



Annual Report 2021–22

Access to justice for Victorians

Service snapshot

In 2021–22, our service delivery was affected by pandemic restrictions. While we provided more services than in the previous financial year, the slower than anticipated return to normal court operations has meant that we are still not providing as many services as in pre-pandemic years.

▶ **80,547**
total number of **unique clients**
8% increase compared to 2020–21

▶ **40,870**
grants of legal assistance
1% increase compared to 2020–21

Inhouse

5,452 – 13% of total services delivered

Private Practitioners

34,788 – 85% of total services delivered

Community Legal Centres

630 – 2% of total services delivered

▶ **72,074**
number of **duty lawyer services**
26% increase compared to 2020–21

Inhouse

49,081 – 68% of total services delivered

Private Practitioners

10,163 – 14% of total services delivered

Community Legal Centres

12,830 – 18% of total services delivered

Legal Help

119,955 total requests for help responded to
68% of total incoming requests

Average wait time of **11:23 minutes (webchat and phone)**, a **34% improvement** from 2020–21

13,082 total advice sessions, a **4% drop** from 2020–21

Family Dispute Resolution Service

1,101 conferences in 2021–22

12% decrease compared to 2020–21

Family violence priority channels

10,632 total requests for help responded to
82% of total incoming requests

Average wait time of **5:47 minutes (phone)**,
which is a 20% improvement from 2020–21

Improving diversity and inclusion

We support a diverse and inclusive workforce and contribute to a more inclusive legal assistance sector.

- **38%** of staff identify as culturally diverse
- **17%** of staff identify as having or having had a disability or mental health issue¹
- **3.2%** of our workforce identify as First Nations people
- **75%** our staff identify as women, 24% as men, and less than 1% as trans and gender diverse

In 2021–22, we launched our:

- **Disability Action Plan 2022–25**
- **Gender Equality Action Plan 2021–25**
- **Equitable Briefing Strategy**
- **Diversity and Inclusion Framework**

We updated our existing Cultural Diversity and Anti-Racism Plan, setting out strong actions to build on our anti-racism stance. To create a safer workplace, we have begun work on an anonymous reporting tool and reviewed our Respectful Workplace Behaviour Policy to create distinct policies deterring bullying, sexual harassment and discrimination.

Our staff also established a new Trans and Gender Diverse Staff Network and continued to develop our Disability Employee Network.

¹ This diversity data is drawn from staff who responded to our most recent Gender, Diversity and Inclusion survey conducted in 2021. Through our inclusion framework we will continue to improve our understanding of our workforce and their needs.



Improving outcomes for First Nations clients

Our First Nations Services Review included a formal evaluation of our Aboriginal Community Engagement Officer Program, the Legal Help Aboriginal Access Project and Talkin' Up project, in which we listened directly to clients about their experience of our service.

We also evaluated our second Reconciliation Action Plan. These pieces of work identified where we are performing well, gaps and areas for improved service delivery.



Focus on early intervention and early engagement and resolution

Through Help Before Court, 10,060 people have received information, support or advice ahead of their court hearings rather than on the day, leading to better engagement with the justice system and better client outcomes and experience.

In the first two months of our new website going live, referrals to the service increased by 170 per cent as a result of clearer pathways to appropriate services.

We have supported clients in accessing pre-court legal advice and support in advance of their court hearings through the Early Resolution Service (ERS) project. Partnering with community legal centres, we have been able to deliver 9,967 pre-court legal services between May 2021 and March 2022, including legal advice, negotiations and in some cases, resolution prior to the court hearing date.



Regional services

In 2021–22, 30% of our clients lived in regional Victoria. We know it can be challenging to access appropriate services in regional areas, which is why we're working within the mixed model to improve the availability of legal assistance across Victoria. We completed an analysis of private practitioner supply across Victoria which identified 15 measures addressing barriers to participation in the legal aid scheme and to improve the mixed model.

This year we continued to recruit information and referral officers at court locations, including Heidelberg and Frankston, as part of our Specialist Family Violence Courts project. The information and referral officers work alongside our legal staff to help people navigate the system and access the support services they need.

As part of the ongoing Family Advocacy and Support Services expansion, duty lawyer and holistic support services are being rolled out at additional Federal Circuit and Family Court of Australia circuit locations across regional Victoria, providing more wrap-around services for those in need.



Enhancing our digital capabilities

Our new website, launched in May 2022, is a milestone in our ongoing digital transformation, delivering a contemporary, interactive and easier way to access legal information and other forms of legal assistance for all members of the Victorian community.

Chairperson's declaration

In accordance with section 12N of the *Legal Aid Act 1978 (Vic)* and provisions of the *Financial Management Act 1994 (Vic)*, I am pleased to present the Victoria Legal Aid Annual Report for the year ending 30 June 2022.

Robbie Campo

Robbie Campo
Acting Chairperson
14 September 2022

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Acknowledgement of Country

This document was written on the land of the Wurundjeri people of the Kulin Nation. Victoria Legal Aid acknowledges the Traditional Custodians of the lands across Victoria and pays respect to Elders past and present. We recognise the continuing connection to country, culture and identity and the importance of self-determination for creating better futures for First Nations people.

About Victoria Legal Aid

Our vision

Our Vision is for a fair, just and inclusive society where people can get help with their legal problems and have a stronger voice in how laws and legal processes affect them.

Our purpose

To make a difference for clients and the community by helping to effectively address legal problems, supporting the coordination of a strong and dynamic legal assistance sector and working with partners to create fairer laws and systems.

Our values

Fairness

We are committed to fairness in society and to facilitating fair and equitable access to legal support.

Care

We care about our clients and the community and we approach our work with an awareness of the effects that trauma and discrimination can have. We treat each other with kindness and respect.

Courage

We approach our work with strength and confidence. We are guided by our values and what matters most to our clients and society.

Inclusion

We provide an inclusive environment for clients, staff, and referral partners.

26 Strategy

In June 2022 we launched Strategy 26, our new four-year strategic plan. We added a new value

– inclusion, noting the importance of valuing inclusion and diversity in all the work we do, and ensuring we effectively represent the community and clients we serve every day. Our inaugural Outcomes Framework provides the foundation for five strategic directions – clients, community, legal assistance sector, laws and systems and an effective and sustainable Victoria Legal Aid.

This financial year saw the end of our Strategy 2018–22, 'Strategy 22'. See page 13 to read how we tracked against our 2021–22 priorities.

Our functions

Victoria Legal Aid is a statutory authority established under the *Legal Aid Act 1978* (Vic), funded by the Commonwealth and State Governments, and the Legal Services Board. Our statutory objectives¹ are to:

- provide legal aid in the most effective, economic and efficient manner
- manage resources to make legal aid available at a reasonable cost to the community and on an equitable basis throughout the state

- provide to the community improved access to justice and legal remedies
- pursue innovative means of providing legal aid directed at minimising the need for individual legal services in the community
- ensure the coordination of the provision of legal aid so that it responds to the legal and related needs of the community
- ensure the coordination of the provision of legal assistance information so that information responds to the legal and related needs of the community, including by being:
 - accessible
 - current
 - high quality
 - of sufficient breadth.

Our responsibilities are set out in the *Legal Aid Act*, which gives us authority to provide legal aid in accordance with the legislation and to control and administer the Legal Aid Fund.

We are also required to perform functions according to any specific written direction given by the Victorian Attorney-General. No ministerial directions were given during 2021–22.

Organisational processes have been put in place to ensure transparency and accountability to the Victorian public in accordance with our legislative obligations set out in the *Legal Aid Act*.

¹ Section 4 *Legal Aid Act 1978*

Chairperson and CEO message

On behalf of Victoria Legal Aid's Board and Executive Management Group, we are pleased to present our 2021–22 Annual Report. The report details how we have continued to adapt and innovate, and support our staff and clients as we transition back to face-to-face services. The COVID-19 pandemic once again caused disruptions to the justice system with court backlogs and lengthy case wait times. Working with our partners, we have responded to these ongoing challenges and continue to work with the courts and our clients to ensure we are providing the most appropriate service.

Adapting our services

The way we work with clients has changed, including an increase in the delivery of pre-court advice and online service delivery. This year, 10,060 people engaged with our Help Before Court program, which gives clients time to tell their story and understand their lawyer's advice before going to court. A comprehensive evaluation of Help Before Court has backed the pre-court service to continue and grow, saying it has provided a better experience for many clients and can often lead to better outcomes. Our Early Resolution Service has also been successful in helping clients access pre-court legal advice and support across seven court locations, in some cases leading to resolution prior to their court hearing dates. While only funded for a further 12 months, we will continue these important initiatives to help Victorians resolve matters before they go to court.

In September last year, RMIT released the findings of a three-year evaluation of our Independent Family Advocacy and Support (IFAS) service, which provides non-legal advocacy for parents in the early stages of child protection matters. They found that IFAS clients highly value the service, and it has helped to divert families away from the courts.

While we continue to acknowledge the benefits of online service delivery, we understand the challenges – particularly for clients who are not confident with or don't have access to technology. We also acknowledge there are challenges as we transition back to in-person hearings, which we will continue to work through.

We enhanced our digital and data capabilities to support effective and efficient service delivery, and our Legal Help phone line and webchat services remained a critical entry and triage point to the Victorian legal assistance sector. Our new website, launched in May 2022, has been developed in conjunction with our clients in a user centric way, delivering a contemporary platform for legal information and to support digital service delivery into the future.

Our regional offices play a crucial role in improving access to justice for some of the most marginalised communities in Victoria. We embedded a new approach to regional service delivery, which includes a more contemporary regional management structure, as a part of the mixed model, to improve the availability of legal assistance across Victoria.

Towards the end of 2021, we made two submissions that recommend urgent and robust law reforms to prevent and address sexual harassment within workplaces across Australia. We are also proud to be working with a group of Victorian legal professionals from public and private organisations, community legal centres and the Law Institute of Victoria, to create an environment where people feel safe and respected at work through Advocates for Change. Together, we are focused on eliminating sexual harassment in the legal profession. This extends to our own workplace, and we look forward to launching an anonymous reporting tool before the end of 2022.

We have made a commitment to be more environmentally friendly and started quantifying our carbon emissions in order to manage and ultimately reduce our emissions and work towards becoming a carbon neutral organisation.

Improving outcomes for First Nations clients

We continued our journey to better understand the structural impacts of the legal system on Aboriginal and Torres Strait Islander clients and colleagues. We conducted several evaluations and reviews to identify gaps and areas for improved service delivery to First Nations people as well as provide opportunities for collaboration with and support of Aboriginal Legal Services and Aboriginal Community Controlled Organisations.

It is unacceptable that First Nations people are still dying in custody more than three decades since the Royal Commission into Aboriginal Deaths in Custody report was handed down in 1991. This year, we continued our advocacy to address the disproportionate number of First Nations people in custody, and the high rates of Aboriginal and Torres Strait Islander children subject to child protection intervention.

Working in collaboration with Victorian Aboriginal Legal Service, we codesigned the Lotjpa Independent Legal Service to provide legal advice and assistance to First Nations Victorians engaging with the Yoorrook Justice Commission. The service is free, confidential, and culturally safe.

Improving diversity and inclusion

We are committed to establishing a gender equitable, safe, inclusive, and respectful workplace for all staff, and ensure our services contribute to equitable access to legal assistance for our clients and the Victorian community.

On International Day of Persons with Disabilities, we released our Disability Action Plan 2022-25 which was co-designed with people with disability. It commits us to stronger actions of inclusion and equity for people with disability in Victoria, including our staff and service users. As a significant provider of legal services in Victoria we have a responsibility to address barriers and challenges that restrict the access of many Victorians to the justice system, including people with disability. More information on our actions implemented as part of the Disability Action Plan is available on page 36.

On International Women's Day we launched our Equitable Briefing Strategy, which is an attempt to break the bias against women counsel and those from diverse backgrounds. The new strategy commits us and our partners to more equitable briefing choices.

For the first time, our Board members have opted to provide information about their diversity as part of an on-going commitment to ensure the diversity of our staff and clients is appropriately reflected within the Board itself. This information is on page 28.

In May, we published our first Gender Equality Action Plan which is a key step on our diversity and inclusion journey, laying out the goals and measures to ensure staff of all genders feel safe, visible and included in our workplace. More detail is provided on page 36. As an employer and an organisation that protects the rights of the most marginalised in our community, we are committed to gender equality. We are also pleased to welcome the establishment of our first Trans and Gender Diverse staff network.

Supporting our staff

The year had many challenging circumstances for many different reasons. We offered additional counselling support through our existing Employee Assistance Program and provided a range of resources to support staff with matters relating to their mental health. Our wellbeing was monitored through short 'pulse' surveys throughout the year and we used the responses to inform our ongoing program of support.

COVID-19 fast-tracked digital needs and providing better technology for our staff has never been more important. We know from a review and feedback that we need to improve our technology so staff can effectively support clients and work efficiently, especially when many services are delivered outside of our office locations.

As the pandemic continued and we moved further into the recovery phase, we were mindful to maintain the benefits that working from home provided to our staff and organisation. We developed a hybrid work model and will continue to encourage staff to take up a mixture of working from home, onsite and at other locations such as courts where appropriate.

Financial sustainability

We ended the year with a net surplus of \$3.8 million. This is primarily due to the impacts of COVID-19 related restrictions on court processes, which shifted the timing of case-related expenditure originally projected to be incurred this financial year for approved grants of legal aid commitments. This surplus funding is required to ensure VLA can meet the deferred expenditure commitments in 2022-23.

While we welcomed the announcement of funding in the State Budget to support specific initiatives addressing COVID-19 related delays and providing early intervention and prevention services, these are short term.

Our financial future remains challenging, due to increasing demand for our services exceeding our base funding, as well as the reduction in funding from the Public Purpose Fund. In 2022-23 we are budgeting a deficit of \$19 million which will be funded through our cash reserves aligned with State Budget outcomes. Our cash reserves have grown considerably over the past two years due to reduced court capacity caused by pandemic restrictions. Beyond 2022-23, without additional funding, we will need to consider service reductions while carefully using our cash reserves to meet existing grant commitments. These service reductions would be within the courts following consultation with our sector partners. We continue to work with the Victorian Department of Justice and Community Safety to resolve our ongoing financial challenges through a demand-based funding model.

The year ahead

We are ready to meet the challenges ahead and we hope to increase client services and pursue much needed reforms for our priority clients, especially our First Nations clients. Courts are facing significant pressure to address the backlog in cases created by the pandemic. We will work with others and do our part in helping to reduce the court backlog which has led to more people on remand for greater periods of time.

We want and value a collaborative legal assistance sector. We look forward to strengthening our collaborative work with community legal centres, Aboriginal and Torres Strait Islander legal services and private legal practitioners to better respond to legal needs.

The coming 12 months also represent our first steps in aligning the commitments set out in our new Strategic Plan 2022-26, 'Strategy 26', to our Outcomes Framework 2022-2030, which sets our direction for the next eight years and the difference that we want to make for our clients, the Victorian community, our partners, and the services and systems we work with.

Special thanks

We are continually inspired by the work of our staff, private and community legal centre practitioners and our sector partners. Thank you for your tireless commitment during another period of considerable change and disruption. You have made an invaluable contribution to helping our clients and the broader Victorian community.

We would like to express our sincere thanks to our Board of Directors and Executive Management Group for their ongoing commitment to Victoria Legal Aid.

Thank you for reading our report.

Robbie Campo

Robbie Campo
Acting Chairperson

Louise Glanville

Louise Glanville
Chief Executive Officer

Our clients

We serve a diverse range of clients, many who face complex legal problems and experience cultural barriers, discrimination, disability, mental health issues, or social and geographic isolation. These issues or experiences are often intersectional. More than one descriptor may be appropriate for many of our clients.

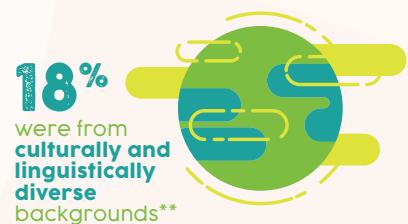
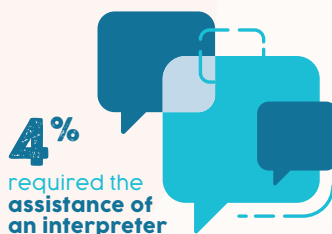
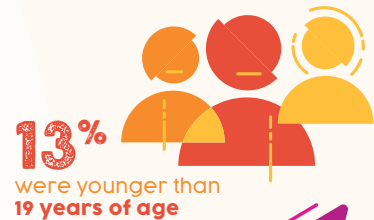
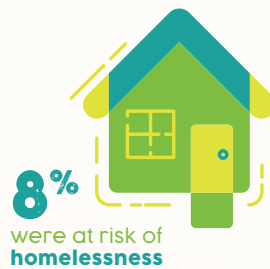
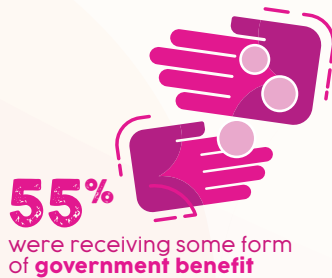
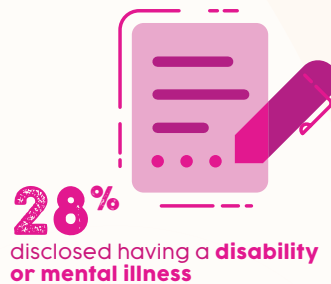
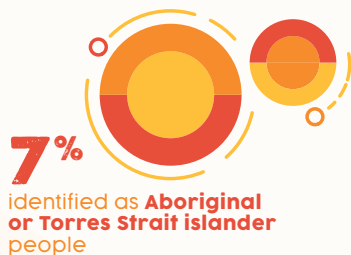
Who are our clients?

38% women

<1% gender self-described

62% men

<1% gender diverse



These figures do not include clients seen by a private practitioner duty lawyer or who accessed information services.

* Examples include children and young people, people experiencing homelessness, people in custody and immigration detention, and psychiatric patients.

** This is based on the Australian Bureau of Statistics definition of people from culturally and linguistically diverse backgrounds. It includes people who speak a language other than English at home and people who were born in a non-English speaking country.

Most common legal issues

The provision of legal information is our largest service and is available to everyone through our website, via webchat and by calling our Legal Help phonelines. Issues most commonly addressed with legal information provide a picture of general community issues of concern.

Most visited legal information website pages

1. **COVID-19** – information about mandatory vaccines and work
2. **COVID-19** – information about being unable to work
3. **Age of consent** – information about the laws regarding the age young people can have sex
4. **Writing a character reference** – information about writing a character reference for someone going to court
5. **COVID-19** – information about Victorian border restrictions

Top five issues – Legal Help phoneline

1. **Family violence (respondent)**
2. **Family violence (applicant)**
3. **Property settlement**
4. **Landlord and tenant (resident)**
5. **Parenting plan**

Top five issues – Legal Help webchat

1. **Landlord and tenant (resident)**
2. **Family violence (applicant)**
3. **Infringements**
4. **Other miscellaneous criminal offences**
5. **Property settlement**

What our clients had to say about us

Client satisfaction surveys are a central way we continue to strengthen our client-first focus. In January and February 2022, 812 clients were surveyed to help us better understand their experience and expectations of our service.

The survey was sent to over 10,000 clients who had received either a duty lawyer service, grant of legal assistance or legal advice between 1 July and 31 December 2021. Survey respondents were broadly representative across our service areas and programs (Criminal, Family, Youth and Children's Law, Civil). Most clients (94 per cent) received a service from VLA lawyers.

The period leading up to the survey was characterised by regular changes in service restrictions as a result of the COVID-19 pandemic. Almost half of the 812 clients surveyed (45 per cent) said that the COVID-19 pandemic negatively impacted on their experience with VLA.

While 85 per cent of those who felt their support from VLA was not impacted by the COVID-19 pandemic were satisfied, only 52 per cent of clients who felt their VLA support was impacted by the COVID-19 pandemic expressed satisfaction.

Key findings

- ▶ **67% of clients surveyed** were satisfied overall with the support they received from VLA.
- ▶ **44% of clients identified** a personal or cultural need and 74% of those respondents agreed that those needs were met by Victoria Legal Aid.
- ▶ **77% of clients said** it was easy to contact Victoria Legal Aid when they first needed help.
- ▶ **77% of clients said** the service helped them understand how to deal with their legal problem.
- ▶ **75% of clients said** they felt more confident to get legal help in the future if they needed it.
- ▶ **78% of clients would** recommend Victoria Legal Aid to other people.

Overall, clients were positive about the ways in which lawyers supported them with 70 per cent saying they felt their lawyer wanted the best outcome for them. A clients interactions with their lawyer had a significant impact on their satisfaction levels.



I did not have a clue about what to do. You guys made my journey through the legal system less stressful with the information about what to expect, step by step guidelines and helped me decide what was best for me in the given circumstances. The lawyer I spoke to was very patient, showed empathy and was very professional in her approach towards the issue.



Clients valued when their lawyers took the time to understand their unique circumstances and ensured these were considered in their service delivery, but also in the ways in which their legal problem was progressed.



They were very understanding with my mental illnesses and understanding the caring responsibilities that I have. They were very patient and helpful with me and my situation and how distressed I was during the entire process.



When this was not done well, clients noted this negatively affected their experiences.



