: Discounted to net present value	(150)	(310)
Plus: Internal management expenditure	1,480	1,340
Plus: Risk margin (30%) (2019: 30%)	3,400	3,080
Plus: Allowance for large claim dispute settlement	–	–
<b>Net provision per actuarial report</b>	<b>14,750</b>	<b>13,340</b>
Plus: Allowance for specific legal case	–	–
<b>Net provision including allowance for costs</b>	<b>14,750</b>	<b>13,340</b>

#### Movements in Fidelity Fund claims provision

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

	2020	2019
	\$'000	\$'000
Opening balance	13,340	12,740
Additions/(reductions) in provisions recognised	1,410	600
<b>Closing balance</b>	<b>14,750</b>	<b>13,340</b>

## 6.4.2 Employee benefits provision in the balance sheet

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.

### Employee benefits provisions

	2020	2019
	\$'000	\$'000
<b>Current employee benefits</b>		
Annual leave entitlements	771	656
Long service leave entitlements	1,460	1,560
<b>Total current employee benefits</b>	<b>2,231</b>	<b>2,216</b>
<b>Non-current employee benefits</b>		
Long service leave entitlements	221	187
<b>Total non-current employee benefits</b>	<b>221</b>	<b>187</b>
<b>Total employee benefits</b>	<b>2,451</b>	<b>2,403</b>
<b>Employee on-costs</b>		
Current on-costs	377	371
Non-current on-costs	34	29
<b>Total on-costs</b>	<b>412</b>	<b>400</b>
<b>Total employee benefits and related on-costs</b>	<b>2,863</b>	<b>2,803</b>

### Reconciliation of movement in employee on-costs provision

	2020	2019
	\$'000	\$'000
Opening balance	400	329
Unwind of discount and effect of changes in the discount rate	(33)	(28)
Additional provisions recognised	44	99
<b>Closing balance</b>	<b>412</b>	<b>400</b>

### 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 nonvesting, 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.

## 7 FINANCIAL RISKS AND VALUATION JUDGEMENTS

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.

### 7.1 Financial instruments specific disclosures

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).

## 7.1.1 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 managed investment schemes 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.

## 7.1.2 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.

### 7.1.3 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 2020

2020	CONTRACTUAL FINANCIAL ASSETS/ LIABILITIES AT FAIR VALUE THROUGH PROFIT/LOSS \$'000	CONTRACTUAL FINANCIAL ASSETS AT AMORTISED COST \$'000	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST \$'000	TOTAL \$'000
<b>CONTRACTUAL FINANCIAL ASSETS</b>				
Cash and deposits	–	618,324	–	<b>618,324</b>
<b>Receivables</b>				
Trade receivables – Board	–	25	–	<b>25</b>
Trade receivables – Commissioner	–	366	–	<b>366</b>
Accrued investment distributions	–	13,946	–	<b>13,946</b>
Accrued interest – Residual Trust Account	–	52	–	<b>52</b>
Accrued interest – Statutory Deposit Account	–	237	–	<b>237</b>
Accrued other interest and income	–	2,890	–	<b>2,890</b>
<b>Total receivables</b>	<b>–</b>	<b>17,517</b>	<b>–</b>	<b>17,517</b>
<b>Investments and other contractual financial assets</b>				
Managed investment schemes	841,523	–	–	<b>841,523</b>
Term deposits – Statutory Deposit Account	–	600,000	–	<b>600,000</b>
Term deposits – operating cash	–	16,000	–	<b>16,000</b>
<b>Total investments and other financial assets</b>	<b>841,523</b>	<b>616,000</b>	<b>–</b>	<b>1,457,523</b>
<b>Total contractual financial assets</b>	<b>841,523</b>	<b>1,251,841</b>	<b>–</b>	<b>2,093,364</b>
<b>CONTRACTUAL FINANCIAL LIABILITIES</b>				
<b>Payables</b>				
Contractual payables and accrued expenses	–	–	1,739	<b>1,739</b>
Major grants, projects and lease incentive	–	–	4,467	<b>4,467</b>
<b>Total payables</b>	<b>–</b>	<b>–</b>	<b>6,207</b>	<b>6,207</b>
<b>Borrowings and deposits at call</b>				
Lease liabilities	–	–	4,163	<b>4,163</b>
Statutory Deposit Account balances	–	–	1,776,787	<b>1,776,787</b>
<b>Total borrowings and deposits at call</b>	<b>–</b>	<b>–</b>	<b>1,780,950</b>	<b>1,780,950</b>
<b>Total contractual financial liabilities</b>	<b>–</b>	<b>–</b>	<b>1,787,156</b>	<b>1,787,156</b>

