



Victoria Legal Aid  
Thirteenth statutory annual report 2007-08

 **Victoria  
Legal Aid**  
Lawyers And  
Legal Services

The Hon Attorney-General  
1 Treasury Place  
EAST MELBOURNE 3002

31 August 2008

Dear Attorney-General

I am pleased to present Victoria Legal Aid's thirteenth statutory annual report for the year ending 30 June 2008.

Throughout the year Victoria Legal Aid continued to provide high levels of legal aid services to the Victorian community, while strongly managing operating costs.

This report outlines Victoria Legal Aid's key activities and financial performance for the year.

Yours faithfully



John Howie  
Chairperson

#### **Our vision**

Victoria Legal Aid is a leading and responsible force for community access to the legal system and for social justice.

#### **Our values**

Victoria Legal Aid is committed to:

- serving our clients and community professionally and ethically
- acting with integrity, fairness and transparency at all times
- respecting and valuing diversity
- pursuing continuous improvement across the organisation.

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# Highlighting our performance

## Chairperson's report

This year saw the achievement of significant milestones in the growth and enhancement of Victoria Legal Aid's infrastructure, which will support improved quality and increased volume of services into the next decade and beyond. The organisation also broke all previous records this year for the number of grants, duty lawyer, and legal information and referral services delivered to the Victorian community.

The first major milestone was the opening of our South Coast Regional Office in Warrnambool, Victoria Legal Aid's fifteenth office and our fourth new office to open this decade. Victoria Legal Aid now has a regional office located close to and servicing almost every major regional court in the state. Coverage of the whole of Victoria is now close at hand and remains a strategic priority. Our commitment to equitable access to Victoria Legal Aid's services will be fully realised when we are able to establish equivalent facilities in Mildura and Albury-Wodonga.

The second milestone is the significant advancement of a suite of major technology projects collectively called the Business and System Enhancement (BASE) program. The BASE program includes:

- the Australian Total Legal Aid Solution (ATLAS), a new software program to replace Victoria Legal Aid's aging grants management system. ATLAS is being developed in partnership with the NSW Legal Aid Commission. During the year the development of the product was almost completed, with delivery expected early in the new financial year. The project is well within budget
- an electronic Case and Practice Management System for Victoria Legal Aid's legal practice. During the year, the vendor successfully completed the proof of concept and Victoria Legal Aid signed the development contract. Construction is well under way, with delivery expected early in the new financial year
- e-lodgement, a web-based system for online submission and tracking of applications for legal assistance, extensions and invoices, was successfully implemented in the summary crime jurisdiction this year. It will greatly assist with the introduction of the legal profession to online business, in preparation for the full e-commerce functionality of ATLAS
- the redevelopment of Victoria Legal Aid's internet and intranet sites. The website was launched during the year.

## Financial performance

In response to the crystallisation of concerns expressed in last year's report, this year Victoria Legal Aid was obliged to implement a number of strategies to reduce expenditure in Commonwealth-funded family law operations. In addition, Victoria Legal Aid was confronted with unprecedented levels of demand in state-funded services in the child protection and criminal law jurisdiction. While cost reduction strategies in this area of operations has so far been avoided, such strategies or increased financial support will be required next year in the face of current or increasing demand.

Over the last decade, sustained financial management resulted in Victoria Legal Aid accumulating significant financial reserves in the state and Commonwealth revenue streams. Four years ago, the Victoria Legal Aid Board determined to reduce the level of our reserves and increase legal aid services to the Victorian public. This strategy was embraced because reserves in excess of cash flow requirements should be used to provide new or additional services. Furthermore, our 2004 funding agreement with the Commonwealth, which expires at the end of 2008, requires that Victoria Legal Aid use its excess reserves or risk a reduction in Commonwealth revenue.



This strategy has resulted in the establishment of a number of excellent new services. In particular, we have implemented programs to rebuild civil law legal aid services in Victoria, including:

- a new specialist in-house practice in social security law
- the provision of a range of new grants, which begin to address a number of needs in the civil law jurisdiction.

We have continued the program of secondment of VLA specialist lawyers to selected community legal centres. We have also continued funding two community legal centres to provide complementary duty lawyer services to the Melbourne and Dandenong registries of the Family and Federal Magistrates Court. This collaboration is unique to the Australian legal aid sector. It ensures that both parties can access legal assistance at court.

In addition, we have been able to utilise our carefully garnered reserves to meet significant levels of increasing community demand for legal aid without troubling the treasuries of our government funders.

As a result, in 2007-08 operating expenses totalled \$139.6 million, while \$119.3 million was received in revenue, as set out in Table 1. The overall operating deficit of \$20.3 million represents a state revenue deficit of \$6 million and a Commonwealth deficit of \$14.3 million.

Table 1: Financial results 2005-08

	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000
Revenue	98,114	111,153	119,324
Expenses	102,081	117,623	139,629
<b>Results</b>	<b>(3,967)</b>	<b>(6,470)</b>	<b>20,305</b>

The board's strategy has been successful and it has delivered record levels of service to the Victorian community. However, as predicted last year, Victoria Legal Aid's reserves have reached a level where it has become necessary to implement strategies to wind back expenditure so the cost of our operations matches our revenue.

In respect of our Commonwealth-funded operations, Victoria Legal Aid has been required to cut back several services, including cutting the annual number of appointments of independent children's lawyers by 600. We have tightened the means test, stopped funding practitioners, including independent children's lawyers, to instruct in family law trials, and introduced a range of other funding cuts, which will regularise our finances in this area of our operations.

The Victoria Legal Aid Board is well aware that these measures are causing considerable pain to clients, courts and practitioners.

Victoria Legal Aid receives less Commonwealth funding per capita than any other Australian state or territory. We have advised the Commonwealth that if Victoria Legal Aid was funded at the same per capita rate as Queensland or New South Wales, these cuts would not be necessary. Having honoured our agreement with the Commonwealth to reduce our reserves, we now look forward to the establishment of a level playing field by the eradication of the current Commonwealth funding inequity in next year's Commonwealth budget.

In respect of state-funded operations, this year Victoria Legal Aid faced significant increases in demand for services in the summary and indictable crime, and child protection jurisdictions in circumstances where the applicant's liberty is at stake. However, implementing measures to reduce spending was forestalled because the Department of Justice has accelerated a review of Victoria Legal Aid's finances and functions. The department has agreed to assist with any cash flow pressures while we await the completion of the review.

A break down of Victoria Legal Aid's expenses and revenue is set out in Figures 1 and 2. Expenditure on legal services increased to a 12 year high of \$122 million and administration costs were maintained at a relatively stable level. This occurred at a time when the organisation has also been focussing on improved systems, processes and capacity. The comparison between expenditure on administration and legal services in Figure 3 indicates the efficiency with which Victoria Legal Aid has managed its operations.

Figure 1: Revenue 2007-08

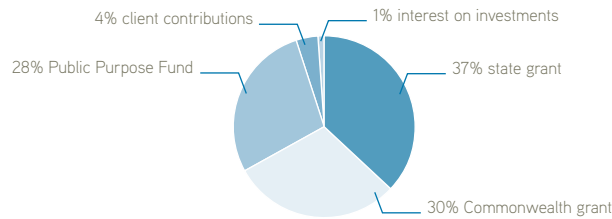


Figure 2: Expenditure 2007-08

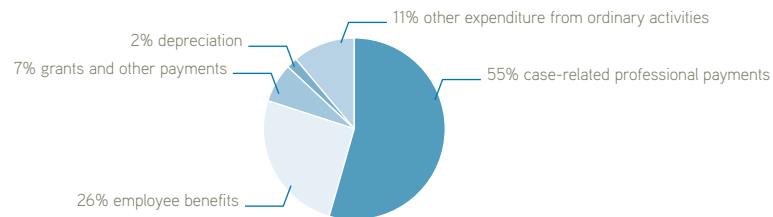
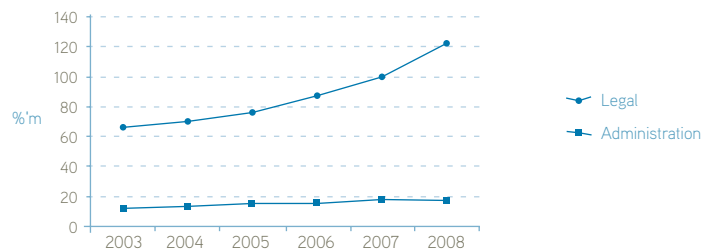


Figure 3: Legal expenditure compared to administration costs 2003-08



During the year, \$31.9 million was allocated to Victoria Legal Aid from the Public Purpose Fund, an increase of \$5.4 million on the previous year. The Public Purpose Fund has become an extremely important source of revenue for the organisation, now funding 43% of our state-funded activity. The Victoria Legal Aid Board remains most grateful to the Legal Services Board for its strong and continuing support for legal aid in Victoria.

### Thank you

On behalf of the board and staff of Victoria Legal Aid, I wish to thank the Victorian Attorney-General, Rob Hulls, for his ongoing support of Victoria Legal Aid. Mr Hulls remains a great advocate for legal aid in Victoria and continues to be a great supporter of our organisation.

I also thank my board colleagues Mary Anne Noone, Frank King and Sue Walpole for their continuing contribution to the governance of the organisation. To the managing director, Tony Parsons, who leaves Victoria Legal Aid at the end of this financial year after eight years of dedicated leadership of this great organisation, thank you. Finally, and most importantly, to the executive team and to all of Victoria Legal Aid's dedicated staff, thank you for your tireless commitment to our mission and for the fantastic service you provide to the Victorian community.

John Howie  
Chairperson

## Managing director's report

I am pleased to report that Victoria Legal Aid had another great year across several fronts. The year was characterised firstly by very high levels of service delivery, including setting several new performance records. Secondly, we continued to improve the accessibility of our services. Thirdly, we kept a strong internal focus on the development and renewal of key infrastructure in terms of technology, developing the skills of our people and building stronger management capacity. Finally, we accomplished much in these areas in a setting that required Victoria Legal Aid to develop a response to significant, demand-driven financial pressure.

## Organisational performance

Victoria Legal Aid's performance against key indicators demonstrates that 2007-08 was an outstanding year, with three new performance records set.

The organisation provided 42,044 grants of legal assistance for people requiring legal representation in court. Up slightly from the record set last year, this is only the second time in the organisation's history that the number of grants has exceeded 42,000. Notwithstanding this increase in service volume, administrative efficiency has improved. By the end of 2007-08, 80% of decisions to grant legal assistance were being made within five days of receipt of the application, up from 78% last year.

The Victoria Legal Aid Board sets annual performance targets based on negotiations and agreements with the Commonwealth and state governments, funding allocations and internal policy decisions. A comparison between our performance and targets is set out in Table 2. There were a number of performance highlights during the year:

- Duty lawyer services continued to increase, with a record number of 70,364 services. This was 6,855 more than last year and the first time in the 25 year history of Victoria Legal Aid that the number of duty lawyer services has exceeded 70,000. Duty lawyers provide legal representation to people who attend court without a lawyer.
- 53,536 legal advice services were provided, slightly less than the number of services provided last year. As the number of duty lawyer services confirm, our in-house legal teams were at court responding to the increase in demand for those services, rather than providing advice services.
- Victoria Legal Aid responded to 84,162 calls for legal information and referral. This all time record exceeds last year's output by 12,000 services. It was achieved notwithstanding recent changes to the family law jurisdiction, which has caused a significant increase in the average length of calls.
- 543,161 community legal education publications were distributed, either in hard copy or downloaded from the Victoria Legal Aid website.



Table 2: Report on operations comparing targets with performance

	2005-06	2006-07	2007-08	Target
<b>Applications for grants of legal assistance</b>				
Approved	39,124	42,020	42,044	42,000
% processed within 5 days	74	78	80	85
<b>Other services</b>				
Duty lawyer services	61,820	63,509	70,364	55,375
Legal advice (and minor work)	56,448	55,482	53,536	57,351
Legal Information Service	73,070	72,254	84,162	76,700
Community legal education publications distributed and downloaded	672,916	559,360	543,161	560,000



### Improving access

As well as opening our new South Coast Regional Office at Warrnambool this year, we established new outreach services to Camperdown, Kyneton and Maryborough. In partnership with the Department of Planning & Community Development, Victoria Legal Aid also established Senior Rights Victoria, a specialist legal and educational service for our aging population. This innovative new service is being provided through a collaboration of the Council on the Ageing and three community legal centres. With the support of the state Attorney-General, we also funded new specialist family violence lawyers in 10 community legal centres and a further five positions in rural centres. We provided a duty lawyer service to the new Moorabbin Magistrates' Court and we also launched our new W3C accessibility compliant website.

### Occupational health and safety

Providing a safe and healthy workplace is a key priority for the organisation and this year demonstrates that Victoria Legal Aid's commitment in this area of workforce management is a long term one. As a result of the focus of our occupational health and safety committee and the commitment of our health and safety representatives, we delivered on this priority with our WorkCover premium being reduced by 36% this year, which followed an 18% reduction last year.

### Delivering equal opportunity

The organisation continued its strong history of delivering equal opportunity for our staff and the broader community. Seventy-six percent of our staff are women and 71% of our legal staff are women, up from 68% last year.

Consistent with the Attorney-General's commitment to encouraging equal opportunity for female barristers, who make up 22% of the population of the Victorian Bar, Victoria Legal Aid continued to support women barristers during the year. Of the total fees paid to counsel during the year, we paid 32% to women.

Victoria Legal Aid's summer and articled clerk program for Indigenous law students and graduates continued, with four Indigenous summer clerks and one Indigenous articled clerk participating in the program. Two of our Indigenous articled clerks were admitted to practice in March this year. In addition, several Indigenous practitioners continue to enjoy their careers at Victoria Legal Aid. We are strongly committed to this program, which provides real opportunities for Indigenous law students and graduates.

### Supporting our people managers

We retained our focus on building the capacity of our people managers in 2007-08, in response to clear requests from staff for stronger mentoring, guidance and support, as well as for better communication. Initiatives under the manager development project include the continuation of the People Manager Group, a forum for all 70 of our managers who have responsibility for managing people.

We again offered two streams of manager training programs to this group, including a program leading to a post-graduate qualification at RMIT University, which is customised to meet the needs of Victoria Legal Aid managers. Over 50 of Victoria Legal Aid's managers are now participating in formal manager development programs. VLA will continue to prioritise and promote strong manager development to ensure that we can provide the best environment for our most important resource, our people.



### Executive departures

During the year, Domenico Conidi, Manager of Criminal Law, left the organisation after five years at Victoria Legal Aid. We thank Dom for his valuable contribution and wish him the best for the next step in his career.

### Thank you

I would like to thank John Howie, Victoria Legal Aid's Chairperson, and the board for their support and sound governance of the organisation throughout the year. I also wish to thank the senior management team and all staff. The great achievements this year could not have been accomplished without the commitment, energy and expertise of Victoria Legal Aid's people.