The lawyer didn't understand how anxiety impacts the client's memory, decision making abilities and general comprehension etc. It may not be obvious either to those like a lawyer meeting the client for the first time. Had high anxiety being in isolation.



Clients valued communication that kept them informed, provided them with clear information and helped them understand the process. There was a range of feedback on the positives and negatives of these experiences and the challenges in providing a consistent service supported by clear communication to all clients.



I wish that all legal aid lawyers were as good as the one that represented me, I have been to my son's hearings he was also represented by legal aid lawyers, somehow, he got the raw end of the deal where the lawyer didn't pay attention, didn't care for my son's wellbeing, he did no research or anything and I believe he was rude as well which was appalling ... I was the lucky one who ended up with a lawyer who cared enough about their job which showed up in the effort they put towards my case.



Feedback indicated that positive communication with their lawyer also reduced client stress and enhanced their wellbeing.

Client feedback indicated a high proportion of surveyed clients live with a disability (52 per cent) with mental health being a challenge identified by many. We continue to work to better understand the impact of clients' disability on their experience and on the supports they are offered and receive.

Overall, the findings reiterate the importance of issues that have arisen in past surveys such as keeping clients informed, improving communication, clarifying eligibility for our services and supporting their needs. Recommendations include strengthening our client-first focus through strengthening our data and evidence, linking that to service improvements, and continuing to support staff and VLA systems to drive more effective support services.

Making an impact for our clients and community

We see thousands of clients each year, each with their own story. We also support members of our community to tell their story. Here are just a few.

Kira's story

Kira, who has been diagnosed with bipolar disorder, was admitted to hospital for a second time under a compulsory treatment order in late 2021 and early 2022.

'Prior to being in hospital, I'd started studying a Certificate IV in Mental Health and thought I knew my rights but once you are in there it can be really confronting, lonely and isolating. And, you're not well,' Kira said.

IMHA advocates worked with Kira to assist her have a say in her treatment and recovery, and advocated for measures to be put in place that made Kira feel more comfortable and confident.

This involved providing information about her rights and the mental health system, so she could give her advocate instructions on what she wanted communicated to the clinical team about her preferences for treatment and recovery.

'My IMHA advocate was responsive and explained the law in easy-to-understand terms. She helped with little things like getting a working lock on my door so I could feel safer.'

'Knowing IMHA was there in the background, doing the groundwork, gave me more confidence in dealing with everything that was going on. I knew that the chapter would close out eventually.'

Kira has since completed her studies and is working in disability support with mental health consumers.



My IMHA advocate was responsive and explained the law in easy-to-understand terms. She helped with little things like getting a working lock on my door so I could feel safer.



'I wasn't sure how to get help. Then I saw the IMHA (Independent Mental Health Advocacy) pamphlet. Having information about IMHA available in hospital and how to contact them is really helpful. It meant I was able to get the information I needed about my rights.'

Hamid's story

After being detained for more than eight years, our client, Hamid, was recently released into the community.

Hamid (not his real name) fled his home country, which had been torn by civil war for a long time, to seek safety in another country. He arrived in Australia by boat in November 2012.

After being detained for a couple of months, Hamid was granted a bridging visa to live in the community which expired in July 2013. He was prevented from applying for another bridging visa without the Minister for Immigration's permission. While living in community, Hamid could not work and did not have access to any financial support or Medicare.

As a result of contact with the police and the hospital system for his mental health, the Department decided to re-detain him in February 2014. Hamid remained in immigration detention for more than eight years.

'My treating psychiatrist and medical staff in the detention centre recommended that I be released a long time ago,' Hamid said.

'The Commonwealth Ombudsman repeatedly said that I should be released. I was given awards from Border Force for my good behaviour in detention. Even when the Minister personally refused my protection visa, he said that I was a low risk of harm to anybody. I got a report from the Human Rights Commission and separately from the United Nations Working Group which both found that my detention was arbitrary and recommended that I be released, but I remained in detention with no idea of if or when I would ever be released.'

We started working with Hamid in 2019 to assist him to seek special leave to the High Court of Australia, which was unsuccessful. We ultimately were successful in obtaining an order to compel the Department of Immigration to remove Hamid to another country. On the last day the Department was required to respond, the new Minister for Immigration intervened to grant Hamid a visa and he was released from detention.



My treating psychiatrist and medical staff in the detention centre recommended that I be released a long time ago.



'I have been found to be a refugee. I have never been charged with a criminal offence in any country,' Hamid said.

'Basically, my problem was about mental health, nothing else. I remained in detention for over eight years. Nothing had changed about my circumstances but one day, the Minister decided I could leave detention and live in the community.'

Hamid's despair about being arbitrarily and indefinitely detained is an experience shared by many clients we work with to challenge unfair decisions, and while he is hopeful about his future, he remains worried for others.

Doug's story

Doug worked for Rio Tinto as a supervisor, splitting his time between home in East Gippsland and Western Australia. He was injured in the black summer bushfires in December 2019 and has been unable to work since.

'I injured my shoulder and crawled under a tractor tyre to escape the fire front which ended up destroying my property. I was lucky to survive, but I feel like something died inside me that day,' Doug said.

Doug was diagnosed with post-traumatic stress disorder and anxiety. When he applied for the disability support pension, his application was rejected because he couldn't meet a key requirement: that his condition was fully diagnosed, fully treated and fully stabilised.

Doug's experience highlights the extra challenges facing people in rural and regional areas.

'There's no acknowledgement of how limited services are where I live. It took me 16 months and 37 referrals just to see a psychologist,' Doug said.

In our submission to the Senate Community Affairs References Committee inquiry into the Disability Support Pension, we made ten recommendations, including the removal of the requirement for otherwise eligible people to complete an 18-month work program or Program of Support before receiving the payment.

We also called for an overhaul of the Impairment Tables that are applied to determine the severity and permanency of a participant's disability.

Through our work with hundreds of clients over the past decade, we have seen how the disability support pension is failing too many of the people it is meant to support.



There's no acknowledgement of how limited services are where I live. It took me 16 months and 37 referrals just to see a psychologist.



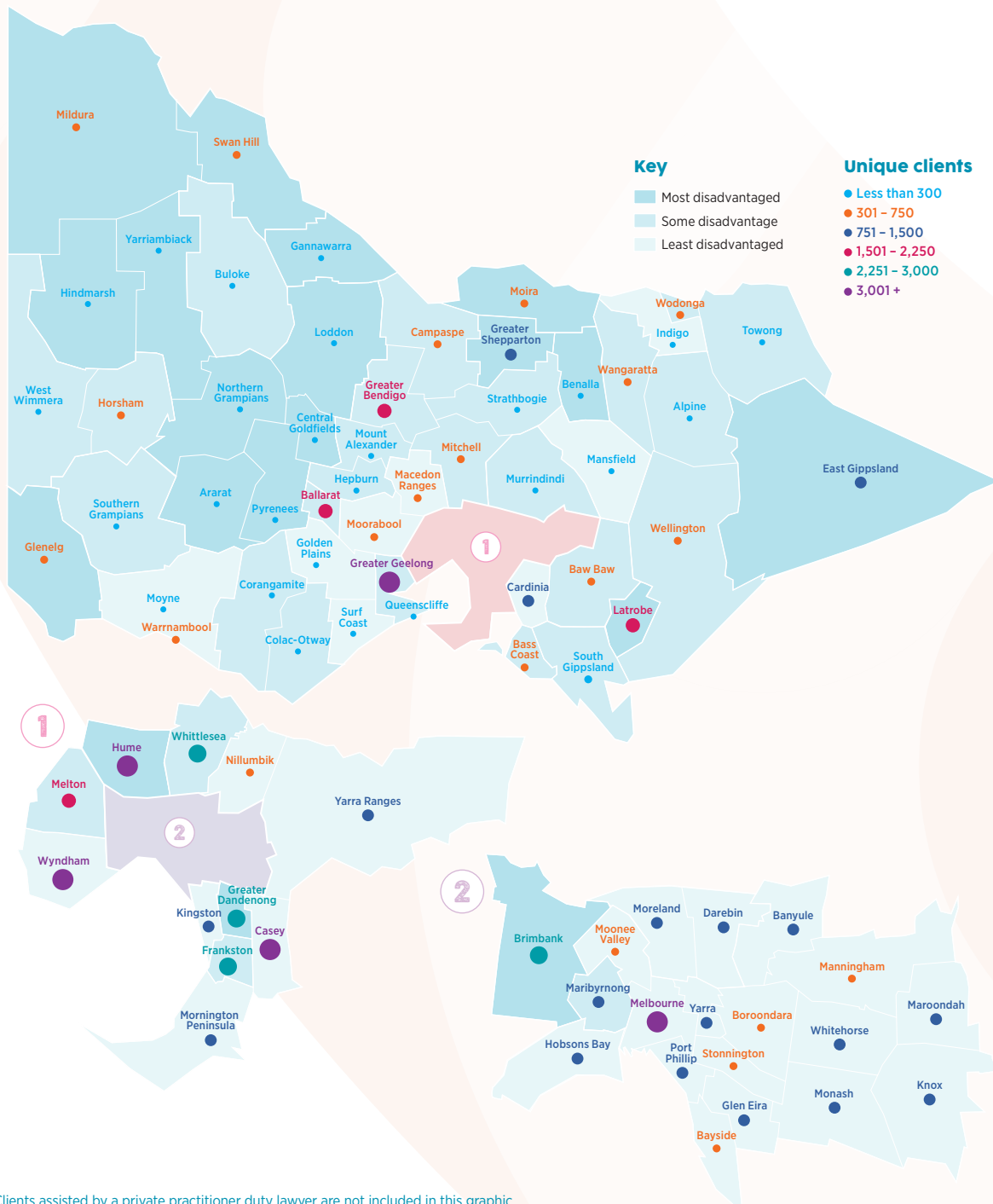
The system must be more supportive of Aboriginal and Torres Strait Islander people living with disability, who continue to report facing steep challenges under a system that is not culturally safe.

Our clients across Victoria

This graphic shows the number of unique clients we helped in each local government area during 2021–22.

Client locations are based on the primary address they nominate. This may include prisons, hospitals, remand centres and temporary accommodation facilities.

Client count by local government area



Clients assisted by a private practitioner duty lawyer are not included in this graphic

Our year

Our 2021–22 Corporate Plan outcomes

Our Corporate Plan 2021–22 outlines our priorities for the year, our performance targets and annual budget, as well as our strategic advocacy priorities.

In 2021–22, our priorities centred around improving services for clients, supporting staff to work flexibly amid the ongoing uncertainty created by the pandemic, as well as making progress on our long-term financial sustainability goals.

We have highlighted work on some key priorities below.

Client-focused service delivery

We continue to drive improvements to our criminal law and family violence legal services, which remain a key component of our service delivery each year. As part of our rapid response to the COVID-19 pandemic, Help Before Court (HB4C) was set up to reach clients who would normally have seen the duty lawyer on their day at court. This year, 10,060 people have received assistance through HB4C, with an evaluation completed in 2021–22 noting that it had led to reduced adjournments and high satisfaction levels among clients. Almost 10,000 pre-court legal services, including legal advice, negotiations and sometimes resolutions, have been provided through the Early Resolution Service project, which is now available at seven court locations.

We have expanded our service delivery for people experiencing mental health issues and for people impacted by sexual harassment following the allocation of additional Commonwealth funding. The implementation of the Specialist Family Violence Courts (SFVC) Legal Practice Model has entered its final stages, with most of the 30 initiatives completed, or on track for completion, by September 2022. In 2021, over 9,000 clients were assisted at the first five SFVC locations. We had new SFVC Information and Referral Officers commence at our Heidelberg, Ballarat, Frankston and Moorabbin offices and introduced SFVC duty lawyer guidelines overseeing the expansion of assistance for parties at SFVCs. Seven new SFVCs are scheduled to commence in September 2022. We will not be able to provide the same specialist and therapeutic service for clients at these new locations as legal assistance funding has not been allocated.

Regional services

Improving how we engage with practitioners and support participation in the legal aid scheme remains a priority, particularly for practitioners in regional areas. Between October and December 2021, we engaged independent consultants to better understand the barriers and incentives to practitioners undertaking aided work. They made 15 recommendations to remove barriers to participation of private practitioners in the legal aid scheme and improve the mixed model.

Following Commonwealth funding in last year's Budget, we began implementing the expansion of Family Advocacy and Support Services across regional Victoria, which will increase access to duty lawyer and other holistic support services, such as accommodation and mental health support, for those impacted by family violence.

Improving diversity and inclusion

We have progressed our inclusion framework with a focus on our anti-racism plan and developing our Disability Action Plan and a Gender Equality Action Plan. We conducted a workplace gender audit and identified the actions we will take to create a safer and more inclusive workplace for women, trans and gender diverse staff, with a particular focus on the intersectional characteristics of our staff. We supported the development of the Disability Employee Network and the Trans and Gender Diverse Network.

We have also taken steps to improve the inclusiveness of our compliance and internal reporting processes while acknowledging there is more work to do. This included improving staff confidence and channels for reporting inappropriate behaviours, organisational wide skills-based training on respectful behaviours and how to intervene as a bystander, anti-racism learning, improvements to our recruitment processes and practices, and advocacy to overcome structural racism in the justice system.

Changing the way we work

In 2021-22, we strongly encouraged staff to return to the office and test hybrid work arrangements, following the removal of government restrictions that saw most staff exclusively working from home. We will review our hybrid work model and practices in the second half of 2022 to ensure we are meeting the needs of our clients and effectively supporting staff. As part of our efforts to continue to enhance digital and data capabilities, we launched our new website on 19 May which was guided by comprehensive user testing. The new website includes improved search functionality, multiple pathways to access information, content that is easier to navigate and menus to improve the accuracy of finding information. It also supports self-help as a first step, ahead of more tailored support from services such as Legal Help. We also commenced implementation of our new client and case management system – Legal Aid Services Online – which will be completed in 2022-23. This is a significant project and will make it easier for staff to provide better client services, focus on the tasks that matter and streamline our processes and practices.

Client services

About Victoria Legal Aid client services

We serve the Victorian community by providing information, legal advice and education with a focus on the prevention and early intervention of legal problems.

We prioritise more intensive services, such as legal advice, legal representation, non-legal advocacy, and family dispute resolution, for those who need it most. We recognise the intersections between legal and social issues in how we do our work and advocacy.

We also work to dismantle the barriers that prevent people from accessing the justice system by participating in systemic reforms and strategic advocacy.

Eligibility for Victoria Legal Aid services varies depending on the service provided.

In 2021-22, clients were able to access more of our services online and the uptake of online hearings has led to the introduction of innovative ways of providing our legal services efficiently to help our clients, our staff, and the courts. We also acknowledge that there are some clients, and some situations, where an in-person service is still the best fit.



Early intervention and early engagement and resolution services

Early intervention services are services that aim to prevent social issues turning into legal issues, and to prevent legal issues from getting worse. Early engagement and resolution services are services for clients who have proceedings in court. They aim to engage clients earlier, with a view to resolving proceedings, or narrowing issues in dispute and providing more time to prepare for court. Our early intervention and early engagement and resolution services include the Legal Help phonenumber and webchat, face-to-face information and referral services, community legal publications and education, specialist resolution and non-legal advocacy services.

Legal Help

In 2021–22, Legal Help remained our key entry point for Victorians seeking legal assistance, with a total of 103,467 information and advice services delivered through this channel. We answered 56 per cent of phone calls, and 95 per cent of incoming webchats.

Demand was generally lower than expected due to the pandemic restrictions in the second half of 2021 and the slow resumption of court and other justice system proceedings that followed. However, we also faced reduced capacity due to unplanned staff absences as a result of COVID-19 illness and isolation.

We continued modernising our software systems we use to operate Legal Help – a change that has and will continue to make it easier for our staff to assist clients and help us better understand their needs.

We continued to prioritise assistance for people with the most serious problems, enabling us to reduce the average wait times on our family violence phonenumber by 20 per cent to just under six minutes. Like our disaster and other specialist phonenumber, this is less than half the wait time on our general access line.

We also launched two new services in support of state and federal inquiries:

- the Lotjpa Independent Legal Service, run in partnership with the Victorian Aboriginal Legal Service, to assist people wishing to participate in the Yoorrook Justice Commission
- the Defence and Veterans Legal Service to assist people taking part in the Royal Commission into Defence and Veteran Suicide, with the support of other legal aid commissions.

We anticipate launching another new service, the Victims Legal Service, in 2023. When it opens, Legal Help will be operating 13 separate phone and webchat helplines, reflecting the effectiveness of its intake, triage and referral model in quickly assisting people to deal with a broad range of legal needs. The growth of specialist lines (from one in 2016 to 11 in 2023) has contributed to an increase in wait times on our general access line and a lower number of information services being delivered. We are investigating options to ensure that Legal Help can offer specialist services as well as an accessible gateway to the legal system for the whole community.

Number of legal information and advice sessions delivered

Delivery type	Number	% change on 2020–21
Legal Help information sessions (phone line)	62,258	28.6%
Legal Help information sessions (web chat)	33,570	-8.2%
Other information sessions	7,639	-60.8%
Legal Help advice sessions (phone line)	13,067	-4.7%
Legal Help referrals	47,515	-18.2%
Other legal advice sessions*	15,718	-30.9%

*Advice provided face-to-face at VLA offices

Community legal education and information

Community legal education is a vital part of our commitment to early intervention and prevention services. In 2021–22, our education work focused on making legal information more inclusive and accessible, improving how we target in-person education, and building sector capability to make high quality legal information. While our number of sessions reduced due to restrictions, we worked with sector partners to get the right information to people, when, where and how they needed it. This included:

- developing online information about legal aid services in Easy Read, 34 community languages and two Auslan videos
- connecting with community legal centres and others by co-convening the Community Development and Community Legal Education Working Group
- training 2,300 teachers online to help them deliver high quality, legally accurate education on sex and consent, and sexting
- refining our in-person education to reach 1,467 young people in flexible learning centres, drug and alcohol services and residential care homes.

Number of community legal education and information sessions delivered

Delivery type	Number	% change on 2020–21
Community legal education sessions (online and in person)	116	-56%
Community legal education publications	78,308	-10.5%
Website sessions	2,624,903	-3.4%

Specialist resolution and advocacy services

In 2021–22, helping clients resolve their issue before going to court became a key factor in providing access to justice during COVID-19 restrictions. Our specialist resolution and advocacy services include:

- **Independent Mental Health Advocacy (IMHA)** – providing non-legal advocacy to people at risk of and subject to compulsory treatment in Victoria so that they can have as much say as possible about their assessment, treatment, and recovery.
- **Independent Family Advocacy and Support service (IFAS)** – providing non-legal advocacy to parents and primary carers navigating the child protection system and to help divert families from the court system.
- **Family Dispute Resolution Service (FDRS)** – helps parents and other adults involved in family separation resolve their family law disputes by providing a forum for decision making with the assistance of an independent mediator. FDRS also resolves cases after court proceedings have commenced.

Number of IMHA and IFAS sessions delivered

Delivery type	Number	% change on 2020–21
IMHA information and referral sessions	25,263	+3.5%
IMHA advocacy and self-advocacy	13,247	-9.5%
IFAS information and referral sessions	1,824	-6.8%
IFAS advocacy and self-advocacy	2,359	-20%

Sarah (not her real name), 51, was on an Inpatient Treatment Order for several weeks before she heard about IMHA through another consumer on the unit and got in touch. She had already undergone several electroconvulsive therapy (ECT) sessions and was scheduled for more (as ordered by the Mental Health Tribunal) but wanted them to stop.

We provided Sarah with information about ECT guidelines which require her decision-making capacity to be assessed before each session, while also referring her matter to the Mental Health and Disability Law team. An advocate also spoke directly to Sarah's consultant and reinforced her concerns about the physical impacts of ECT given her existing complex physical health issues.



It feels like you are going into battle and with IMHA support, it feels like I had someone fighting with me.

Anonymous IMHA consumer



Ultimately, her consultant agreed Sarah had regained capacity to make decisions about her treatment and ECT would not be administered, in accordance with her preferences. Later, we also supported Sarah to self-advocate in order to leave the unit, which was granted.

Shannon (not her real name) was referred to IFAS by her Child Protection worker, who recognised that she would likely benefit from an advocate's support.

Child Protection had received a police notification to follow up with Shannon when her partner was arrested for family violence and expressed concerns about the safety of her two children should her partner return to the home on release from prison.



From the day I called you, you made me feel so comfortable, I had no idea of the system, I was scared to call you, yet you understood my situation.

Anonymous IFAS client



Shannon couldn't understand why Child Protection were still involved given they had told her they had no concerns about her parenting and that Doug was in the home. The IFAS advocate explained to Shannon what constituted a protective concern around family violence, including that if children were victims or exposed to violence this could be considered a failure to act protectively of her children.

With the advocate's encouragement, Shannon welcomed the idea of further support through a family violence service as well as a parenting program and the appropriate referrals were made. Shannon ultimately decided to end her relationship with her partner and Child Protection closed their investigation with no further action.

An [evaluation conducted by RMIT](#) demonstrated the value of IFAS, with families saying it helped them navigate the system and one-fifth of matters diverted away from court.

