

2006-07

Victoria Legal Aid
Twelfth Statutory Annual Report 2006-07

our vision

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

our values

Victoria Legal Aid is committed to:

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





The Hon Attorney-General
1 Treasury Place
EAST MELBOURNE 3002

31 August 2007

Dear Attorney

I am pleased to present Victoria Legal Aid's twelfth statutory annual report for the year 2006-07. You will see that throughout the year Victoria Legal Aid continued to provide high levels of legal aid services to the Victorian community while successfully controlling operating costs.

Details of Victoria Legal Aid's activities for the year are set out in the following report and financial statements.

Yours faithfully

John Howie
Chairperson

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highlighting our performance

chairperson's report



This year marked Victoria Legal Aid's twenty-fifth anniversary, an important milestone in the history of the organisation. In that time Victoria Legal Aid (VLA) has provided more than 925,000 grants of legal

aid to Victorians who could not afford a lawyer. VLA has also provided hundreds of thousands of duty lawyer services for people attending court without a lawyer. More than ever, VLA is a central part of the justice system in this state.

Once more our results this year were pleasing, demonstrating that VLA continues to improve its services and operations and ensure effective and efficient access to justice for those in the community who need it.

Financial performance

Over recent years, sustained financial management resulted in VLA accumulating significant financial reserves, especially from our Commonwealth revenue stream. Three years ago the VLA board determined to reduce the level of our reserves and increase legal aid services to the Victorian public. This strategy was embraced firstly because reserves in excess of cash flow requirements should be used to provide new or additional services, and secondly because VLA's 2004 funding agreement with the Commonwealth requires that VLA use its excess reserves or risk a reduction in Commonwealth revenue.

This strategy has resulted in the establishment of a number of new services for the benefit of the Victorian community. In particular, the organisation has implemented programs to commence addressing the lack of civil law legal aid services in Victoria. These initiatives included a new specialist in-house practice in social security law and new

grants guidelines for Infringements Court matters, drought victims, equal opportunity and discrimination matters. VLA also facilitated the merger of Victoria's two consumer law community legal centres to form the new Consumer Action Law Centre, with significantly increased funding to the merged entity, which now provides a statewide legal service.

As a result, in 2006-07 operating expenses totalled \$117.6 million and \$111.2 million was received in revenue, as set out in Table 1. The overall operating deficit of \$6.5 million represents a state revenue funding surplus of \$1.1 million and a Commonwealth operating deficit of \$7.6 million. In line with the board's strategy, VLA is applying its reserves to the provision of new and increased services to the Victorian community.

Nevertheless, it is necessary to sound a cautionary note. VLA's budget for 2007-08 anticipates the completion of VLA's reserves reduction strategy, which will leave the organisation with the necessary surplus for cash flow purposes.

In the process of utilising excess Commonwealth reserves VLA has built up levels of service delivery, especially in the Family Law Act jurisdiction, to meet strong community demand. However, without additional Commonwealth government support, it will not be possible, having used excess reserves, to sustain this level of service delivery beyond 2007-08.

Our funding agreement with the Commonwealth Government must be renewed in 2008. Historically, the Commonwealth has treated our organisation differently to other legal aid commissions primarily because of our level of reserves. This resulted in VLA being treated less favourably, in terms of distribution of Commonwealth legal aid funds, than other Australian legal aid commissions. Having honoured our agreement with the Commonwealth to reduce those reserves, VLA now looks forward to a level playing field during funding negotiations in 2008.

VLA's expenses and revenue is set out in Figures 1 and 2. Expenditure on legal services increased to an 11 year high of \$99.6 million and administration costs were maintained at a relatively stable level.