**Tony Parsons**  
Managing Director

**Our clients: To provide quality legal aid services on an equitable basis throughout Victoria**

Major initiatives	Progress in 2007–08
Increase the number and type of locations from which legal aid services are available	<p>Opened a new regional office in Warrnambool in May 2008 to provide services to the South Coast region</p> <p>Established a specialist family law clinic in Maryborough</p> <p>Introduced a specialist legal aid duty lawyer panel for the Children’s Court</p>
Increase legal aid services in priority civil law areas	<p>Assisted in the creation of Senior Rights Victoria, a partnership venture between the Council on the Ageing (Vic) and three Victorian community legal centres, launched in April 2008</p>
Improve the accessibility of legal aid services	<p>Launched Victoria Legal Aid’s new W3C compliant website, with extensive multilingual and legal information content and improved search capabilities</p> <p>Commenced a new outreach service in Dandenong as part of our commitment to assisting new refugees</p> <p>Completed delivery of diversity training on working with culturally and linguistically diverse communities to 233 Victoria Legal Aid staff</p> <p>Completed policy on working with interpreters</p>
Implement policies and procedures to ensure quality legal aid services	<p>Victoria Legal Aid, with all other Australian legal aid commissions and the Law &amp; Justice Foundation of New South Wales, is undertaking a comprehensive, national survey of legal need to form an integral part of legal aid policy development</p> <p>Continued to document the work processes of the practice and grants divisions to assist the development of the electronic case and practice management system</p> <p>Developed a policy framework so that there is an established and approved process to record, consider and resolve policy issues</p> <p>Completed an impact evaluation of intervention order publications and developed a process for producing national legal aid publications</p>

**Our people: To build a workforce that is best equipped to meet our objectives**

Major initiatives	Progress in 2007–08
Provide a culture of client service delivery	<p>Completed an evaluation of duty lawyer services, as part of the legal practice quality assurance framework</p>
Continue to build our expertise and capability	<p>Our extensive professional legal education program has continued and expanded</p> <p>A customised program to provide post-graduate management qualifications continued, with 17 managers commencing the first year and 14 managers progressing to second year</p> <p>A tailored management fundamentals program continued, with 21 managers participating</p> <p>Expanded the professional support lawyer service to include youth law</p>
Provide a progressive work environment	<p>Continued to offer a flexible work environment with 24% of staff working part-time</p> <p>Continued our summer and articled clerk program for Indigenous law students and graduates</p>

**Our relationships:** To develop and use our relationships with other organisations to improve access to justice for all

Major initiatives	Progress in 2007-08
Promote greater accountability for legal aid from governments	Made over 30 submissions on law reform issues affecting Victoria Legal Aid clients. Staff make a significant contribution to law reform in Victoria and nationally
Develop relationships with other justice sector or community sector agencies	Provided specialist duty lawyer services at the new Moorabbin Justice Centre
Develop a productive, confident and reciprocal partnership with the private legal profession	Launched e-lodgement, an online grants application system for summary crime matters, in August 2007 Implemented a simplified grants process for Children's Court matters
Forge a collaborative, accountable and mutually beneficial partnership with community legal centres	Increased funding to community legal centres by more than 10% Funded new family violence lawyers and administrative support were funded in 10 centres Secured funding for 13 new family violence duty lawyer services to be provided by selected community legal centres

**Our resources:** To manage our fiscal and physical resources in an efficient, responsible and innovative manner

Major initiatives	Progress in 2007-08
Implement new electronic grants, case and document management system	Commenced development of ATLAS, the new grants management software Commenced development of the new electronic case and practice management system
Reduce the environmental impact of our business activities	Developed initiatives to reduce the environmental impact of the organisation, in consultation with the staff environmental group Signed up to the State Government's Resource Smart program, which aims to meet government requirements for the expansion of environmental management systems to statutory agencies

# About Victoria Legal Aid

Victoria Legal Aid is a state-wide organisation that helps people with their legal problems. We focus on protecting the rights of socially and economically disadvantaged Victorians.

Victoria Legal Aid is a statutory authority established by legislation called the *Legal Aid Act 1978 (Vic)*. We are funded by Commonwealth and Victorian governments. However, we are independent from government. We also receive income from the Public Purpose Fund.

The Commonwealth stipulates that its funding can only be used for a narrow range of cases arising under Commonwealth laws. The other revenue is used at the Victoria Legal Aid Board's discretion.

## Our objectives

Our objectives are to:

- provide legal aid in the most effective, economic and efficient manner
- make legal aid available at a reasonable cost to the community and on an equitable basis throughout the state
- provide improved access to justice and legal remedies to the community
- pursue innovative means of providing legal aid directed at minimising the need for individual legal services in the community.

Legal aid includes education, advice and information about the law, as well as legal services provided by lawyers.

## Our services

We provide the community with:

- grants of legal assistance for legal representation
- access to free duty lawyer services in most courts
- free legal advice in criminal law, family law and some areas of civil and human rights law
- a family dispute mediation service
- a free telephone legal information and referral service
- a community legal education program delivered through free publications, online information, seminars and workshops
- Victoria's only public law library.

We also:

- manage the community legal centre funding program
- fund private lawyers to provide legal aid services to the public.

## Our functions and powers

Our functions are to:

- provide legal aid in accordance with the Legal Aid Act
- control and administer the Legal Aid Fund.



Under the Act, we have the power to:

- work with government or other relevant bodies to meet the need for legal aid in the community
- investigate, study or research any areas necessary for the purposes of the Act, including new methods of financing and providing legal aid
- make recommendations to the Attorney-General on issues of law reform
- carry out educational programs designed to promote public understanding about rights, powers, privileges and duties under the laws in force in Victoria
- provide financial assistance to voluntary legal aid bodies
- enter into funding arrangements with the Commonwealth
- do all things necessary to perform our functions, such as prioritise the provision of legal aid in state law matters.

We are also required to perform our functions according to any specific written direction given by the Attorney-General. No ministerial directions were given during 2007-08.

### Our locations

We have established local offices in most major metropolitan and country regions to make legal aid services available across Victoria. We also fund private lawyers to provide legal services to extend access to legal aid throughout the state.

We provide free legal advice:

- at 16 offices and branch offices (see Figure 4)
- at the Moorabbin and Neighbourhood Justice Centres
- via 30 outreach services in regional locations
- at 23 mental health services and hospitals
- at 16 prisons, correctional and juvenile justice centres.

We provide or fund free duty lawyer services to:

- 41 Magistrates' Courts across Victoria, including to the children, Koori and drug courts, as well as some civil and family violence lists
- 22 facilities across Victoria where Mental Health Review Board hearings are held
- the Federal Magistrates Court at Melbourne and Dandenong and seven regional circuit locations
- the Melbourne Family Court and two regional circuit locations
- the Victorian Civil and Administrative Tribunal at Melbourne and Dandenong and three regional circuit locations
- the Administrative Appeals Tribunal.

We also provided free legal education workshops and classes at eight locations across Victoria.

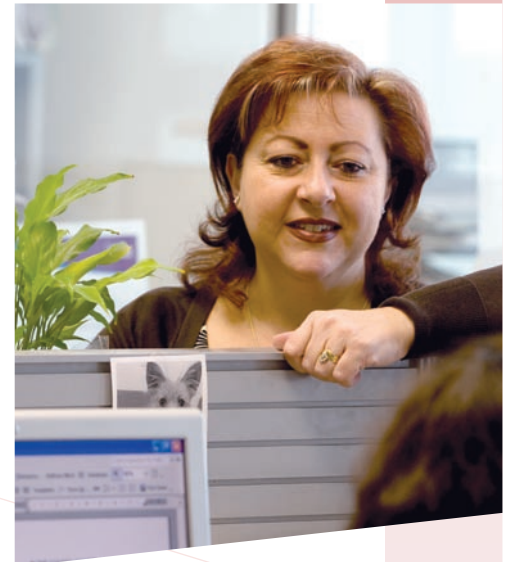


Figure 4: Victoria Legal Aid offices throughout Victoria



## Our organisation

We have a board of directors, a managing director and seven divisions, including three large in-house legal practice divisions (see figure 5). The Victorian Attorney-General is the responsible minister for Victoria Legal Aid.

### The board

The board of directors is responsible for managing Victoria Legal Aid and ensuring it meets its objectives. The board has five directors who are nominated by the Victorian Attorney-General and appointed by the Governor-in-Council.

At least one board member must have experience in financial management and one must have experience in either business or government operation. One of the directors is the managing director of Victoria Legal Aid. The board meets 11 times each year.

The board members are:

- John Howie, Chairperson
- Tony Parsons, Managing Director
- Frank King
- Mary Anne Noone
- Sue Walpole.

Directors have access to independent legal and other professional advice in relation to their individual obligations as directors. The directors are required to complete a declaration of private interests upon their appointment and in July each year.

The directors are also required to declare any direct or indirect pecuniary interest in a matter being considered by the board or any other matter in which Victoria Legal Aid is concerned.

### Managing director

Tony Parsons was the managing director of Victoria Legal Aid in 2007–08. There are two units that report directly to the managing director. The Directorate is responsible for policy, research, law reform, quality assurance and client projects. Internal Audit is responsible for the financial and operational integrity of our systems and processes.

### The practice divisions

The three practice divisions are Criminal Law, Family, Youth and Civil Law and Regional Offices provide a range of legal services, including:

- legal representation
- duty lawyer services
- legal advice and information
- outreach services to inmates in secure welfare facilities and all Victorian prisons.

The divisions are also involved in community legal education, training, law reform and regular liaison with stakeholders.

### Criminal Law

Domenico Conidi was the manager of Criminal Law until December 2007. He was replaced by Domenico Calabrò, who is the acting manager of the division. Criminal Law is the largest criminal defence practice in Victoria and is based in Melbourne. The division is divided into three teams and the Public Defenders Unit. The division provides services in all criminal jurisdictions.

### Family, Youth and Civil Law

Judith Sharples is the manager of Family, Youth and Civil Law. The division has three separate services: Family Law Service, Youth Legal Service and Human Rights & Civil Law Service. These services are provided from the Melbourne office. Outreach services are also provided to:

- patients in mental health facilities
- families in regional areas who need child support services.





### Regional Offices

Michael Wighton is the manager of Regional Offices. The division delivers services to Victorians in suburban and rural areas through a network of 14 regional offices. Each regional office provides services in the areas of criminal, family and some areas of civil law. The division operates the largest summary crime practice in the state, and also a large indictable casework practice. The division is also responsible for the community legal centre funding program and the co-ordination of private practitioner duty lawyer schemes.

### Finance, Assignments & Business

Tony Matthews is the manager of Finance, Assignments & Business. The division administers grants of legal assistance, while ensuring the Legal Aid Fund is managed according to the objectives established in the Legal Aid Act. The division also manages the organisation's finances, facilities and Roundtable Dispute Management, our family dispute resolution service.

### Knowledge Services

Justine Hyde is the manager of Knowledge Services. The division is responsible for:

- our telephone legal information service
- the public-access law library
- publications, the website and intranet
- precedents and practice support for staff
- co-ordinating communications and community and professional legal education
- records management
- meeting our obligations under privacy and freedom of information legislation.

### Human Resources

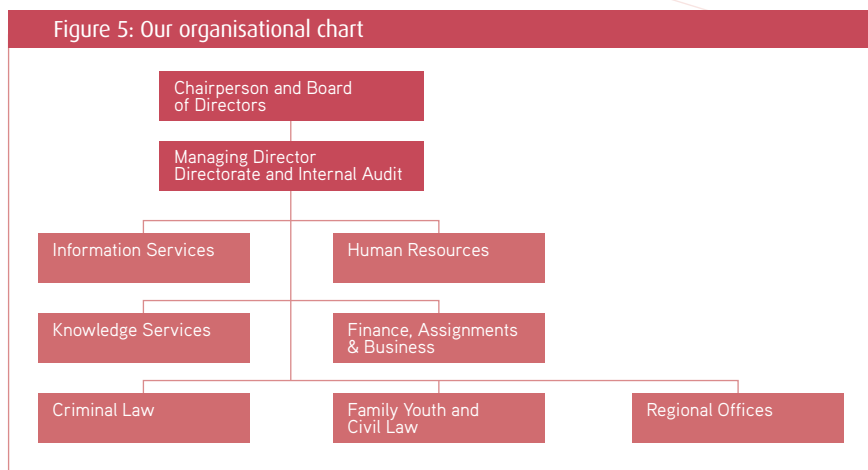
Diana Dalton is the manager of Human Resources. The division provides information, advice and support in recruiting, developing, retaining and managing our staff.

### Information Systems

Darren Morris is the manager of Information Systems. The division maintains, develops and protects our information technology assets. The division also provides staff with a help desk service and training on the applications used at Victoria Legal Aid.



Figure 5: Our organisational chart





Our board



**John Howie**

LLB

**Chairperson**

**Member of Audit Committee**

Special Counsel, Williams Winter Solicitors

President, Film Victoria

Chair, VicSport

Director, VicHealth

Member, Melbourne and Olympic Park Trust

Member, Law Institute Victoria



**Tony Parsons**

LLB

**Managing Director**

Executive Member, Criminal Law

Section, Law Institute of Victoria

Accredited specialist in the practice of criminal law



**Mary Anne Noone**

BA LLB

Senior Lecturer, School of Law, La Trobe University

Director, Clinical Legal Education and Public Interest Law Program

Management Committee Member, West Heidelberg Community Legal Service

Board Member, Carers Victoria



**Frank King**

BComm

**Chair of Audit Committee**

President, Emergency Services and State Super

Chair, Centre for Adult Education

Board Member, Growth Areas

Authority



**Sue Walpole**

BJuris LLB, Grad Dip

**Member of Audit Committee**

Member of Law Institute Victoria and Victorian Women Lawyers

Our senior management



**Tony Parsons**  
LLB  
Managing Director



**Domenico Conidi**  
BA LLB  
Manager Criminal Law until  
December 2007



**Domenico Calabrò**  
BA LLB  
Manager Criminal Law from  
January 2008



**Judith Sharples**  
BA, BEd LLB  
Manager Family, Youth and  
Civil Law



**Michael Wighton**  
BJuris LLB  
Manager Regional Offices



**Tony Matthews**  
MBA CPA B Bus  
Manager Finance, Assignments  
& Business



**Justine Hyde**  
B App Sci (Information)  
Manager Knowledge Services



**Diana Dalton**  
Master of Bus (Org Dyn) Swin, Grad  
Dip (OB), Grad Dip Bus Admin (exec)  
Manager Human Resources



**Darren Morris**  
B Bus (Acc), Grad Dip (Business  
Computing)  
Manager Information Systems

This year marked the end of an era at Victoria Legal Aid with the departure of managing director, Tony Parsons.



Mr Parsons was appointed in May 2000, with the Attorney-General Rob Hulls stating 'Mr Parsons will bring a wealth of highly relevant legal and policy development to one of the most significant statutory positions in my portfolio.'

Eight years later the Attorney-General said Mr Parsons 'had overseen a substantial period of growth for Victoria Legal Aid and has done so with absolute commitment to improving accessibility of legal services in metropolitan and regional Victoria.'

This growth included:

- the opening of regional offices in Shepparton, Horsham, Ballarat and, this year, Warrnambool. There are now 14 regional offices across Victoria
- the establishment in 2004 of Roundtable Dispute Management, a statewide service for resolving family law disputes
- the expansion of immigration law services. This led to Victoria Legal Aid and the Refugee & Immigration Legal Centre assisting a group of 1600 East Timorese refugees to obtain protection visas
- the opening of a specialist in-house social security practice in 2007
- setting successive performance records in 2006-2007 and again in 2007-2008 for grants of aid (42,020 and 42,044 respectively) and duty lawyer services (63,509 and 70,364 respectively).
- the placing of specialist Victoria Legal Aid family lawyers into selected community legal centres
- the creation of an award-winning summer and articulated clerkship program for Indigenous law students.