Family Dispute Resolution Service

In 2021–22, the Family Dispute Resolution Service (FDRS) mediated 1,101 conferences. This included the highest number of court-referred cases in FDRS history, which continues a trend observed over recent years, but consistent since late 2021 following the establishment of the new Federal Circuit and Family Court of Australia and its commitment to earlier dispute resolution. FDRS continues to achieve a high settlement rate of 82 per cent.

During the year we continued our focus on client-centred services by reducing wait times, prioritising the participation of children and young people in decision making and advocating for more culturally safe family dispute resolution for First Nations families. We also assisted families to reach property settlements with the re-opening of a property pilot and the strengthening of partnerships with South-East Monash Legal Service, Fitzroy Legal Service and Women's Legal Service Victoria to provide legal representation for otherwise unrepresented participants.

Duty lawyer services

Traditionally, duty lawyer services are delivered at court on the day of someone's hearing. We prioritise serious cases, including people who are in custody or at risk of going into custody, people facing court for the first time for a family violence intervention order matter or a child protection matter and people who need intensive support.

We also assist people through our Help Before Court service. This service provides people with support or advice ahead of their court hearings rather than on the day for criminal matters in the Magistrates' Court or Children's Court. These services are included in duty lawyer service data.

In 2021–22, VLA lawyers, community legal centre lawyers and private practitioners delivered 72,074 duty lawyer services through a combination of methods – over the phone, in online hearings, and in court where COVID-19 restrictions permitted.

Early Resolution Service

The Early Resolution Service (ERS) project enables clients to access pre-court legal advice and support in advance of their court hearing date. ERS has been successfully implemented at seven court locations, and in partnership with community legal centres, we have delivered 9,967 pre-court legal services between May 2021 and March 2022. This includes legal advice, negotiations and, in some cases, resolution, prior to the court hearing. A Department of Justice and Community Safety (DJCS) evaluation found that court users who participated in pre-court engagement were better informed and supported, particularly among First Nations clients, those from diverse backgrounds and LGBTIQ+ court users. As a pilot project, its success is evidenced by the extension of DJCS funding for a further six months to the end of 2022.

Assistance with a case

Grants of legal assistance

We provide grants of legal assistance to clients, who can be helped by a Victoria Legal Aid lawyer, a lawyer on one of our practitioner panels or, in some instances, community legal centres or Aboriginal legal services.

We have played our part to help work through the significant backlog of cases created because of the pandemic and reduced capacity across the court system in 2020-21. With courts yet to operate at full capacity, we have not seen a return to pre-COVID-19 listing volumes this year.

In 2021-22, VLA lawyers, community legal centre lawyers and private practitioners provided 40,870 grants of legal assistance.

Chambers services

Chambers advocates appear for legally represented clients and provide training, mentoring and policy advice across Civil Justice, Criminal Law and Family and Children's Law.

Equitable briefing

On International Women's Day on 9 March 2022, we launched our Equitable Briefing Strategy to guide fairer briefing practices and allow us to lead by example. The strategy sets measurable annual targets to improve the number of women and diverse counsel we brief, both for in-house matters and via private practitioners. It aims to reduce longstanding inequality in the legal profession and acts to break a bias which has led to women being briefed in fewer than one-third of all VLA funded matters. We will maintain an open dialogue with our practice partners as we review our processes to ensure the strategy stays on target.

Equitable briefing	Number	% change on 2020-21
Total payments for barristers in legally aided matters	\$26 million	+24%
Payments to female barristers at the private Bar*	\$8 million	+14%
Proportion of VLA Chambers advocates who identify as female	48%	+37%

*Not including payments to firms or where gender has not been identified

Our performance

Budget Paper 3

Our annual service delivery targets are based on year-on-year figures, adjusted each year based on our projected demand. Many of our services have been significantly impacted by the ongoing COVID-19 pandemic.

With courts yet to operate at full capacity this year, we have been unable to meet all our targets. However, in most areas we have delivered more services and seen more clients than in 2020-21 and expect this upward trend to continue as the courts continue to increase their capacity.

Budget Paper 3 performance targets

Measure	2019-20 actual	2020-21 actual	2021-22 target	2021-22 actual
Unique clients	88,662	74,670	105,000	80,547
Community legal education and information services (excluding family violence)	89,829	83,054	101,000 – 103,000	84,100
Community legal education and Information services – family violence related services	23,320	21,430	26,000 – 28,000	19,373
Duty lawyer services (excluding family violence)	53,789	28,070	69,000 – 71,000	36,200
Grants of legal assistance provided (excluding family violence)	32,046	29,466	39,000	29,305
Legal advice and minor assistance (excluding family violence)	30,885	28,211	40,000 – 42,000	23,531
Family violence legal services	46,115	39,894	46,000	47,433
Client satisfaction*	-	-	80	67
Average call wait time to the Legal Help phonenumber***	15.3 mins	17.1 mins**	<15 mins	11.23 mins

* We conduct client satisfaction surveys every two years. During 2020-21, a modified survey was piloted during COVID-19 restrictions. Results were statistically unreliable due to the small sample size arising from the inability to access clients. As of 2021-22, we are conducting client surveys annually.

**This figure includes Legal Help webchat. Webchat was used to assist around 40 per cent of Legal Help clients in 2020-21.

***This figure is a combined average wait time to the Legal Help phonenumber and webchat.

Strategic advocacy and law reform

The *Legal Aid Act 1978 (Vic)* requires us to take steps to deliver legal services efficiently and innovatively to reduce the need for repeat, individualised legal services. One way we achieve this is by pursuing improvements in law and policy that result in better outcomes for our clients and the community.

Major submissions

A fairer, more effective criminal justice system

We made a submission to the Parliamentary Inquiry into Victoria's Criminal Justice System identifying opportunities to build a fairer and more effective criminal justice system by:

- preventing people coming into the criminal justice system by improving other systems
- better targeting who is caught up in the criminal justice system
- building a user-centred, problem-solving criminal justice system that addresses the causes of crime and better supports victims of crime.

We acknowledged that no reform of the criminal justice system should take place if it is not based on the principle of self-determination for First Nations people and every reform must address the urgent need to reduce the very high rates of imprisonment of Aboriginal people in Victoria. Addressing systemic racism and bias, and other drivers of the disproportionate representation of some communities in the criminal justice system, is foundational to building a fairer, more effective system.

In March 2022 the Inquiry made 100 recommendations for change. VLA's submission, case studies and oral evidence are cited a large number of times in the final report.

Reorienting our youth justice system from punitive to person-centred

Our submission to the Victorian Government's statutory review of the *Children and Justice Legislation Amendment (Youth Justice Reform) Act 2017* drew on the experiences of our clients and lawyers.

We made eight recommendations, including:

- the removal of prosecution veto over court-ordered diversion
- the need to reorient the youth justice system to support a therapeutic approach and prioritise rehabilitation, recovery and reintegration in the community
- to explicitly acknowledge the systemic background factors which lead to the over-representation of specific cohorts of children, including First Nations and culturally diverse children, as well as those involved in the child protection system
- to reform bail laws so that children always have a presumption in favour of bail, and to raise the minimum age of criminal responsibility from 10 to 14 years.

Our first recommendation was fully adopted by the review, along with several others that were either adopted in part or highlighted as requiring further consideration.

An opportunity for once-in-a-generation mental health reform

Following the release of the final report of the Royal Commission into Victoria's Mental Health System (RCVMHS) in March 2021, and the subsequent commencement of implementation of its recommendations, we have continued to advocate for a rights and recovery focused mental health system that recognises how mental health intersects with other systems and the need to have people with lived experience at the centre, including in leadership.

We utilised the combined expertise of our senior consumer consultant and lived experience experts on our advisory group, non-legal advocates and specialist lawyers, to engage with the Department of Health regarding the development of the new *Mental Health and Wellbeing Act*. Advocacy to date has helped strengthen decision-making principles around compulsory treatment orders through the new Act, and we will continue to strive for change, and a trauma-informed approach, as an independent review of compulsory treatment gets underway in 2022-23. We continue to advocate for the elimination of restrictive practices, which we know can have devastating impacts on people's hope, wellbeing and recovery.

We are also engaged on work to inform the implementation of Recommendation 56 of the RCVMHS report which recommends an opt-out model of access to non-legal advocacy services for consumers who are at risk of compulsory treatment and increased access to legal representation for consumers who appear before the Mental Health Tribunal.

Significant cases

Our advocacy and law reform work includes strategic litigation, such as running test cases to clarify points of law or challenging the way laws are applied in practice.

JL v Mental Health Tribunal

This was a significant case that furthered our mental health advocacy work by confirming the mandatory requirements when psychiatrists make orders for compulsory mental health treatment.

Our client JL (not his real name) was placed on a temporary treatment order (TTO) in August 2020, which placed him in a psychiatric unit receiving mental health treatment against his will.

We sought a judicial review in the Supreme Court, arguing the TTO was invalid because the authorised psychiatrist's delegate who made the order failed to state whether it was an inpatient or community TTO (an inpatient order being much more restrictive). Our application submitted that subsequent treatment orders that extended JL's compulsory treatment to a significant period of time were also invalid, and that Victoria's Human Rights Charter had been breached by failing to properly consider JL's human rights.

The Supreme Court upheld these points, ruling that the TTO was invalid because the psychiatrist did not comply with a mandatory requirement for its making and that the invalid TTO was also incompatible with JL's human rights. This case strengthened consumers' human rights and accountability of psychiatrists to follow proper process when making a TTO.

It comes at a critically important time for mental health reform, since work is underway to implement the recommendations of the Royal Commission into Victoria's Mental Health System, including system reform, the development of new legislation and a forthcoming independent review of compulsory treatment.

Addressing family violence misidentification

Being wrongly identified as a primary aggressor of family violence can have lifelong impacts on housing, employment, residence of children, immigration, and safety. This harm is compounded if misidentified women cannot access critical family violence support services for the time they are treated as the primary aggressor.

Yi-Ling (not her real name) was misidentified as the perpetrator during an incident with her ex-husband, despite having called the police for help multiple times that night. An intervention order was granted against her in her absence during an online court hearing while she was attempting to log in and speak with her lawyer. Discounting text messages and videos of her partner's behaviour, police conducted four separate risk assessments and each time submitted that she was the abuser. Yi-Ling was never told that she had access to a translator at the assessments.

'The next few months were a nightmare. I couldn't see my daughter. I couldn't get a Working with Children Check and finding other work was impossible because I had pending assault charges,' Yi-Ling said. It took us several months of persistent work to have the charges withdrawn.

We continue to work with partners in the legal assistance and family violence sector to reduce the incidence of misidentification, which contributes to distrust and fear of police and the legal system and can deter women from contacting police in the future.

We have used a systems approach to identify where different agencies can work together more effectively to reduce misidentification and its impacts. This includes working with Victoria Police and Family Safety Victoria on suggested areas for improvements to rectify misidentification and to reduce the negative consequences that misidentification can have.

Our partners

We are committed to building strong, effective partnerships within the legal assistance sector for the benefit of our clients. Victoria Legal Aid works with private law firms, barristers and the community legal sector to deliver legally aided services throughout Victoria. This is called the mixed model.

National Legal Aid

National Legal Aid (NLA) represents the eight state and territory legal aid commissions to ensure that legal aid is delivered in the most effective and efficient way possible across Australia, to present a unified legal aid voice on matters of public policy and law reform, and to share information and expertise across jurisdictions. NLA launched its strategic plan for 2021-24 which has three key priorities: increasing core funding for legal aid commissions, influencing family law policy and funding, and addressing Aboriginal and Torres Strait Islander justice. In delivering the goals under the strategic plan, NLA works in partnership with others, puts clients at the centre and uses its evidence base.

Private practitioners

Meeting the legal needs of clients often depends on the availability of a suitable legal representative and our private practitioner partners perform an essential role in assisting us to deliver legal services for the community.

We continued to improve panel assessment processes to make it easier for private practitioners to apply to our panels, and in doing so, increase access to justice for people with legal need.

Private Practitioner Short Service Scheme (formerly the Private Practitioner Duty Lawyer Scheme)

Private practitioners also deliver short legal services through the Private Practitioner Short Service Scheme (PPSSS). In 2022, we changed the name of the Private Practitioner Duty Lawyer Scheme to reflect that private practitioners deliver not only rostered duty lawyer services, but also non-rostered short legal services such as Help Before Court. Private practitioners deliver these services where our in-house services may be experiencing capacity issues or conflicts of interest, or where multiple parties require representation. To better support practitioners who deliver these essential legal services, we commenced a program of work to improve our delivery of PPSSS, introducing standard contractual agreements for all practitioners providing duty lawyer and other short services to ensure:

- an open and transparent process that gives suitably experienced practitioners the opportunity to apply to join short service schemes
- greater consistency in the delivery of duty lawyer and short legal services
- COVID-19 related backlogs and intermittent demand pressures are effectively managed
- shortages in the supply of legal services are identified and addressed in a systemic way.

Barristers

As at 30 June 2022, 218 barristers were on our criminal trial Preferred Barristers List, including 14 from VLA Chambers. We liaise with the Criminal Bar Association and the Indictable Crime Certificate Committee at the Victorian Bar in administering the List.

Community legal centres

In 2021–22, we worked with the Federation of Community Legal Centres (FCLC) to embed the Partnership Principles developed in the previous year. As part of this work, VLA and FCLC hosted a sector-wide information session about the results from the community legal centre engagement survey we conducted in early 2021. The session was well attended by the sector including attendance from the Department of Justice and Community Safety to discuss how funding decisions are made.

Community Legal Services Program

Funding administration under the Community Legal Services Program increased with the addition of new National Legal Aid Partnership Commonwealth funding streams for:

- increased legal assistance for vulnerable women
- supporting people with mental health conditions to access the justice system
- frontline support to address workplace sexual harassment
- domestic violence units/health justice partnerships.

This funding was allocated to 22 community legal centres over three years.

In addition, we have moved to three-year funding agreements for the Victorian Aboriginal Legal Service to support its long-term sustainability and autonomy.

Collaborative Planning Committee

The Collaborative Planning Committee provides evidence-based advice and recommendations to the VLA Board. In 2021–22, the Committee provided the Board with insights on outcomes measurement and reporting, highlighting the central importance of demonstrating impact for clients through robust measures and consistent approaches. It highlighted the need to better collectively address unmet civil law need, and committed to undertake a formal evaluation of the Committee's operation and effectiveness.

Minute summaries from the meetings can be viewed at www.legalaid.vic.gov.au/collaborative-planning-committee.

Managing our organisation

Corporate governance

Organisational structure

The modernisation of our executive structure was fully implemented at the end of 2021 and responded to recommendations that some roles required reclassification and also introduced a modern, three tier structure to streamline executive reporting and decision making.

Our Board

Our Board of Directors is responsible for ensuring Victoria Legal Aid meets its statutory objectives and carries out its functions and duties in accordance with the *Legal Aid Act 1978* (Vic).

Our Board consists of the Chairperson and six directors nominated by the Victorian Attorney-General and appointed by the Governor-in-Council. John O'Donoghue resigned from the Board in February 2022. We acknowledge John's outstanding contribution to VLA, including as Chairperson of the Audit, Risk and Compliance Committee. The Board met eight times in 2021-22.

The VLA Board met twice with the Board of the Victorian Aboriginal Legal Service in 2021-22. The meetings were a good opportunity for the two boards to discuss areas of shared concern and interest, including recruitment and funding. The boards plan to continue to meet on a regular basis.

To read the VLA Board meeting minutes, [see public records of our Board meetings](#) in our Library Catalogue.

Board members

Bill Jaboor Non-executive Director and Chairperson (On leave from 1 April to 1 October 2022)

Robbie Campo Non-executive Director (Acting Chairperson from 1 April to 1 October 2022)

John O'Donoghue Non-executive Director (Resigned from the Board in February 2022)

George Habib Non-executive Director

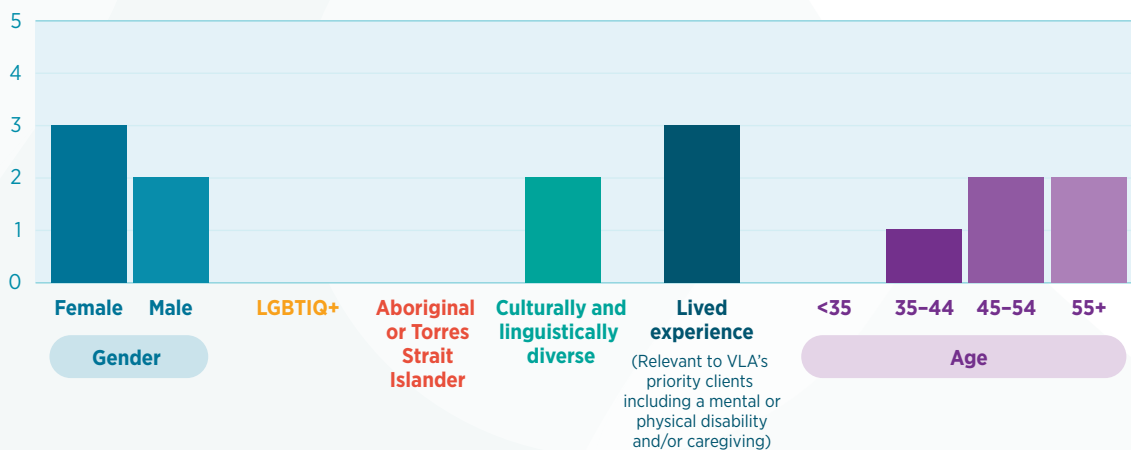
Andrew Saunders Non-executive Director

Clare Morton Non-executive Director

Tal Karp Non-executive Director

Board diversity

In 2022, for the first time, the VLA Board completed a diversity matrix to reflect its commitment to ensure the diversity amongst Board and staff members reflects the Victorian community. Five members of the VLA Board completed the matrix, with one board member on leave and one position currently vacant.



Note: VLA's Board has seven members. Five members have completed the matrix with one board member on leave and one position currently vacant.

The Board sub-committees

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee provides oversight of financial performance, internal audit, risk management and compliance with legal, regulatory and policy obligations. The Audit, Risk and Compliance Committee met four times in 2021-22.

Workplace Wellbeing, Health and Safety Committee

The Workplace Wellbeing, Health and Safety Committee assists the Board to fulfil its oversight responsibilities relating to health, safety and wellbeing governance and compliance with legal, regulatory and policy requirements. The Workplace Wellbeing, Health and Safety Committee met three times in 2021-22.

Data and Digital Advisory Group

The Data and Digital Advisory Group (formerly the Digital Legal Aid Program Governance Board) supports our Digital Legal Aid program and Data and Digital Information Strategy. The Group comprises two Board members and management representatives and assists the Board by providing oversight on program progress and direction, and a forum for consultation and advice. The Data and Digital Advisory Group acts on behalf of the VLA Board however does not assume any of the Board's responsibilities. The Data and Digital Advisory Group met six times in 2021-22.

Performance Committee

The Performance Committee approves, discusses, and reviews the key performance indicators for the CEO and discusses any other issues associated with remuneration and performance of the CEO and other VLA executive directors as required. The Performance Committee met twice in 2021-22.

Risk management

Our risk management framework is consistent with the Victorian Government Risk Management Framework, as required by the Standing Directions issued under the *Financial Management Act 1994* (Vic). It also aligns with the Australian/New Zealand risk management standard AS/NZS ISO31000:2018.

Executive governance

Our executive governance structure consists of three key elements.

Louise Glanville Chief Executive Officer

Executive Management Group

Joanna Fletcher Executive Director, Family Youth and Children's Law

Cameron Hume Chief Operating Officer

Rowan McRae Executive Director, Legal Practice, Civil Justice, Access and Equity

Dan Nicholson Executive Director, Criminal Law

Peter Noble Executive Director, Regions and Service Delivery

This group is supported by an extended Senior Leadership Team.

Senior Leadership Team

Lucy Adams Director, Civil Justice (New appointment)

John Byrne Director, People and Culture

Matthew Dale Chief Financial Officer

Dianna Gleeson Director, Legal Practice

Lawrence Moser Associate Director, Aboriginal Services

Julia Munster Chief Counsel

Zione Walker-Nthenda Director, Client Services and Sector Engagement (New appointment)

Organisational risk profile

Our organisational risk profile sets out the risks that pose the greatest threat to achieving our strategic objectives. The organisational risk profile is reviewed and approved annually by the Audit, Risk and Compliance Committee and managed in accordance with our risk management policy. Quarterly reports against the organisational risk profile are provided to our Audit, Risk and Compliance Committee and the Board. The 2021-22 organisational risk profile monitors and has treatments and controls in place for these risks:

- insufficient level of funding and capacity
- failure to provide staff with a safe and supportive workplace
- failure to enhance VLA's digital platforms and capability to improve service delivery
- failure to deliver state-wide services that meet the needs of VLA clients using an appropriate mixed model
- failure to influence government policy that affects VLA clients and community
- failure to protect VLA from ICT failure and/or cyber attack
- ineffective organisational resiliency during business disruption events.

Health, safety and wellbeing risk profile

VLA also maintains a health, safety and wellbeing risk profile that sets out the most significant health, safety and wellbeing risks to our staff and contractors including private practitioners, students and volunteers.

The Workplace Wellbeing, Health and Safety Committee reviews and approves the health, safety and wellbeing risk profile. Quarterly reports against the health, safety and wellbeing risk profile are provided to our Workplace Wellbeing, Health and Safety Committee and the Board.