Table 1: Financial results 2004-07

	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000
Revenue	90,623	98,114	111,153
Expenses	90,547	102,081	117,623
Results	76*	(3,967)	(6,470)

* Adjustment to the prior period is due to the implementation of the new International Accounting Standards

Figure 1: Revenue 2006-07

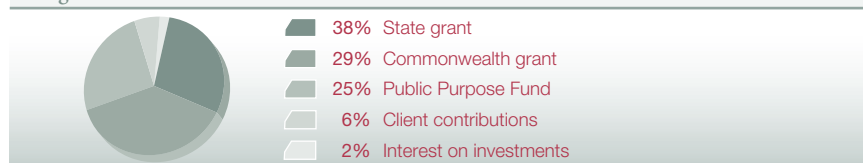


Figure 2: Expenditure 2006-07

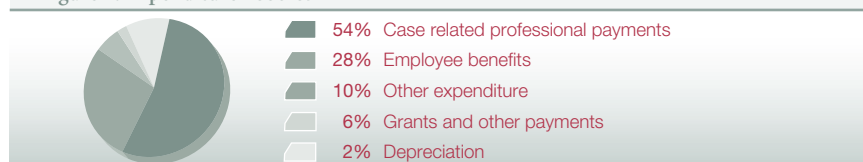
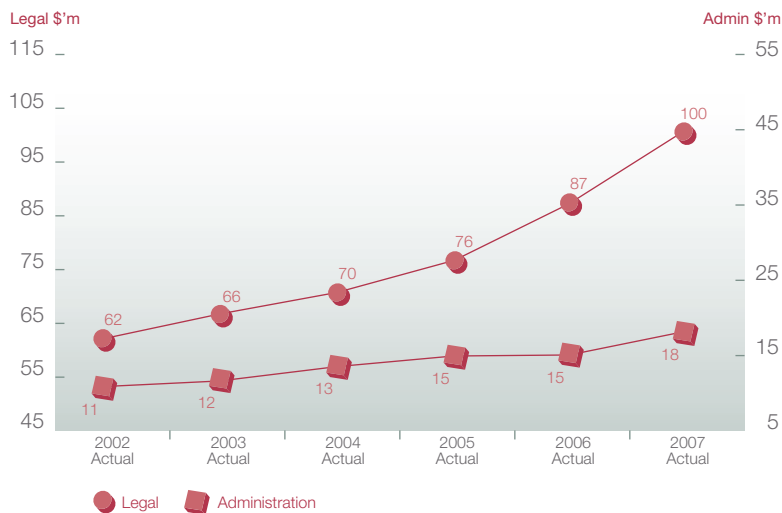


Figure 3: Legal expenditure compared to administration costs 2002-07



This occurred at a time when the organisation has also been focussing on improved systems, processes and capacity. The comparison between expenditure on administration and legal services in Figure 3 indicates the efficiency with which VLA has managed its operations.

During the year, \$26.5 million was allocated to VLA from the Public Purpose Fund, an increase of \$6.9 million on the previous year. The Public Purpose Fund has become an extremely important source of revenue for the organisation, now funding 39% of our state-funded activity. The VLA board remains extremely grateful to the Legal Services Board for its strong and continuing support for legal aid in Victoria.

Strategic developments

VLA's strategic plan continued to provide the framework for a range of projects, which will improve the way we deliver services to our clients and to the legal profession, and to ensure the efficiency of our operations.

During the year, this included a suite of major projects being conducted through VLA's Business and System Enhancement (BASE) program. The BASE program includes:

- the Australian Total Legal Aid Solution (ATLAS), a new software program to replace VLA's aging grants management system, which is being developed in partnership with the NSW Legal Aid Commission
- an electronic Case and Practice Management System for VLA's legal practice
- e-lodgement, a web-based system for online submission and tracking of applications for legal assistance, extensions and invoices
- the redevelopment of VLA's website and intranet, including the redevelopment of the *VLA Handbook*.

VLA continued work on the implementation of a quality assurance framework to ensure that we deliver services of consistent quality. An audit of almost 800 practice division files against key performance indicators was completed in December 2006. Pleasingly, the audit found that the overall quality of our in-house legal services is high. It also helped identify gaps in our systems and processes that can be addressed to make it easier for staff to work efficiently, and ultimately improve the levels of service we can provide to our clients.

VLA also continued to implement the Referrals, Access and Equity project. The project will enhance our service delivery to vulnerable members of the community such as women, people with disabilities, culturally and linguistically diverse communities and Indigenous Victorians. During the year a new interpreter policy was introduced and diversity awareness training occurred across the organisation. VLA will renew its strategic plan next year as we look towards new challenges and goals for the long term future of the organisation.