Under Mr Parsons' leadership, Victoria Legal Aid's staff increased from 340 to 540, and the organisation's budget increased from \$68million to \$120million.

In October 2007, Mr Parsons announced Victoria Legal Aid's leading role in a far-reaching national survey of legal need. Mr Parsons said the survey of 20,000 Australians, including 4250 Victorians, 'is the largest of its kind in the world and will form an integral part of legal aid policy development in Australia for at least the next decade, and beyond.'

The chair of the Victoria Legal Aid Board, John Howie, said that alongside the managing director's commitment to justice for the disadvantaged was a commitment to the professional development and training of staff. This includes the opening in 2007 of the Lionel Murphy Centre, a contemporary training facility at Victoria Legal Aid's 350 Queen St office.

'We have an organisation where people's careers can grow,' said Mr Howie, 'and this is at least partially shown in the number of our people who have gone on to higher office.'

In summarising Mr Parsons' contribution to Victoria Legal Aid, Mr Howie said 'When the Attorney-General appointed Mr Parsons some thought he had taken a risk, but in retrospect the Attorney-General made an absolutely enlightened appointment. Mr Parsons has been instrumental in substantially improving the Victorian community's access to justice.'

In his first annual report, that of 1999-2000, Mr Parsons wrote: 'In my early days as VLA's managing director, my first and lasting impression is the recognition of the high level of professionalism that is evident throughout all areas of VLA's operations and the strong commitment shown by all VLA's people to the efficient provision of competent and timely legal services to the Victorian community.'

Eight years later, at his farewell function, Mr Parsons once again praised his colleagues.

'I am incredibly proud of the people who work here at VLA,' he said. 'You are fantastic people to work with: loyal, committed, skilful. VLA makes an enormous contribution to society because of the work you do.'

'It has been an absolute honour to be part of VLA these past eight years. I wish you all the best for the future, a future I'll watch with great interest and great pride.'

# Our clients

We provide our clients with quality legal services throughout Victoria.

Our clients are people who:

- get a grant of legal assistance
- see our lawyers for legal representation, advice or assistance in criminal, family and some civil law matters
- use our family dispute resolution service
- access community legal education and information about the law and their legal rights.

We work with marginalised and economically disadvantaged members of the community.

Most of our clients are people who are:

- aged between 16 and 44
- unemployed
- receiving a government benefit.

## Grants of legal assistance

We provide grants of legal assistance to people who are unable to pay for a lawyer. Grants cover the cost of legal representation for criminal, family and some civil law matters.

Each grant is assessed based on:

- the type of matter
- the applicant's financial means (according to a national means test)
- the merit of the case
- any guidelines determined by either the Commonwealth Attorney-General's Department or the board.

In 2007-08, we assessed 44,816 applications and approved 42,044 grants of legal assistance (see Table 3). Of all the people who received a grant:

- 20% were not born in Australia and came from 150 different countries
- 64% were male
- 1.8% identified as Aboriginal or Torres Strait Islander.

This year over 60% of all grants of legal assistance were for criminal matters (see Table 4).

Of these matters, 80% of the grants were made to males, whereas in family matters, 63% of grants were made to women.



Table 3: Grants of legal assistance

Applications	2005-06	2006-07	2007-08
Received	43,292	45,200	44,903
Assessed	42,756	44,327	44,816
Approved	39,124	42,020	42,044
Refused	3,225	2,292	2,897
Approval rate %	92	95	94

Table 4: Grants approved by law category and practitioner type 2007-08

Category	In-house	Private practitioners	Total
Criminal	9,394	16,015	25,409
Family	2,455	7,723	10,178
Civil	1,182	5,275	6,457



The private profession is an essential partner in the provision of legal aid services. They provided legal representation for 69% of all clients who received a grant of legal assistance in Victoria this financial year (see Table 5).

Table 5: Grants approved by practitioner type

Grants	2005-06	2006-07	2007-08
In-house	12,806	13,482	13,031
Private practitioner	26,318	28,538	29,013
% private practitioner	67	68	69

There have been some major new initiatives relating to grants of legal assistance in the past year. They included:

- rolling out e-lodgement, which enables practitioners to submit summary crime applications online
- further developing the new grants management software, which will provide significant benefits for lawyers and clients with faster approvals and less paperwork
- a discount offer for clients who had a charge over their property and were willing to repay their debt in full
- committing to compliance with the Human Rights Charter by reviewing policies, as well as raising awareness among the legal profession.

### Family Law Service

The Family Law Service provides services relating to:

- divorce and separation
- children's issues
- intervention orders
- other family law issues, including injunctions, location and recovery orders, and spousal maintenance.

Family lawyers are located at our Melbourne and regional offices. The Melbourne office has specialist services run by independent children's lawyers and child support lawyers. We also have family lawyers seconded to provide litigation services in family law at Albury-Wodonga Community Legal Service and the Aboriginal Family Violence Prevention Legal Service.

A family law practice group meets quarterly to discuss practice issues, including professional development. The group consists of senior family lawyers from the Family Law Service and the regional offices.

An unusual Family Court matter we saw this year involved a 'special medical procedure' to be carried out on a child. The court has special processes that apply to cases where an invasive medical procedure has been recommended for a child, for example sterilisation. The court's paramount consideration in these applications is the best interests of the child. An independent children's lawyer is almost always appointed to safeguard those interests. There have been very few of these applications over the years, but our independent children's lawyers have been involved in three cases in the past year.

One such case involved an infant suffering from a rare disease, which necessitated her having a bone marrow transplant. The only compatible donor that could be found was her baby cousin. The independent children's lawyer obtained a family report from a child psychologist, who recommended that the procedure go ahead, as the risk to the infant was greater if the procedure did not go ahead, than the risk to the cousin.



'Part of the role of the independent children's lawyer is to try to stop the fighting and help the parents re-focus to agree on what is in the best interest of the children,' says lawyer, Megan Noble.

### Youth Legal Service

The Youth Legal Service works to protect the legal rights of children and young people in the criminal and family divisions of the Children’s Court.

Our lawyers act for:

- children who are seven years or older, depending on their maturity and their ability to provide direct instructions
- children who are younger than seven years, if the Children’s Court makes an order for them to be represented
- parents, if there is an existing client-lawyer relationship or a conflict of interest that stops us representing the child or young person.

Most of the service’s work is based in the Children’s Court at Melbourne and the metropolitan regions. We provide assistance in criminal and child protection matters.

The increase in child protection cases in the Melbourne Children’s Court has continued at an exponential rate and has almost doubled over the last five years. Consequently, we are frequently required to attend court sittings outside usual business hours for the conduct of urgent submissions in child protection cases.

### Human Rights & Civil Law Service

The Human Rights & Civil Law Service offers a diverse range of legal services to some of Victoria’s most disadvantaged clients, with specialist services in the areas of refugee and migration law, guardianship and administration, mental health, fines and anti-discrimination.

Our new statewide social security practice is also part of the service, with specialist social security practitioners now at Melbourne, Preston, Ringwood and Dandenong.

This year we have been involved in a number of Supreme Court appeals, mainly in the area of tenancy law. We brought a High Court appeal focusing on provisions of the *Migration Act 1958*. We have also been very active in law reform and had a particular interest in the effects of the new Human Rights Charter.

The Human Rights & Civil Law Service, together with the Youth Legal Service and Family Law Service, have continued to increase their funded legal representation and duty lawyer services this financial year (see Table 6).



Table 6: Family, youth and civil law services

	2005-06	2006-07	2007-08
Legal representation	3,356	3,524	3,661
Minor work*	1,142	1,452	1,004
Legal advice	15,486	14,262	13,420
Duty lawyer	7,217	7,580	7,973

\* Minor work is legal advice and additional assistance that falls short of legal representation.



‘Victoria Legal Aid has four very experienced lawyers here in the Public Defenders Unit’ says Kylie Bamford, advocates clerk. ‘They are often the first port of call for committals, trials and directions hearings. That way we can keep costs in-house and not always have to pay external barristers.’

## Criminal law services

We have one of Victoria’s largest criminal law practices, with:

- eight accredited specialist criminal lawyers, the largest number of accredited criminal law specialists at one practice in Victoria
- 33 lawyers
- seven public defenders, who act as in-house barristers.

Our criminal law services include:

- face-to-face and urgent telephone advice to the general public
- free legal advice at the Port Phillip Prison, Melbourne Assessment Prison, Metropolitan Reception Prison, Dame Phyllis Frost Centre and other prisons across the state
- comprehensive duty lawyer services at the Melbourne Magistrates’ Court
- representation in criminal cases in all jurisdictions, including more complex cases heard in the County or Supreme Courts for trial or plea, as well as the Court of Appeal and the High Court
- a Public Defenders Unit, with in-house counsel who specialise in indictable criminal law cases and appear in the County and Supreme Courts, as well as in the Magistrates’ Court and the Court of Appeal for more complex matters.

These services relate to all serious criminal law matters, including:

- murder
- assault
- property offences
- dishonesty offences
- fraud
- drug offences
- sexual offences.

The courts rely on duty lawyer services to provide timely advice and representation on the day of a hearing. This year we spent more time at court providing services, as a result of the increasing demand and complexity of criminal law matters.

Legal representation, via grants of legal assistance, has continued to decline (see Table 7), as a result of the increasing complexity of duty lawyer work and increasing demand in other areas.

As an ongoing strategy to develop the managerial capacity of managing lawyers, we have remained committed to reducing manager casework loads. Introducing deputy managing lawyers to assist with the management of the legal teams also forms part of this strategy. In addition, allocating a senior lawyer to a significant and lengthy criminal case at the Supreme Court has further reduced the capacity of the division to undertake casework.

Table 7: Criminal law services

	2005–06	2006–07	2007–08
Legal representation	1,971	1,623	1,519
Minor work*	363	432	658
Legal advice	4,629	5,098	4,957
Duty lawyer	7,462	7,739	7,489

\* Minor work is legal advice and additional assistance that falls short of legal representation.

The key achievements for 2007–08 include:

- increasing the provision of new services at the court for specialist court lists
- consolidating the divisional structure and the development of new roles
- providing advice on law reform issues
- introducing a senior lawyer role as a mentor at the Melbourne Magistrates’ Court
- developing and improving induction and training of new lawyers.



## Regional offices

We are committed to ensuring that our services are accessible on an equitable basis throughout Victoria. We have 14 offices located in most major metropolitan and country regions.

Our regional offices provide:

- co-ordination of duty lawyer schemes and provision of most duty lawyer services in suburban Melbourne and regional Victoria
- advice, information and representation services in criminal law, family law and many areas of general civil law
- complex indictable criminal law casework and advocacy in circuit sittings of the County and Supreme Courts
- community legal education, workshops and information about the law and legal aid services
- visiting services to all prisons located in rural areas
- outreach services at a wide range of locations in the regions.

In 2007–08, we provided a record number of duty lawyer services from our regional offices, increasing our services by 12% compared to the previous year. We also increased our minor casework (see Table 8).

Highlights for 2007–08 included:

- completing the development of a major new regional office for the South Coast region, based in Warrnambool, which commenced operations in May 2008
- managing the provision of legal services to the pilot Family Violence Division of the Magistrates' Court at Heidelberg and Ballarat by our Preston and Ballarat offices
- establishing a specialist duty lawyer team co-located at the new Moorabbin Justice Centre
- establishing new outreach services at Camperdown (Barwon region), Kyneton (Lodden-Campaspe region) and a specialist family law clinic in Maryborough (Central Highlands region).



Table 8: Regional offices' services

	2005–06	2006–07	2007–08
Legal representation	7,479	8,320	7,848
Minor work*	9,305	9,886	10,385
Legal advice	24,717	24,346	23,072
Duty lawyer	39,591	40,528	46,028

\* Minor work is legal advice and additional assistance that falls short of legal representation

## Duty lawyer services

Victoria Legal Aid provides lawyers at courts to provide legal assistance to people who do not have a lawyer on the day of their hearing. Duty lawyers include Victoria Legal Aid lawyers and private lawyers.

During 2007–08, Victoria Legal Aid staff and private practitioners provided a record 70,364 duty lawyer services at a range of courts and tribunals (see Table 9).

Table 9: Duty lawyer services

	2005–06	2006–07	2007–08
Victoria Legal Aid lawyers	54,272	55,502	61,490
Private lawyers	7,548	8,007	8,874
Total	61,820	63,509	70,364



‘Case managers allow people to feel their story has been heard and clients say that they feel comfortable and supported during the process. By the time the conference occurs they are more likely to move forward due to their participation in the process. The chairpersons are all highly skilled and having lawyers involved means that matters can be sorted out on the spot. As a practitioner, I find this work personally rewarding. Clients come back to me and thank me for the work I do in helping them sort things out rather than pushing them to court. In a small community, this is very important.’ Kerry Wylde, private practitioner from Townsend Wylde Lawyers, Castlemaine

Private lawyers provide duty lawyer services, which are accredited and funded by Victoria Legal Aid. They mainly work in regional Victorian courts that are beyond our geographical reach. They are co-ordinated by a local Victoria Legal Aid office or the local law association. Private lawyers are a crucial part of the duty lawyer service. Without their contribution, we would not be able to provide access to justice in all regional areas through this vitally important scheme.

We provide most duty lawyer services in metropolitan Melbourne. The exception is the Family Division of the Melbourne Children’s Court, where private lawyers work as duty lawyers if our lawyers face a conflict of interest.

With the opening of Victoria Legal Aid’s new South Coast office at Warrnambool, several local law firms ceased their involvement with the duty lawyer scheme in Warrnambool, Portland and Hamilton. We recognise the significant contribution made by those firms and their lawyers. We thank the many members of the local law association, past and present, for their efforts over several decades.

### Roundtable Dispute Management

Roundtable Dispute Management helps parents going through separation or divorce resolve their family disputes without having to go to court. It also helps parents resolve matters if they have already been to court.

Clients and their lawyers attend a conference facilitated by an experienced chairperson, who is an accredited family dispute resolution practitioner. A comprehensive case management process supports the conference. The case manager screens the parties, prepares them for the conference and provides follow-up and referral support.

Conference numbers have steadily increased over the last year and by the end of the financial year we were averaging about 100 conferences per month. The number of conferences has increased by 58% over the last three years (see Table 10).

Settlement rates remain excellent, with full or partial settlement achieved in 87% of conferences this year. Partial settlements include where clients agree to trial a parenting plan for a number of months. This high settlement rate means that clients can avoid going to court and move on with parenting their children more effectively. We also save valuable resources in litigation costs. Roundtable Dispute Management provides outcomes in a few weeks compared to the litigation pathway, which can take years.

Other key achievements include:

- reducing waiting times for conference dates
- conducting nearly half of all conferences in regional Victoria
- continuing to offer teleconferences to clients where family violence or distance prevent the parties meeting at one location
- developing a model tailored for adult child maintenance matters
- conducting three full-day workshops in family dispute resolution skills for Victoria Legal Aid’s family lawyers, independent children’s lawyers and articulated clerks.