Internal audit

Protiviti provides our internal audit services. Our internal audit activities and practices align with the Standing Directions issued under the *Financial Management Act 1994* (Vic).

Our internal audit activities support the Audit, Risk and Compliance Committee by determining whether our control and risk management practices are effective, efficient and economical in helping us to achieve our objectives. Where necessary, improvements in procedures and systems are recommended. In 2021-22, the Audit, Risk and Compliance Committee was regularly presented with reports on audit activities undertaken, advisory services provided, and audit support.

Supporting our people

Victoria Legal Aid is committed to ensuring all people feel safe and supported at work. In 2021–22, we launched our Inclusion Framework which sets out our overarching vision for ensuring all staff and clients feel valued, supported and included.

Supporting the health and wellbeing of people during the COVID-19 pandemic has continued to be a priority. Our staff continue to adapt to remote working, hybrid work arrangements and new methods of service delivery with resilience and professionalism and continued to provide high levels of commitment and services for our clients.

Supporting staff wellbeing and safety while working in the office and remotely

In 2021–22, we prioritised supporting staff to deliver services safely during all phases of the pandemic. We continued short pulse surveys which revealed staff felt well supported by

their immediate managers, but the ‘wear and tear’ associated with the pandemic impacted staff confidence in the future, their sense of work-related stress and general wellbeing. Responses on our ICT systems confirmed that many staff were struggling with ageing technology and said it was restricting their ability to be as productive as possible.

We are in the midst of rolling out a priority program to trial new devices. The survey responses informed our ongoing program of support, including offering additional counselling support through our existing Employee Assistance Program and resources to support staff with matters relating to their mental health.

Employment and conduct principles

Our staff are bound by the values and employment principles in the Code of Conduct for Victorian Public Sector Employees and the *Public Administration Act 2004* (Vic). Our Recruitment and Selection Policy also sets out a best practice approach to recruitment and selection that ensures employment decisions are based on merit and support the code of conduct values of impartiality, integrity, accountability and respect.

Details of employment levels in June 2022 and June 2021

	2022							2021						
	All employees		Ongoing			Fixed term and casual		All employees		Ongoing			Fixed term and casual	
	No.	FTE	F/T	P/T	FTE	No.	FTE	No.	FTE	F/T	P/T	FTE	No.	FTE
Gender														
Women	746	652.1	378	253	554.7	115	97.4	707	614.2	334	277	529	96	85.2
Men	245	234.8	169	25	186.9	51	47.9	219	209.1	150	24	166.7	45	42.4
Self-desc.	3	3	3	0	3	0	0	0	0	0	0	0	0	0
Age														
15-24	48	40.8	20	5	22.8	23	18	32	28.5	12	5	15.3	15	13.2
25-34	314	294.6	195	49	228.5	70	66.1	296	274.9	179	58	220.6	59	54.2
35-44	299	260.8	153	99	222.7	47	38.2	295	252.6	125	128	215.2	42	37.4
45-54	187	167.3	105	65	151.9	17	15.4	167	149.6	92	58	133.1	17	16.5
55-64	115	100.6	63	43	92.9	9	7.7	104	91.6	62	34	85.3	8	6.3
65+	31	25.9	14	17	25.9	0	0	21	26.2	14	18	26.2	0	0
VLA grade														
VLA1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VLA2	215	183.3	94	67	140	54	43.3	185	159.3	87	72	137.9	26	21.4
VLA3	390	352.7	226	93	289.2	71	63.5	378	336.8	203	107	276	68	60.8
VLA4	255	229.4	143	82	201.3	30	28.1	239	213	124	83	182.4	32	30.6
VLA5	88	81.4	55	23	72	10	9.4	86	78.9	45	29	67.1	12	11.8
VLA6	34	31.5	23	10	30.5	1	1	28	25.8	17	8	22.8	3	3
Total	982	878.3	541	275	733	166	145.3	916	813.7	476	299	686.1	141	127.6
Exec	12	11.6	9	3	11.6	0	0	10	9.6	8	2	9.6	0	0
Total	994	889.9	550	278	744.6	166	145.3	926	823.3	484	301	695.7	141	127.6

Senior Executive Service (SES) officers at 30 June 2022

We have one chief executive officer and eleven SES officers. The workforce data tables below include SES officers active in the final full pay period of the 2021-22 financial year. 'Var' denotes the variations between the current and previous reporting period.

Number of ongoing executive officers, by gender						
Class	All (No.)	All (Var.)	Male (No.)	Male (Var.)	Female (No.)	Female (Var.)
SES-3	1	0	0	0	1	0
SES-2	5	2	3	2	2	0
SES-1	6	0	2	-2	4	2
Total	12	2	5	0	7	2

Reconciliation of executive numbers		
Role	2022	2021
Executives (Financial Statement note 9.5)		12
Accountable officer		0
(Less) separations		0
Total executive numbers at 30 June		12
		10

The following table discloses the annualised total salary for senior employees of Victoria Legal Aid. The salary amount is reported as the full-time annualised salary.

Annualised total salary, by \$20,000 bands, for executives and other senior non-executive staff						
Income band (salary)	Executives	STS	PS	SMA	SRA	Other
< \$160,000	-	-	-	-	-	-
\$160,000 - \$179,999	-	-	-	-	-	-
\$180,000 - \$199,999	1	-	-	-	-	1*
\$200,000 - \$219,999	4	-	-	-	-	-
\$220,000 - \$239,999	3	-	-	-	-	-
\$240,000 - \$259,999	3	-	-	-	-	-
\$260,000 - \$279,999	-	-	-	-	-	-
\$280,000 - \$299,999	-	-	-	-	-	-
\$300,000 - \$319,999	-	-	-	-	-	-
\$320,000 - \$339,999	-	-	-	-	-	-
\$340,000 - \$359,999	-	-	-	-	-	-
\$360,000 - \$379,999	-	-	-	-	-	-
\$380,000 - \$399,999	1	-	-	-	-	-
\$400,000 - \$419,999	-	-	-	-	-	-
\$420,000 - \$439,999	-	-	-	-	-	-
\$440,000 - \$459,999	-	-	-	-	-	-
\$460,000 - \$479,999	-	-	-	-	-	-
\$480,000 - \$499,999	-	-	-	-	-	-
Total	12	0	0	0	0	1

Notes: The salaries reported above are for the full financial year, at a 1-FTE rate, and exclude superannuation.

* These are non-executive staff paid above the VLA Grade 6 - \$173,929

Performance against occupational health and safety measures

Incidents			
Performance indicator	2021-22	2020-21	2019-20
No. of incidents	176	91	118
Rate per 100 FTE	19.778*	11.053	14.62

*This increase is linked to work undertaken to raise the profile of the importance of incident reporting, an increase in the number of COVID-19 related events and a change to our systems to record some historical security related events.

Claims			
Performance indicator	2021-22	2020-21	2019-20
Total new WorkCover claims	0	2	2
No. of new standard claims	0	2	2
Rate per 100 FTE	0	0.243	0.248
No. of new lost time claims	0	1	1
Rate per 100 FTE	0	0.121	0.124
No. of new claims exceeding 13 weeks	0	0	0
Rate per 100 FTE	0	0	0

Other measures			
Performance indicator	2021-22	2020-21	2019-20
Fatality claims	0	0	0
Average cost per standard claim*	\$31,473	\$9,234	\$12,262
Average incurred per standard claim**	\$123,403***	\$47,644	\$29,912
Percentage of claims with return-to-work plan less than 30 days	N/A (no open claims are eligible for RTW plan)	100%	50%

Data was sourced from WorkSafe Victoria's authorised agent.

*The 'average cost of the claim' is the actual cost spent per premium impacting claim during the financial year, averaged over each standard premium impacting claim.

**The 'average incurred per standard claim' is the actual cost spent per premium impacting claim during the financial year, plus the case estimate, averaged over each standard premium impacting claim.

***This increase is due to a single mental health claim currently with our insurer. It has attracted an extremely high statistical case estimate which accounts for possible future costs of the claim. There has also been a rise in base insurance costs across the scheme due to the impact of COVID-19.

Legislative compliance

This report has been prepared in accordance with all relevant legislation. See Appendix 1 for the disclosure index that identifies our compliance with statutory disclosure requirements.

Complaints

Complaints give valuable information about our clients' experience and inform how we can improve our services. We use complaints data to detect issues early and to direct our quality assurance processes.

We aim to resolve complaints at the point of service and have review and evaluation processes in place. We are committed to providing an easy to use and responsive complaints process,

and this year, we introduced a new staff training about our complaints process and how staff can support the process.

[Information about how to make a complaint](#) is available on our website. Anyone can make a complaint about our staff, services or about private practitioners representing clients under a grant of legal assistance. We also invite and confidentially investigate complaints about people receiving legal aid services.

This year we received 821 complaints and enquiries compared to 926 in 2020-21 (down by 11.3 per cent). The reason for the overall jump in complaints about our services and staff (up 42.5 per cent) is unclear, however we have implemented a range of improvements to our complaints system which may have contributed. This includes making it easier for the public to complain, more prominently displaying our complaint policy in public, and the redesign of our complaint recording system which has improved complaint data capability across VLA.

What people complained about

Nature of complaint	2021-22	2020-21	% change
Our services and staff	275	193	42.5%
Services provided by private practitioners	195	168	16.1%
Enquiries	351	565	-37.9%
Total	821	926	-11.3%

Our targets

Complaints resolved within 28 days	2021-22	2020-21
Our services and staff	48%	75%
Services provided by private practitioners	35%	32%
Overall	42%	55%

Complaints about our services and staff

We received 275 complaints about our services and staff (up by 42.5 per cent). The most common complaints were about:

- lack of communication (9.8 per cent)
- failure to provide quality legal advice (9.5 per cent)
- communication – rudeness (8.4 per cent).

Complaints that proceeded to an investigation were most commonly resolved by:

- explanation provided (21.1 per cent)
- complaint abandoned (7.6 per cent)
- further assistance provided (6.6 per cent).

Complaints about services provided by private practitioners

We received 195 complaints about services provided by private practitioners (up by 16.1 per cent). Overall, the number of complaints about private practitioners remains low at approximately one complaint per 182 grants of legal assistance. The most common complaints were about:

- lack of communication (14.3 per cent)
- failure to provide information (10.5 per cent)
- failure to provide quality legal advice (5.8 per cent)
- lack of preparation (5.4 per cent).

The most common ways complaints were resolved:

- complaint abandoned (23.3 per cent)
- complaint not substantiated and no further action being required (9.3 per cent)
- complaint withdrawn (9.3 per cent).

We have 23.6 per cent of complaints still under investigation as at 30 June 2022. Private practitioners are required to have an internal complaint handling policy, and complaints resolved under those policies are not captured in our data.

Enquiries

We received 351 enquiries this year about a range of issues including queries about another person's eligibility for a grant of legal assistance or seeking information about our services.

Government advertising expenditure

The disclosure threshold for government advertising expenditure (campaigns with a media spend) is \$100,000 (exclusive of GST). Our total advertising expenditure during 2021-22 was not more than \$100,000 (exclusive of GST).

Consultancy expenditure

Details of consultancies (valued at \$10,000 or greater)				
Consultant	Purpose of consultant	Total approved project fee (\$) (excl. GST)	Expenditure (\$) (excl. GST)	Future expenditure (\$) (excl. GST)
Karen Millward	Reconciliation Action Plan review	59,050	59,050	0
Karen Millward	Aboriginal Community Engagement Officer Program	59,975	59,975	0
Allen & Clarke	Mildura Health Partnership evaluation	60,000	42,000	18,000
KPMG	Business case development	47,041	47,041	0
KPMG	Legal Assistance Demand Funding Model review and business case development	134,636	134,636	0
Fenton Communications	Stakeholder engagement project	15,365	15,365	0
Mind Tribes	Interview support and observational analysis	12,000	12,000	0
Anaiwan Advisory	Procurement services	30,105	30,105	0
Cube Group	VLA regional reform implementation	150,000	137,500	12,500
Knight Frank	Property advice	21,684	21,684	0
Deloitte Consulting	Tablet sourcing strategy	85,158	85,158	0
Finity Consulting	Financial review of outstanding debtors	15,000	15,000	0
The Incus Group	Help Before Court project	35,200	35,200	0
The Incus Group	Conflict of interest report	11,500	11,500	0
The Incus Group	First outcomes and lessons report	40,000	20,000	20,000
McPhee Andrewartha	Manager Coaching Program	59,400	59,400	0
NTT Australia	Audit review	35,896	35,896	0
Partners in Performance	Practitioner Supply BI ENG	148,822	148,822	0
Terry Atkinson & Associates	Board performance review	38,500	38,500	0
Salinger Privacy	Privacy Impact Assessment	33,000	33,000	0
Publicis Sapient Australia	Assessment of Data Transition Strategy	45,450	45,450	0
Protiviti Pty Ltd	Payroll advice	54,264	54,264	0
K Murray Consulting	Collaborative Planning Committee evaluation	47,250	14,400	32,850

Details of consultancies under \$10,000

In 2021-22 we engaged 11 consultancies where the total fees payable to the individual consultancies were less than \$10,000. The total expenditure occurred during 2021-22 in relation to these consultancies was \$44,821 (excluding GST).

Information and communication technology

For the 2021-22 reporting period, Victoria Legal Aid had a total ICT expenditure of \$7.4 million with capital investment of \$2.4 million relating to the Digital Legal Aid (DLA) project. The increase in business as usual ICT expenditure is due to more digital tools coming online and support for staff growth through service expansion initiatives.

Business as usual ICT expenditure	Non-business as usual ICT expenditure (DLA)	Total capital expenditure
\$4,492,274	\$2,364,958	\$2,892,395

Contracts

There were no contracts entered into during the financial year that require specific disclosure as they were all less than \$10 million in value.

Information and records management

Staff must ensure they create and maintain full and accurate records of the business they've conducted while representing our clients. Victoria Legal Aid is a public office and must comply with relevant legislative and regulatory obligations including:

- *Public Records Act 1973*
- Public Record Office Victoria standards and specifications
- *Privacy and Data Protection Act 2014*
- Victorian Protective Data Security Framework

This year we improved information and records management by:

- creating and endorsing a future focused, format independent Information Management Policy
- finalising a version of our retention and disposal authority (PROS 22/05), for records of legal aid function
- maintaining and facilitating access to archived records
- supporting staff to access information digitally
- establishing document digitisation processes to support staff working remotely, including a Digital Files Portal
- providing ongoing training and advice to staff on recordkeeping, responsibilities, requirements, and procedures to ensure compliance
- assessing and improving compliance against the Victorian Protective Data Security Framework
- conducting an open tender process for Commercial Storage and Digitisation Services.

Local Jobs First

In accordance with the *Local Jobs First Act 2003*, departments and public sector bodies are required to apply the Local Jobs First policy in all projects valued at \$3 million or more in metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria.

Victoria Legal Aid had no projects during the financial year that require specific disclosure.

Information privacy

Our obligations for information privacy are governed by the *Privacy and Data Protection Act 2014* (Vic), and we are committed to ensuring our clients understand how we collect and use the private information they entrust to us.

This year we received one complaint lodged with the Office of the Victorian Information Commissioner (OVIC). OVIC did not progress the complaint. Information about [how we handle personal information](#) is available on our website.

Freedom of information

The *Freedom of Information Act 1982* (Vic) provides a public right of access to certain information that we hold and is an important way of promoting openness and accountability.

This year we received 18 applications (six per cent more than last year). Of these:

- three resulted in full release of documents
- two resulted in partial release of documents
- one resulted in refused in full, with some documents released outside the Act
- one resulted in no documents
- two released outside the Act
- one is pending
- eight were classified as not valid requests.

Members of the public can complain to OVIC about the way we handle freedom of information requests or our decisions about freedom of information applications.

This year we were notified of one review request from OVIC. OVIC conducted a review and agreed with the decision of VLA.

Victorian Ombudsman

The Victorian Ombudsman can investigate complaints about administrative actions taken by Victoria Legal Aid, where the complaint cannot be resolved with us directly. We were notified of five complaints lodged with the Victorian Ombudsman this year, all of which were resolved informally by providing the Ombudsman with further information.

Compliance with the *Public Interest Disclosure Act 2012* (Vic)

We support the objectives of the *Public Interest Disclosure Act 2012* and the protection of people who disclose improper conduct. Information about how to make a protected disclosure and our commitment to protection from detrimental action in reprisal for protected disclosures is available at www.legalaid.vic.gov.au/reporting-improper-conduct.

Compliance with the *Building Act 1993* (Vic)

We are exempt from notifying our compliance with the building and maintenance provision of the *Building Act* as we do not own any buildings.

We continue to refurbish or relocate ageing fit outs to ensure we provide a safe and professional environment that enables mobility for all staff. Our functional design processes allow for an adaptable built environment to enable flexible work practices.

Compliance with the *Disability Act 2006*

We launched our new four-year Disability Action Plan in December 2021, outlining 14 high-level objectives broadly aiming to:

- reduce barriers for people with disability from accessing our services
- improve recruitment and workplace support for staff with disability
- bring about cultural and attitudinal change to the inclusion and participation of people with disability in the community.

Initiatives to progress our objectives, such as the revision of disability descriptors in our databases, systems and forms, have been developed in consultation with people with lived experience and our Disability Working Group. We have commenced specific disability training which is now available in our Learning Hub for staff, and revised existing training to improve disability-related content. We have committed to installing automatic doors on every floor of our workplace at 570 Bourke St, a new disability toilet in the Geelong office, and improved rear staff access at the Morwell office.

In collaboration with Deaf Victoria, we have created Auslan videos for our website to support deaf or hearing-impaired people to access our services now that Teletypewriter (TTY) services are being phased out.

Compliance with the *Gender Equality Act 2020*

We submitted our first Gender Equality Action Plan (GEAP) to the Commission for Gender Equality in the Public Sector (CGEPS) in April 2022 and launched it in May 2022. The CGEPS subsequently advised that our GEAP was compliant with the Act and that there were no gaps to be addressed.

We started implementing actions identified for year one, such as the inclusion of a standing item on gender equality and diversity workforce issues in Board and Executive papers and the establishment of a Gender Equality Steering Committee. Work is also underway through internal communications to encourage male staff to work flexibly and take primary carer's parental leave. We have also taken steps to update our payroll system to improve the collection of intersectional demographic data from staff and implemented a privacy collection notice in the system.

We are progressing work on Gender Impact Assessments (GIA), which are also required under the Act. We are required to report on progress against our GEAP and GIA to the CGEPS by October 2023.

Competitive neutrality policy

We comply with the requirements of the National Competition Policy, where relevant, to ensure competitive neutrality where any services compete, or potentially compete, with the private sector.

Compliance with the *Carers Recognition Act 2012 (Vic)*

We are exempt from reporting on our compliance under the Act because Victoria Legal Aid is not a public service care agency or a funded care agency. As such, the Act does not apply.

Additional information on request

In compliance with the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, information relating to the 2021-22 reporting period is to be made available to ministers, members of parliament and the public on request and subject to the provisions of the *Freedom of Information Act 1982 (Vic)*.

Victoria Legal Aid Financial Management Compliance Attestation Statement

I, Robbie Campo, on behalf of those Victoria Legal Aid Board, certify that Victoria Legal Aid has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.

Robbie Campo

Robbie Campo
Acting Chairperson
14 September 2022

Our finances

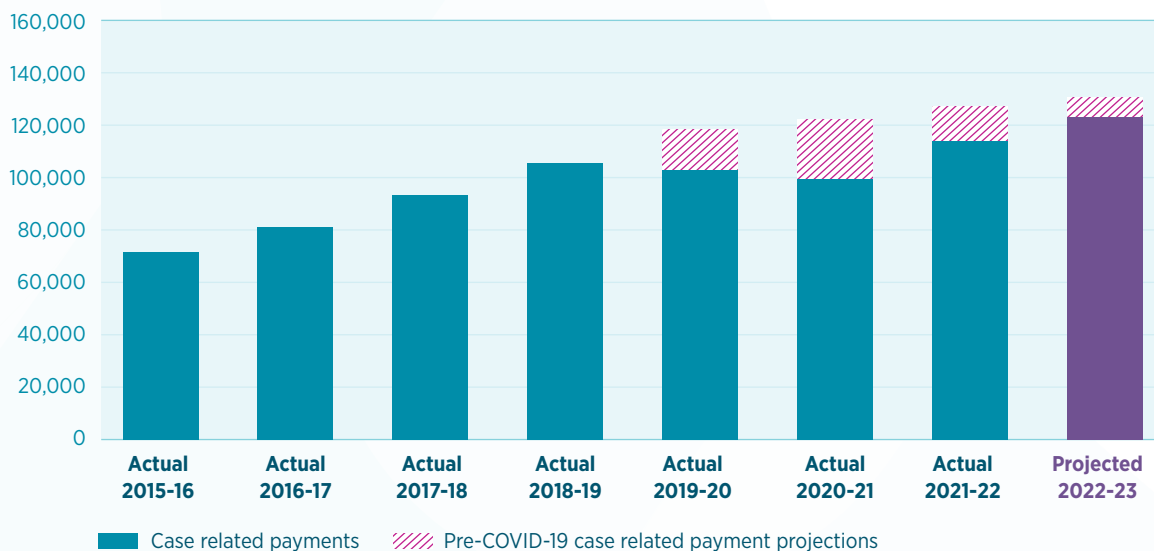
In 2021–22, Victoria Legal Aid achieved a net surplus of \$3.8 million, primarily due to the impacts of COVID-19 on court processes. Pandemic restrictions resulted in reduced court capacity to progress matters during 2021–22, however, most of the demand remains within the system.