Thank you

Thanks must go to Victorian Attorney-General, Rob Hulls, for his ongoing support for VLA. Mr Hulls continues to advocate strongly for legal aid in Victoria and is a great supporter of our organisation.

The board welcomed Sue Walpole as a new member and she has made a great contribution to the organisation in her first year on the board. I also thank Mary Anne Noone and Frank King for their continuing contribution to the governance of the organisation. To managing director, Tony Parsons, the executive team and to all of VLA's dedicated staff, thank you for your efforts and the fantastic service you provide to the Victorian community.

John Howie
Chairperson

managing director's report



In 25 years VLA and its predecessor, the Legal Aid Commission of Victoria, have accomplished much of which the community can be very proud. Over the period Victorians have been provided with

almost a million grants of legal aid, well over a million duty lawyer services and several million legal advice and information services. As a force for access to justice, the organisation's future is as bright as its illustrious history of providing legal service to the Victorian community.

Organisational performance

VLA's performance against key indicators demonstrates that 2006-07 was an outstanding year with three new performance records set this year.

The organisation provided 42,020 grants of aid for people requiring legal representation in court. Up nearly 3,000 from the previous year, this is the first time in the history of Victoria Legal Aid that the number of grants exceeded 40,000.

Notwithstanding this increase in service volume, the administration of services remained efficient so that in 78% of cases the decision to grant legal assistance was made within five days. A record 95% of all applications were approved.

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

- Duty lawyer services continued to increase, with a record number of 63,509 provided. Duty lawyers provide legal representation to people who attend court without a lawyer. This is the highest number of services provided in any one year over the 25 year history of the modern era of legal aid in Victoria.
- 55,482 legal advices were provided, just short of our target. Our duty lawyer statistics confirm that our in-house legal teams were at court responding to the record increase in demand for duty lawyer services, rather than providing advice services.

- VLA answered 72,253 calls for information and referral. VLA's Legal Information Service operates in English and 14 other languages. Major changes to the Family Law Act 1975 at the beginning of the year presented special challenges for our call centre with enquiries about the complex new family law system substantially increasing the average length of each call to the service.
- 559,360 community legal education publications were distributed, either in hard copy or downloaded from the VLA website.

New social security practice

The first phase of a new in-house civil law practice specialising in social security law was established during the year. The practice deals with administrative decisions in the social security jurisdiction, as well as criminal matters. This specialist practice responds to the fact that when the social security system fails a citizen, significant and often tragic consequences follow such as family disintegration, homelessness, poor mental or physical health and criminal behaviour. Early legal advice and assistance will provide substantial protection from these consequences for many disadvantaged people. The second and third phases of the practice rollout will provide Victoria with a state-wide specialist social security practice.

Table 2: Report on operations comparing targets with performance 2004-2007

	2004-05	2005-06	2006-07	Target
Applications for grants of legal assistance				
Approved	37,868	39,124	42,020	Meet demand
% processed within 5 days	77	74	78	85
Other services				
Duty lawyer services	57,187	61,820	63,509	52,922
Legal advice (and minor work)	52,860	56,448	55,482	56,035
Legal Information Service (telephone advice)	75,917	73,070	72,254	76,700
Community legal education publications distributed and downloaded	590,825	672,916	559,360	500,000

highlighting our performance

Family law secondments

In a new initiative, a number of VLA's family lawyers were seconded to community legal centres to provide litigation services in family law. The program is designed to build capacity in high need regions where VLA does not have a permanent presence but can leverage off community legal centre infrastructure. VLA specialist family lawyers now deliver services from community legal centres in Albury-Wodonga and Brimbank-Melton, as well as from the Victorian Aboriginal Legal Service and the Aboriginal Family Violence Prevention Legal Service.

Neighbourhood Justice Centre

In January 2007 the state government launched the new Neighbourhood Justice Centre (NJC) in Collingwood. VLA supported this project from the outset and coordinated the development of the legal services support strategy for the NJC. This initiative is an important avenue to provide individually tailored and durable justice outcomes for disadvantaged Victorians. A team of three VLA staff are located at the new NJC.