Financial instruments categorisation for the year ended 30 June 2019

2019	CONTRACTUAL FINANCIAL ASSETS/ LIABILITIES AT FAIR VALUE THROUGH PROFIT/LOSS \$'000	CONTRACTUAL FINANCIAL ASSETS LOANS AND RECEIVABLES HELD TO MATURITY \$'000	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST \$'000	TOTAL \$'000
<b>CONTRACTUAL FINANCIAL ASSETS</b>				
Cash and cash equivalents	–	312,441	–	<b>312,441</b>
<b>Receivables</b>				
Trade receivables – Board	–	42	–	<b>42</b>
Trade receivables – Commissioner	–	443	–	<b>443</b>
Accrued investment distributions	–	11,878	–	<b>11,878</b>
Accrued interest – Residual Trust Account	–	2,225	–	<b>2,225</b>
Accrued interest – Statutory Deposit Account	–	387	–	<b>387</b>
Accrued other interest and income	–	6,357	–	<b>6,357</b>
<b>Total receivables</b>	<b>–</b>	<b>21,333</b>	<b>–</b>	<b>21,333</b>
<b>Investments and other contractual financial assets</b>				
Managed investment schemes	857,972	–	–	<b>857,972</b>
Term deposits – Statutory Deposit Account	–	600,000	–	<b>600,000</b>
Term deposits – operating cash	–	43,900	–	<b>43,900</b>
<b>Total investments and other financial assets</b>	<b>857,972</b>	<b>643,900</b>	<b>–</b>	<b>1,501,872</b>
<b>Total contractual financial assets</b>	<b>857,972</b>	<b>977,674</b>	<b>–</b>	<b>1,835,646</b>
<b>CONTRACTUAL FINANCIAL LIABILITIES</b>				
<b>Payables</b>				
Contractual payables and accrued expenses	–	–	1,709	<b>1,709</b>
Major grants and projects	–	–	8,716	<b>8,716</b>
Disputed costs	–	–	–	<b>–</b>
<b>Total payables</b>	<b>–</b>	<b>–</b>	<b>10,425</b>	<b>10,425</b>
<b>Borrowings and deposits at call</b>				
Lease liabilities	–	–	29	<b>29</b>
Statutory Deposit Account balances	–	–	1,478,897	<b>1,478,897</b>
<b>Total borrowings and deposits at call</b>	<b>–</b>	<b>–</b>	<b>1,478,926</b>	<b>1,478,926</b>
<b>Total contractual financial liabilities</b>	<b>–</b>	<b>–</b>	<b>1,489,351</b>	<b>1,489,351</b>

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

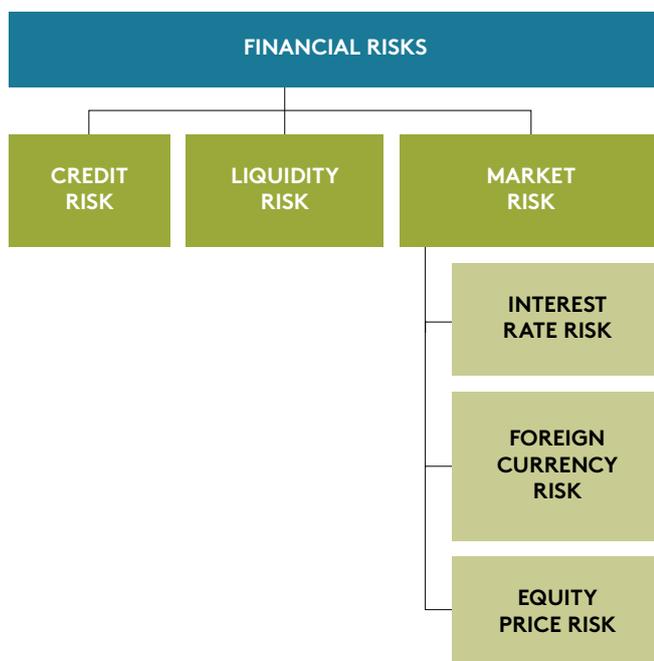
2020	NET HOLDING GAIN/(LOSS) \$'000	TOTAL DISTRIBUTION INCOME \$'000	TOTAL \$'000
Financial assets at fair value through profit/loss	(30,689)	25,057	<b>(5,632)</b>
<b>Total contractual financial assets</b>	<b>(30,689)</b>	<b>25,057</b>	<b>(5,632)</b>
2019			
Financial assets designated at fair value through profit/loss	34,223	32,142	<b>66,365</b>
<b>Total contractual financial assets</b>	<b>34,223</b>	<b>32,142</b>	<b>66,365</b>

**7.1.4 Financial risk management objectives and policies**

The Board and Commissioner’s principal financial instruments comprise:

- cash assets;
- term deposits;
- receivables (excluding statutory receivables);
- investments in equities and managed investment schemes;
- payables (excluding statutory payables);
- finance lease payable; 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.



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.

**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.

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

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

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

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

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

2020	CREDIT RATING									TOTAL \$'000
	AA-	A				B+			OTHER	
	\$'000	A \$'000	A (P) \$'000	A (T) \$'000	A (W) \$'000	B+ \$'000	B+ (T) \$'000	B+ (W) \$'000	\$'000	
Cash and cash equivalents	597,096	21,227	-	-	-	-	-	-	1	<b>618,324</b>
Receivables <sup>(i)</sup>	3,205	-	-	-	-	-	-	13,447	892	<b>17,543</b>
Investments and other financial assets	616,000	422,708	97,973	82,649	-	169,688	29,565	16,464	22,476	<b>1,457,523</b>
<b>Total contractual financial assets</b>	<b>1,216,301</b>	<b>443,936</b>	<b>97,973</b>	<b>82,649</b>	<b>-</b>	<b>169,688</b>	<b>29,565</b>	<b>29,911</b>	<b>23,369</b>	<b>2,093,392</b>
2019										
Cash and cash equivalents	291,461	20,979	-	-	-	-	-	-	2	<b>312,441</b>
Receivables <sup>(i)</sup>	8,969	-	-	-	-	-	-	11,878	487	<b>21,334</b>
Investments and other financial assets	643,900	459,690	37,032	77,909	-	210,340	-	15,998	57,004	<b>1,501,873</b>
<b>Total contractual financial assets</b>	<b>944,330</b>	<b>480,669</b>	<b>37,032</b>	<b>77,909</b>	<b>-</b>	<b>210,340</b>	<b>-</b>	<b>27,876</b>	<b>57,492</b>	<b>1,835,648</b>

(i) Amounts disclosed exclude statutory 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.