Roundtable Dispute Management is now widely regarded as a specialist service where family violence is identified. We conduct more than half of the conference in the shuttle format and parties have direct involvement and support of their lawyer during the entire process to address the power imbalance. Our case managers are all highly trained in family violence issues and risk assessment. Conferences are tailored to include a safety plan for the conferences process.

Table 10: Conference numbers

	2005-06	2006-07	2007-08
	387	654	931

Kids Talk also continues to be a core intervention to support the process. With the agreement of parents and lawyers, children are interviewed separately by an expert independent child consultant and the parents receive individual feedback. All parties receive a written confidential summary of the child’s views and an assessment by the child consultant. This feedback becomes an integrated part of the agenda for the conference. Results from Kids Talk indicate that most matters settle in a more child-focused manner.

## Community legal information and education

We aim to make the law more accessible to disadvantaged clients and help them to make the best decisions about their legal problems. As the primary provider of community legal information and education in Victoria, we provide a telephone information service, workshops and seminars, a public law library, free resources and online information.

### Legal Information Service

Our call centre provides a free legal information and referral service in English and in other languages. In 2007-08, we had 84,162 calls, an increase of nearly 12,000 calls compared to the previous year.

The service received 4,355 calls from people who spoke English as a second language. The average call waiting time has decreased from 2.56 to 1.40 minutes. The abandonment rate has also decreased.

Other key achievements for the year included:

- increasing service capacity to cope with a large increase in service demand
- induction and training of five new staff to the service
- restructuring the service into two work teams
- creating a new position to provide quality and legal supervision of staff.

### Workshops and seminars

We provide free seminars and workshops on legal topics aimed at minimising the need for individual legal services in the community. This year we ran 99 community legal education programs (see Table 11), including free workshops for the general public on:

- how to fill in a divorce application
- how to run your own family law case.

### Public law library

We provide the community with Victoria's only public law library, offering an extensive reference collection and research facility for our staff and the public.

In 2007-08, the library:

- completed 3,017 reference requests
- conducted 247 training sessions
- redesigned the online library catalogue delivered via the new website.



Table 11: Community legal education 2007-08

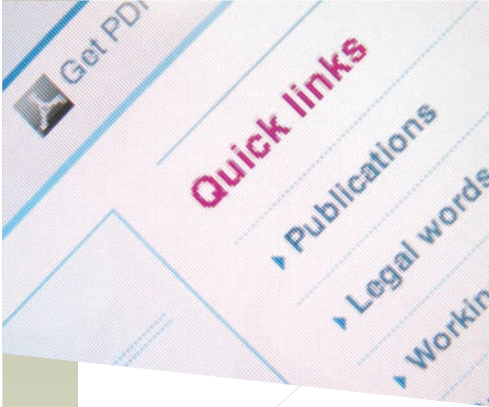
	Total sessions	Attendance
Legal education sessions	52	1,588
Self-represented litigant workshops	19	142
Divorce workshops	28	117
<b>Total</b>	<b>99</b>	<b>1,847</b>

### Free resources

In 2007-08, we published 58 publications in English. We also published 32 publications in other languages, including Arabic, Chinese, Turkish and Vietnamese. We distributed 434,125 printed publications.

Other key achievements were:

- completing the impact evaluation of the intervention order resources
- developing guidelines to make community legal education resources more accessible to disadvantaged audiences
- developing a new model for the production of national community legal education resources
- acting as lead commission in the ongoing development of national family law and child support materials, including completing the second edition of *You and family law – a complete guide* and reviewing and updating over 100 family law online fact sheets.



'We are extremely proud of the new website,' says Kieran Curtain, manager of the new Online Services team. 'The simple, effective design and rich depth of content, combined with the powerful new publishing capabilities, have provided our clients and the broader community with better access to information on legal issues and our services.'

### Legal information online

Our website provides current and comprehensive information about legal issues and our services to clients, organisations and the general public. In December 2007, we launched a redesigned website. It now contains more than 450 pages, including extensive legal information and multilingual content, and pages about new law.

We have seen substantial increase in visits to the site, with 361,775 visitors this year compared to 204,045 in 2006–07. The design and content have also received positive feedback from members of the community, other Australian legal aid commissions, agencies and the specialist legal media.

### Client service charter

Victoria Legal Aid is committed to providing our services in a fair and accessible manner. Our *Client services charter* explains what clients can expect from us and what we expect from them when they use our services. It also advises clients of their right to:

- have a decision about a grant of legal assistance reconsidered by Victoria Legal Aid or reviewed by an independent reviewer if they are not happy with the decision
- complain if they are not satisfied with any aspects of the service we provide.

### Independent reviews

Independent reviewers can review a decision of a Victoria Legal Aid officer or another independent reviewer where it relates to a grant of legal assistance. They can also hear and determine matters relating to the proposed removal or exclusion of a lawyer from Victoria Legal Aid's referral panel. In 2007–08, 99 decisions were independently reviewed. Of these, 87 were confirmed and 11 decisions were varied.

### Client complaints

We aim to resolve complaints quickly, fairly and without prejudice. In 2007–08, we recorded 307 complaints compared to 301 complaints in the previous year.

We received 147 complaints about a grant of legal assistance being provided to a person who the complainant believed should not be funded. This is a 7% decrease in the number of complaints received from the previous year. Most of these complaints were dismissed or we had not received a grant application. We cancelled 23 grants after investigation. A further four complaints required Victoria Legal Aid to impose conditions on the grants provided.

We received 109 complaints about the services provided by private practitioners, including services they provided in relation to a grant of legal assistance. This represents a 37% increase from the previous year. Of these complaints, Victoria Legal Aid:

- removed one private practitioner from Victoria Legal Aid's practitioner panel for four years
- removed an independent children's lawyer under section 29A of the Legal Aid Act, a decision which was later varied by the independent reviewer
- is currently considering two further removals.

A further 36 complaints were made about Victoria Legal Aid staff, an 11% decrease from the previous year. Twenty three complaints were dismissed. Of these, six complainants then took their complaint to the Legal Services Commissioner. These were also subsequently dismissed. We took action on three complaints, which included additional training of staff. Ten complaints are still under investigation.

Four complaints were referred to another more appropriate agency, mainly the Legal Services Commissioner, because they dealt with private lawyer conduct issues. There were also 11 miscellaneous complaints this year.

# Our people

People are our most important resource. We are proud to be a culturally diverse, progressive workplace with a team of skilled staff, who are equipped to achieve our objectives.

## Our workforce

In the last financial year our staffing levels increased by 2.8% from 538 to 554 people (see Table 12). The number of full-time equivalent staff increased from 486.6 to 506.2.

Table 12: Workforce statistics

	30 June 2007				30 June 2008			
	Lawyer	Para legal	Admin CSO & other	Total	Lawyer	Para legal	Admin CSO & other	Total
Directorate	1	7	7	15	1	0	4	5
Human Resources	0	0	10	10	0	7	10	17
Audit	0	0	2	2	0	0	2	2
Criminal Law	39	0	21	60	38	0	20	58
Finance, Assignments & Business	10	0	92	102	7	0	97	104
Family, Youth & Civil	62	4	27	93	67	1	22	90
Regional	105	1	93	199	115	1	97	213
Information Systems	0	0	14	14	0	0	16	16
Knowledge Services	5	0	38	43	7	0	42	49
<b>Total</b>	<b>222</b>	<b>12</b>	<b>304</b>	<b>538</b>	<b>235</b>	<b>9</b>	<b>310</b>	<b>554</b>

Note: staffing figures are actual numbers of staff, not the full-time equivalent staff figures.

## Occupational health and safety

Our occupational health and safety strategy for 2007–08 resulted in:

- a 36% decrease in our WorkCover premium (see Table 13)
- delivering debriefing programs and onsite counselling to improve the psychological health of staff
- introducing the 2008 Energise Program to improve the wellbeing of staff
- bullying awareness training to all staff
- staff take-up rates remaining constant for our employee assistance program, which provides trauma and other personal counselling services.

Table 13: Staff wellbeing

	2006-07	2007-08
Sick leave taken	3.1%	3.4%
OHS incidents reported	39	34
WorkCover premium rate	0.80%	0.29%

## Our commitment to merit and equity

We are strongly committed to merit and equity principles. In 2007–08:

- 76% of staff were women (see Table 14).
- 71% of professional legal staff were women, up from 68% last year
- the senior management team included three women
- our summer and articulated clerk program for Indigenous law students and graduates had four Indigenous summer clerks and two Indigenous articulated clerks
- no equal opportunity complaints were lodged.



Table 14: Staff classification by gender 2007-08

Classification	Female	Male	Total
<b>Executive</b>			
E02	0	2	2
E03	2	2	4
<b>Sub total</b>	<b>2</b>	<b>4</b>	<b>6</b>
<b>Lawyer</b>			
VLA 6	1	1	2
VLA 5	18	13	31
VLA 4	51	21	72
VLA 3	94	33	127
<b>Sub total</b>	<b>164</b>	<b>68</b>	<b>232</b>
<b>Para legal</b>			
VLA 3	2	0	2
VLA 2	5	2	7
<b>Sub total</b>	<b>7</b>	<b>2</b>	<b>9</b>
<b>Aministrative</b>			
VLA 6	1	0	1
VLA 5	7	10	17
VLA 4	20	6	26
VLA 3	65	18	83
VLA 2	140	11	151
VLA 1	4	4	8
<b>Sub total</b>	<b>237</b>	<b>49</b>	<b>286</b>
<b>Computer systems officer</b>			
VLA 5	0	3	3
VLA 4	1	5	6
VLA 3	4	2	6
<b>Sub total</b>	<b>5</b>	<b>10</b>	<b>15</b>
<b>Librarian</b>			
VLA 4	1	0	1
VLA 3	3	0	3
VLA 2	2	0	2
<b>Sub total</b>	<b>6</b>	<b>0</b>	<b>6</b>
<b>Total</b>	<b>421</b>	<b>133</b>	<b>554</b>

### Staff training and professional development

Management training remains a key priority, with 14 managers progressing to the second year of RMIT's Innovation and Services Management program. Participants have undertaken workplace-based action research projects, which will provide real life learning and benefits to the organisation. A further 17 managers have commenced the first year of the program.

In addition, after a successful start last year, the Management Fundamentals Program is being run again, with 21 managers developing critical skills in leadership and management specific to the Victoria Legal Aid context.

The People Manager Group, comprising over 70 staff with people management responsibilities, continues to grow in strength, delivering significant benefits to Victoria Legal Aid. After two years, the group, initially driven by Human Resources and the Executive Team, is now a highly valuable collaborative group that is important in strategic planning and the implementation of major organisational projects. The group itself, rather than the Executive Team, now sets the agenda.

A tailored development program for legal support staff commenced in May 2008, with 19 administrative staff participating in the Graduate Certificate in Business (Legal Services) program. The program offers a more formalised and structured approach to learning by focussing on areas such as legal work, communication, information handling, technology and finance.

This year we also reviewed our model of induction and set up an Induction Project Steering Group to oversee the changes. This has involved further developing the 'Discovering Victoria Legal Aid' workshops, which all new employees participate in. Local induction and extended training modules are being developed, in collaboration with the Induction Project Steering Group and various stakeholders, as the next phase is rolled out.

After 12 months of hard work, our seven articled clerks were admitted to practice in March 2008. Five are now working at Victoria Legal Aid as lawyers. During March 2008, six new graduates commenced the articled clerk program. They will spend 12 months rotating through the practice divisions, undertaking internal and external training, and participating in a structured mentoring program. Complementing this, our Indigenous summer clerkships and articled clerkships program continued, with four Indigenous summer clerks and one articled clerk participating.

### Professional legal education

We provide training opportunities for our lawyers in our core practice areas. Training is through our professional legal education program, conferences and customised programs. In most cases, this training is also offered to community legal centre lawyers.

In 2007–08, there were 939 staff attendances at professional legal education sessions. DVD recordings of the sessions were also distributed to regional offices and the Neighbourhood Justice Centre.

We held conferences in November 2007 and May 2008. Topics included:

- administrative review of Centrelink decisions
- overpayments and waivers in the Social Security Appeals Tribunal
- women offenders
- sexual offences trials
- responding to the Victorian Government law reform agenda
- early resolution processes with the Office of Public Prosecution
- child protection appeals
- representing children
- therapeutic treatment orders.

Overall, 381 people attended the conferences and 288 participants were Victoria Legal Aid staff.

Other customised training programs during the year included:

- 113 participants attended ethics for Victoria Legal Aid lawyers
- 52 participants attended family law dispute resolution training
- 32 participants attended plain language training.

### Practice support

Our staff are assisted by a team of professional support lawyers who provide:

- best practice resources, such as case commentaries and checklists
- updates, conferences and workshops on changes to the law
- help on research projects
- up-to-date precedent collections
- training in new or changing areas of the practice.

In 2007–08, we increased practice support to cover child support and youth law. Other achievements were:

- developing proforma letters and preparing court forms for the new case and practice management system
- helping lawyers in the child support service to plan and deliver training, and prepare practice resources for major law reforms
- upgrading and creating resources and reference materials for the new intranet.



'I was impressed and inspired by Tony Parsons talk on the first day of induction,' says lawyer Daniel Beecher about the new induction program. 'I really liked walking around the different parts of Victoria Legal Aid. People seem to be really happy to be working here. That is not common. The way the induction was carried out gave a newcomer a good insight into the culture here.'



# Our relationships

We maintain a range of important relationships with other organisations to improve access to justice for all Victorians.

## Community legal centre funding

We administer Commonwealth, Victorian Government and Victoria Legal Aid funding to 40 Victorian community legal centres and the Secretariat of the Federation of Community Legal Centres through the Community Legal Centre Funding Program. These centres offer important community-based services that include the provision of legal advice, casework, community legal education and law reform services. They are part of the network of 51 community legal centres across Victoria.

We ensure that the community legal centres comply with their service agreement requirements, which includes:

- financial reporting
- strategic planning
- meeting service delivery targets.

We are also involved in community legal centre sector policy development at a state and national level, in conjunction with other legal aid commissions and the Commonwealth.

This year, community legal centre funding was increased to \$14,132,947 (see Table 15). Of that amount, the Commonwealth provided \$4,807,276 and the state and Victoria Legal Aid provided \$9,325,871.

We also paid 35 centres a total of \$112,978 as compliance bonuses. This amount is paid if centres submit reports on time (allowing for 28 grace days). The bonus is 1.5% of the Victoria Legal Aid's funding allocation or \$1,000 (whichever is the greater). Four centres missed out because of their poor reporting record.

Other elements of increased funding in 2007-08 included:

- base Commonwealth, state and Victoria Legal Aid funding increasing by an indexation factor of 2%
- a total of \$194,783 paid to 23 centres as another ex gratia 3% salary increase pending finalisation of the proposed Multi Business Agreement. This amount was paid to centres that were either respondents to the draft agreement or had demonstrated an equivalency between their employment conditions and the provisions of the draft agreement
- special once-off funding (see Table 16)
- other provisions (see Table 17).