Occupational health and safety

Providing a safe and healthy workplace is a key priority for the organisation. As a result of the focus of our occupational health and safety committee and the commitment of our OHS representatives, VLA delivered on this priority with our WorkCover premium being reduced by 18% this year.

Delivering equal opportunity

The organisation continued its strong history of delivering equal opportunity for our staff and the broader community. Seventy-six percent of our staff are women, up from 75% in 2005-06 and 68% of our legal staff are women, up from 65% last year. At the executive table 50% of VLA's senior managers are women.

Consistent with the Attorney-General's commitment to encouraging equal opportunity for female barristers that make up 19% of the population of the Victorian Bar, VLA continued to support women barristers during the year. Of the total fees paid by VLA to counsel during the year, 32% were paid to women.

VLA's summer and articulated clerk program for Indigenous law students and graduates continued with two Indigenous summer clerks and two Indigenous articulated clerks participating in the program. In addition several Indigenous practitioners continue to enjoy their careers at VLA. We are strongly committed to this program which provides real opportunities for Indigenous law students and graduates.

Supporting our people managers

VLA renewed its focus on building the capacity of our people managers in 2006-07 in response to clear requests from staff for stronger mentoring, guidance and support as well as for better communication. Initiatives under the manager development project include the continuation of a forum for all managers who have responsibility for managing people. We offered a new suite of training programs to this group of managers, including post-graduate qualifications at RMIT customised to suit the needs of VLA managers. VLA will continue to prioritise and promote strong manager development to ensure that we can provide the best environment for our most important resource, our people.

Executive departures

During the year Judy Crundall, Manager Grants, left the organisation after 18 years at VLA. Judy implemented many important reforms to grants management at VLA. Llewellyn Prain, Manager Planning and Policy, also left VLA during the year. We thank Judy and Llewellyn for their most valuable contributions and wish them both the very best in their future careers.

Structural change

This year the Grants Division merged with the Finance & Administration Division to form the new Finance, Assignments & Business Division. The merger capitalises on several strong synergies between the two divisions. The new division is led by Tony Matthews.

Thank you

I would particularly like to thank John Howie, VLA's Chairperson, and the VLA board for their support and sound governance of the organisation throughout the year. I also thank the senior management team and all VLA staff. The dedication, passion and expertise of VLA's people are what our organisation is built on. That work will enable us to continue to provide legal services to disadvantaged Victorians day in, day out, well into the future.

Tony Parsons Managing Director

progress against our strategic plan 2005-08

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

major initiatives	progress in 2006-07
Increase the number and type of locations from which legal aid services are available	<ul style="list-style-type: none"> → Seconded VLA family lawyers to community legal centres to provide litigation services in high need regions → Undertook planning and development for a new regional office in the south-west coast region scheduled to open in December 2007
Increase legal aid services in priority civil law areas	<ul style="list-style-type: none"> → Established the first phase of a new service in social security law → Fostered the merger of the Consumer Credit Legal Service and the Consumer Law Centre Victoria to create the Consumer Action Law Centre and provided increased financial support to enable the centre to deliver a true state-wide consumer law service → Assisted the planning and development of the Older Person's Legal Service, in partnership with the Office of Senior Victorians → Established new grants guidelines for infringements clients, drought victims, equal opportunity, discrimination and social security
Improve the accessibility of legal aid services	<ul style="list-style-type: none"> → The Referrals, Access and Equity project continued to be implemented with a new interpreter policy launched and diversity awareness training rolled out across the organisation → Continued the redevelopment of VLA's website
Implement policies and procedures to ensure quality legal aid services	<ul style="list-style-type: none"> → In-house legal services were audited against key performance indicators with the overall quality of our services found to be high