2020	CURRENT	LESS THAN 1 MONTH	1-3 MONTHS	OVER 3 MONTHS	TOTAL
Expected loss rate (%)	73%	0%	60%	55%	
Gross carrying amount of contractual receivables (\$'000)	10	-	3	858	871
<b>Loss allowance (\$'000)</b>	<b>7</b>	<b>-</b>	<b>2</b>	<b>470</b>	<b>479</b>
2019	CURRENT	LESS THAN 1 MONTH	1-3 MONTHS	OVER 3 MONTHS	TOTAL
Expected loss rate (%)	4%	11%	35%	55%	
Gross carrying amount of contractual receivables (\$'000)	5	24	18	991	1,038
<b>Loss allowance (\$'000)</b>	<b>0</b>	<b>3</b>	<b>6</b>	<b>542</b>	<b>551</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.

RATINGS GUIDE:

RATING	RATINGS AGENCY	EXPLANATION
AA-	S&P	High grade
A	Mercer	Above average prospects of outperformance
B+	Mercer	Above average prospects of outperformance but there are other strategies in which Mercer has greater conviction that outperformance will be achieved and/or more evidence required to support assessment
B	Mercer	Average prospects of outperformance
C	Mercer	Below average prospects of outperformance
N	Mercer	Not rated
R	Mercer	Early stage research or research no longer maintained
(P)	Mercer	Provisional – there are issues/developments currently impacting the strategy/product creating uncertainty
(T)	Mercer	High level active risk (tracking error) relative to benchmark index
(W)	Mercer	Under watch – level of uncertainty about the ratings
Other	–	Credit rating not applicable

(i) Mercer ratings are designed to identify the quality of investment strategies.

### 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.

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 7.2.2 represents the Board and the Commissioner's maximum exposure to liquidity risk.

### 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:

#### 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 managed investment schemes.

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 2020 and 2019 the Commissioner has minimal exposure to cash flow interest rate risk as its operating bank account is transferred overnight to the Board's General Account.

The 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 2020

2020	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>					
Cash and cash equivalents	1.16%	618,324	–	618,324	–
<b>Receivables</b>					
Trade receivables – Public Purpose Fund		25	–	–	25
Trade receivables – Victorian Legal Services Commissioner		366	–	–	366
Accrued investment distributions		13,946	–	–	13,946
Accrued interest – Residual Trust Account		52	–	–	52
Accrued interest – Statutory Deposit Account		237	–	–	237
Accrued other income		2,890	–	–	2,890
<b>Investments and other contractual financial assets</b>					
Managed investment schemes	2.26%	841,523	189,230	–	652,293
Term deposits – Statutory Deposit Accounts	2.01%	600,000	–	600,000	–
Term deposits – operating cash	1.49%	7,000	–	7,000	–
<b>Total financial assets</b>		<b>2,084,364</b>	<b>189,230</b>	<b>1,225,324</b>	<b>669,809</b>
<b>Financial liabilities<sup>(i)</sup></b>					
<b>Payables</b>					
Payables and accrued expenses		1,739	–	–	1,739
Major grants and projects		4,467	–	–	4,467
<b>Borrowings and deposits</b>					
Lease liabilities	2.44%	4,163	4,163	–	–
Statutory Deposit Account balances		1,776,787	–	–	1,776,787
<b>Total financial liabilities</b>		<b>1,787,156</b>	<b>4,163</b>	<b>–</b>	<b>1,782,993</b>

(i) Excludes statutory financial assets and liabilities.

## INTEREST RATE EXPOSURE OF FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019	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>	1.72%	<b>312,441</b>	–	312,441	–
<b>Receivables</b>					
Trade receivables – Public Purpose Fund		<b>42</b>	–	–	42
Trade receivables – Victorian Legal Services Commissioner		<b>443</b>	–	–	443
Accrued investment distributions		<b>11,878</b>	–	–	11,878
Accrued interest – Residual Trust Account		<b>2,225</b>	–	–	2,225
Accrued interest – Statutory Deposit Account		<b>387</b>	–	–	387
Accrued other income		<b>6,357</b>	–	–	6,357
<b>Investments and other contractual financial assets</b>					
Managed investment schemes	5.54%	<b>857,972</b>	172,308	–	685,664
Term deposits – Statutory Deposit Accounts	2.54%	<b>600,000</b>	–	600,000	–
Term deposits – operating cash	2.62%	<b>43,900</b>	–	43,900	–
<b>Total financial assets</b>		<b>1,835,645</b>	<b>172,308</b>	<b>956,341</b>	<b>706,996</b>
<b>Financial liabilities<sup>(i)</sup></b>					
<b>Payables</b>					
Payables and accrued expenses		<b>1,709</b>	–	–	1,709
Major grants, projects and lease incentives		<b>8,716</b>	–	–	8,716
<b>Borrowings and deposits</b>					
Finance lease liabilities	3.25%	<b>29</b>	29	–	–
Statutory Deposit Account balances		<b>1,478,897</b>	–	–	1,478,897
<b>Total financial liabilities</b>		<b>1,489,351</b>	<b>29</b>	<b>–</b>	<b>1,489,322</b>

### 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.

A movement of 0 basis points up and 25 basis points down (2019: 50 down and 50 up) in market interest rates (AUD) is possible over the next 12 months.