This has largely impacted the timing of case-related expenditure originally projected to be incurred until future years (see chart below).

The remaining surplus relates to one-off operational reductions relating to travel and office expenditure due to staff working from home, and the accounting treatment of the Digital Legal Aid Program expenditure which is reflected on the balance sheet.

Demand within the courts is expected to continue to grow at historical levels beyond the level of VLA funding. The Board recently approved the 2022–23 Budget with a budgeted deficit of \$19 million, primarily reflecting the impact of the Public Purpose Fund revenue reduction and the impacts of deferred case expenditure. This will be funded by a managed draw down of cash reserves aligned with the State Budget outcomes.

Impact of COVID-19 on case related expenditure incurred by VLA compared to projections



Our cash reserves have grown considerably over the past two years (approximately \$92 million) due to reduced court capacity caused by pandemic restrictions. The cash reserves is not all discretionary and needs to be carefully managed to ensure we can meet existing commitments and accelerated ramp up of court activity to address the backlog of matters. This includes grants of legal assistance of up to \$40 million which have already been approved and committed to but where the work has not been completed. In addition, this balance is also required for the replacement of assets to ensure we can continue to meet service demands and protect the safety and wellbeing of staff.

Beyond this year, unless additional funding is received, we will need to consider implementation of service reductions whilst carefully managing down the cash reserves to meet existing grant commitments aligned with the risk parameters set by the Board. These service reductions would be within the courts following consultation with sector partners. We will continue to work with the Victorian Department of Justice and Community Safety to resolve the ongoing financial challenges through a demand-based funding model.

Financial summary	2021-22 \$'000	2020-21 \$'000	2019-20 \$'000	2018-19 \$'000	2017-18 \$'000
Total income from transactions	276,148	272,639	255,787	230,670	201,786
Total expenses from transactions	(268,447)	(247,943)	(238,065)	(226,895)	(207,959)
Net result from transactions	7,701	24,696	17,722	3,775	(6,173)
Net result for the period	3,795	24,933	16,720	3,017	(5,251)
Net cash from (used in) operating activities	23,825	43,113	16,374	8,402	(8,309)
Total assets	175,192	176,670	160,556	83,881	85,341
Total liabilities	97,216	102,489	111,490	51,534	56,010
Total equity	77,976	74,181	49,066	32,347	29,331

Financial performance review

Income

Almost 99 per cent of VLA's operating income is provided by the State and Commonwealth Governments and the Victorian Legal Services Board-administered Public Purpose Fund. The total income of \$276.1 million in 2020–21 is higher by \$4.5 million from the previous financial year.

The Commonwealth Government, through the National Partnership Agreement on Legal Assistance Services, provided \$54.7 million in funding, an increase of \$0.7 million compared to the previous financial year. In addition, the Commonwealth contributed supplementary funding of \$6.6 million (\$10.9 million in 2020–21) in direct project funds, with the decline primarily relating to one-off COVID-19 response and bushfire recovery funding provided in 2020–21.

Operating grants from the Commonwealth for Community Legal Centres are passed directly to the centres by Victoria Legal Aid and accordingly are not recognised as income in the financial statements.

The State Government provided \$146.5 million in base funding (\$131.4 million 2020–21). The increase against prior year was due to a number of new government initiatives, including consequential funding to meet ongoing demand within the courts, including the backlog of matters resulting from pandemic restrictions. Funding of \$5.3 million (\$10.5 million 2020–21) was also received for one-off initiatives, with the reduction since last year primarily associated with one-off funding for COVID-19, bushfire response and Justice Recovery Plan funding in 2020–21. Specific purpose funds were received for community legal centres totalling \$31.8 million (\$34.5 million 2020–21).

Funding from the Public Purpose Fund was \$23.0 million (\$25.8 million in 2020–21) reflecting the volatility of this funding linked to investment returns and interest rates. The funding included one-off project funding, primarily for the Digital Legal Aid project.

The remaining operating income was \$8.2 million (\$3.0 million in 2020–21) of which the majority is from client contributions and cost recovery, which increased significantly as courts began to recover from COVID-19 disruptions.

Expenses

Total expenditure was \$268.4 million, an increase of \$20.5 million from last year's expenditure of \$247.9 million.

Case-related payments totalled \$115.4 million, an increase of \$13.3 million compared to the previous financial year, reflecting increased court activity in the second half of the year as COVID-19 restrictions were lifted. These funds are paid to private practitioners, barristers, medical experts, and interpreters as well as to third parties for services rendered on in-house cases.

The other major expense was staffing-related costs of \$93.9 million, an increase of \$8.3 million compared to the previous financial year. The increase in these costs primarily relates to additional roles for Help Before Court, Early Resolution Service and Specialist Family Violence Courts, and annual wage growth in line with our Enterprise Agreement.

Other expenditure increased \$3.6 million to \$14.2 million, reflecting the gradual return to the office of staff following the removal of COVID-19 restrictions and one-off projects implementing corporate plan priorities.

Financial position – balance sheet

Total assets decreased by \$1.5 million compared to the previous financial year.

This is primarily due to the reduction in property, plant and equipment in line with lease amortisation during the year, partly offset by the increase in financial assets aligned with the surplus result for the reasons outlined above.

Total liabilities decreased by \$5.3 million compared to the previous financial year primarily due to impacts of lease payments reducing the lease liability.

Responsible body's declaration

The attached financial statements have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, the *Australian Charities and Not-for-profit Commission Act 2012*, the *Australian Charities and Not-for-profit Commission Regulation 2013*, applicable Financial Reporting Directions, Australian Accounting Standards (AAS) including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and financial position of Victoria Legal Aid at 30 June 2022.

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

We authorise the attached financial statements for issue on 14 September 2022.

Robbie Campo

Robbie Campo
Acting Chairperson
14 September 2022

Louise Glanville

Louise Glanville
Chief Executive Officer
14 September 2022

Matthew Dale

Matthew Dale
Chief Financial Officer
14 September 2022



Independent Auditor's Report

To the Board of Victoria Legal Aid

Opinion	<p>I have audited the financial report of Victoria Legal Aid (the Authority) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2022 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • Responsible body's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Authority as at 30 June 2022 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the Financial Management Act 1994, Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 and comply with Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2013 and applicable Australian Accounting Standards.</p>
Basis for opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Authority in accordance with the auditor independence requirements of the <i>Australian Charities and Not-for-profits Commission Act 2012</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I confirm that the independence declaration required by the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, which has been given to the Board of the Authority (the Board), would be in the same terms if given to the Board as at the time of this auditor's report.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
The Board's responsibilities for the financial report	<p>The Board is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the <i>Financial Management Act</i>, the <i>Australian Charities and Not-for-profits Commission Act 2012</i> and the <i>Australian Charities and Not-for-profits Commission Regulations 2013</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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

I also provide the Board with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

MELBOURNE
27 September 2022



Janaka Kumara
as delegate for the Auditor-General of Victoria



Auditor-General's Independence Declaration

To the Board, Victoria Legal Aid

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for the Victoria Legal Aid for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
27 September 2022

A handwritten signature in blue ink that reads "Janaka Kumara".

Janaka Kumara
as delegate for the Auditor-General of Victoria

Comprehensive operating statement⁽ⁱ⁾

For the financial year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
CONTINUING OPERATIONS			
Revenue and income from transactions			
Grants from Government			
Grants received from the Commonwealth Government	2.2	61,339	67,484
Grants received from the State Government	2.2	183,640	176,405
Grants received from the Public Purpose Fund	2.3	22,994	25,789
		267,973	269,678
Other Income			
Client contributions towards legal assistance	2.4	4,351	1,367
Costs recovered and costs awarded from the Appeal Costs Fund	2.5	3,421	1,286
Interest on investments	2.6	375	271
Other income	2.7	28	37
		8,175	2,961
Total revenue and income from transactions		276,148	272,639
Expenses from transactions			
Case-related professional payments	3.2	(115,352)	(102,135)
Community legal centre payment - State Government grant funded	3.3	(31,334)	(38,351)
Employee expenses	3.4	(93,942)	(85,614)
Depreciation and amortisation	5.1.2	(11,557)	(8,650)
Interest expense	7.1.1	(2,017)	(2,507)
Other operating expenses	3.5	(14,245)	(10,686)
Total expenses from transactions		(268,447)	(247,943)
Net result from transactions (net operating balance)		7,701	24,696
Other economic flows included in net result			
Net gain/(loss) on non-financial assets ⁽ⁱⁱ⁾	9.2	(3,906)	237
Total other economic flows included in net result		(3,906)	237
Net result from continuing operations		3,795	24,933
Net result		3,795	24,933

(i) This format is aligned to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

(ii) 'Net gain/(loss) on non-financial assets' includes unrealised and realised gains/(losses) from revaluations, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus.

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

Balance sheet⁽ⁱ⁾

As at 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Assets			
Financial assets			
Cash and deposits	7.2.1	92,875	79,556
Accrued income	6.1	827	784
Receivables	6.2	16,573	22,659
Other assets	6.4	1,843	1,614
Total financial assets		112,118	104,613
Non-financial assets			
Property, plant and equipment	5.1	56,953	71,060
Intangible assets	5.2	6,121	997
Total non-financial assets		63,074	72,057
Total assets		175,192	176,670
Liabilities			
Payables	6.3	20,482	19,659
Leases	7.1	54,031	61,723
Employee related provisions	3.4.2	20,651	19,055
Other provisions	6.5	2,052	2,052
Total liabilities		97,216	102,489
Net assets		77,976	74,181
Equity			
Contributed capital		43,576	43,576
Accumulated surplus		34,400	30,605
Net Worth		77,976	74,181

(i) This format is aligned to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

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

Cash flow statement⁽ⁱ⁾

For the financial year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from Government Grants			
Receipts from Commonwealth Government		64,255	71,911
Receipts from State Government		183,922	187,206
Receipts from Public Purpose Fund		22,889	25,039
Total receipts from Government		271,066	284,156
Receipts of other income			
Client contributions received		2,558	1,907
Costs recovered and costs awarded from the Appeal Costs Fund		2,061	1,451
Interest on investments		373	270
Goods and services tax recovered from the ATO ⁽ⁱⁱ⁾		22,821	14,056
Other receipts		27	10
Total receipts of other income		27,840	17,694
Total receipts		298,906	301,850
Payments to suppliers and employees			
Case-related professional payments		(113,682)	(99,654)
Payments to employees		(97,122)	(92,031)
Interest payments		(2,017)	(2,507)
Community legal centre payment - State Government Grant funded		(33,237)	(42,869)
Other payments		(29,023)	(21,676)
		(275,081)	(258,737)
Net cash flows from/(used in) operating activities	7.2.2	23,825	43,113
Cash flows from investing activities			
Payments for non-financial assets		(3,001)	(5,168)
Proceeds from sale of non-financial assets		174	15
Net cash from/(used in) investing activities		(2,827)	(5,153)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities ⁽ⁱⁱⁱ⁾		(7,562)	(6,066)
Net cash flows from/(used in) financing activities		(7,562)	(6,066)
Net increase/(decrease) in cash and cash equivalents		13,436	31,894
Cash and cash equivalents at the beginning of the financial year		78,173	46,279
Cash and cash equivalents at the end of the financial year^(iv)	7.2.1	91,609	78,173

(i) This format is aligned to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

(ii) GST received from the Australian Taxation Office is presented on a net basis.

(iii) Victoria Legal Aid has recognised cash payments for the principal portion of lease payments as financing activities; cash payments for the interest portion as operating activities consistent with the presentation of interest payments and short-term lease payments for leases and low-value assets as operating activities.

(iv) Excludes funds on deposit for IBAC matters. Refer note 7.2.1

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

Statement of changes in equity⁽ⁱ⁾

For the financial year ended 30 June 2022

	Accumulated surplus \$'000	Contributed Capital \$'000	Total \$'000
Balance at 1 July 2020	5,672	43,394	49,066
Net result for the year	24,933	182	25,115
Balance at 30 June 2021	30,605	43,576	74,181
Net result for the year	3,795	-	3,795
Balance as 30 June 2022	34,400	43,576	77,976

(i) This format is aligned to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

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

1. About this report

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
570 Bourke Street
Melbourne VIC 3000

A description of the nature of our operations and principal activities is included in the Report of Operations which does not form part of the financial statements.

Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars, unless otherwise stated.

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

Consistent with the requirements of *AASB 1004 Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Department.

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

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

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying AAS that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

COVID-19

On 16 March 2020 a State of Emergency was declared in Victoria due to the global COVID-19 virus pandemic, known as coronavirus. A State of Disaster was subsequently declared on 2 August 2020. Whilst the State of Disaster ended on 8 November 2020, the State of Emergency has remained in place until 15 December 2021. From 16 December 2021 Victoria moved to operating under pandemic orders as part of Victoria's pandemic management framework. Various pandemic orders have been in place for the remainder of the financial year.

To contain the spread of the virus and to prioritise the health and safety of the community, various restrictions were announced and implemented by the State Government, which in turn impacted the manner in which businesses operate, including Victoria Legal Aid.

The year was again marked by operational changes and challenges due to the ongoing COVID-19 pandemic. However, what we have shown over the last two and a half years is that as an organisation we are adaptable, and the challenges can provide us with opportunities to be innovative and improve our services including an increase in the delivery of pre-court advice and online service delivery.

Compliance information

These general-purpose financial statements have been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, the *Australian Charities and Not-for-profit Commission Act 2012*, the *Australian Charities and Not-for-Profit Regulations 2013* and the applicable AASs, which includes interpretations issued by the Australian Accounting Standards Board (AASB) and other mandatory professional requirements. In particular, they are presented in a manner consistent with the requirements of *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

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

Accounting policies selected and applied in these financial statements ensure 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.

Going concern

The financial report has been prepared on a going-concern basis. Victoria Legal Aid is funded predominantly by regular grants from the Victorian and Commonwealth Governments. The Commonwealth funding is provided under the National Legal Partnership Agreement, which has been signed up to 2025. The Department of Justice and Community Safety Victoria provides continued support through the annual Victorian State Budget Papers. Ongoing discussions are continuing with the Victorian Government to seek additional funding to meet the long-term challenges of increasing demand for legal assistance.

These financial statements have been prepared in the reasonable expectation that such funding will continue from both the Victorian and Commonwealth Governments.

2. Funding delivery of our services

Introduction

This section presents the sources and amounts of revenue raised by Victoria Legal Aid.

The objectives of Victoria Legal Aid 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 ensure the coordination of the provision of legal aid so that it responds to the legal and related needs of the community
- (iv) to ensure the coordination of the provision of legal assistance information so that the information responds to the legal and related needs of the community, including by being -
 - accessible; and
 - current; and
 - high quality; and
 - of sufficient breadth
- (v) to provide to the community improved access to justice and legal remedies; and
- (vi) to pursue innovative means of providing legal aid directed at minimising the need for individual legal services in the community.

Revenue from transactions is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured at fair value.

Structure

- 2.1 Summary of income that funds the delivery of our services
- 2.2 Government Grants
- 2.3 Public Purpose Fund Grants
- 2.4 Client Contributions towards legal assistance
- 2.5 Costs recovered and costs awarded from the Appeal Costs Fund
- 2.6 Interest on investments
- 2.7 Other income

Overview

Victoria Legal Aid is funded predominantly by grants from the Government (Commonwealth and State) and from the Public Purpose Fund.

Commonwealth Government Funding

The Commonwealth Government funding is provided through the National Legal Partnership Agreement 2020-25 (NLAP). The Commonwealth and the Victorian State Government entered into this agreement on 1 July 2020 and it will expire on 30 June 2025. The agreement specifies arrangements for the delivery of Commonwealth-funded services by the State. Funding flows through the Victorian Government to Victoria Legal Aid and is reported as National Partnership Agreement based funding, 2022: \$54.7 million (2021: \$53.9 million).

In 2021, Victoria Legal Aid received \$2.0 million of additional Commonwealth Government funding to respond to the COVID-19 pandemic and \$0.01 million to support bushfire recovery work. No additional funding was provided in 2022 for this purpose.

The Commonwealth also provides funding to community legal centres on a quarterly basis which Victoria Legal Aid receives on their behalf and then distributes as per the funding schedule provided by the Commonwealth. Victoria Legal Aid does not control the allocation of grants received from the Commonwealth Government and consequently does not account for these funds in its financial statements as income or expenditure. The total amount received from the Commonwealth for community legal centres to 30 June 2022 was \$24.3 million (2021: \$14.2 million) and is disclosed in note 4.1 Administered items. In 2021, \$4.2 million of funding for Community Legal Centres provided outside of the NLAP in response to COVID-19 and bushfire recovery is included as Specific project grants. No additional funding was provided in 2022 for this purpose.

State Government Funding

The State Government provided \$183.7 million of grant funding in 2022 (2021: \$176.4 million).

Each year Victoria Legal Aid allocates a portion of its State funding and provides certain administration assistance to community legal centres in Victoria. For the year ended 30 June 2022, Victoria Legal Aid allocated \$26.3 million of direct funds (2021: \$26.2 million) and \$5.4 million of project funds (2021: \$8.3 million). Victoria Legal Aid has accounted for these grants as revenue in its financial statements as the Board of Victoria Legal Aid has discretionary funding choices over the allocation of state grants.

Public Purpose Fund

Funds are also provided from the Public Purpose Fund. The amount of base funding distributed each year can vary depending on the performance of the fund and when calls on the fund are made. VLA has also received additional funds approved by the Victorian Legal Services Board and Commissioner for specific sponsored projects. Refer to note 2.3.

2.1 Summary of revenue and income that funds the delivery of our services

	Notes	2022 \$'000	2021 \$'000
Government grants	2.2	244,979	243,889
Public Purpose Fund Grants	2.3	22,994	25,789
Client contributions towards legal assistance	2.4	4,351	1,367
Costs recovered and costs awarded from the Appeal Costs Fund	2.5	3,421	1,286
Interest on investments	2.6	375	271
Other income	2.7	28	37
Total revenue and income from transactions		276,148	272,639

Revenue and income that fund delivery of Victoria Legal Aid's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes. All amounts of income over which Victoria Legal Aid does not have control are not included in the totals above and are disclosed as administered income (see Note 4.1).

2.2 Government grants

Grants recognised under AASB 1058

Victoria Legal Aid has determined that the grant income included in the table below under AASB 1058 has been earned under arrangements that are either not enforceable and/or not linked to sufficiently specific performance obligations.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Victoria Legal Aid has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, Victoria Legal Aid recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004;
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- a lease liability in accordance with AASB 16;
- a financial instrument, in accordance with AASB 9; or
- a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Income received for specific purpose grants for on-passing is recognised simultaneously as the funds are immediately on passed to the relevant recipient entities on behalf of the Commonwealth Government.

Grants recognised under AASB 15

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers under AASB 15.

Revenue is recognised when Victoria Legal Aid satisfies the performance obligation by delivering the relevant outcomes to the relevant customers. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

	2022 \$'000	2021 \$'000
Income recognised under AASB 1058:		
Commonwealth grants		
National Legal Aid Partnership Agreement base funding	54,726	53,898
Expensive Commonwealth Criminal Cases ⁽ⁱ⁾	0	2,666
Specific project grants	6,613	10,920
Total	61,339	67,484
Revenue recognised under AASB 15:		
State grants		
Ongoing base funding		
Base funding	82,628	79,554
Discrete demand funding	63,910	51,851
One-off Initiatives	5,341	10,546
Community legal centre funding		
Community legal centre base funding	26,317	26,183
Community legal centre projects	5,444	8,271
Total state grants	183,640	176,405
Total grants	244,979	243,889

(i) In 2022, \$1.8 million of cash was received for Expensive Commonwealth Criminal Cases to fund 2022-23 case expenditure and so was recorded as income in advance (see note 6.2).

2.3 Public Purpose Fund Grants

Base funding grants from the Public Purpose Fund are distributed to the Legal Aid Fund pursuant to section 6.7.9 of the Legal Profession Act 2004 and are recognised as revenue when received. The Public Purpose Fund comprises interest and investment earnings on clients' funds held in solicitors' trust accounts. The amount of any distribution from the Public Purpose Fund to Victoria Legal Aid 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.

The Public Purpose Fund project grant represents additional funds provided by the Victorian Legal Services Board and Commissioner for specific sponsored projects. The project currently sponsored by the Victorian Legal Services Board and Commissioner is the Digital Legal Aid Strategy which aims to deliver significant benefits to Victoria Legal Aid and its stakeholders in the Justice sector by leveraging technology to improve client services, productivity and access to justice. The impacts of this investment can be seen in Victoria Legal Aid's intangible asset balance at note 5.2.