Major developments in 2007-08 were:

- the establishment of Senior Rights Victoria in April 2008, jointly funded with the Office of Senior Victorians (Department of Planning and Community Development). Council on the Ageing is the lead agency with Eastern Community Legal Centre, Loddon Campaspe Community Legal Centre and Public Interest Law Clearing House as project partners
- funding new family violence lawyers and administrative support in 10 centres (total of eight full-time lawyers plus half-time support) to provide comprehensive legal support at court for intervention order matters and associated ongoing casework
- employing additional full-time generalist lawyers plus half-time administrative support in five non-metropolitan community legal centres.

Table 15: Community Legal Centre funding

Centre	2005-06 \$	2006-07 \$	2007-08 \$
Aboriginal Family Violence Prevention and Legal Service	0	45,000	148,400
Albury Wodonga Community Legal Service	227,283	281,910	397,987
Barwon Community Legal Service*	510,964	533,431	661,779
Brimbank Melton Community Legal Centre	365,086	471,795	481,231
Broadmeadows Community Legal Service	245,207	256,479	363,997
Casey Cardinia Community Legal Service	196,841	205,360	309,975
Consumer Action Law Centre	220,068	905,778	755,426
Community Connections Victoria	209,575	219,161	385,736
Central Highlands Community Legal Centre	275,286	288,083	396,344
Darebin Community Legal Centre	333,764	348,453	363,586
Disability Discrimination Legal Service	183,476	191,642	199,778
Eastern Community Legal Centre	454,599	519,710	576,692
Environment Defenders Office (Victoria)	106,772	192,533	202,530
Essendon Community Legal Centre	202,463	212,665	222,671
Family Law Legal Service	250,000	261,535	266,766
Federation of Community Legal Centres	247,883	333,410	348,236
Fitzroy Legal Service	321,080	447,610	467,651
Flemington/Kensington Community Legal Centre	197,074	229,452	243,669
Footscray Community Legal Centre	204,906	213,845	319,331
Gippsland Community Legal Service	225,658	234,751	290,695
Homeless Persons	78,566	118,226	220,591
Loddon Campaspe Community Legal Centre	220,800	303,152	391,687
Mental Health Legal Centre	214,796	262,023	272,687
Monash Oakleigh Legal Service	144,830	151,032	154,052
Moreland Community Legal Centre	195,922	214,597	240,173
Murray Mallee Community Legal Service	250,055	307,402	369,099
North Melbourne Legal Service	204,392	217,633	230,093
Senior Rights Victoria	0	0	200,000
Peninsula Community Legal Centre	884,933	998,097	1,108,964
Refugee & Immigration Legal Centre	70,760	111,704	113,938
Springvale Community Aid and Advice Bureau	65,203	67,786	69,143
Springvale Monash Legal Service	382,169	400,071	418,510
St. Kilda Legal Service	266,546	278,719	291,556
Tenants Union of Victoria	474,900	496,370	518,679
Welfare Rights Unit	183,482	191,815	200,194
Western Suburbs Legal Service	197,439	205,903	210,021
West Heidelberg Community Legal Service	196,373	241,860	214,024
Whittlesea Community Legal Service	254,081	312,280	271,856
Women's Legal Service Victoria	597,712	660,607	720,406
Wyndham Legal Service	218,622	228,490	334,386
Youthlaw	131,926	138,164	180,408
<b>Total</b>	<b>10,211,492</b>	<b>12,598,534</b>	<b>14,132,947</b>

\* Barwon Community Legal Service was previously Geelong Community Legal Centre in 2006-07.

Table 16: Commonwealth one-off funding in 2007-08\*

Centre	Amount
Albury Wodonga Community Legal Service	50,131
Brimbank Melton Community Legal Centre	46,895
Broadmeadows Community Legal Service	38,744
Casey Cardinia Community Legal Service	50,000
Consumer Action Law Centre	29,611
Community Connections Victoria	72,464
Central Highlands Community Legal Centre	35,475
Darebin Community Legal Centre	47,543
Disability Discrimination Legal Service	53,470
Eastern Community Legal Centre	46,200
Environment Defenders Office (Victoria)	20,000
Essendon Community Legal Centre	86,119
Fitzroy Legal Service	20,000
Flemington/Kensington Community Legal Centre	65,178
Footscray Community Legal Centre	50,000
Geelong Community Legal Service	61,928
Gippsland Community Legal Service	50,400
Homeless Persons	96,000
Monash Oakleigh Legal Service	100,000
Moreland Community Legal Centre	67,656
Murray Mallee Community Legal Service	87,049
North Melbourne Legal Service	73,836
Peninsula Community Legal Centre	272,731
Springvale Community Aid and Advice Bureau	20,000
Springvale Legal Service	48,507
St. Kilda Legal Service	50,000
Tenants Union of Victoria	89,914
Welfare Rights Unit	100,000
Western Suburbs Legal Service	94,693
West Heidelberg Community Legal Service	92,436
Women's Legal Service Victoria	270,000
Wyndham Legal Service	45,100
Youthlaw	150,174
<b>Total</b>	<b>\$2,482,254</b>

\* Not paid until 2008-09.

Table 17: Other community legal centre provisions

	2006-07 \$	2007-08 \$
Access to interpreters	61,800	75,000
Professional indemnity insurance	61,820	35,000
Electronic library resources	65,000	75,170
IT support	46,260	80,000
ADSL accounts	20,560	23,000
Employee Assistance Program	8,224	9,458
Federation website licence	5,140	5,228
IT upgrade	753,600	0
Multi Business Agreement	400,000	400,000
<b>Total</b>	<b>\$1,422,404</b>	<b>\$702,856</b>

## Law reform

Victoria Legal Aid has authority, under the Legal Aid Act, to make recommendations to government about law reform. In 2007–08, we prepared over 30 law reform submissions. Our major submissions were about the:

- Civil Justice Review
- Equal Opportunity Act Exceptions Review
- Equal Opportunity Act Review
- use of the mental impairment defence in the Magistrates' Court
- Crimes Amendment (Child Homicide) Bill
- Criminal Procedure Legislation Amendment Bill
- High-Risk Offenders: Post Sentence Supervision and Detention Final Report
- Sentence Indication and Specified Sentence Discounts: Final Report
- Recommendations for the Suspended Sentences Final Report: Part 2.
- Law of Abortion Information Paper
- Family Violence Protection Bill.

## Community engagement

We maintain strong professional relationships and links with:

- courts
- professional legal associations
- community legal centres
- the private legal profession
- other justice and community sector departments, including the Victoria Police, Department of Human Services and Department of Corrections
- community groups
- educational institutions
- welfare agencies
- interstate and international legal aid bodies.

In the past year, our staff have been involved in consulting with these external organisations, agencies and community groups through representation on 75 different boards, committees, working groups, forums or other regular external meetings.

To keep the community informed about what we are doing, this year we have also published the following newsletters:

- three editions *Briefcase* for the private legal profession
- four editions *E-News* for private legal profession section 29A panel members
- four editions *Diversity news* for community organisations.





# Our resources

We manage our resources so we can target our legal aid services efficiently, effectively and in an environmentally responsible way.

## Finance and facilities

We are continually seeking innovative ways to reduce the cost of our operations and increase services, while maintaining a progressive, healthy work environment for staff. We have strong systems in place to ensure that our finances and facilities are maintained effectively. This includes ensuring that client contributions are secured and collected.

In 2007–2008, key achievements included:

- client discount offer, which provided an additional \$1.2 million cash from long standing client debts
- opening the Lionel Murphy Centre training facility in Melbourne
- opening a new office in Warrnambool
- moving the Geelong office to new premises.

Victoria Legal Aid does not own any buildings, however it maintains compliance with building standards and regulations. During the year, we continued the office refurbishment schedule and all new building works were undertaken according to relevant standards.

We provide a video conferencing service for clients and staff. In 2007–08, we provided 2,515 client sessions allowing clients in remote areas or prisons access to our lawyers. Video conferencing was also available to regional staff for professional legal education.

In consultation with the staff environmental group, we have developed initiatives aimed at reducing the environmental impact of the organisation. This has also led to Victoria Legal Aid signing up to the State Government’s Resource Smart program so we can meet government requirements for statutory agencies to expand environmental management systems.

## Business And Systems Enhancements (BASE) program

We have a number of special projects that make up the BASE program. These projects have been designed to upgrade current work practices and processes to:

- meet future business needs
- enhance our client service
- make our work easier.

The projects are as follows.

### E-lodgement

E-lodgement is an online grants application system, which was implemented in August 2007. It has allowed us to process 27% of our applications electronically. All of our in-house lawyers and 63 private practitioners firms are using the system for applications for grants in summary crime.

### ATLAS

ATLAS is an advanced electronic grants application management system. It is a joint project between NSW Legal Aid and Victoria Legal Aid. The software design and the first stage of testing the system have been completed. The next phase of user testing began in June 2008. We aim to implement the system in 2009.

### Case and Practice Management System

The Case and Practice Management System is an electronic system for managing the administration of case and practice work. We have signed the contract with the vendor, and are close to the end of the design phase to refine business requirements. Implementation is scheduled to commence in 2009.



‘The BASE program has been a huge undertaking,’ says the program delivery lead, Cheryl King. ‘I have been working with some really dedicated staff over the past year, and once the projects are all implemented I think we will be in the best position possible to provide some really outstanding client services.’

### Website and intranet redevelopments

Our new website was successfully launched in December 2007. The site has been redesigned to make it easier for people to find up-to-date legal information and learn more about our services. The new intranet development was completed this financial year, and user testing of the site began in June 2008. It will be launched by the end of 2008.

### Information systems

We maintain, develop and protect our information technology assets to ensure our systems are reliable, effective and responsive to organisational and client service needs.

Our key strategic activities this year were:

- providing infrastructure for grants e-lodgement, the new web and intranet sites, the Case and Practice Management System and ATLAS
- providing business analysis, testing and data migration for the BASE program
- upgrading our infrastructure to the regional office network
- introducing a virtualised computing environment in Queen Street
- significantly upgrading the computer room at Queen Street.

The major focus for the division for the next 12 months will be:

- supporting the BASE program in the implementation of systems training and support
- rolling out a new fleet of personal computers
- overhauling the regional office network, including upgrades to communications, the desktop and server capacity
- introducing digital dictation.

### Reviewing our processes

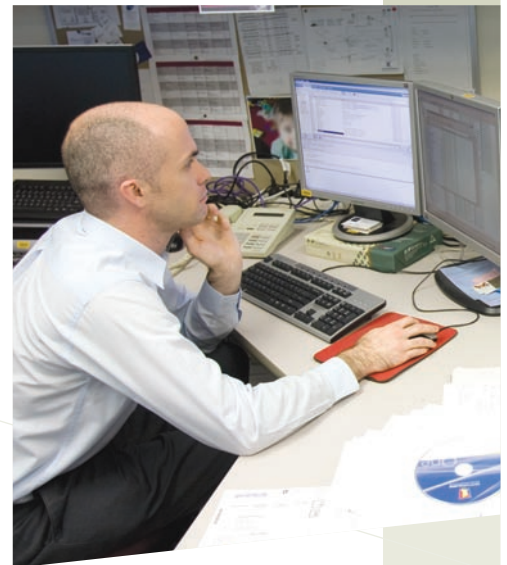
This year we completed an evaluation of almost 800 practice division files to measure the work against selected key performance indicators. This evaluation has helped us to identify gaps in our systems and processes, which will be addressed to make it easier for staff to do their work more efficiently.

We also completed an evaluation of duty lawyer services, observing processes at various courts and evaluating the service tools and resources that are needed to support their work.

We developed a Policy Framework so there is an approved process to record, consider and resolve policy. By publishing the policies on the intranet, we will increase access, staff understanding and provide a clear and transparent process that invites staff involvement.

### Records management

We commenced the implementation of our Records Management Strategy to improve our practices. The Program for Records and Information Management Excellence is underway. A pilot is being conducted with staff from Human Resources. It focuses on building basic foundations for good recordkeeping. The strategy will be rolled out across the organisation over the next year in preparation for the planned purchase of an Electronic Document/Records Management System in 2009–10. Two major disposal projects have been completed, with thousands of files destroyed in accordance with legislative requirements. This has resulted in a reduction in storage costs.





## Internal auditing

The Audit Committee assists the Victoria Legal Aid Board with its responsibilities involving:

- financial reporting
- maintaining a sound system of internal control
- providing assurance over the operation and implementation of the risk management framework
- overseeing the scope, quality and outcome of internal audit outputs and outcome of external audits.

The committee has a board-approved Audit Charter, which specifies its:

- purpose and objectives
- authority, membership and attendance at meetings
- roles and responsibilities.

The Audit Committee meets on a quarterly basis and its membership comprises Victoria Legal Aid non-executive board members. Details of membership are:

Mr Frank King

Chair of Audit Committee and a non-executive Victoria Legal Aid Director

Mr John Howie

Non-executive Chairperson of the Victoria Legal Aid Board

Ms Sue Walpole

Non-executive Victoria Legal Aid Director

The managing director, the manager of Finance, Assignments & Business and the manager of the Internal Audit Unit attend all meetings at the invitation of the Audit Committee. The external audit manager has an open invitation to attend all meetings and receives a copy of the meeting papers and minutes. The Audit Committee also meets separately with the Internal Audit Unit without management presence at its meetings.

The Internal Audit Unit's primary purpose is to provide an independent, objective assurance on the performance and reliability of Victoria Legal Aid's systems and processes. The unit also undertakes consulting activity designed to add value and improve our operations. A quarterly report is presented at each Audit Committee meeting on the progress of the risk-based internal audit program, which includes control assurance audits, investigation advisory services and consulting activities.

Reports and advice provided by the Internal Audit Unit during the year included:

- information technology security
- ATLAS and Case and Practice Management System external project review
- risk framework external quality review
- private practitioner solicitor payments
- trade creditors
- insurance
- investments
- disbursement supplier payments.





# 2007-08 financial report

## Contents

- Operating statement
- Balance sheet
- Statement of recognised income and expense
- Cash flow statement
- Notes to the financial statements
- Certification of financial report
- Auditor-General's report

This financial report covers Victoria Legal Aid as an individual entity.