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:

	2020	INTEREST RATE RISK				
		CARRYING AMOUNT	-25 BASIS POINTS (2019: -50 BASIS POINTS)		+0 BASIS POINTS (2019: +50 BASIS POINTS)	
			NET RESULT	EQUITY	NET RESULT	EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Contractual financial assets</b>						
Cash and cash equivalents <sup>(i)</sup>	618,324	(1,546)	(1,546)	-	-	
Term deposits – Statutory Deposit Account <sup>(ii)</sup>	600,000	(1,500)	(1,500)	-	-	
Term deposits – operating cash	7,000	(18)	(18)	-	-	
Investments	841,523	-	-	-	-	
<b>Total impact</b>		<b>(3,063)</b>	<b>(3,063)</b>	<b>-</b>	<b>-</b>	
<b>2019</b>						
<b>Contractual financial assets</b>						
Cash and cash equivalents <sup>(i)</sup>	312,441	(1,562)	(1,562)	1,562	1,562	
Term deposits – Statutory Deposit Account <sup>(ii)</sup>	600,000	(2,000)	(2,000)	2,000	2,000	
Term deposits – operating cash	43,900	(220)	(220)	220	220	
Investments	857,972	-	-	-	-	
<b>Total impact</b>		<b>(3,782)</b>	<b>(3,782)</b>	<b>3,782</b>	<b>3,782</b>	

(i) Cash and cash equivalents includes cash and deposits of \$618.3m (2019: \$312.4m) that are exposed to floating rates movements. Sensitivities to these movements are calculated as follows:

- 2020: \$618.3m x (-)0.25% = (\$1.55m); and
- 2019: \$312.4m x (-)/+0.5% = (-)/+\$1.6m.

(ii) Term deposits – SDA includes term deposits of \$600.0m (2019: \$600.0m) that are exposed to floating rates movements. Sensitivities to these movements are calculated as follows:

- 2020: \$600.0m x (-)0.25% = (\$1.5m); and
- 2019: \$600.0m x (-)/+0.5% = (-)/+\$3.0m.

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 2020 was \$11.53m (2019: \$28.31m). Based on a rolling average balance in Residual Trust Funds as at 30 June 2020 of \$2.87b (2019: \$2.52b), a 25 basis point movement would impact the revenue attributable to the Board by \$7.16m (2019: \$12.59m).

### 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 managed investment schemes (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 managed investment funds 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.

2020	CARRYING AMOUNT \$'000	EQUITY PRICE RISK			
		-20%		+20%	
		NET RESULT \$'000	EQUITY \$'000	NET RESULT \$'000	EQUITY \$'000
<b>Financial assets</b>					
Investments at fair value through profit or loss <sup>(i)</sup>	841,523	(168,305)	(168,305)	168,305	168,305
<b>Total impact</b>		<b>(168,305)</b>	<b>(168,305)</b>	<b>168,305</b>	<b>168,305</b>
<b>2019</b>					
<b>Financial assets</b>					
Investments at fair value through profit or loss <sup>(i)</sup>	857,972	(128,696)	(128,696)	128,696	128,696
<b>Total impact</b>		<b>(128,696)</b>	<b>(128,696)</b>	<b>128,696</b>	<b>128,696</b>

(i) Investments of \$841.2m (2019: \$858.0) are exposed to equity price movements. Sensitivities to these movements are calculated as follows:

- 2020: \$841.2m x -20% = (\$168.3m); and \$841.2m x 20% = \$168.3m; and
- 2019: \$858.0m -15% = (\$128.7m); and \$858.0m x 15% = \$128.7m.

### 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.

The Board's exposure to foreign currency risk is in accordance with the Board's agreed investment strategy which also sets target investment allocations for investment types as outlined below:

- The investment policy is to invest 25% of all global equities in a fully hedged investment product and 75% in an unhedged investment product for the Public Purpose Fund, and 50% of all global equities in a fully hedged investment product and 50% in an unhedged investment product for the Fidelity Fund.
- The target investment allocation is to invest between 0% and 30% for the Public Purpose Fund and between 10% and 30% for the Fidelity Fund of the total investments in global equities. Investments in global equities are \$148.57m as at 30 June 2020 compared with \$149.82m for prior year.

- The target investment allocation for global fixed interest funds is to invest between 0% and 30% of the Public Purpose Fund and 10% and 20% of the Fidelity Fund in those funds. Investments in global fixed interest funds as at 30 June 2020 is \$202.58m compared with \$202.88m in the prior period.
- The target investment allocation for emerging markets funds is to invest between 0% and 10% of the Public Purpose Fund in those funds. Investments in emerging markets funds as at 30 June 2020 is \$25.54m compared with \$26.88m in the prior period.

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

### Foreign currency risk sensitivity

The Board's management has estimated according to past performance and future expectations that movements in foreign currency will be from negative 10% to positive 10% in the next 12 months. The Board's management does not believe that it is possible to reasonably estimate the variables used further than for 12 months.