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

major initiatives	progress in 2006-07
Provide a culture of client service delivery	<ul style="list-style-type: none"> → Continued to implement the quality assurance project to ensure that we deliver services that meet our clients needs
Continue to build our expertise and capability	<ul style="list-style-type: none"> → Our extensive professional legal education program continued, complemented by the establishment of a team of practice support lawyers → A customised program to provide post-graduate management qualifications was launched, with 17 managers participating → A tailored management fundamentals program commenced, with 23 managers participating
Provide a progressive work environment	<ul style="list-style-type: none"> → We continued to offer a flexible work environment with 18% of staff working part time → Our summer and articled clerk program for Indigenous law students and graduates continued

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

major initiatives

Promote greater accountability for legal aid from governments

Develop relationships with other justice sector or community sector agencies

Develop a productive, confident and reciprocal partnership with the private legal profession

Forge a collaborative, accountable and mutually beneficial partnership with community legal centres

progress in 2006-07

- Over 30 submissions on law reform issues affecting VLA clients were made. Staff make a significant contribution to law reform in Victoria and nationally
- We supported the development and opening of the new Neighbourhood Justice Centre with VLA staff based on site
- We collaborated with the Domestic Violence and Incest Resource Centre on the publication *Behind closed doors*
- We collaborated with National Legal Aid and the Commonwealth Attorney-General's Department to produce *Untying the knots* online fact sheets
- Online grant application software was developed and will go live in August 2007
- The simplified grants process was expanded to include social security and equal opportunity cases, reducing the cost of the grants transaction to the legal profession and to VLA
- Funding to CLCs increased by more than 20%

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

major initiatives

Implement new electronic grant, case and document management system

Reduce the environmental impact of our business activities

progress in 2006-07

- Contracted for the development of new grants management software (ATLAS)
- Identified through public tender a preferred vendor to develop a new case and practice management system
- Paper usage per employee reduced by the strategic target of 5%

about vla

VLA is an independent statutory authority established by the *Legal Aid Act 1978 (Vic)*.

Our objectives are to:

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

A five-member board of directors governs the organisation. The Victorian Attorney-General is responsible for overseeing the operations of VLA.

Commonwealth and state governments fund VLA. The Commonwealth stipulates that its funding can only be used for a narrow range of cases arising under Commonwealth laws. The state's revenue is used at the VLA board's discretion. We also receive client contributions and interest on investments and income from the Public Purpose Fund.



our services

VLA is the largest and most accessible criminal law and family law practice in the state and provides the community with:

- grants of legal assistance to obtain representation
- access to free duty lawyer representation in most courts
- free legal advice in criminal law, family law and some areas of civil and human rights law
- a family dispute mediation service
- a free telephone legal information and referral service in English and 14 other languages
- a community legal education program delivered through free publications, seminars and workshops
- Victoria's only public law library.

We are also one of the largest purchasers of legal services from the private profession. The private profession represented 68% of all clients who received a grant of legal assistance in Victoria in 2006-07.



our functions and powers

In accordance with the Legal Aid Act, VLA's functions include:

- providing effective and efficient legal aid services
- administering the community legal centre funding program for the Commonwealth and state governments
- controlling and administering the Legal Aid Fund
- determining priorities for the provision of legal aid in state law matters
- liaising with private practitioner peak bodies
- cooperating with other legal aid commissions
- making use of volunteer services provided by the legal profession
- enabling law students to participate appropriately in the provision of legal aid

- informing the public about the services we provide.

VLA has the power to:

- cooperate with other bodies to meet the need for legal aid in the community
- enter into arrangements to undertake research
- make recommendations to the Attorney-General on issues of law reform
- carry out educational programs
- provide financial assistance to voluntary legal aid bodies
- enter into funding arrangements with the Commonwealth
- do all things necessary to perform its functions.

VLA is required to exercise its powers and perform its functions according to the Legal Aid Act and any specific written direction given by the Attorney-General under s.12M of the Act. No ministerial directions were given during 2006-07.

our locations

VLA has an obligation to provide access to legal aid services on an equitable basis across the state. To achieve this, it has established local offices in most major metropolitan and country regions.

Currently we provide free legal advice across Victoria:

- at 15 offices and branch offices (see Figure 4)
- via 31 outreach services in regional locations
- at 23 mental health services and hospitals
- at 16 prisons, correctional and juvenile justice centres.