	2022 \$'000	2021 \$'000
Public Purpose Fund - base funding	19,389	21,539
Public Purpose Fund - project funding	3,605	4,250
Total	22,994	25,789

2.4 Client contributions towards legal assistance

Granting of legal assistance

Pursuant to the Legal Aid Act 1978, as amended, Victoria Legal Aid is empowered to make a grant of legal assistance subject to certain conditions. Under section 27 of the Act, Victoria Legal Aid may require a client to:

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

In accordance with Victoria Legal Aid'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 and an assessment is made to determine the amount. Revenue from the provision of legal services to clients is recognised at its recoverable amount. Contributions for services are only recognised when the recoverable amount can be reliably determined. Annually this amount is reviewed for impairment and a provision for impairment raised for estimated irrecoverable amounts and presented as a receivable in note 6.2. Where contributions are deemed to be irrecoverable they are written off as bad debts when identified. There are two types of contributions that can be imposed, secured and unsecured:

- **secured contributions** are established based on expected proceeds from the disposal of property and a client is directed to sign an agreement that will place a caveat over the client's property; and
- an **unsecured contribution** is one where the client is directed to make regular cash payments towards their legal matters.

	2022 \$'000	2021 \$'000
Client contributions - secured ⁽ⁱ⁾	2,520	493
Client contributions - unsecured ⁽ⁱ⁾	1,831	874
Total	4,351	1,367

(i) Increase in client contributions reflects court operations resuming normal activities after the disruptions to court operations due to COVID-19 over the last 2 years.

2.5 Costs recovered and costs awarded from Appeal Costs Fund

Revenue arising from costs recovered and costs awarded from the Appeal Costs Fund is recognised when Victoria Legal Aid has the right to receive revenue.

Costs recovered relate to court ordered reimbursements of legal costs incurred to be made to Victoria Legal Aid from a third party.

Costs awarded from the Appeals Cost Fund are court ordered reimbursements in criminal cases to cover costs that would otherwise be incurred more than once due to adjournments and abandonment of proceedings at no fault of the prosecution or the accused. The administration and payment of these matters is handled by the Appeal Costs Board.

	2022 \$'000	2021 \$'000
Costs recovered	1,690	774
Costs awarded	1,731	512
Total	3,421	1,286

2.6 Interest on investments

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

	2022 \$'000	2021 \$'000
Interest on investments	375	271
Total	375	271

2.7 Other income

Other income includes reimbursements and other minor income and is recognised when the right to receive payment is established.

	2022 \$'000	2021 \$'000
Other income	28	37
Total	28	37

3. The cost of delivering services

Introduction

This section provides an account of the expenses incurred by Victoria Legal Aid in delivering our services. In Note 2, the funds that enable the provision of services were disclosed and in this note the costs associated with provision of services are recorded.

Structure

- 3.1 Expenses incurred in delivery of services
- 3.2 Case-related professional payments
- 3.3 Community legal centre payments
- 3.4 Employee benefit expenses
- 3.5 Other operating expenditure

3.1 Expenses incurred in delivery of services

	Notes	2022 \$'000	2021 \$'000
Case-related professional payments	3.2	115,352	102,135
Community legal centre payments	3.3	31,334	38,351
Employee benefit expenses	3.4	93,942	85,614
Other operating expenditure	3.5	14,245	10,686
Total expenses incurred in delivery of services		254,873	236,786

3.2 Case-related professional payments

Payments are made to Victoria Legal Aid's private sector panel members for legal work undertaken on behalf of Victoria Legal Aid and for duty lawyer services. Other case-related expenditure includes mediation, interpreter fees, medical reports and conduct monies. Payments are recognised as an expense in the reporting period in which they are incurred and fluctuate depending on demand and types of cases funded.

The increase in case-related professional payments in 2021-22 is due to courts resuming normal activities following the significant impacts of COVID-19 on the courts over the last 2 years.

	2022 \$'000	2021 \$'000
Case-related legal expenditure	107,582	95,721
Duty lawyer expenses	5,299	3,890
Other case-related expenditure	2,471	2,524
Total case-related professional payments	115,352	102,135

3.3 Community legal centre payment

Payments made to community legal centres are recognised as an expense in the reporting period in which they are incurred.

	2022 \$'000	2021 \$'000
Base funds to community legal centres ⁽ⁱ⁾	26,477	26,213
Project funds to community legal centres ^{(i),(ii)}	4,857	12,138
Total community legal centre payments	31,334	38,351

(i) 2020-21 figures have been adjusted to reflect revised funding breakdown to recognise all ongoing expenditure as base funds in line with the revenue categories in note 2.2. Variances to revenue amounts relate to the timing of expenditure across years.

(ii) Decrease in project funds primarily relates to additional expenditure in 2020-21 for COVID-19 and bushfire recovery, which was funded by additional government grants, as reported in note 2.

Funding is provided from the State Government to Victoria Legal Aid for the benefit of Community Legal Centres. Victoria Legal Aid also receives and administers funding to community legal centres on behalf of the Commonwealth Government which is not included in this summary of payments, with the exception of COVID-19 response and bushfire recovery expenditure of \$4.2m in 2021. No additional funding was provided in 2022 for these purposes. See note 4.1 for Commonwealth Government funding disclosure.

3.4 Employee benefit expenses

3.4.1 Employee benefit expenses in the comprehensive operating statement

Employee benefit expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements and WorkCover premiums.

	2022 \$'000	2021 \$'000
Employee benefit expenses		
Salaries and overtime	75,081	69,094
Annual leave and long service leave expense	10,024	8,969
Superannuation	8,588	7,351
WorkCover	249	200
Total employee benefit expenses	93,942	85,614

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. Victoria Legal Aid does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

3.4.2 Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2022 \$'000	2021 \$'000
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	6,899	6,332
Long Service Leave		
Unconditional and expected to settle within 12 months	835	773
Unconditional and expected to settle after 12 months	7,966	7,374
Provision for on costs		
Unconditional and expected to settle within 12 months	824	727
Unconditional and expected to settle after 12 months	868	757
Total current provision for employee benefits	17,392	15,963
Non-current provisions:		
Employee benefits	2,941	2,804
On-costs	318	288
Total non-current provisions for employee benefits	3,259	3,092
Total provision for employee benefits	20,651	19,055
	2022 \$'000	2021 \$'000
Reconciliation of movement in on-cost provision		
Opening balance for the period	1,772	1,716
Net additional provisions recognised	238	56
Closing balance for the period	2,010	1,772

Wages, salaries and annual leave

Liabilities for wages and salaries including non-monetary benefits and annual leave expected to be wholly 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. Victoria Legal Aid does not have an unconditional right to defer settlement of these liabilities.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as non-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.

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

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Long service leave

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

Current liability—unconditional LSL (representing seven or more years of continuous service) is disclosed as a current liability even where Victoria Legal Aid 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:

- undiscounted value—component that Victoria Legal Aid expects to settle within 12 months; or
- present value—component that Victoria Legal Aid does not expect to settle within 12 months.

Non-current liability—conditional LSL (representing less than seven years of continuous service) is disclosed as a non-current liability. There is a conditional 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. Any gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised as other economic flows in the Comprehensive Operating Statement.

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.

3.4.3 Super contributions

Employees of Victoria Legal Aid are entitled to receive superannuation benefits and Victoria Legal Aid contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

	Paid contributions for the year		Contribution outstanding at year end ⁽ⁱ⁾		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Defined Benefit Scheme	47	63	0	2	47	65
Defined contribution plans						
VicSuper Pty Ltd	4,093	3,598	(15)	119	4,078	3,717
Other	4,482	3,449	(19)	120	4,463	3,569
	8,622	7,110	(34)	241	8,588	7,351

(i) The final employee payment during the 2021-22 financial year contained a prepayment of one day, 1 July 2022. As a result there was no outstanding contribution, but rather a contribution paid in advance.

3.5 Other operating expenditure

	2022 \$'000	2021 \$'000
Other expenditure from ordinary activities		
Supplies and services	8,347	6,049
Occupancy and asset related expenses	1,596	1,338
Short-term lease expenses	95	93
Information Technology expenses	3,804	3,064
Bad debts	403	142
Total other expenditure from ordinary activities	14,245	10,686

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. It also includes bad debts expense from transactions that are mutually agreed.

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

Occupancy and asset related expenses and short term leases

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

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

Variable lease payments that are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate and which are not, in substance fixed) such as those based on performance or usage of the underlying asset, are recognised in the Comprehensive Operating Statement (except for payments which has been included in the carrying amount of another asset) in the period in which the event or condition that triggers those payments occur.

Remaining leases are recognised as a Right of Use Asset or Liability in line with AASB 16 Leases and are disclosed in note 7.1.

Information Technology Expenses

Information management systems expense includes equipment maintenance and licence fees associated with internet, video conferencing and software.

Bad debts

Bad and doubtful debts are assessed on a regular basis. In line with AASB 9, Victoria Legal Aid account for the expected loss on an annual basis until the date it is paid. The concept of expected credit losses (ECLs) means that Victoria Legal Aid must look at how current and future economic conditions impact the amount of loss.

4. Administered (non-controlled items)

Introduction

Victoria Legal Aid is predominantly funded by accrual based parliamentary appropriations for the provision of outputs. This section provides a description of Victoria Legal Aid outputs delivered during the year ended 30 June 2022 along with the objectives of those outputs.

This section disaggregates revenue and income that enables the delivery of services (described in Section 2) by output and records the allocation of expenses incurred (described in Section 3) also by output, which form part of controlled balances. It also provides information on items administered in connection with these outputs.

This section provides information on funds administered by Victoria Legal Aid which it does not control and consequently are not included in its financial statements as income or expenditure.

4.1 Community legal centre payments - Commonwealth Government Grant Funded

The Commonwealth and the Victorian Government entered into the National Legal Partnership Agreement 2020-25 (NLAP) on 1 July 2020 and it will expire on 30 June 2025. The agreement specifies arrangements for the delivery of Commonwealth-funded services by the state. Under this agreement the Commonwealth Government provides funding to community legal centres on a quarterly basis which Victoria Legal Aid receives on their behalf and distributes as per the State's accountability under the NLAP. Victoria Legal Aid does not control the allocation of grants received from the Commonwealth Government in this instance and consequently does not include these funds in its financial statements as income or expenditure. The total amount received from the Commonwealth for community legal centres to 30 June 2022 was \$24.3 million (2021: \$14.2 million). The increase was due to additional funding provided following the National Legal Assistance Partnership Bi-Lateral Update.

4.2 Trust account

Victoria Legal Aid as a corporate entity under the *Legal Practice Act 1996* (Vic) maintains a trust account in accordance with that Act for the purpose of receiving money on account of legal costs in advance of provision of legal services from clients or their representatives.

During the year approval was granted by the Victorian Legal Services Board and Commissioner to maintain the trust account within the Legal Aid fund, thereby removing the requirement to maintain a separate account. As function of the account remains unchanged and Victoria Legal Aid have no control over the funds held, these are considered Administered Funds. Transactions recorded below reflect those that occurred following the transition to the Legal Aid Fund from February 2022 onwards. Full disclosure of the Trust account up to 30 June 2022 remain in note 7.3.

Administered (non-controlled) items

For the financial year ended 30 June 2022

	Community Legal Centres		Trust Account		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Administered income from transactions						
Income received from the Commonwealth	24,352	14,192	-	-	24,352	14,192
Trust account receipts	-	-	18	-	18	-
Total administered income from transactions	24,352	14,192	18	-	24,370	14,192
Administered expenditure from transactions						
Payments made on behalf of the Commonwealth Government	(24,352)	(14,192)	-	-	(24,352)	(14,192)
Trust account payments	-	-	(236)	-	(236)	-
Total administered expenditure from transactions	(24,352)	(14,192)	(236)	-	(24,588)	(14,192)
Total administered net result from transactions	-	-	(218)	-	(218)	-
Assets						
Financial assets	-	-	251	-	251	-
Total assets	-	-	251	-	251	-
Liabilities						
Income in advance	-	-	(251)	-	(251)	-
Total liabilities	-	-	(251)	-	(251)	-
Net assets	-	-	-	-	-	-

5. Key assets available to support delivery of our services

Introduction

Victoria Legal Aid controls property, plant, equipment and intangible assets that are utilised in fulfilling its objectives and conducting its activities.

Fair value measurement

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

Structure

- 5.1 Property, plant and equipment
- 5.2 Intangibles

5.1 Property, plant and equipment

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Information technology equipment at fair value ⁽ⁱ⁾	3,372	3,267	(2,443)	(2,317)	929	950
Building leases and leasehold improvement at fair value	81,697	82,719	(31,662)	(21,496)	50,035	61,223
Furniture, fixtures and fittings at fair value	199	169	(87)	(68)	112	101
Motor Vehicle leases and motor vehicles at fair value	681	671	(358)	(351)	323	320
Office machines and equipment at fair value	303	291	(291)	(291)	12	-
Cultural assets at fair value	180	180	-	-	180	180
Assets under construction at cost ⁽ⁱⁱ⁾	5,362	8,286	-	-	5,362	8,286
Net carrying amount	91,794	95,583	(34,841)	(24,523)	56,953	71,060

(i) Excludes Software and other IT intangibles disclosed separately in note 5.2.

(ii) The assets under construction balance is due to the Digital Legal Aid program, primarily funded through the Public Purpose Fund. This investment will continue in future years, and likely be transferred to Victoria Legal Aid's intangible assets on completion.

The following tables are subsets of right-of-use assets classified between buildings and plant and equipment.

5.1(a) Total right-of-use assets: building, vehicles, and information technology equipment leases

	Gross carrying amount	Accumulated depreciation	Net carrying amount	Gross carrying amount	Accumulated depreciation	Net carrying amount
	2022 \$'000	2022 \$'000	2022 \$'000	2021 \$'000	2021 \$'000	2021 \$'000
Building leases	68,897	(22,784)	46,113	69,919	(13,381)	56,538
Motor Vehicles leases	656	(358)	298	439	(161)	278
Information Technology Equipment leases	1,116	(385)	731	719	(69)	650
Net carrying amount	70,669	(23,527)	47,142	71,077	(13,611)	57,466

	Building leases \$'000	Motor Vehicle leases \$'000	Information Technology Equipment leases \$'000
Opening balance - 1 July 2021	56,538	278	650
Opening balance adjustment ⁽ⁱ⁾	(1,022)	-	-
Additions	-	217	397
Disposals	-	-	-
Amortisation	(9,403)	(197)	(316)
Closing balance - 30 June 2022	46,113	298	731
Opening balance - 1 July 2020	63,257	230	-
Additions	-	165	719
Disposals	-	-	-
Amortisation	(6,719)	(117)	(69)
Closing balance - 30 June 2021	56,538	278	650

(i) An adjustment of \$1m, following a reassessment of the right of use asset value with the lease schedules

Initial recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction and direct labour on the asset.

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

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

Subsequent measurement

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

Victoria Legal Aid depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation as required by FRD 103.

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

Leasehold improvements

The cost of improvements to or on leasehold properties is depreciated over the unexpired period of the lease or the estimated useful life of the improvement to Victoria Legal Aid. Leasehold improvements are measured at cost less accumulated depreciation and impairment.

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 expense.

Cultural assets

Cultural assets such as artworks that Victoria Legal Aid intends to preserve because of their unique cultural and historical attributes are valued at fair value.

Vehicles

Vehicles owned by Victoria Legal Aid are valued using the current replacement cost method. Victoria Legal Aid is transitioning to a leasing model, but previously acquired new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in Victoria Legal Aid who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Vehicles under lease are reported in line with AASB 16 Leases.

5.1.2 Depreciation and amortisation

	2022 \$'000	2021 \$'000
Charge for the period		
Information technology equipment	168	254
Furniture, fixtures and fittings	19	17
Leasehold improvements	762	763
Motor vehicles	17	39
Motor vehicles - write-back of depreciation due to revaluation	(19)	0
Office machines and equipment	0	1
Total depreciation	947	1,074
Amortisation	10,610	7,576
Total	11,557	8,650

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated.

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 estimated residual value. Leasehold improvements are depreciated over the term 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 useful lives are used for each major class of depreciable assets for the current and prior years:

Leased Buildings	3 - 13 years
Furniture, fixtures and fittings	10 years
Information technology equipment	3 years
Leasehold improvements	3 - 13 years
Motor vehicles	3 years
Office machines and equipment	6 years

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

Cultural assets are considered to have an indefinite life and are not depreciated because their service potential has not, in any material sense, been consumed during the reporting period.

Right-of use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the entity obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

Impairment

Non-financial 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.

No impairments were recognised in the financial year ended 30 June 2022.

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.

5.1.3 Reconciliation of movements in carrying amount of property, plant and equipment

	Information technology	Furniture, fixtures and fittings	Building leases and leasehold improvement	Motor vehicles	Office machines and equipment	Cultural assets	Assets under construction	Total
	At fair value \$'000	At fair value \$'000	At fair value \$'000	At fair value \$'000	At fair value \$'000	At fair value \$'000	At cost \$'000	\$'000
2022								
Carrying amount at start of year	950	101	61,223	320	-	180	8,286	71,060
Opening balance adjustment ⁽¹⁾	-	-	(1,022)	-	-	-	-	(1,022)
Additions	463	30	-	216	12	-	2,894	3,615
Revaluations	-	-	-	26	-	-	-	26
Disposals	-	-	-	(45)	-	-	-	(45)
Transfers	-	-	-	-	-	-	(5,818)	(5,818)
Depreciation and Amortisation	(484)	(19)	(10,166)	(194)	-	-	-	(10,863)
Carrying amount at end of year	929	112	50,035	323	12	180	5,362	56,953
2021								
Carrying amount at start of year	328	118	68,367	313	1	140	3,708	72,975
Additions	945	-	338	164	-	6	4,578	6,031
Revaluations	-	-	-	-	-	34	-	34
Disposals	-	-	-	(1)	-	-	-	(1)
Transfers	-	-	-	-	-	-	-	-
Depreciation	(323)	(17)	(7,482)	(156)	(1)	-	-	(7,979)
Carrying amount at end of year	950	101	61,223	320	-	180	8,286	71,060

(1) Following a review, an adjustment of \$1m has been made to align the right of use asset value with the lease schedules

5.2 Intangible assets

Reconciliation

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

	2022 \$'000	2021 \$'000
Gross Carrying Amount		
Opening balance	9,519	9,498
Additions	5,818	21
Closing Balance	15,337	9,519
Accumulated depreciation, amortisation and impairment		
Opening balance	(8,522)	(7,851)
Amortisation	(694)	(671)
Closing Balance	(9,216)	(8,522)
Net Balance	6,121	997

Intangible assets represent identifiable non-monetary assets without physical substance. The additions in 2022 primarily relate to the Digital Legal Aid program, funded through the Public Purpose Fund, and the development of Victoria Legal Aid's new website. The assets under construction balance in note 5.1 is due to the Digital Legal Aid program and will likely further increase the intangibles balance in future years aligned with the program implementation schedule.

Initial recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 Intangible Assets is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in location and condition necessary for it to be capable of operating in the manner intended by management.

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;
- (e) the availability of adequate technical, financial and other resources to complete the development and to scrap or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Until internally generated intangible assets are ready and available for use they are recorded as assets under construction.

Subsequent Measurement

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: 3–9 years

Impairment of intangible assets

- Intangible assets are tested annually for impairment and whenever there is an indication that the asset may be impaired.

Significant intangible assets

Victoria Legal Aid has capitalised software development expenditure for the development of software from the Digital Legal Aid program. The carrying amount of the Digital Legal Aid capitalised software development expenditure is \$4.9 million (2021: \$0.43 million). Its useful life is 9 years in line with the supporting platform.

6. Other assets and liabilities

Introduction

This section sets out those assets and liabilities that arose from Victoria Legal Aid's operations.

Structure

- 6.1 Accrued income
- 6.2 Receivables
- 6.3 Payables
- 6.4 Other non-financial assets
- 6.5 Other provisions

6.1 Accrued income

	2022	2021
	\$'000	\$'000
Grants from the State Government	827	784
	827	784

Accrued income represents amounts that Victoria Legal Aid has earned through the provision of goods and services or obtained the right to receive. The amounts are recognised as an asset and income if the income recognition criteria are met but the cash will be received in the new reporting period.

6.2 Receivables

	2022 \$'000	2021 \$'000
Contractual		
Secured		
Secured client contributions receivable	20,613	20,177
Provision for secured client contributions	(9,761)	(6,528)
Total secured client contributions receivable at net present value	10,852	13,649
Unsecured		
Unsecured client contributions receivable	6,157	4,968
Provision for unsecured client contributions	(3,546)	(2,630)
Total unsecured client contributions receivable at net present value	2,611	2,338
Secured client contributions receivable on unfinalised matters	1,024	597
Total client contributions	14,487	16,584
Other receivables	97	624
Total contractual receivables	14,584	17,208
Statutory		
GST receivable	1,989	5,451
Total statutory receivables	1,989	5,451
Total receivables	16,573	22,659
<i>Represented by:</i>		
Current receivables	3,910	7,895
Non-current receivables	12,663	14,764
	16,573	22,659

Receivables

Include client contributions, Net GST receivables and other receivables.

Contractual receivables

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. Victoria Legal Aid holds the contractual receivables with the objective of collecting the contractual cash flows, they are therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. Victoria Legal Aid applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

Client Contributions

An annual assessment of the net present value of receivables is undertaken to review the receivable portfolio, recovery history and the current and forecast financial environment to determine a recoupment pattern. This payment pattern was discounted by 3.83% (2021: 1.88%) for secured receivables, which is the forecast earnings rate of Victoria Legal Aid's investment portfolio to determine the net present value. The average repayment time for unsecured receivables is significantly less than that for secured, and therefore a different discount rate of 3.44% was used for 2022 (2021: 0.90%).