2020	FOREIGN CURRENCY RISK				
	CARRYING AMOUNT	-10%		+10%	
		NET RESULT	EQUITY	NET RESULT	EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
Investments at fair value through profit or loss <sup>(i)</sup>	841,523	(34,143)	(34,143)	34,143	34,143
<b>Total impact</b>		<b>(34,143)</b>	<b>(34,143)</b>	<b>34,143</b>	<b>34,143</b>
<b>2019</b>					
<b>Financial assets</b>					
Investments at fair value through profit or loss <sup>(i)</sup>	857,972	(34,239)	(34,239)	34,239	34,239
<b>Total impact</b>		<b>(34,239)</b>	<b>(34,239)</b>	<b>34,239</b>	<b>34,239</b>

(i) Investments include unhedged global equities, global fixed interest and emerging market investments of \$341.4m (2019: \$342.4m) that are exposed to foreign currency movements. Sensitivities to these movements are calculated as follows:

- 2020: \$341.4m x -10% = (\$34.1m); and \$342.4m x 10% = \$34.1m; and
- 2019: \$342.4m x -10% = (\$34.2m); and \$342.4m x 10% = \$34.2m.

## 7.2 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.

In addition, the fair values of other assets and liabilities that are carried at amortised cost also need to be determined for disclosure purposes.

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

### 7.2.1 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 instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – the fair value is determined using inputs other than quoted prices for which the lowest level input that is significant to fair value measurement is directly or indirectly observable for the financial asset or liability; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. Fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using observable 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.

### 7.2.2 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>Payables</b>
<b>Receivables</b>	<ul style="list-style-type: none"><li>• For supplies and services</li></ul>
<ul style="list-style-type: none"><li>• Sale of goods and services</li><li>• Accrued investment income</li><li>• Other receivables</li></ul>	<ul style="list-style-type: none"><li>• Amounts payable to government and agencies</li><li>• Other payables</li><li>• Statutory Deposit Account Balances</li><li>• Lease liability</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>	

## 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.

	2020		2019	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
	\$'000	\$'000	\$'000	\$'000
<b>Contractual financial assets</b>				
Cash and cash equivalents	618,324	618,324	312,441	312,441
<b>Receivables</b>				
Accrued investment distributions	13,946	13,946	11,878	11,878
Accrued interest – Residual Trust Account	52	52	2,225	2,225
Accrued interest – Statutory Deposit Account	237	237	387	387
Trade receivables – Public Purpose Fund	25	25	42	42
Trade receivables – Commissioner	366	366	443	443
Accrued other interest and income	2,916	2,916	6,357	6,357
<b>Total receivables<sup>(i)</sup></b>	<b>17,542</b>	<b>17,542</b>	<b>21,333</b>	<b>21,333</b>
<b>Investments and other contractual financial assets</b>				
Investments at fair value through profit or loss held for trading	841,523	841,523	857,972	857,972
Term deposits – Statutory Deposit Accounts	600,000	600,000	600,000	600,000
Term deposits – operating cash	16,000	16,000	43,900	43,900
<b>Investments and other financial assets</b>	<b>1,457,523</b>	<b>1,457,523</b>	<b>1,501,872</b>	<b>1,501,872</b>
<b>Total contractual financial assets</b>	<b>2,093,390</b>	<b>2,093,390</b>	<b>1,835,646</b>	<b>1,835,646</b>
<b>Contractual financial liabilities</b>				
<b>Payables</b>				
Contractual payables and accrued expenses – Public Purpose Fund	1,320	1,320	1,329	1,329
Contractual payables and accrued expenses – Fidelity Fund	50	50	56	56
Contractual payables and accrued expenses – Commissioner	369	369	324	324
Major grants and projects	4,467	4,467	8,716	8,716
<b>Total payables</b>	<b>6,207</b>	<b>6,207</b>	<b>10,425</b>	<b>10,425</b>
<b>Borrowings and deposits at call</b>				
Lease liabilities	4,163	4,163	29	29
Statutory Deposit Account balances	1,776,787	1,776,787	1,478,897	1,478,897
<b>Total borrowings and deposits at call</b>	<b>1,780,950</b>	<b>1,780,950</b>	<b>1,478,926</b>	<b>1,478,926</b>
<b>Total contractual financial liabilities</b>	<b>1,787,157</b>	<b>1,787,157</b>	<b>1,489,351</b>	<b>1,489,351</b>

(i) Excludes GST recoverable.

FINANCIAL ASSETS MEASURED AT FAIR VALUE

2020	CARRYING AMOUNT \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
		LEVEL 1	LEVEL 2	LEVEL 3
		\$'000	\$'000	\$'000
Investments at fair value through profit or loss <sup>(i)</sup>	841,523	751,465	90,058	–
<b>Total</b>	<b>841,523</b>	<b>751,465</b>	<b>90,058</b>	<b>–</b>

2019	CARRYING AMOUNT \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
		LEVEL 1	LEVEL 2	LEVEL 3
		\$'000	\$'000	\$'000
Investments at fair value through profit or loss <sup>(i)</sup>	857,972	775,185	82,788	–
<b>Total</b>	<b>857,972</b>	<b>775,185</b>	<b>82,788</b>	<b>–</b>

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

### 7.2.3 Fair value determination of non-financial assets

Capitalised plant and equipment, including right-of-use assets, of \$6.03m at 30 June 2020 (2019: \$2.33m) is measured at level 3 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 2020. For all assets measured at fair value, the current use is considered the highest and best use.