The Victoria Legal Aid is a Statutory Authority of the State of Victoria. The Authority was established under the *Legal Aid Act 1978*. Its principal address is:

Victoria Legal Aid  
350 Queen Street  
Melbourne VIC 3000

## Operating Statement

For the financial year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
<b>CONTINUING OPERATIONS</b>			
<b>Income</b>			
<b>Government</b>			
Commonwealth grant	1d,2	35,183	30,852
State grant	1d,2	42,897	41,263
Public purpose fund	1d,2	31,860	26,543
		<u>109,940</u>	<u>98,658</u>
<b>Operating</b>			
Client contributions	1d,2	4,153	6,708
Costs recovered and appeal cost fund	1d,2	1,321	1,763
Recoverable amount adjustment	1j	(303)	173
Interest on investments	1d,2	1,580	2,499
Other income		2,633	1,352
		<u>9,384</u>	<u>12,495</u>
		<u>119,324</u>	<u>111,153</u>
<b>Expenses</b>			
Case related professional payments		(77,373)	(63,669)
Employee benefits	3	(35,985)	(32,454)
Grants and other payments	2b	(9,079)	(7,417)
Depreciation and amortisation	1e, 3	(2,102)	(1,955)
Other expenditure	3	(15,090)	(12,128)
		<u>(139,629)</u>	<u>(117,623)</u>
<b>Net result from continuing operations</b>		<u>(20,305)</u>	<u>(6,470)</u>
<b>Net result for the year</b>	10c	<u>(20,305)</u>	<u>(6,470)</u>

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

## Balance Sheet

As at 30 June 2008

	Notes	2008 \$'000	2007 \$'000
<b>Current assets</b>			
Cash and cash equivalents	1g,5,16	13,902	30,161
Accrued Income	16	27	181
Receivables	1h&j,6,16	8,074	7,223
Prepayments		622	520
<b>Total current assets</b>		<b>22,625</b>	<b>38,085</b>
<b>Non-current assets</b>			
Property, plant and equipment	1j, 7	12,579	9,837
Intangible assets	1j, 8	2,001	0
Receivables	1h&j,6,16	14,447	15,764
<b>Total non-current assets</b>		<b>29,027</b>	<b>25,601</b>
<b>Total assets</b>		<b>51,652</b>	<b>63,686</b>
<b>Current liabilities</b>			
Payables	9,16	22,704	14,895
Provisions	1m,1n,10	6,281	5,966
<b>Total current liabilities</b>		<b>28,985</b>	<b>20,861</b>
<b>Non-current liabilities</b>			
Provisions	1m,1n,10	1,536	1,389
<b>Total non-current liabilities</b>		<b>1,536</b>	<b>1,389</b>
<b>Total liabilities</b>		<b>30,521</b>	<b>22,250</b>
<b>Net assets</b>		<b>21,131</b>	<b>41,436</b>
<b>Equity</b>			
Contributed capital	11a	42,194	42,194
Accumulated deficit	11b	(21,063)	(758)
<b>Total equity</b>		<b>21,131</b>	<b>41,436</b>
Contingent Liabilities	1t,19		
Commitments for expenditure	1s,17		

## Statement of recognised income and expense

For the financial year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Net result for the year		(20,305)	(6,470)
<b>Total recognised income and expenses for the year</b>		<b>(20,305)</b>	<b>(6,470)</b>

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

## Cash flow statement

For the financial year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
<b>Cash flows from operating activities</b>			
<i>Receipts from government</i>			
Commonwealth		36,734	30,942
State		44,224	41,264
Public purpose fund		31,860	26,543
<i>Receipts from operating activities</i>			
Client contributions		5,362	3,275
Costs recovered and appeal cost fund		1,665	2,247
Interest received		1,735	2,619
Goods and services tax recovered from the ATO		11,345	8,996
Other		2,813	1,332
		<u>135,738</u>	<u>117,218</u>
<i>Payments to suppliers and employees</i>			
Private practitioners		(83,816)	(67,907)
Salaries and related costs		(36,277)	(31,817)
Community Legal Centres		(9,987)	(8,159)
Administration costs		(13,551)	(13,375)
Other		(845)	(490)
		<u>(144,476)</u>	<u>(121,748)</u>
<b>Net cash used in operating activities</b>	15	<u>(8,738)</u>	<u>(4,530)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(7,636)	(2,593)
Proceeds from sale of property, plant and equipment		115	110
		<u>(7,521)</u>	<u>(2,483)</u>
<b>Net cash used in investing activities</b>		<u>(7,521)</u>	<u>(2,483)</u>
<b>Net decrease in cash and cash equivalents held</b>		<u>(16,259)</u>	<u>(7,013)</u>
Cash and cash equivalents at the beginning of the financial year		<u>30,161</u>	<u>37,174</u>
<b>Cash and cash equivalents at the end of the financial year</b>	1g,5	<u><u>13,902</u></u>	<u><u>30,161</u></u>

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

## Note 1. Summary of significant accounting policies

The following summary explains the significant policies that have been adopted in the preparation of these financial statements.

### (a) Statement of compliance and basis of accounting

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, applicable Australian Accounting Standards (AASs), which includes the Australian accounting standards issued by the Australian Accounting Standards Board (AASB), AAS 29 Financial Reporting by Government Departments, Interpretations and other mandatory professional requirements.

The financial report also complies with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SD) authorised by the Minister for Finance.

The financial statements were authorised for issue by T Matthews (Chief Finance and Accounting Officer - Victoria Legal Aid) on 20 August 2008.

### (b) Basis of preparation

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

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

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

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.

The functional currency of the Commission is the Australian dollar, which has also been identified as the presentation currency of the Commissions. Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2008 and the comparative information presented for the year ended 30 June 2007.

### (c) Objectives

The objectives of the Commission as detailed in the Legal Aid Act 1978 are:

- (i) To provide legal aid in the most effective, economic and efficient manner;
- (ii) To manage its resources to make legal aid available at a reasonable cost to the community and on an equitable basis throughout the state;
- (iii) To provide to the community improved access to justice and legal remedies;
- (iv) To pursue innovative means of providing legal aid directed at minimising the need for individual legal services in the community.

Note 1. Summary of significant accounting policies (continued)

(d) Revenue recognition

Amounts disclosed as revenue are, where applicable, net of returns, allowances, duties and taxes. Revenue is recognised for each of the Commission's major activities as follows:

(i) *Government grants*

Grants payable by Government are recognised as revenue when the Commission gains control of the underlying assets. Where grants are reciprocal, revenue is recognised as performance occurs under the grant. Non-reciprocal grants are recognised as revenue when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

(ii) *Public Purpose Fund*

Monies from the Public Purpose Fund are distributed to the Legal Aid Fund pursuant to section 6.7.9 of the Legal Profession Act 2004. The Public Purpose Fund comprises interest and investment earnings on clients' funds held in solicitor's trust accounts. The amount of any distribution from the Public Purpose Fund to the Legal Aid Fund, can vary from year to year depending on its investment performance and any other calls that may be made on the fund, as set out in the Legal Profession Act 2004.

(iii) *Client contribution revenue*

Revenue from the provision of legal services to clients is recognised at fair value. Contributions for services are only recognised when the fair value can be reliably determined and where the services would normally be purchased.

(iv) *Sale of goods and disposal of assets*

Revenue from the sale of goods and disposal of other assets is recognised when the Commission has passed to the buyer the significant risks and rewards of ownership of the goods or other assets.

(v) *Interest*

Interest revenue is recognised on a time proportionate basis that takes into consideration the effective yield on the financial asset.

(vi) *Costs recovered and appeal costs fund*

Revenue arising from costs recovered and appeal costs fund is recognised when the Commission gains control of the revenue or the right to receive revenue.

(e) Depreciation and amortisation

Depreciation is calculated on a straight line basis to write off the net cost of each item of plant and equipment (excluding cultural assets) over its expected useful life to its estimate residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. Estimates of useful lives, residual values and depreciation method are reviewed on a regular basis.

The following depreciation rates are used for each major class of depreciable assets:

Furniture, fixture and fittings	10%
IT equipment	33%
Leasehold improvements	10%
Motor vehicles	20%
Office machines & equipment	15%

Intangible assets with finite useful lives are amortised on a systematic (typically straight line) basis over the asset's useful life. Amortisation begins when the asset is available for use. The amortisation period and method for an intangible asset with a finite useful life are reviewed annually at the end of each reporting period, in conjunction with a review for impairment.

(f) Maintenance and repairs

Assets of the Commission are required to be refurbished on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with note 1(e). Other routine operating maintenance, repair costs and minor renewals are also charged as expenses when incurred.



Note 1. Summary of significant accounting policies (continued)

(g) Cash and cash equivalents

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

(h) Receivables

*Granting of legal assistance*

Pursuant to the Legal Aid Act 1978, as amended, the organisation is empowered to make a grant of legal assistance subject to certain conditions. Under section 24 of the Act the Commission may require a client to:

- a) make a contribution towards the cost of providing assistance;
- b) make a contribution in respect of any out-of-pocket expenses incurred in providing assistance;
- c) pay contributions in such a manner and within such a time as the organisation directs;
- d) provide the organisation with security against costs incurred on their behalf.

In accordance with the Commission's means test and asset guidelines a client may or may not be required to make a contribution towards the cost of their legal assistance.

Under section 46 of the Act all costs payable under the terms of any judgment or order, or of any settlement of an action or claim by a client are payable to the organisation.

Client contribution receivables arise as a result of contributions assessed as above and are recorded at their recoverable amount.

Impairment of debtors are reviewed on an ongoing basis. A provision for doubtful debts is raised for estimated irrecoverable amounts, determined by reference to past default experience. Bad debts are written off when identified.

(i) Contribution by owners

Consistent with Interpretation 1038 *Contribution by Owners Made to Wholly-Owned Public Sector Entities* appropriations for additions to net assets have been designated as contributions by owners. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

(j) Non-current assets

*Non-current physical assets*

Plant and equipment are measured at cost less accumulated depreciation and impairment.

*Leasehold improvements*

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Commission. Leasehold improvements are measured at cost less accumulated depreciation and impairment (Note 1k).

Where applicable, leasehold improvements include a component for leasehold make-good at the end of the lease. A corresponding provision for decommissioning expense is created based on present value of the expected make-good expense.

*Cultural assets*

Cultural assets such as artworks that the Commission intends to preserve because of their unique cultural and historical attributes are measured at the cost of replacing the asset.

*Intangibles assets*

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

An internally generated intangible asset arising from development is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) an intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) the intangible asset will generate probable future economic benefits;

Note 1. Summary of significant accounting policies (continued)

(j) Non-current assets (continued)

*Intangibles assets (continued)*

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Where no internally generated asset can be recognised, development expenditure is recognised as an expense in the period incurred.

Intangible assets are measured at cost less accumulated amortisation and impairment, and are amortised on a straight line basis over their useful lives as follows:

Capitalised software and development costs 3 - 10 years

*Receivables client contributions*

Finity Consulting Pty Limited actuaries perform an annual independent assessment of the net present value of receivables. The analysis undertaken reviews the receivable portfolio, recovery history and the current and forecast financial environment to determine a recoupment pattern. This payment pattern was discounted by 6.6% (2007: 6.4%) which is the forecast earnings rate of the organisation's investment portfolio to determine the net present value.

(k) Impairment of assets

All assets are assessed annually for indications of impairment.

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

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. It is deemed that, in the event of the loss 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.

(l) Payables

Payables are recognised when the Commission becomes obliged to make future payments resulting from the purchase of goods and services.

*Trade creditors*

The amounts are unsecured and are usually paid within 30 days of recognition. No interest is charged within the first 30 days.

*Legal creditors*

Legal creditors represent amounts owing to the organisation's panel members for legal work undertaken on behalf of the organisation. The amount owing to legal creditors for work performed comprises two components:

(i) amounts certified but not paid; and

(ii) amounts incurred not yet invoiced at balance date.

An actuarial assessment was undertaken by Finity Consulting Pty Limited to identify amounts owing to legal creditors for work performed prior to the 30 June 2008 but not yet invoiced. The actuarial assessment includes a prudential margin of 10% of outstanding estimates which is reassessed each year.

No interest charge is applicable

(m) Employee benefits

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

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Note 1. Summary of significant accounting policies (continued)

(m) Employee benefits (continued)

(ii) *Long service leave*

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

- Current liability - unconditional LSL (representing 7 or more years of continuous service) is disclosed as a current liability even where the Commission 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 or depart within 12 months.

The components of this current LSL liability are measured at:

- Present value - component that the Commission does not expect to settle within 12 months; and

- Nominal value - component that the Commission expects to settle within 12 months.

- Non-current liability - conditional LSL (representing less than 7 years of continuous service) 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 liability is measured at present value.

(iii) *Employee benefits on-costs*

Employee benefits on-costs (workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

(iv) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date. The Commission recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(v) *Defined contribution superannuation funds*

Contributions to defined contribution superannuation plans are expensed when incurred (See note 12).

(vi) *Defined benefit superannuation funds*

The amount charged to the operating statement in respect of defined benefit superannuation represents the contribution made by the Commission to the superannuation fund in respect to the current services of current staff of the Commission. Superannuation contributions are made to the plans based on the relevant rules of each plan.

The Department of Treasury and Finance centrally recognises the defined benefit liability or surplus of most Victorian Government employees in such funds.

(n) Provisions

Provisions are recognised when the Commission 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 reporting date, 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.

When some or all of the economic benefits required to settle a provision are expected to be recognised 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.

Note 1. Summary of significant accounting policies (continued)

(o) Leased non-current assets

Operating leases are those in which the lessor effectively retains all substantial risks and benefits. Payments made in relation to operating leases are charged to the operating statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(p) Goods and services tax

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it 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.

(q) 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 Commission. These items are recognised as an expense in the reporting period in which they are incurred. The carrying amount of any inventories held for distribution is expensed when distributed.

(r) Events after reporting date

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

(s) Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value (See note 17).

(t) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value (See note 19).

(u) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(i) *Critical accounting estimates and assumptions*

*Measurement of client receivables*

Client receivables are based on an actuarial assessment which makes reference to annual modelling and historical data on debt recovery.

*Measurement of case related professional creditors*

The recognition of private practitioner costs is intrinsically linked to the recovery of client fees. In this respect the recognition of private practitioner related payables is recognised on a similar basis and, therefore, is reliant on an actuarial assessment. The actuarial assessment makes reference to historical data.

Note 1. Summary of significant accounting policies (continued)

(v) Going concern

Notwithstanding the deficit between current assets and current liabilities, working capital, of \$6.36 million (2007: \$17.22 million surplus) the financial report has been prepared on a going concern basis which contemplates the continuity of business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Commission believe the going concern basis to be appropriate as the Victorian Department of Justice has agreed in writing to provide continued financial support for the next 12 months.

(w) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises departments and other entities of their applicability and early adoption where applicable.

As at 30 June 2008, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2008. The Commission has not, and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on financial statements
Interpretation 12 <i>Service Concession Arrangements</i>	AASB approved Australian Interpretation 12, equivalent to IFRIC 12, applying to private sector operators, but explicitly excludes accounting for public sector grantors.	Beginning 1 Jul 2008	The impact of any changes that may be required cannot be reliably estimated and is not disclosed in the financial statements.
AASB 2007-2 <i>Amendments to Australian Accounting Standards arising from AASB Interpretation 12</i>	Amendments arise from the release in February 2007 of Interpretation 12 <i>Service Concession Arrangements</i> .	Beginning 1 Jul 2008	The impact of any changes that may be required cannot be reliably estimated and is not disclosed in the financial statements.
Revised AASB 1004 <i>Contributions</i>	AASB decided to relocate requirements on contributions from AAS 27, 29 and 31, substantively unamended, into AASB 1004 as part of its short term review of AAS 27, AAS 29 and AAS 31.	Beginning 1 Jan 2008	Impact expected to be insignificant.
AASB 1050 <i>Administered Items</i>	As part of the short term review of AAS 27, AAS 29, and AAS 31, AASB decided to relocate the requirements for the disclosure of administered items from AAS 29, substantively unamended into a topic based standard AASB 1050.	Beginning 1 Jul 2008	Impact expected to be insignificant.
AASB 1052 <i>Disaggregated Disclosures</i>	As part of the short term review of AAS 27, AAS 29, and AAS 31, AASB decided to relocate the requirements for the reporting of disaggregated information from AAS 27 and AAS 29, into a topic based standard AASB 1052.	Beginning 1 Jul 2008	Impact expected to be insignificant.
AASB 2007-09 <i>Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29, and AAS 31</i>	An accompanying amendmentg standard to amend existing accounting standards as part of the short term review of AAS 27, AAS 29, and AAS 31.	Beginning 1 Jul 2008	Impact not expected to be significant.