6.2.1 Movement in the provision for client contributions receivable

	2022 \$'000	2021 \$'000
Provision for secured client contributions		
Balance at 1 July	6,528	5,944
Movements in actuarial assessment of secured client contributions receivable	3,233	584
Balance at 30 June	9,761	6,528
Provision for unsecured client contributions		
Balance at 1 July	2,630	2,703
Increase/(decrease) in provision for re-assessments and bad debt write-downs	403	142
Movements in actuarial assessment of unsecured client contributions receivable	513	(215)
Balance at 30 June	3,546	2,630
Total provision for client contributions	13,307	9,158

A provision is made against secured client contributions, determined by management's actuarial assessment of the recoverable amount. Secured debtors are long term, therefore the balance is measured at the net present value. The recoverable amount estimates the extent of future debts receivable after adjustments and the discount to net present value.

A provision for impairment has been made for unsecured client contributions receivable. The assessment estimates future cash flows receivable after adjustments and bad debts determined by reference to past default experience, and discounts the estimate to the net present value. Management's actuarial assessment of the recoverable amount is used, with consideration of the impacts of COVID-19.

6.3 Payables

	2022 \$'000	2021 \$'000
Contractual		
Case-related professional payable	13,502	11,250
Supplies and services payable ⁽ⁱ⁾	6,704	7,303
Funds on deposit for IBAC matters	1,266	1,383
Statutory		
GST payable	(990)	(277)
Total payables	20,482	19,659
<i>Represented by:</i>		
Current payables	20,482	19,659
Non-current payables	-	-
	20,482	19,659

(i) Includes \$1.8 million of cash received for Expensive Commonwealth Criminal Cases to fund 2022-23 case expenditure (see note 2.2).

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

Payables consist of:

- **contractual payables**, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to Victoria Legal Aid prior to the end of the financial year that are unpaid; and
- **statutory payables**, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Case-related professional creditors

This represents amounts owing to Victoria Legal Aid's panel members for legal work undertaken on behalf of Victoria Legal Aid. The amount owing to legal creditors for work performed comprises two components:

- (i) amounts certified but not paid; and
- (ii) amounts incurred but not yet invoiced at balance date.

This amount does not reflect the total expected expenditure related to all approved grants of legal assistance. An estimate of this amount is included in note 7.4.

Measurement of outstanding payments for case-related professional creditors is based on an assessment of outstanding claims. The assessment makes reference to historical debt recognition, repayments and balance movements to model the updated estimate.

An assessment was undertaken by Victoria Legal Aid to identify amounts owing to legal creditors for work performed prior to 30 June 2022 but not yet invoiced. The assessment is based on an analysis of all historical files, with consideration of short term impacts of changed court conditions. These were examined to determine an average cost per file, the average period for finalisation and typical payment profile. We have estimated the value of work in progress by comparing the payments made on each file at balance date with the expected average payment for the file, and made an adjustment to our legal creditors balance for the difference.

No interest charge is applicable.

Supplies and services payable

Accounts payable represent liabilities for goods and services provided to Victoria Legal Aid prior to the end of the financial year that are unpaid. Payables for supplies and services have an average credit period of 30 days.

In line with State Government direction on 21 March 2020 as a response to COVID-19, Victoria Legal Aid adopted a commitment to making supplier payments within 10 days of invoice.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

Funds on deposit for IBAC matters

Victoria Legal Aid receives funding from the Department of Justice and Community Safety to provide legal assistance for witnesses examined by the Independent Broad-based Anti-Corruption (IBAC) Commission. The money is held on deposit and drawn down when expenditure is incurred.

The maturity profile of financial liabilities held by Victoria Legal Aid is detailed below.

	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1 – 3 months	3 months – 1 year	1 – 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022						
Case-related professional creditors	13,502	13,502	8,996	4,506	-	-
Supplies and services payable ⁽ⁱ⁾	6,704	6,704	6,468	236	-	-
	20,206	20,206	15,464	4,742	-	-
2021						
Case-related professional creditors	11,250	11,250	8,931	2,319	-	-
Supplies and services payable ⁽ⁱ⁾	7,303	7,303	6,774	529	-	-
	18,553	18,553	15,705	2,848	-	-

Note:

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST recoverable/payable).

6.4 Other assets

	2022 \$'000	2021 \$'000
Current other assets		
Prepayments	1,370	1,217
Other assets	473	397
Total current other assets	1,843	1,614
Total other assets	1,843	1,614

Prepayments represent payments in advance of receipt of goods or services or the payments made for services covering a term extending beyond that financial accounting period.

6.5 Other provisions

	2022 \$'000	2021 \$'000
Non-current provisions		
Decommissioning	2,052	2,052
Total non-current provisions	2,052	2,052
Total provisions	2,052	2,052

Other provisions are recognised when Victoria Legal Aid 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, using a discount rate that reflects the time, value of money and risks specific to the provision.

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

The Decommissioning (make-good) provision is recognised in accordance with the lease agreement to restore the premises to its original condition at the end of the lease term.

7. How we financed our operations

Introduction

This section provides information on the sources of finance utilised by Victoria Legal Aid during its operations and information on current commitments for expenditure.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 8.1 provides additional, specific financial instrument disclosures.

Structure

- 7.1 Leases
- 7.2 Cash flow information and balances
- 7.3 Trust account
- 7.4 Commitments

7.1 Leases

	2022 \$'000	2021 \$'000
Current Leases		
Lease liabilities ⁽ⁱ⁾	7,264	6,914
Total current leases	7,264	6,914
Non-current leases		
Lease liabilities ⁽ⁱ⁾	46,767	54,809
Total non-current leases	46,767	54,809
Total leases	54,031	61,723

(i) Secured by the assets leased. Leases liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Lease liabilities are classified as financial instruments and classified at amortised cost.

Maturity analysis of leases

	Carrying amount	Nominal amount	Maturity dates				
			Less than 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	> 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022							
Lease liabilities	54,031	61,570	-	2,400	6,857	36,793	15,520
Total	54,031	61,570	-	2,400	6,857	36,793	15,520
2021							
Lease liabilities	61,723	70,872	-	2,277	6,829	36,394	25,372
Total	61,723	70,872	-	2,277	6,829	36,394	25,372

Interest expense

	2022 \$'000	2021 \$'000
Interest on lease liability	2,017	2,507
Total interest expense	2,017	2,507

7.1.1 Leases

Information about leases for which Victoria Legal Aid is a lessee is presented below.

Victoria Legal Aid Leasing Activities

Victoria Legal Aid leases various properties, equipment and motor vehicles. The lease contracts are typically made for fixed periods of 1-13 years with an option to renew the lease after that date.

7.1.1 (a) Right-of-use Assets

Right-of-use assets are presented in note 5.1(a).

7.1.1 (b) Amounts recognised in the Comprehensive Operating Statement

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

	2022 \$'000	2021 \$'000
Interest expense on lease liabilities	2,017	2,507
Expenses relating to short term leases	95	93
Total amount recognised in the Comprehensive Operating Statement	2,112	2,600

7.1.1 (c) Amounts recognised in the Statement of Cashflows

The following amounts are recognised in the Statement of Cashflows for the year ending 30 June 2022 relating to leases:

	2022 \$'000	2021 \$'000
Interest expense on lease liabilities	2,017	2,507
Other payments relating to short term leases	95	93
Repayment of principal portion of lease liabilities	7,562	6,066
Total cash outflow for leases	9,674	8,666

For any new contracts entered into, Victoria Legal Aid considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition Victoria Legal Aid assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Victoria Legal Aid and for which the supplier does not have substantive substitution rights;
- Victoria Legal Aid has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Victoria Legal Aid has the right to direct the use of the identified asset throughout the period of use; and
- Victoria Legal Aid has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Recognition and measurement of leases as a lessee

Lease Liability – initial measurement

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

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

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

Lease Liability – subsequent measurement

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

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

Short-term leases and leases of low value assets

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

	Minimum future lease payments ⁽ⁱ⁾		Present value of minimum future lease payments	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Other finance lease liabilities payable ⁽ⁱⁱ⁾				
Not longer than 1 year	9,257	9,106	7,264	6,914
Longer than 1 year but not longer than 5 years	36,793	36,394	31,808	30,465
Longer than 5 years	15,520	25,372	14,959	24,344
Minimum future lease payments	61,570	70,872	54,031	61,723
Less future finance charges	7,539	9,149	-	-
Present value of minimum lease payments	54,031	61,723	54,031	61,723
Included in the financial statements as:				
Current lease liabilities (Note 7.1)			(7,264)	(6,914)
Non-current lease liabilities (Note 7.1)			(46,767)	(54,809)
Total			(54,031)	(61,723)

(i) Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.

(ii) Other finance lease liabilities include obligations that are recognised on the balance sheet; the future payments related to operating and lease commitments are disclosed in Note 7.4.

7.2 Cash flow information and balances

7.2.1 Cash and cash deposits

Cash and deposits, including cash equivalents, comprise cash on hand, cash in banks and deposits at call, and highly liquid investments with an original maturity of three months or less, that are readily convertible to cash and are subject to an insignificant risk of changes in value.

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

	2022 \$'000	2021 \$'000
Funds on deposit for IBAC matters	1,266	1,383
Cash at bank and on hand	91,609	78,173
	92,875	79,556

Funds on deposit for IBAC matters

These funds are for the purpose of administering specific matters and are held from the Department of Justice and Community Safety.

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

	2022 \$'000	2021 \$'000
Cash at bank and on hand	92,875	79,556
Less Funds on deposit for IBAC matters	(1,266)	(1,383)
Balance as per statement of cash flows	91,609	78,173

7.2.2 Reconciliation of net results from continuing operations to net cash inflow from operating activities

	2022 \$'000	2021 \$'000
Net result from continuing operations	3,795	24,933
Non-cash movements		
Depreciation and amortisation	11,557	8,650
Net (gain) loss on disposal of non-current assets	(163)	(48)
Bad debts from transactions	403	142
Movements in assets and liabilities		
(Increase) decrease in accrued income	(43)	(784)
Decrease (increase) in receivables	6,086	13,947
Decrease (increase) in prepayments	(229)	14
Increase (decrease) in trade creditors	(1,429)	(4,733)
Increase (decrease) in case-related professional creditors	2,252	552
Increase (decrease) in employee provisions	1,596	440
Net cash inflow/(outflow) from operating activities	23,825	43,113

7.3 Trust account

Victoria Legal Aid as a corporate entity under the Legal Practice Act 1996 (Vic) maintains a trust account in accordance with that Act for the purpose of receiving money on account of legal costs in advance of provision of legal services from clients or their representatives. Previously, the trust fund did not form part of Victoria Legal Aid's financial statements and was included for information purposes only and is audited by Nexia Australia. However, The Victorian Legal Services Board + Commissioner approved the Trust Account to be managed through the Legal Aid Fund from 28 May 2021. Following this change, Trust Account transactions are now recorded as Administered funds under Note 4.

	2022 \$'000	2021 \$'000
<i>Victoria Legal Aid</i>		
<i>Trust account statement of receipts and payments</i>		
<i>For the year ended 30 June 2022</i>		
Balance at beginning of year	366	445
Receipts		
Amounts received from the Legal Practice Board	-	-
Amounts received on behalf of clients	185	309
	551	754
Less Payments		
Amounts paid on behalf of clients	300	388
Amounts paid to the Legal Practice Board	-	-
Balance at end of year	251	366
This amount is represented by:		
Cash at bank	251	54
Deposits with the Legal Practice Board	-	312
	251	366

7.4 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 and inclusive of GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the Balance Sheet.

Commitments for expenditure

Total commitments

Nominal amounts	Less than 1	1 - 5 years	> 5 years	Total
	year			
2022	\$'000	\$'000	\$'000	
Capital expenditure commitments payable	360	796	-	1,156
Intangible assets commitments payable	29	-	-	29
Other commitments payable	771	171	-	942
Approved grants of legal assistance ⁽¹⁾	36,099	3,496	-	39,595
Total commitments (inclusive of GST)	37,259	4,463	-	41,722
Less GST recoverable	3,387	406	-	3,793
Total commitments (exclusive of GST)	33,872	4,057	-	37,929
	Less than 1	1 - 5 years	> 5 years	Total
	year			
2021	\$'000	\$'000	\$'000	
Capital expenditure commitments payable	272	999	-	1,271
Intangible assets commitments payable	734	-	-	734
Other commitments payable	1,909	105	-	2,014
Approved grants of legal assistance ⁽¹⁾	46,715	17,627	-	64,342
Total commitments (inclusive of GST)	49,630	18,731	-	68,361
Less GST recoverable	4,512	1,703	-	6,215
Total commitments (exclusive of GST)	45,118	17,028	-	62,146

(1) This reflects the estimated cost to provide the remaining legal services for grants committed in current and previous financial years. The final cost may be more or less than the amount disclosed due to the nature and progress of the matter. The reduction from the prior financial year resulted from improved analytical work completed based on actual outstanding grant data and historical trends of costs to fulfil a grant of legal aid.

8. Risks contingencies and valuation judgements

Introduction

Victoria Legal Aid is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for Victoria Legal Aid related mainly to fair value determination.

Structure

- 8.1 Financial instruments specific disclosures
- 8.2 Contingent assets and contingent liabilities
- 8.3 Fair value determination

8.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Categories of financial assets

Financial assets at amortised cost

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

- the assets are held by Victoria Legal Aid to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

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

Victoria Legal Aid recognises the following assets in this category:

- cash and deposits; and
- receivables (excluding statutory receivables)

Funds on deposit for IBAC matters are not recognised in the comprehensive operating statement, but are offset by related expenditure when incurred.

Categories of financial liabilities

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

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

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

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

Where Victoria Legal Aid has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Victoria Legal Aid's continuing involvement in the asset.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

Reclassification of financial instruments: Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and if Victoria Legal Aid's business model for managing its financial assets has changed such that its previous model would no longer apply. If under rare circumstances an asset is reclassified, the reclassification is applied prospectively from the reclassification date and previously recognised gains, losses or interest should not be restated. If the asset is reclassified to fair value, the fair value should be determined at the reclassification date and any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in net result.

8.1.1 Financial instruments: Categorisation

2022	Cash and deposits \$'000	Financial assets at amortised cost \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
Contractual financial assets				
Cash and deposits	91,609	-	-	91,609
Funds on deposit for IBAC matters	1,266	-	-	1,266
Receivables				
Client contribution receivable	-	14,487	-	14,487
Other receivables ⁽¹⁾	-	97	-	97
Total contractual financial assets	92,875	14,584	-	107,459
Contractual financial liabilities				
Case-related professional creditors	-	-	13,502	13,502
Funds on deposit for IBAC matters	-	-	1,266	1,266
Other payables ⁽¹⁾	-	-	6,704	6,704
Lease liabilities	-	-	54,031	54,031
Total contractual financial liabilities	-	-	75,503	75,503
2021				
Contractual financial assets				
Cash and deposits	78,173	-	-	78,173
Funds on deposit for IBAC matters	1,383	-	-	1,383
Receivables				
Client contribution receivable	-	16,584	-	16,584
Other receivables ⁽¹⁾	-	624	-	624
Total contractual financial assets	79,556	17,208	-	96,764
Contractual financial liabilities				
Case-related professional creditors	-	-	11,250	11,250
Funds on deposit for IBAC matters	-	-	1,383	1,383
Other payables ⁽¹⁾	-	-	7,303	7,303
Lease liabilities	-	-	61,723	61,723
Total contractual financial liabilities	-	-	81,659	81,659

Note:

(1) The carrying amounts disclosed here exclude statutory amounts (e.g. GST recoverable/payable).

8.1.2 Financial instruments – Net holding gain/(loss) on financial instruments by category

2022	Net holding gain/(loss) \$'000	Total interest income/(expense) \$'000	Impairment loss \$'000	Total \$'000
Contractual financial assets				
Financial assets at amortised cost – other than on derecognition	(2,624)	-	-	(2,624)
Total contractual financial assets	(2,624)	-	-	(2,624)
Contractual financial liabilities				
Financial liabilities designated at fair value through profit/loss	1,653	-	-	1,653
Total contractual financial liabilities	1,653	-	-	1,653
2021				
Contractual financial assets				
Financial assets at amortised cost – other than on derecognition	(16,760)	-	-	(16,760)
Total contractual financial assets	(16,760)	-	-	(16,760)
Contractual financial liabilities				
Financial liabilities designated at fair value through profit/loss	(3,777)	-	-	(3,777)
Total contractual financial liabilities	(3,777)	-	-	(3,777)

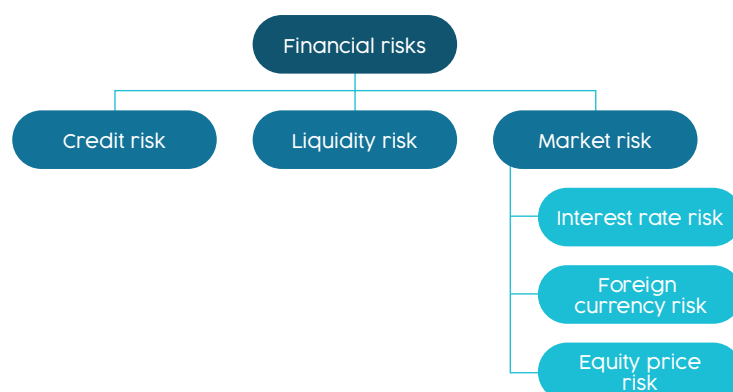
Note:

Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.

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

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

8.1.2 Financial risk management objectives and policies



As a whole, Victoria Legal Aid's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in note 8.3 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage Victoria Legal Aid's financial risks within the government policy parameters.

Victoria Legal Aid's main financial risks include credit risk, liquidity risk, and interest rate risk. Victoria Legal Aid manages these financial risks in accordance with its Cash and Investments policy.

Victoria Legal Aid uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer of Victoria Legal Aid.

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

With respect to each class of financial asset and financial liability, details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses, are recognised.

Financial instruments: Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Victoria Legal Aid's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Victoria Legal Aid. Credit risk is measured at fair value and is monitored on a regular basis.

Victoria Legal Aid has a significant credit risk exposure associated with 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.

There has been no material change in Victoria Legal Aid's credit risk profile in 2021-22.

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 Victoria Legal Aid's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Credit quality of financial assets

2022	Financial institution (double-A credit rating) \$'000	Government agencies (triple-A credit rating) \$'000	Rating not applicable \$'000	Total \$'000
Financial assets				
Financial assets with loss allowance measured at 12-month expected credit loss				
Cash and deposits	92,875	-	-	92,875
Financial assets with loss allowance measured at lifetime expected credit loss:				
Contractual receivables applying the simplified approach for impairment	-	-	14,584	14,584
Total financial assets	92,875	-	14,584	107,459

Credit quality of financial assets

2021	Financial institution (triple-A credit rating) \$'000	Government agencies (triple-A credit rating) \$'000	Rating not applicable \$'000	Total \$'000
Financial assets				
Financial assets with loss allowance measured at 12-month expected credit loss:				
Cash and deposits	79,556	-	-	79,556
Financial assets with loss allowance measured at lifetime expected credit loss:				
Contractual receivables applying the simplified approach for impairment	-	-	17,208	17,208
Total financial assets	79,556	-	17,208	96,764

Notes:

The total amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable).

Impairment of financial assets under AASB 9

Victoria Legal Aid records the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Financial assets subject to AASB 9 impairment assessment include Victoria Legal Aid's contractual receivables, and statutory receivables.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Contractual receivables at amortised cost

Victoria Legal Aid applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Victoria Legal Aid has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on Victoria Legal Aid's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, Victoria Legal Aid determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as follows:

30-Jun-22	Current	Less than 1 month	1-3 months	3 months - 1 year	1+ years	Total
Expected loss rate	0%	0%	0%	8.0%	54.2%	
Gross carrying amount of contractual receivables	-	-	-	3,910	23,981	27,891
Loss allowance	-	-	-	313	12,994	13,307

1-Jul-21	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Expected loss rate	0%	0%	0%	9.0%	45.7%	
Gross carrying amount of contractual receivables	-	-	-	7,895	18,471	26,366
Loss allowance	-	-	-	711	8,447	9,158

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

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

Statutory receivables and debt investments at amortised cost

Victoria Legal Aid's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. No loss allowance has been recognised.

Financial instruments: Liquidity risk

Liquidity risk is the risk that Victoria Legal Aid will be unable to meet its payment obligations when they fall due. Victoria Legal Aid operates under a commitment to making supplier payments within 10 days of invoice and in the event of a dispute, making payments also within 10 days from the date of resolution.

Victoria Legal Aid is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. Victoria Legal Aid manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- holding funds in at call accounts in line with the Centralised Banking System arrangements;
- detailed forecasting to assess future cash commitments; and
- a high credit rating for the State of Victoria (Moody's Investor Services and Standard & Poor's double-A).

Responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for the management of Victoria Legal Aid's short, medium and long-term funding and liquidity. This framework takes into consideration that Victoria Legal Aid is prohibited by the Legal Aid Act 1978 from incurring borrowing costs and, consequently, borrowing funds. Victoria Legal Aid manages its liquidity risk by maintaining adequate cash reserves, seeking to align expenditure to funding levels, by continuously monitoring forecasts and actual cash flows while matching the maturity profiles of financial assets and liabilities and an expectation of continuation of funding by the State and Commonwealth Governments.

Financial instruments: Market risk

Victoria Legal Aid's exposures to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

Victoria Legal Aid's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. Sensitivity analysis shown are for illustrative purposes only.

Financial instruments: Interest rate risk

Fair value interest rate risk is the risk that fair value of a financial instrument will fluctuate because of changes in market interest rates. Victoria Legal Aid does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Victoria Legal Aid has minimal exposure to cash flow interest rate risks through cash and deposits through the use of the Centralised Banking System.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and Victoria Legal Aid's sensitivity to interest rate risk are set out in the table that follows.

Interest rate exposure of financial instruments

2022	Notes	Weighted average interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
Financial assets						
Cash at bank and on hand	7.2	0.33%	91,609	-	91,609	-
Funds on deposit for IBAC matters	7.2	0.13%	1,266	-	1,266	-
Receivables ⁽ⁱ⁾	6.2		14,584	-	-	14,584
Total financial assets			107,459	-	92,875	14,584
Financial liabilities						
Case-related professional creditors	6.3		13,502	-	-	13,502
Funds on deposit for IBAC matters	6.3		1,266	-	-	1,266
Leases	7.1	3.99%	54,031	-	-	54,031
Sundry payables ⁽ⁱ⁾	6.3		6,704	-	-	6,704
Total financial liabilities			75,503	-	-	75,503

Note:

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST recoverable/payable).

2021	Notes	Weighted average interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
Financial assets						
Cash at bank and on hand	7.2	0.33%	78,173	-	78,173	-
Funds on deposit for IBAC matters	7.2	0.05%	1,383	-	1,383	-
Receivables ⁽ⁱ⁾	6.2		17,208	-	-	17,208
Total financial assets			96,764	-	79,556	17,208
Financial liabilities						
Case-related professional creditors	6.3		11,250	-	-	11,250
Funds on deposit for IBAC matters	6.3		1,383	-	-	1,383
Leases	7.1	4.00%	61,723	-	-	61,723
Sundry payables ⁽ⁱ⁾	6.3		7,303	-	-	7,303
Total financial liabilities			81,659	-	-	81,659

Note:

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST recoverable/payable).

Interest rate risk sensitivity

		2022			2021	
	Carrying amount	-100 basis points Net result	+ 100 basis points Net result	Carrying amount	-100 basis points Net result	+ 100 basis points Net result
Contractual financial assets						
Cash at bank and on hand	91,609	(916)	916	78,173	(782)	782
Fund on Deposit for IBAC matters	1,266	(13)	13	1,383	(14)	14

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

8.2 Contingent assets and contingent liabilities

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

Contingent assets

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

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

Contingent liabilities

Contingent liabilities are:

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

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

Non-quantifiable contingent liabilities:

A number of potential obligations are non-quantifiable at this time arising from:

- indemnities provided in relation to transactions, including financial arrangements and consultancy services, as well as for directors and administrators;
- performance guarantees, warranties, letters of comfort and the like;
- deeds in respect of certain obligations; and
- unclaimed monies, which may be subject to future claims by the general public against the State.

Victoria Legal Aid does not have any contingent assets, contingent liabilities or claims of a material nature at 30 June 2022 which have not already been disclosed in these financial statements (2021:Nil).

8.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

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

This section sets out the information on how Victoria Legal Aid determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

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

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

Victoria Legal Aid determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

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

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value); and
- which level of the fair value hierarchy was used to determine the fair value.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to note 8.1) and non-financial physical assets (refer to note 5.1).

8.3.1 Fair value determination of financial assets and liabilities

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

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

The 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.

Victoria Legal Aid currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts approximate to fair value, due to their short-term nature or with the expectation that they will be paid in full by the end of the 2021-22 reporting period.

These financial instruments include:

Financial Assets	Financial Liabilities
Cash and deposits	Payables: <ul style="list-style-type: none"> - For supplies and services - Case related professional payables - Leases - Other payables
Receivables: <ul style="list-style-type: none"> - Client contribution receivables - Other receivables 	

Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference.

	2022			2021		
	Carrying amount	Fair value at end of period using:		Carrying amount	Fair value at end of period using:	
		Level 1 ⁽ⁱⁱ⁾	Level 2 ⁽ⁱⁱ⁾		Level 1 ⁽ⁱⁱ⁾	Level 2 ⁽ⁱⁱ⁾
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial assets						
Cash at bank and on hand	91,609	91,609	-	78,173	78,173	-
Funds on deposit for IBAC matters	1,266	1,266	-	1,383	1,383	-
Receivables ⁽ⁱ⁾	14,584	-	14,584	17,208	-	17,208
	107,459	92,875	14,584	96,764	79,556	17,208
Financial liabilities						
Case-related professional creditors	13,502	-	13,502	11,250	-	11,250
Funds on deposit for IBAC matters	1,266	1,266	-	1,383	1,383	-
Leases	54,031	-	54,031	61,723	-	61,723
Payables ⁽ⁱ⁾	6,704	-	6,704	7,303	-	7,303
	75,503	1,266	74,237	81,659	1,383	80,276

Note:

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST recoverable/payable)

(ii) There were no significant transfers between level 1 and level 2 during the year.

8.3.2 Fair value determination of non-financial physical assets

	2022			2021		
	Carrying amount	Fair value at end of period using:		Carrying amount	Fair value at end of period using:	
		Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾		Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Information technology equipment	929	-	929	950	-	950
Building leases and leasehold improvement	50,035	-	50,035	61,223	-	61,223
Furniture, fixtures and fittings	112	-	112	101	-	101
Motor Vehicle leases and motor vehicles ⁽ⁱⁱ⁾	323	-	323	320	-	320
Office machines and equipment	12	-	12	-	-	-
Cultural assets	180	180	-	180	180	-
	51,591	180	51,411	62,774	180	62,594

(i) Classified in accordance with the fair value hierarchy.

(ii) Vehicles are categorised to Level 3 assets if the current replacement cost is used in estimating the fair value. However, entities should consult with an independent valuer in determining whether a market approach is appropriate for vehicles with an active resale market available. If yes, a Level 2 categorisation for such vehicles would be appropriate

There have been no transfers between levels during the period.

To the extent that artworks do not contain significant, unobservable adjustments, these are classified as Level 2 under the market approach.

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

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

Building leases and leasehold improvement are held at fair value and reported in line with AASB 16 Leases.

Motor Vehicles Leases and Motor Vehicles owned by Victoria Legal Aid are valued using the current replacement cost method. Victoria Legal Aid is transitioning to a leasing model, but previously acquired new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in Victoria Legal Aid who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Victoria Legal Aid has commenced transition to a leasing model. Vehicles under lease are reported in line with AASB 16 Leases.

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

Cultural Assets refer to artwork that is valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value. A valuation of the cultural assets was conducted during the year by the Valuer-General Victoria, which resulted in an increase in value of \$0.03 million.

There were no changes in valuation techniques throughout the period to 30 June 2022.

For all assets measured at fair value, the current use is considered the highest and best use.

Description of significant unobservable inputs to Level 3 valuations

Asset	Valuation techniques	Significant unobservable inputs
Information technology	Current depreciated replacement cost	Cost per unit Useful life of equipment
Furniture, fixtures and fittings	Current depreciated replacement cost	Cost per unit Useful life equipment
Leasehold improvements	Current depreciated replacement cost	Cost per unit Useful life of building fitout
Motor vehicles	Current depreciated replacement cost	Cost per unit Useful life of vehicles
Office machines equipment	Current depreciated replacement cost	Cost per unit Useful life of equipment

9. Other disclosures

Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

- 9.1 Ex-gratia expenses
- 9.2 Other economic flows included in net result
- 9.3 Responsible persons
- 9.4 Remuneration of executives
- 9.5 Related parties
- 9.6 Remuneration of auditors
- 9.7 Subsequent events
- 9.8 Other accounting policies
- 9.9 Australian Accounting Standards issued that are not yet effective
- 9.10 Glossary of technical terms
- 9.11 Style conventions

9.1 Ex-gratia expenses

Ex gratia expenses are the voluntary payments of money or other non-monetary benefit (e.g. a write-off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity.

Victoria Legal Aid made total ex-gratia payments of \$0.02 million during the period upon termination of employment (2021: \$0.15 million).

9.2 Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

	2022 \$'000	2021 \$'000
Other economic flows		
Net gains/(losses) on non-financial assets:		
Net gains/(losses) on disposal property, plant and equipment	162	48
Net actuarial gains/(losses) on receivable amounts:		
Net actuarial gains/(losses) of secured client contributions receivables- net present value ⁽ⁱ⁾	(3,233)	(584)
Net actuarial gains/(losses) on impairment of unsecured client contribution receivables ⁽ⁱ⁾	(916)	73
Total net actuarial gains/(losses) on recoverable amounts	(4,149)	(511)
Net gains/(losses) arising from other economic flows:		
Net gains/(losses) arising from revaluation of long service leave liability due to changes in discount bond rates and staff retention	81	700
Total other economic flows	(3,906)	237

(i) Including increase/(decrease) in provision for doubtful debts and bad debts from other economic flows – refer to note 6.2.

Net gains/(losses) on non-financial assets and liabilities includes realised and unrealised gains and losses from revaluations, impairments, disposals of all non-financial assets and intangible assets.

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

Intangible assets are tested annually for impairment and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, excluding financial assets (refer to note 5.1).

Net gains/(losses) on financial instruments and statutory receivables/payables includes realised and unrealised gains and losses from revaluations by actuarial assessment of legal payables and receivables.

Net gains/(losses) arising from other economic flows include the gains or losses from reclassification of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

9.3 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the Financial Management Act 1994 (FMA), the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the above positions in Victoria Legal Aid are as follows:

Responsible ministers

Victorian Attorney-General	The Hon. Jaclyn Symes, MP	1 July 2021 to 30 June 2022
Acting Victorian Attorney-General	The Hon. Natalie Hutchins, MP	20 September 2021 to 1 October 2021
	The Hon. Lisa Neville, MP	18 April 2022 to 18 April 2022
	The Hon. Natalie Hutchins, MP	19 April 2022 to 27 April 2022
	The Hon. Lisa Neville, MP	16 June 2022 to 18 June 2022

Responsible Body and Board

Chairperson	Mr Bill Jaboor	1 July 2021 to 30 June 2022
Acting Chairperson	Ms Robbie Campo	1 April 2022 to 30 June 2022
Director	Ms Robbie Campo	1 July 2021 to 31 March 2022
Director	Mr George Habib	1 July 2021 to 30 June 2022
Director	Mr John O'Donoghue	1 July 2021 to 3 February 2022
Director	Mr Andrew Saunders	1 July 2021 to 30 June 2022
Director	Ms Clare Morton	1 July 2021 to 30 June 2022
Director	Ms Tal Karp	1 July 2021 to 30 June 2022

Accountable Officer

Chief Executive Officer (current)	Ms Louise Glanville	1 July 2021 to 30 June 2022
Acting Chief Executive Officer	Mr Dan Nicholson	26 August 2021 to 17 September 2021
	Ms Rowan McRae	24 February 2022 to 18 March 2022
	Mr Dan Nicholson	19 April 2022 to 26 April 2022
	Mr Cameron Hume	6 June 2022 to 10 June 2022

Remuneration

Amounts relating to the Minister are excluded. The Minister's remuneration and allowances are set by the Parliamentary Salaries and Superannuation Act 1968 and is reported within the State's Annual Financial Report.

Remuneration received or receivable by the Accountable Officer in connection with the management of Victoria Legal Aid during the reporting period was in the range: \$400,000 - \$409,999 (\$340,000 - \$349,999 in 2020-21).

Income Band	Total Remuneration	
	2022 No.	2021 No.
\$0 - \$9,999	0	3
\$10,000 - \$19,999	1	5
\$20,000 - \$29,999	5	0
\$40,000 - \$49,999	1	0
\$50,000 - \$59,999	0	1
\$340,000 - \$349,999	0	1
\$400,000 - \$409,999	1	0
Total numbers⁽ⁱ⁾	8	10
Total amount \$000's	576	514

(i) Decrease is due to impacts in 2020-21, when two Board members ceased their engagement and two new Board members commenced during the year.

9.4 Remuneration of executives

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

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories.

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

Post-employment benefits: superannuation entitlements;

Other long-term benefits include long service leave, other long service benefits or deferred compensation; and

Termination benefits include termination of employment payments, such as severance packages.

	Total Remuneration	
	2022 \$'000	2021 \$'000
Short-term employee benefits	2,168	1,777
Post-employment benefits	222	175
Other long-term benefits	53	43
Termination benefits	-	101
Total remuneration	2,443	2,096
Total number of executives⁽ⁱ⁾	11	11
Total annualised employee equivalents⁽ⁱⁱ⁾	9.2	8

Notes:

(i) The total number of Senior Executive Service officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (refer to note 9.5).

(ii) Annualised employee equivalent is based on the time fraction worked over the reporting period. Increase in 2022 is due to executives being in place for the full year compared to only in the role for part of 2021.

9.5 Related parties

Victoria Legal Aid is a statutory authority and a controlled entity of the State of Victoria.

Related parties of Victoria Legal Aid include all key management personnel and their close family members and personal business interests.

Key management personnel

Key management personnel of Victoria Legal Aid includes Board Members and the Executive Management Group of Victoria Legal Aid.

Key management personnel	Position title
Mr Bill Jaboor	Chairperson
Ms Robbie Campo	Director
Mr George Habib	Director
Mr Andrew Saunders	Director
Ms Tal Karp	Director
Ms Clare Morton	Director
Ms Louise Glanville	Chief Executive Officer and Accountable Officer
Mr Cameron Hume	Chief Operating Officer
Mr Dan Nicholson	Executive Director - Criminal Law Services
Mr Peter Noble	Executive Director - Regions and Service Delivery
Ms Rowan McRae	Executive Director - Legal Practice, Civil Justice, Access & Equity
Ms Joanna Fletcher	Executive Director - Family, Youth and Children's Law

Remuneration of key management personnel

	2022 \$'000	2021 \$'000
Short-term employee benefits ⁽ⁱ⁾	1,758	1,415
Post-employment benefits	163	122
Other long-term benefits	40	32
Total⁽ⁱ⁾	1,961	1,569

Notes:

(i) Note that KMPs are also reported in the disclosure of remuneration of Senior Executive Service officers (Refer to note 9.4) and responsible persons (Refer to note 9.3).

Victoria Legal Aid received funding from and made payments to the Consolidated Fund during the year. Victoria Legal Aid had the following government-related entity transactions:

	2022 \$'000	2021 \$'000
Receipts		
Commonwealth Grants		
National Legal Aid Partnership Agreement	54,726	53,898
Attorney General Department	-	2,666
Project Grants	6,613	10,920
Total Commonwealth Grants	61,339	67,484
State Grants		
Base Funding	146,538	131,405
Department of Justice and Community Safety - Community Legal Centres	26,317	26,183
Victorian Legal Services Board and Commissioner	19,389	21,539
Total State Grants	192,244	179,127
Specific Project Grants		
Department of Justice and Community Safety	2,018	7,072
Department of Justice and Community Safety - Community Legal Centres	5,444	8,271
Department of Jobs, Precincts & Regions	400	594
Department of Health and Human Services	2,923	2,880
Victorian Legal Services Board and Commissioner	3,605	4,250
Total Specific Project Grants	14,390	23,067
Total State Grants and Specific Project Grants	206,634	202,194
Total receipts from government-related entities	267,973	269,678
Payments		
Community Legal Centres ⁽ⁱ⁾	31,334	38,351

(i) Excludes Commonwealth Grants recorded as administered (non-controlled items). See note 4.

Transactions and balances with key management personnel and other related parties

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

Outside of normal citizen type transactions, there were no related party transactions that involved key management personnel, their close family members and their personal business interests.

9.6 Remuneration of auditors

	2022 \$'000	2021 \$'000
Remuneration of auditors comprises:		
Audit of financial reports: Victorian Auditor General's Office	62	61
	62	61

9.7 Subsequent events

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Victoria Legal Aid at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate, with any degree of certainty, the potential impact of the pandemic after the reporting date on Victoria Legal Aid, its operations, future results and financial position.

There are no other matters or circumstances that have arisen since 30 June 2022 that have significantly affected or may significantly affect the operations, or results, or state of affairs of Victoria Legal Aid.

9.8 Other accounting policies

Contribution by owners

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Victoria Legal Aid.

9.9 Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2021-22 reporting period. These accounting standards have not been applied to the Model Financial Statements. The State is reviewing its existing policies and assessing the potential implications of these accounting standards which include:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* to defer the application by 1 year to periods beginning on or after 1 January 2023. Victoria Legal Aid will not early adopt the Standard.

Victoria Legal Aid is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the Victoria Legal Aid's reporting.

- AASB 17 *Insurance Contracts*.
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates*
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*
- AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*.

9.10 Glossary of technical terms

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

Administered item generally refers to an organisation lacking the capacity to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

Amortisation is the expense that results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an 'other economic flow'.

Borrowings refers to interest bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, lease liabilities, service concession arrangements and other interest bearing arrangements. Borrowings also include non-interest bearing advances from government that are acquired for policy purposes.

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources. Commitments also include the estimated cost to provide the remaining legal services for grants committed in current and previous financial years. The final cost may be more or less than the amount disclosed due to the nature and progress of the matter.

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

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

Effective interest method is the method used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write-off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

Financial asset is any asset that is:

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

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability is any liability that is:

- (a) a contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial statements comprise of:

- (a) a balance sheet as at the end of the period;
- (b) a comprehensive operating statement for the period;
- (c) a statement of changes in equity for the period;
- (d) a cash flow statement for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

General government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those that are mainly non-market in nature, those that are largely for collective consumption by the community and those that involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Grants for on-passing are grants paid to one institutional sector (e.g. a State general government entity) to be passed on to another institutional sector (e.g. local government or a private non-profit institution).

Interest expense represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of lease repayments, service concession financial liabilities and amortisation of discounts or premiums in relation to borrowings.

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Net worth is equal to financial assets minus liabilities. It is a broader measure than net debt as it incorporates provisions made (such as superannuation, but excluding depreciation and bad debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities, only some of which are included in net debt.

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

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other nonowner movements in equity'.

Net worth is equal to financial assets minus liabilities. It is a broader measure than net debt as it incorporates provisions made (such as superannuation, but excluding depreciation and bad debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities, only some of which are included in net debt.

Non-financial assets are all assets that are not financial assets. It includes plant and equipment, information technology, cultural assets and intangibles.

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

Operating result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'. Refer also 'net result'.

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

Payables includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films and research and development costs (which does not include the start-up costs associated with capital projects).

Receivables include amounts owing from government through appropriation receivable, short and long-term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

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 Victoria Legal Aid.

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

9.11 Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

- zero, or rounded to zero
- (xxx.x) negative numbers
- 20xx year period
- 20xx xx year period

The financial statements and notes are presented based on the illustration for a government department in the 2021-22 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of Victoria Legal Aid's annual reports.

Appendix 1: Disclosure index

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

Ministerial Directions

Report of operations – FRD Guidance

Charter and purpose

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Management and structure

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Financial and other information

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Financial statements

Declaration

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FRD 21	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	31, 92 - 93
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Contact details

Main reception

Wurundjeri Country

570 Bourke Street, Melbourne

Postal – GPO Box 4380, Melbourne Vic 3001

Telephone – (03) 9269 0234

www.legalaid.vic.gov.au

Monday to Friday 8.45 am to 5.15 pm

Legal Help

Telephone – 1300 792 387

Monday to Friday 8 am to 6 pm

Disaster Legal Help

We have a dedicated telephone line for legal help after disasters such as a bushfires or floods.

Monday to Friday 8 am to 6 pm

Telephone – 1800 113 432

For hearing impaired (TTY)

Contact the **National Relay Service** and ask to be put through to Victoria Legal Aid.

TTY/voice – 133 677 or 1800 555 677 (country callers)

SSR/speak and listen – 1300 555 727 or 1800 555 727 (country callers)

In different languages

Arabic	(03) 9269 0127
Bahasa	Ring main Legal Help line and request
Bosnian	(03) 9269 0164
Cantonese	(03) 9269 0161
Croatian	(03) 9269 0164
Farsi (Persian)	(03) 9269 0123 currently not available
Greek	(03) 9269 0167
Hindi	(03) 9269 0487
Hokkien	Ring main Legal Help line and request
Mandarin	(03) 9269 0212
Polish	(03) 9269 0228
Samoan	Ring main Legal Help line and request
Serbian	(03) 9269 0332
Spanish	(03) 9269 0384
Turkish	(03) 9269 0386
Ukrainian	(03) 9269 0390
Urdu	(03) 9269 0389
Vietnamese	(03) 9269 0391



For **all other languages**, call the Translating and Interpreting Service on 131 450 and ask to be put through to Victoria Legal Aid.

Feedback

Feedback on this report is welcome. Please write to:

Victoria Legal Aid, Community Legal Information and Corporate Services

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