## 8 RESPONSIBLE PERSONS, REMUNERATION AND RELATED PARTIES

### 8.1 Responsible persons

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

#### 8.1.1 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. Jill Hennessy MP	1 July 2019 to 30 June 2020
Acting Attorney-General	The Hon. Benjamin Carroll MP	1 July 2019 to 5 July 2019
Acting Attorney-General	The Hon. Gavin Jennings MP	6 July 2019 to 13 July 2019
Acting Attorney-General	The Hon. Benjamin Carroll MP	14 July 2019 to 20 July 2019
Acting Attorney-General	The Hon. Gavin Jennings MP	1 August 2019 to 10 August 2019
Acting Attorney-General	The Hon. Benjamin Carroll MP	20 December 2019 to 12 January 2020
Accountable Officer	Ms Fiona McLeay	1 July 2019 to 30 June 2020
Chairperson	Ms Fiona Bennett	1 July 2019 to 30 June 2020
Board Member	Ms Jennifer Batrouney AM QC	1 July 2019 to 30 June 2020
Board Member	Mr Geoff Bowyer	1 July 2019 to 30 June 2020
Board Member	Ms Liz Harris	1 July 2019 to 30 June 2020
Board Member	Dr Lynne Williams AM	1 July 2019 to 30 June 2020
Board Member	Ms Catherine Wolthuizen	1 July 2019 to 30 June 2020
Board Member	Ms Catherine Wood AM	1 July 2019 to 30 June 2020

#### 8.1.2 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:

	2020 NO.	2019 NO.
<b>Income band</b>		
less than \$9,999	–	–
\$10,000 to \$19,999	–	–
\$20,000 to \$29,999	–	–
\$30,000 to \$39,999	–	–
\$40,000 to \$49,999	6	6
\$50,000 to \$59,999	–	–
\$60,000 to \$69,999	–	–
\$70,000 to \$79,999	–	–
\$80,000 to \$89,999	1	1
\$130,000 to \$139,999	–	–
\$250,000 to \$259,999	–	–
\$310,000 to \$319,999	1	1
<b>Total numbers</b>	<b>8</b>	<b>8</b>
<b>Total amount (\$)</b>	<b>684,343</b>	<b>668,671</b>

## 8.2 Remuneration of executives

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

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 2020	COMPENSATION 2019
<b>Remuneration of executive officers</b>		
Short-term employee benefits	<b>\$813,010</b>	\$653,589
Post-employment benefits	<b>\$69,686</b>	\$72,006
Other long-term benefits	<b>\$19,640</b>	\$18,432
<b>Total remuneration</b>	<b>\$902,335</b>	<b>\$744,027</b>
<b>Total number of executives(i)</b>	<b>5</b>	<b>4</b>
<b>Total annualised employee equivalents(ii)</b>	<b>4</b>	<b>3</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.

### 8.3 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 \$35.04m (2019: \$35.54m) under Sections 143 and 146 of the *Legal Profession Uniform Law Application Act 2014*;
- Funding to Victoria Law Reform Commission of \$2.24m (2019: \$1.89m) to continue performing functions under the *Victorian Law Reform Commission Act 2000*;
- Funding to Victoria Law Foundation of \$2.50m (2019: \$2.15m) to continue performing functions under the *Victoria Law Foundation Act 2009 (Vic)*;
- Funding to Victoria Civil and Administrative Tribunal of \$0.99m (2019: \$0.99m) for the Legal Practice List; and
- Funding to Victoria Legal Admissions Board of \$1.41m (2019: \$1.28m) 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. Jill Hennessy MP, and members of the Board and Senior Executive Team as follows:

POSITION	KEY MANAGEMENT PERSONNEL	PERIOD
Attorney-General	The Hon. Jill Hennessy MP	1 July 2019 to 30 June 2020
Acting Attorney-General	The Hon. Benjamin Carroll MP	1 July 2019 to 5 July 2019
Acting Attorney-General	The Hon. Gavin Jennings MP	6 July 2019 to 13 July 2019
Acting Attorney-General	The Hon. Benjamin Carroll MP	14 July 2019 to 20 July 2019
Acting Attorney-General	The Hon. Gavin Jennings MP	1 August 2019 to 10 August 2019
Acting Attorney-General	The Hon. Benjamin Carroll MP	20 December 2019 to 12 January 2020
Accountable Officer	Ms Fiona McLeay	1 July 2019 to 30 June 2020
Chairperson	Ms Fiona Bennett	1 July 2019 to 30 June 2020
Board Member	Ms Jennifer Batrouney AM QC	1 July 2019 to 30 June 2020
Board Member	Mr Geoff Bowyer	1 July 2019 to 30 June 2020
Board Member	Ms Liz Harris	1 July 2019 to 30 June 2020
Board Member	Dr Lynne Williams AM	1 July 2019 to 30 June 2020
Board Member	Ms Catherine Wolthuizen	1 July 2019 to 30 June 2020
Board Member	Ms Catherine Wood AM	1 July 2019 to 30 June 2020
Director, Investigations	Russell Daily	1 July 2019 to 23 January 2020
Director, Investigations	Matthew Anstee	20 April 2020 to 30 June 2020
Director, Corporate Services	John Ireson	1 July 2019 to 30 June 2020
Director, Policy & Outreach	Kerri-anne Millard	1 July 2019 to 30 June 2020
Director, Enquiries & Complaints	Tina Stagliano	1 July 2019 to 30 June 2020
Project Manager	Julie Thomson	1 July 2019 to 30 June 2020
Manager, People & Culture	Lucy Fraser	1 July 2019 to 30 June 2020
Senior Advisor	Kelly Spiteri	1 July 2019 to 30 June 2020

## 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 2020 \$	COMPENSATION 2019 \$
<b>Compensation of key management personnel</b>		
Short-term employee benefits	<b>2,016,415</b>	1,659,576
Post-employment benefits	<b>164,442</b>	166,897
Other long-term benefits	<b>43,084</b>	36,637
Termination benefits	<b>75,000</b>	–
<b>Total</b>	<b>2,298,941</b>	<b>1,863,110</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 transactions occurred during the year:

- Ms Fiona Bennett is a member of the Legal Services Council, which received \$668,597 for Victoria's contribution to the national Uniform Law Scheme. The payment is allowed under s 139 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.
- Ms Catherine Wood AM is a Board Director of the ISPT Pty Ltd. The Board has resolved to invest in the ISPT fund and the VLSB has been approved as an ISPT investor. Ms Catherine Wood was excluded from decision making in 2018-19 regarding VLSB investment with ISPT.