Note 1. Summary of significant accounting policies (continued)

(w) New accounting standards and interpretations (continued)

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on financial statements
Revised Interpretation 1038 Contributions by Owners made to Wholly Owned Public Sector Entities	Editorial amendments to Interpretation 1038 due to changes to AASB 1004.	Beginning 1 Jul 2008	Impact not expected to be significant.
AASB 8 <i>Operating Segments</i>	Supersedes AASB 114 <i>Segment Reporting</i>	Beginning 1 Jul 2008	Impact expected to be insignificant.
AASB 2007-3 <i>Amendments to Australian Accounting Standards arising from AASB 8</i> [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038]	An accompanying amending standard, also introduced consequential amendments into other Standards	Beginning 1 Jan 2009	Impact not expected to be significant.
AASB 2008-5 <i>Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i> [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.	Beginning 1 Jan 2009	Impact not expected to be significant.
AASB 2008-7 <i>Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i> [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136]	The main amendments of relevance to Australian entities are those made to AASB 127 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment.	Beginning 1 Jan 2009	Impact not expected to be significant.



Note 1. Summary of significant accounting policies (continued)

(x) Prospective accounting changes

*GAAP-GFS Convergence*

The AASB has recently approved AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, which will apply to future financial reports of the Victorian general government sector. In October 2007, the AASB extended AASB 1049 to also apply to financial reports of the Whole of Government economic entity. The Standard, which will be applicable for annual reporting periods beginning on or after 1 July 2008, converges Australian Generally Accepted Accounting Principles (GAAP) and Government Finance Statistics (GFS) reporting. It also includes additional disclosure requirements. The effect of any changes to recognition or measurement requirements as a result of this new standard is being evaluated.

*Service Concessions*

In February 2007, the AASB approved Australian Interpretation 12 Service Concession Arrangements, applicable only to private sector operators from the 2008-2009 reporting period, and AASB 2007-2 that made consequential reference changes to affected standards. In December 2007, the AASB decided that the requirements of Interpretation 12 are not obligatory for public sector grantors. The AASB is still to consider how public sector grantors should account for service concession arrangements, and is monitoring the emerging development of an international public sector accounting standard for service concessions.

Due to the lack of applicable accounting guidance on the recognition and measurement by the State of assets arising from certain service concession arrangements, there has been no change in policy and those assets are currently not recognised.

The impact of any changes that may be required cannot be reliably estimated and is not accounted for in the Financial Statements.

## Note 2. Funding

(a) The organisation

Funding sources of the organisation consist of the Commonwealth Government, the State Government, the Public Purpose Fund and income comprising contributions paid by assisted persons, costs recovered in legally assisted cases, the Appeal Costs Fund and interest derived from the investment of surplus funds.

(b) Community Legal Centres

Each year the Commission allocates a portion of its funding and provides certain administration assistance to Community Legal Centres in Victoria. For the year ended 30 June 2008 the organisation allocated \$9.6 million of direct funds (2007: \$7.4m). The organisation has disclosed this transaction in its financial statements as the Board of Victoria Legal Aid has discretionary funding choices over the allocation of State grants.

The organisation does not control the allocation of grants received from the Commonwealth Government and consequently does not include these funds in its financial statements. The total amount received from the Commonwealth for Community Legal Centres to 30 June 2008 was \$7.3m million (2007: \$4.9m).

Grants made by the organisation to Community Legal Centres are reported in the body of the financial statements.

### Note 3. Result for the reporting period

	2008 \$'000	2007 \$'000
<b>(a) Net gains and expenses</b>		
Result from ordinary activities includes the following specific net gains / (losses) and expenses:		
<b>Net gains / (losses)</b>		
Net gain / (loss) on disposal Property, plant and equipment	7	3
<b>Expenses from ordinary activities</b>		
Employee benefits		
Salaries and overtime	27,602	24,690
Annual leave and long service leave expense	3,434	3,225
Superannuation	2,722	2,520
Staff development	493	366
Workcover	126	201
Temporary employment cover	786	739
Other	822	713
Total employee benefits	<u>35,985</u>	<u>32,454</u>
Depreciation of property, plant and equipment		
Furniture, fixture & fittings	55	22
Information technology equipment	496	663
Leasehold improvements	1,243	1,056
Leasehold decommissioning	0	0
Motor vehicles	97	96
Office machines & equipment	163	118
Total depreciation	<u>2,054</u>	<u>1,955</u>
Amortisation of intangible assets		
Software	48	0
Total amortisation	<u>48</u>	<u>0</u>
Total depreciation and amortisation	<u>2,102</u>	<u>1,955</u>
Other expenditure from ordinary activities		
Supplies and services		
Debt recovery costs	58	47
Insurance	135	144
Legal fees	134	258
Library	349	395
Motor vehicle and travelling expenses	106	105
Postage and telephones	1,125	983
Printing and stationery	923	1,014
Sundry expenses	706	834
Travel and accommodation	355	434
Contractors	3,423	2,132
Consultants	1,112	448
Total supplies and services	<u>8,425</u>	<u>6,794</u>
Premises - minimum lease payments	3,434	2,601
Premises - other	1,982	1,755
Information management systems	1,123	893
Decommissioning expenses	28	(12)
Other	98	97
Total other expenditure from ordinary activities	<u>15,090</u>	<u>12,128</u>

### Note 4. Remuneration of auditors

	2008 \$'000	2007 \$'000
Remuneration of auditors comprises:		
Audit of financial reports: Victorian Auditor General's Office	47	48

## Note 5. Cash and cash equivalents

	2008 \$'000	2007 \$'000
Cash at bank and on hand	1,852	3,161
Term deposits	12,050	27,000
	<u>13,902</u>	<u>30,161</u>

The above figures are reconciled to cash at the end of the financial year as shown in the Cash flow statement as follows:

Balance as above	13,902	30,161
Balance as per statement of cash flows	<u>13,902</u>	<u>30,161</u>

### Term deposits

The deposits are bearing weighted average interest rates of 7.38% (2007 – 6.44 %).

## Note 6. Receivables

	2008 \$'000	2007 \$'000
<b>(a) Receivables</b>		
Client Contributions		
Secured client contributions receivable	18,180	17,570
Adjustment for impairment	(6,022)	(5,719)
Secured client contributions receivable at net present value	12,158	11,851
Secured client contributions receivable on unfinalised matters	2,022	2,313
Unsecured client contributions receivable	4,895	6,350
Costs recoverable	84	285
	<u>19,159</u>	<u>20,799</u>
Less: Allowance for doubtful debts (b)	(500)	(500)
	<u>18,659</u>	<u>20,299</u>
Sundry receivables		
Australian Taxation Office	2,982	2,380
Other	880	308
	<u>3,862</u>	<u>2,688</u>
Total receivables	<u>22,521</u>	<u>22,987</u>
This is represented by:		
Current		
Due within one year	8,074	7,223
Non-current		
Due beyond one year	14,447	15,764
	<u>22,521</u>	<u>22,987</u>
<b>(b) Movement in provision</b>		
Opening Balance	500	500
Movements during the year:		
Re-assessments and bad debts written-off	(497)	(534)
Increase/(decrease) in provision for re-assessments and bad debt write-downs	497	534
Closing balance	<u>500</u>	<u>500</u>

No interest is charged on receivables.

A provision for doubtful debts has been made for estimated irrecoverable amounts, determined by reference to past default experience.

## Note 7. Property, plant and equipment

	2008 \$'000	2007 \$'000
Information technology at cost	4,033	3,498
Less: Accumulated depreciation	(3,295)	(2,799)
	<u>738</u>	<u>699</u>
Furniture, fixtures and fittings at cost	673	537
Less: Accumulated depreciation	(174)	(119)
	<u>499</u>	<u>418</u>
Leasehold improvements at cost	18,015	14,586
Less: Accumulated depreciation	(8,010)	(6,797)
	<u>10,005</u>	<u>7,789</u>
Motor vehicles at cost	467	454
Less: Accumulated depreciation	(156)	(143)
	<u>311</u>	<u>311</u>
Office machines and equipment at cost	1,498	984
Less: Accumulated depreciation	(633)	(462)
	<u>865</u>	<u>522</u>
Cultural assets at cost	161	98
Less: Accumulated depreciation	0	0
	<u>161</u>	<u>98</u>
Total property, plant and equipment	24,846	20,157
Less: Total Accumulated depreciation	(12,268)	(10,320)
Total written down value	<u>12,578</u>	<u>9,837</u>

### Reconciliation

Reconciliations of the carrying amounts of each class of property, plant and equipment, including cultural assets, at the beginning and end of the current and previous financial year are set out below.

	Information technology \$'000	Furniture, fixtures & fittings \$'000	Leasehold improvements \$'000	Motor vehicles \$'000	Office machines & equipment \$'000	Cultural assets \$'000	Total \$'000
<b>2008</b>							
Carrying amount at start of year	699	418	7,789	311	522	98	9,837
Additions	535	136	3,460	197	513	63	4,903
Disposals	0	0	(1)	(100)	(7)	0	(108)
Depreciation/amortisation expense	(496)	(55)	(1,243)	(97)	(163)	0	(2,054)
Carrying amount at end of year	<u>738</u>	<u>499</u>	<u>10,005</u>	<u>311</u>	<u>865</u>	<u>161</u>	<u>12,578</u>
<b>2007</b>							
Carrying amount at start of year	1,052	134	7,448	364	444	98	9,540
Additions	310	306	1,397	155	196	0	2,364
Disposals	0	0	0	(112)	0	0	(112)
Depreciation/amortisation expense	(663)	(22)	(1,056)	(96)	(118)	0	(1,955)
Carrying amount at end of year	<u>699</u>	<u>418</u>	<u>7,789</u>	<u>311</u>	<u>522</u>	<u>98</u>	<u>9,837</u>

Property, plant and equipment is classified as "Public Safety and Environment" by 'purpose' for which the assets are used, according to one of five 'Purpose Groups' based upon Government Purpose Classifications (GPC).

## Note 8. Intangible assets

	2008 \$'000	2007 \$'000
Software at cost	2,049	0
Less: Accumulated amortisation	(48)	0
	2,001	0

### Reconciliation

Reconciliations of the carrying amounts of each class of intangible assets at the beginning and end of the current and previous financial year are set out below.

	Software \$	Total \$
<b>2008</b>		
Carrying amount at beginning of year	0	0
Additions	2,049	2,049
Amortisation	(48)	(48)
Carrying amount at end of year	2,001	2,001

## Note 9. Payables

### Current

#### Unsecured

Case related professional creditors	13,972	12,528
Trade creditors	8,732	2,367
	22,704	14,895

The average credit period for creditors is 30 days. No interest is charged.

## Note 10. Provisions

		2008 \$'000	2007 \$'000
<b>(a) Provisions</b>			
<b>Current</b>			
Employee benefits:			
- Annual leave	10b	2,431	2,203
- Long service leave (unconditional)	10b	3,081	2,988
- Sick leave	10b	128	135
- Executive officer bonus	10b	101	119
Employee benefit on-costs:			
- Annual leave	10b	232	222
- Long service leave (unconditional)	10b	308	299
		<u>6,281</u>	<u>5,966</u>
<b>Non-current</b>			
Employee benefits			
- Long service leave (conditional)	10b	693	708
Employee benefit on costs:			
- Long service leave (conditional)	10b	69	71
Decommissioning	1j,10c	774	610
		<u>1,536</u>	<u>1,389</u>
<b>Aggregate carrying amount of provisions</b>			
Current		6,281	5,966
Non-current		1,536	1,389
		<u>7,817</u>	<u>7,355</u>
<b>(b) Employee Benefits &amp; related on-costs</b>			
<b>Current employee benefits</b>			
Current employee benefits for annual leave, sick leave, executive officer bonus entitlements			
		2,660	2,457
Current employee benefits for unconditional long service leave entitlements			
		3,081	2,988
		<u>5,741</u>	<u>5,445</u>
<b>Non-current employee benefits</b>			
Conditional long service leave entitlements			
		693	708
<b>Total employee benefits</b>			
		<u>6,434</u>	<u>6,153</u>
Current on-costs			
		540	521
Non-current on-costs			
		69	71
<b>Total on-costs</b>			
		<u>609</u>	<u>592</u>
<b>Total employee benefits &amp; on-costs</b>			
		<u>7,043</u>	<u>6,745</u>
<b>(c) Movement in provisions</b>			
<b>Decommissioning</b>			
<b>Balance at 1 July 2007</b>			
Additional provisions recognised			
		207	183
Additions / (reductions) resulting from re-measurement or settlement without cost			
		(51)	63
Unwind of discount and effect of changes in the discount rate			
		8	9
<b>Balance at 30 June 2008</b>			
		<u>774</u>	<u>610</u>

The provision for decommissioning represents the present value of future leasehold make-good expense at the end of the lease. The unexpired term of the leases vary from 1 month to 9 years.



## Note 11. Equity and movements in equity

	2008 \$'000	2007 \$'000
<b>(a) Contributed Capital</b>		
Balance at the beginning of the year	42,194	42,194
Movement during the year	0	0
Balance at the end of the year	42,194	42,194
<b>(a) Accumulated surplus</b>		
Balance at the beginning of the year	(758)	5,712
Net result for the year	(20,305)	(6,470)
Balance at the end of the year	(21,063)	(758)

## Note 12. Superannuation Funds

The organisation contributes to a number of different superannuation schemes on behalf of staff including:

### (a) Commonwealth Superannuation Scheme

Covers one former employee of the Australian Legal Aid Office who elected to continue contributing to the Commonwealth scheme at the date on which the organisation's predecessor (the Legal Aid Commission of Victoria) commenced operations. Total employer contributions made to this scheme for the period ended 30 June 2008 were \$5,408 (30 June 2007: \$17,319) at the employer contribution rate of 28.3% (30 June 2007: 28.3%).

The Commonwealth scheme, upon retirement, disability or death, provides defined lump sum benefits based on years of service and final average salary.

### (b) Victorian Government Superannuation

No liability is recognised in the statement of financial position for the Commission's share of the State's unfunded superannuation liability. The State's unfunded superannuation liability is reflected in the financial statements of the Department of Treasury and Finance.

Covers former employees of the State Public Solicitor's Office and any employee who joined the organisation after its commencement date and who elected to contribute to superannuation. The Victorian Government operates three schemes for employees.

Paid employer contributions for the year:

	2008 \$'000	2007 \$'000
State Superannuation Fund – new scheme	215	233
State Superannuation Fund – revised scheme	33	42
VicSuper Pty Ltd	2,216	2,028
Various other	271	161
	2,735	2,464

The employer contribution rate varies between 9% and 17% depending on the particular scheme to which the employee subscribes. The employer contribution rate is 9% for new employees.

Employees under State Superannuation Fund schemes (both new and revised) are entitled to defined lump sum benefits on retirement, disability or death. These benefits are based on years of service and final average salary.