All amounts are GST exclusive and there is no outstanding amount payable as at 30 June 2020.

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.

## 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

	2020	2019
	\$'000	\$'000
<b>Public Purpose Fund</b>		
Net gain/(loss) on financial instruments arising from changes in fair value	(29,102)	32,669
Net gain/(loss) on disposal of financial instruments through profit and loss	(6)	–
Bad debts written off unilaterally and doubtful debts	1	(3)
<b>Total net gain/(loss) on financial instruments</b>	<b>(29,108)</b>	<b>32,666</b>
Net gain/(loss) on disposal of property, plant and equipment	–	(2)
<b>Total net gain/(loss) on non-financial instruments</b>	<b>0</b>	<b>(2)</b>
<b>Fidelity Fund</b>		
Net gain/(loss) on financial instruments arising from changes in fair value	(1,587)	1,554
Change due to actuarial valuations	(1,410)	(600)
Provision for costs settlement	–	–
<b>Total net gain/(loss) on financial instruments</b>	<b>(2,997)</b>	<b>954</b>
<b>Victorian Legal Services Commissioner</b>		
Bad debts written off unilaterally and doubtful debts	(65)	(12)
Net gains/(losses) on disposal of property, plant and equipment	6	–
Net gain/(loss) from the revaluation of present value of annual leave	–	–
Net gain/(loss) from the revaluation of present value of long service leave	(76)	(205)
Total other gains/(losses) from other economic flows	–	–
<b>Total net gain/(loss) on financial instruments</b>	<b>(135)</b>	<b>(217)</b>
<b>Total other economic flows included in net result</b>	<b>(32,240)</b>	<b>33,401</b>

## OTHER ECONOMIC FLOWS – BY TYPE

	2020	2019
	\$'000	\$'000
<b>Net gain/(loss) on financial instruments</b>		
Net gain/(loss) on financial instruments arising from changes in fair value	(30,689)	34,223
Net gain/(loss) on disposal of financial instruments through profit and loss	(6)	–
Bad debts written off unilaterally and doubtful debts	(64)	(15)
<b>Total net gain/(loss) on financial instruments</b>	<b>(30,760)</b>	<b>34,208</b>
<b>Net gain/(loss) on non-financial assets</b>		
Net gains/(losses) on disposal of property, plant and equipment	6	(2)
<b>Total net gain/(loss) on non-financial instruments</b>	<b>6</b>	<b>(2)</b>
<b>Other gains/(loss) from other economic flows</b>		
Change due to actuarial valuations	(1,410)	(600)
Provision for costs settlement	–	–
Net gain/(loss) from the revaluation of present value of annual leave	–	–
Net gain/(loss) from the revaluation of present value of long service leave	(76)	(205)
<b>Total other gains/(loss) from other economic flows</b>	<b>(1,486)</b>	<b>(805)</b>
<b>Total other economic flows included in net result</b>	<b>(32,240)</b>	<b>33,401</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 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.

### TOTAL COMMITMENTS PAYABLE

2020	NOTES	LESS THAN 1 YEAR \$'000	1-5 YEARS \$'000	5+ YEARS \$'000	TOTAL \$'000
Operating commitments	9.2.1	534	84	–	618
Operating lease commitments	9.2.2	–	–	–	0
<b>Total commitments</b>		<b>534</b>	<b>84</b>	<b>–</b>	<b>618</b>
<b>2019</b>					
Operating commitments	9.2.1	148	–	–	148
Operating lease commitments	9.2.2	1,153	5,063	340	6,556
<b>Total commitments</b>		<b>1,301</b>	<b>5,063</b>	<b>340</b>	<b>6,704</b>

Figures presented are inclusive of GST.

### 9.2.1 Operating commitments

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

	2020	2019
	\$'000	\$'000
<b>Operating commitments</b>		
Less than 1 year	534	148
Greater than 1 year but not later than 5 years	84	–
<b>Total commitments in relation to operating contracts</b>	<b>618</b>	<b>148</b>

Figures presented are inclusive of GST.

### 9.2.2 Operating lease commitments

Following the adoption of AASB 16 Leases, leases previously classified as operating have been moved onto the balance sheet. Prior year operating lease data is presented below.

	2020	2019
	\$'000	\$'000
<b>Operating lease commitments</b>		
Less than 1 year	–	1,153
Greater than 1 year but less than 5 years	–	5,063
Greater than 5 years	–	340
<b>Total future operating lease payments</b>	<b>0</b>	<b>6,556</b>

Figures presented are inclusive of GST.

### 9.2.3 Statutory commitments

The Act requires that 50% of the Public Purpose Fund General Account balance as at 30 June each year is to be transferred to the Distribution Account in the following year.

The amount to be transferred from the 2020 balance is \$40.467m (2019: \$73.223m).

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.

### 9.3 Remuneration of auditors

	2020	2019
	\$'000	\$'000
<b>Victorian Auditor-General's Office<sup>(i)</sup></b>		
Audit of financial statements	77	77
<b>Total remuneration of auditors</b>	<b>77</b>	<b>77</b>

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

### 9.4 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.

**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.

At balance date there were no contingent assets (2019: nil contingent assets or contingent liabilities). A non-quantifiable contingent liability exists relating to matters against the Board and the Commissioner in which negotiations are underway to determine the likelihood and quantum of any relevant costs for which the Board and the Commissioner may be liable.

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.

### 9.5 Subsequent events

Subsequent to the end of the financial year the Stage 4 lockdown in Melbourne came into effect, which may impact upon the economy in Victoria and Australia and is disclosed as a non-adjusting subsequent event. Amounts recognised in the financial statements reflect conditions at reporting date, including fair value of investment assets.

At the date of signing the financial statements the Board and Commissioner are unable to determine the financial effects the Melbourne lockdown could have in the coming financial period. The impacts may include volatility of investment asset balances.

The Board and Commissioner acknowledge their responsibility to monitor the situation and evaluate this impact on the organisation including whether it remains a going concern and its ability to pay its liabilities.

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.

## 9.6 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 2020 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 2020, 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 VLBSB+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. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted; however, the AASB has recently issued ED 301 <i>Classification of Liabilities as Current or Non-Current – Deferral of Effective Date</i> with the intention to defer the application by one year to periods beginning on or after 1 January 2023. The Department will not early-adopt the Standard.	1 Jan 2023	The standard is not expected to have a significant impact on the public sector.
AASB 17 <i>Insurance Contracts</i>	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.	1 Jan 2021	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 Jan 2020	The standard is not expected to have a significant impact on the public sector.
AASB 1059 <i>Service Concession Arrangements: Grantor</i>	This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.	1 Jan 2020 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)	The assessment indicates that AASB 1059 <i>Service Concession Arrangements: Grantor</i> will not impact upon the Board and the Commissioner as it does not have any service concession arrangements.
AASB 2018-5 <i>Amendments to Australian Accounting Standards – Deferral of AASB 1059</i>	This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020.	1 Jan 2020	This standard defers the mandatory effective date of AASB 1059 for periods beginning on or after 1 January 2019 to 1 January 2020. As above, this will not impact upon the Board and the Commissioner as it does not have any service concession arrangements.

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

## 9.7 Change in Accounting Policies

### 9.7.1 Leases

This note explains the impact of the adoption of AASB 16 Leases on the Board and Commissioner's financial statements.

The Board and Commissioner have applied AASB 16 with a date of initial application of 1 July 2019.

The Board and Commissioner have elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, the Board and Commissioner determined at contract inception whether an arrangement was or contained a lease under AASB 117 and Interpretation 4 *Determining whether an arrangement contains a Lease*. Under AASB 16, the Board and Commissioner assess whether a contract is or contains a lease based on the definition of a lease as explained in note 1.1.

#### **Leases classified as operating leases under AASB 117**

As a lessee, the Board and Commissioner previously classified leases as operating or finance leases based on the assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Board and Commissioner. Under AASB 16, the Board and Commissioner recognises right-of-use assets and lease liabilities for all leases.

On adoption of AASB 16, the Board and Commissioner recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

The Board and Commissioner have elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

#### **Leases as a Lessor**

The Board and Commissioner is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor. The Board and Commissioner does not act as lessor in any arrangements.

## 9.7.2 Transition impact on financial statements

This note explains the impact of the adoption of the new lease accounting standard for the first time, from 1 July 2019.

The Board and Commissioner has elected to apply the AASB 15 short-term licence recognition exemption to income from practising certificates, and the income associated with those licences is recognised on a straight-line basis over the licence term (12 months or less).

Impact on the balance sheet due to the adoption of AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards at 1 July 2019:

<b>BALANCE SHEET</b>	<b>BEFORE NEW ACCOUNTING STANDARDS OPENING 1 JULY 2019</b>	<b>IMPACT OF NEW ACCOUNTING STANDARDS – AASB 16</b>	<b>AFTER NEW ACCOUNTING STANDARDS OPENING 1 JULY 2019</b>
Total financial assets	1,835,900		<b>1,835,900</b>
Total non-financial assets	4,217	4,930	<b>9,147</b>
<b>Total assets</b>	<b>1,840,117</b>	<b>4,930</b>	<b>1,845,047</b>
Payables & income in advance	21,933	466	<b>22,399</b>
Statutory deposit account balances	1,478,897	–	<b>1,478,897</b>
Other liabilities	16,143	–	<b>16,143</b>
Lease incentive	(819)	819	<b>–</b>
Finance lease liabilities	29	–	<b>29</b>
Lease liabilities	1,285	3,646	<b>4,930</b>
<b>Total liabilities</b>	<b>1,517,468</b>	<b>4,930</b>	<b>1,522,397</b>
Contributed equity	29	–	<b>29</b>
Accumulated surplus/(deficit)	322,621	–	<b>322,621</b>
<b>Total equity</b>	<b>322,650</b>	<b>–</b>	<b>322,650</b>

## 10 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.

## 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 nonowner 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 2019-20 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 7

# Disclosure Index

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

### MINISTERIAL DIRECTIONS AND FINANCIAL REPORTING DIRECTIONS: REPORT OF OPERATIONS

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## MINISTERIAL DIRECTIONS AND FINANCIAL REPORTING DIRECTIONS: FINANCIAL STATEMENTS

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