Funds participating during the period ending 30 June 2008:

Superannuation funds	Employee Nos.
State Superannuation Fund – new scheme	43
State Superannuation Fund – revised scheme	3
VicSuper Pty Ltd	583
Various other	92

### (c) Outstanding liabilities

The organisation had no amounts outstanding as at the end of the reporting period, to any superannuation scheme. No liability is recognised for the Commission's share of the State's unfunded superannuation liability. There were no loans made between any of the superannuation funds and the Commission during the financial year.

### Note 13. Ministers and Accountable Officers

In accordance with the Directions of the Minister for Finance under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the reporting period.

#### Names

The persons who held the above positions in the Commission are as follows:

##### *Responsible Ministers*

Victorian Attorney General	The Hon. Rob J Hulls MLA	1 July 2007 to 30 June 2008
Commonwealth Attorney General	The Hon. Philip Ruddock MP	1 July 2007 to 3 December 2007
Commonwealth Attorney General	The Hon. Robert McClelland MP	4 December 2007 to 30 June 2008

##### *Responsible Directors*

Chairperson	Mr John Anthony Howie	1 July 2007 to 30 June 2008
Managing Director	Mr Anthony William Parsons	1 July 2007 to 30 June 2008
Director	Ms Mary Anne Noone	1 July 2007 to 30 June 2008
Director	Mr Frank King	1 July 2007 to 30 June 2008
Director	Ms Sue Walpole	1 July 2007 to 30 June 2008

#### Remuneration of Directors

Remuneration received or receivable by the Directors in connection with the management of the Commission during the reporting period was in the range:

Income band	Total remuneration		Base remuneration	
	2008 No.	2007 No.	2008 No.	2007 No.
\$10,000 - \$19,999	3	3	3	3
\$30,000 - \$39,999	1	1	1	1
\$200,000 - \$209,999	0	0	0	1
\$210,000 - \$219,999	0	0	1	0
\$220,000 - \$229,999	1	0	0	0
\$230,000 - \$239,999	0	1	0	0
Total number	5	5	5	5
Total amount \$000's	303	304	287	278

#### Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report other than the Trust Account as per Note 20.

#### Note 14. Remuneration of executives

The numbers of executive officers, other than Ministers and Directors, and their total remuneration during the reporting periods are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments and long-service leave payments.

Income band	Total remuneration		Base remuneration	
	2008 No.	2007 No.	2008 No.	2007 No.
\$100,000 – 109,999	0	0	0	1
\$110,000 – 119,999	0	0	0	1
\$120,000 – 129,999	0	1	0	0
\$130,000 – 139,999	0	1	1	2
\$140,000 – 149,999	1	1	1	1
\$150,000 – 159,999	0	2	1	1
\$160,000 – 169,999	2	1	1	1
\$170,000 – 179,999	1	1	0	0
\$190,000 – 199,999	0	0	1	0
\$200,000 – 209,999	1	0	0	0
Total number	5	7	5	7
Total amount \$000's	933	1,047	827	957

#### Note 15. Reconciliation of results from ordinary activities to net cash inflow from operating activities

	2008 \$'000	2007 \$'000
Results from ordinary activities	(20,305)	(6,470)
Depreciation and amortisation	2,102	1,955
Doubtful debts re-assessments and write downs	0	0
Net gain on sale of non-current assets	(7)	(3)
Movement in adjustment for recoverable amount	303	(173)
Change in operating assets and liabilities		
(Increase) decrease in accrued income	154	120
Decrease (increase) in receivables	152	(2,408)
Decrease (increase) in prepayments	(103)	(231)
Increase (decrease) in trade creditors	7,191	794
Increase (decrease) in legal creditors	1,313	1,172
Increase (decrease) in provisions	462	714
Net cash inflow from operating activities	(8,738)	(4,530)

## Note 16. Financial instruments

### (a) Financial risk management, objectives and policies

The Commission's activities do not expose it to any significant financial risks other than interest rates held on deposit. The Commission does not enter into derivative financial instruments to manage its exposure to interest rate risk.

The Commission does not enter into or trade financial instruments, including derivative financial instruments, for speculative or any other purposes. As the Commission does not enter into financial derivatives no formal policy have been formally adopted.

### (b) Recognised financial instruments

The organisation's accounting policies including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at balance date are as follows:

Recognised financial instruments	Balance sheet notes	Accounting policies	Terms and conditions
<b>(i) Financial assets</b>			
Client contributions receivable	6	Client contributions are actuarially adjusted to their net present value less any provisions for doubtful debts. A provision for doubtful debts is recognised when collection of the full amount is no longer probable.	The organisation can request a client to contribute toward the cost of providing assistance. Clients pay contributions in such a manner and within such a time as the organisation directs. The organisation will often take security against costs incurred on their behalf.
Term deposits	5	Term deposits are stated at their principal amount. Interest is recognised in the Operating Statement when earned.	Cash is invested as funds permit at normal commercial rates available at the time of investment.
<b>(ii) Financial liabilities</b>			
Case related professional creditors	8	Liabilities are recognised for amounts to be paid in the future for goods and services received; whether or not billed to the organisation.	Liability is normally settled on 30 day terms.
Trade creditors	8	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the organisation.	Liability is normally settled on 30 day terms.

Note 16. Financial instruments (continued)

(c) Interest rate risk exposures

Exposures to interest rate risk are limited to assets and liabilities bearing variable interest rates. The majority of financial assets are term deposits with fixed interest rates and terms. These are held to maturity.

The mature profile of financial assets and liabilities held by the Commission are detailed below.

2008	Notes	Weighted average interest rate %	Floating interest rate \$'000	Fixed interest maturing in 1 year or less \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>						
Cash and deposits	5	7.15%	1,852			1,852
Accrued income		0%	27			27
Receivables	6	0%		2,982	19,539	22,521
Term deposits	5	7.38%		12,050		12,050
			1,879	15,032	19,539	36,450
<b>Financial liabilities</b>						
Legal payables	9	0%			13,972	13,972
Sundry payables	9	0%		490	8,242	8,732
			0	490	22,214	22,704
Net financial assets (liabilities)			1,879	14,542	(2,675)	13,745

2007	Notes	Weighted average interest rate %	Floating interest rate \$'000	Fixed interest maturing in 1 year or less \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>						
Cash and deposits	5	6.15%	3,161			3,161
Accrued income		0%	181			181
Receivables	6	0%		2,380	20,607	22,987
Term deposits	5	6.44%		27,000		27,000
			3,342	29,380	20,607	53,329
<b>Financial liabilities</b>						
Legal payables	9	0%			12,528	12,528
Sundry payables	9	0%		490	1,877	2,367
			0	490	14,405	14,895
Net financial assets (liabilities)			3,342	28,890	6,202	38,434



Note 16. Financial instruments (continued)

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Commission. The Commission has adopted a policy of obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Commission measures credit risk on a fair value basis.

The Commission has a significant credit risk exposure to its client contributions receivable balance. These receivables are established on the basis of representation provided to clients and their ability to pay for such services following an assessment of their disposable income and net assets held. Services are provided where individuals do not have sufficient funds to afford privately funded legal representation. In this respect, the likelihood and timing of recovery may vary significantly between individual debtors. The services of a qualified actuary are utilised to establish the recoverable amount of these receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of the financial assets recorded in the financial statements, net of any allowances for losses, represents the Commission's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(e) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for the management of the Commissions short, medium and long term funding and liquidity. This framework takes into consideration that the Commission is prohibited by the Legal Aid Act 1978 from incurring borrowing costs and, consequent, borrowing funds. The Commission manages its liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecasts and actual cash flows while matching the maturity profiles of financial assets and liabilities.

At the agreement of bodies providing funding, including the Victorian Department of Justice, the Commission has utilised a significant portion of its cash reserves in order to carry out its activities placing it in a position where it may not be able to continue its operations without additional funding during the year. Management have raised their concerns in respect of the Commission's liquidity and, as discussed in note 1(v), the Department of Justice has agreed in writing to provide sufficient funds to address this issue for the year ending 30 June 2009.

(f) Sensitivity analysis

The table below details the commission's sensitivity to shifts in interest rate. The 2008/2009 financial exposures are based on management's best estimates.

Annual risk by risk type	Minimum		Average		Maximum	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Interest rate	30	68	75	169	121	270

Interest rate analysis is based upon financial assets not exceeding 1 year which are all fixed interest rates. Minimum and maximum exposures are calculated at shifts of 25 basis points and 100 basis points respectively. A net decrease in interest translates into a fall in revenue as investment income is reduced.

(g) Net fair value of financial assets and liabilities

(i) On-balance sheet

The Directors consider the net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Commission approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles

(ii) Off-balance sheet

The Commission has potential financial liabilities which may arise from certain contingencies disclosed in note 17 and 19. As explained in those notes, no material losses are anticipated in respect of any of those contingencies and the net fair value disclosed below is the estimate of amounts which would be payable by the Commission as consideration for the assumption of those contingencies by another party.

Note 16. Financial instruments (continued)

The carrying amounts and net fair values of financial assets and liabilities at reporting date are:

	2008		2007	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
<b>On-balance sheet financial instruments</b>				
<b>Financial assets</b>				
Cash and deposits	1,852	1,852	1,661	1,661
Term deposits	12,050	12,050	28,500	28,500
Receivables	22,548	22,548	23,168	23,168
	<u>36,450</u>	<u>36,450</u>	<u>53,329</u>	<u>53,329</u>
<b>Financial liabilities</b>				
Legal payables	13,972	13,972	12,528	12,528
Other payables	8,732	8,732	2,367	2,367
	<u>22,704</u>	<u>22,704</u>	<u>14,895</u>	<u>14,895</u>

Net fair value is exclusive of costs which would be incurred on realisation of an asset and inclusive of costs which would be incurred on settlement of a liability.

Note 17. Commitments for expenditure

	2008 \$'000	2007 \$'000
<b>Capital commitments</b>		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	57	91
	<u>57</u>	<u>91</u>
<b>Lease commitments</b>		
Commitments in relation to non-cancellable operating leases for office equipment and rental for premises contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	3,221	2,984
Later than one year but not later than 5 years	9,906	10,103
Later than five years	9,322	10,695
	<u>22,449</u>	<u>23,782</u>
<b>Outsourcing commitments</b>		
Commitments under outsourcing contracts for legal services and maintenance at the reporting date but not recognised as liabilities, payable:		
Within one year	19,163	21,057
Later than one year but not later than 5 years	19,731	19,323
	<u>38,894</u>	<u>40,380</u>

Note 18. Ex-gratia payments

The Commission made ex-gratia payments of \$108,494 during the period to nine former employees upon termination of employment (2007: \$55,074 to ten former employees).

Note 19. Contingent liabilities

The organisation does not have any contingent liabilities or claims of a material nature which have not already been disclosed in these financial statements (2007 Nil).

## Note 20. Commitments for expenditure

	2008 \$'000	2007 \$'000
<i>Victoria Legal Aid – Mr T Parsons</i>		
<i>Trust account statement of receipts and payments</i>		
<i>For the year ended 30 June 2008</i>		
Receipts		
Balance at beginning of year	511	220
Amounts received on behalf of clients	1088	986
	<u>1,599</u>	<u>1206</u>
Less Payments		
Amounts paid on behalf of clients	1,285	695
Balance at end of year	<u>314</u>	<u>511</u>
This amount is represented by:		
Cash at bank	42	284
Deposits with the Legal Practice Board	272	227
	<u>314</u>	<u>511</u>

Victoria Legal Aid as a corporate entity under the Legal Practice Act 1996 maintains a trust account in accordance with that Act.

The Trust Fund does not form part of the organisation's financial statements. It is included for information purposes only and is audited by a private accounting firm.

### Certification of financial report

We certify that the attached financial statements for Victoria Legal Aid have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards and other mandatory professional reporting requirements.


We further state that, in our opinion, the information set out in the Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2008 and financial position of Victoria Legal Aid as at 30 June 2008.

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



John Howie

Chairperson  
20 August 2008



Bevan Warner  
Managing Director  
Victoria Legal Aid

Accountable Officer  
20 August 2008



Tony Matthews  
Divisional Manager,  
Finance, Assignments and Business  
Victoria Legal Aid

Chief Finance & Accounting Officer  
20 August 2008

# VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, Victoria Legal Aid

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2008 of Victoria Legal Aid which comprises the operating statement, balance sheet, statement of recognised income and expense, cash flow, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification of the financial report has been audited.

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

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

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

#### *Auditor's Responsibility*

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

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

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

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

This auditor's report relates to the financial report published in both the annual report and on the website of Victoria Legal Aid for the year ended 30 June 2008. The Board Members of Victoria Legal Aid are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Victoria Legal Aid web site.

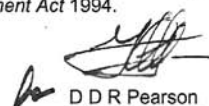
#### *Independence*

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

#### *Auditor's Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of Victoria Legal Aid as at 30 June 2008 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
26 August 2008

  
D D R Pearson  
Auditor-General

Level 24, 35 Collins Street, Melbourne Vic. 3000  
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*Auditing in the Public Interest*

## Appendix 1: Compliance

### Freedom of information

The *Freedom of Information Act 1982* gives members of the public the right to apply for access to information held by Victoria Legal Aid. It applies to documents created by Victoria Legal Aid, as well as those created by other organisations in the possession of Victoria Legal Aid. Information on how to make a request is available at [www.legalaid.vic.gov.au](http://www.legalaid.vic.gov.au)

In 2007–08, a total of 10 requests were accepted and processed. All of these requests were granted in full or in part. The requests concern access to information contained in administrative files. Information located in a case file may be released to the client pursuant to the solicitor/client relationship and therefore is not treated as a freedom of information request.

### Privacy

We comply with the *Information Privacy Act 2000* and manage personal information in accordance with the information privacy principles. We did not receive any privacy complaints during 2007–08. Our privacy policy is available at [www.legalaid.vic.gov.au](http://www.legalaid.vic.gov.au)

### Whistleblower protection

We have established procedures under Part 6 of the *Whistleblowers Protection Act 2002* based on the Ombudsman's guidelines. A copy of the procedures is available at [www.legalaid.vic.gov.au](http://www.legalaid.vic.gov.au)

For the period 2007–08, there were no:

- disclosures made to Victoria Legal Aid
- disclosures referred to the Ombudsman for determination as to whether they were public interest disclosures
- disclosures referred to Victoria Legal Aid by the Ombudsman
- disclosures referred by Victoria Legal Aid to the Ombudsman
- investigations taken over by the Ombudsman
- requests made by whistleblowers to the Ombudsman to take over an investigation by Victoria Legal Aid
- disclosed matters that Victoria Legal Aid declined to investigate
- disclosed matters that were substantiated upon investigation
- recommendations made by the Ombudsman that relate to Victoria Legal Aid.

### National competition policy

Where applicable, we comply with the requirements of the National Competition Policy.

### Victorian industry participation

We did not enter into or complete any contracts over \$3 million in metropolitan Melbourne or \$1 million in regional Victoria, therefore no reporting in relation to the *Victorian Industry Participation Policy Act 2003* is required.

### Consultancies

During 2007–08, a total of 76 approved consultancies were undertaken at a combined cost of \$1.1 million. Of these, two consultancies were greater in value than \$100,000.

### Additional information available on request

Information listed in Financial Reporting Direction 22 is available on request, subject to the provisions of the Freedom of Information Act.



## Appendix 2: Disclosure index

Victoria Legal Aid's annual report is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

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Victoria Legal Aid  
Thirteenth statutory annual report 2007–08

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