We provide or fund free duty lawyer services to:

- over 40 Magistrates' Courts across Victoria (including to the children, Koori court and drug courts as well as some civil and family violence lists)
- 22 facilities across Victoria where Mental Health Review Board hearings are held
- seven locations of the Federal Magistrates Court (Melbourne and six regional circuit locations)
- three locations of the Family Court (Melbourne and two regional circuit locations)
- three locations of VCAT (Melbourne and two regional circuit locations)
- the Administrative Appeals Tribunal.

We also provide free legal education workshops and classes at seven locations across Victoria.



Figure 4: VLA offices throughout Victoria



our board



John Howie
LLB

Chairperson

Member of Audit Committee
Special Counsel, Williams
Winter Solicitors
President, Film Victoria
Chair, VicSport
Director, VicHealth
Member, Melbourne and
Olympic Park Trust

Tony Parsons
LLB

Managing Director

Executive Member, Criminal
Law Section, Law Institute
of Victoria
Accredited specialist in the
practice of criminal law

Mary Anne Noone
BA LLB

Senior Lecturer, School of
Law, La Trobe University
Management Committee
Member, West Heidelberg
Community Legal Service

Frank King
BComm

**Chair of Audit
Committee**

President, Emergency
Services and State Super
Chair, Centre for Adult
Education
Board Member, Growth
Areas Authority

Sue Walpole
Bjuris LLB, Grad Dip

**General Counsel and
Company Secretary
UniSuper**

Member of Law Institute
Victoria and Victorian
Women Lawyers

our senior management



Tony Parsons
LLB

Managing Director

Domenico Conidi
BA LLB

**Manager Criminal
Law Division**

Judith Sharples
BA BEd LLB

**Manager Family,
Youth and Civil Law
Division**

Darren Morris
B Bus (Acc) Grad Dip
(Business Computing)

**Manager Information
Systems Division**

Michael Wighton
Bjuris LLB

**Manager Regional
Offices Division**



Tony Matthews
MBA CPA B Bus

**Manager Finance,
Assignments &
Business Division**

Diana Fiori-Dea
MB (Org Dyn) Swin,
Grad Dip (OB), Grad Dip
Bus Admin (exec)

**Manager Human
Resources Division**

Justine Hyde
B App Sci (Information)

**Manager Knowledge
Services Division**

Judy Crundall
BA LLB

**Manager Grants
Division until April 2007**

our organisation

VLA's organisational structure changed during 2006-07, with the Grants Division and the Finance and Administration Division merging. There are now seven divisions.

Finance, Assignments & Business Division was established in April 2007. The two former divisions have always been closely aligned and the merger allowed them to build on the synergies developed between the Grants, Finance, Client Services and Project Management Units. The division continues to administer grants of legal assistance, while ensuring the Legal Aid Fund is managed in accordance with the objectives of the Legal Aid Act. Our family dispute resolution service, Roundtable Dispute Management, is managed within the division, as are the facilities of the organisation.

VLA has a large in-house legal practice with three practice divisions providing a range of legal services, including casework, duty lawyer services and legal advice and information. Outreach services are also provided to inmates in secure welfare facilities and all Victorian prisons. Staff in these divisions are involved in community legal education, training, law reform and regular liaison with stakeholders.

The three practice divisions are:

- the Family, Youth and Civil Law Division which has three separate services: Family Law Service, Youth Legal Service and Human Rights & Civil Law Service. These services are provided from the Melbourne Office. In addition, outreach services are provided to patients in mental health facilities and outreach child support services are provided to families in regional areas.
- the Criminal Law Division which is the largest criminal defence practice in Victoria. The division, based in Melbourne, comprises three teams and the Public Defenders Unit. Each team has 10 lawyers, led by a managing lawyer and supported by five administrative support officers. The division provides services in all criminal jurisdictions and is also involved in law reform activities.
- the Regional Offices Division which delivers services to Victorians in suburban and rural areas through our network of 13 regional offices. Each regional office provides services in criminal, family and some areas of civil law. Offices also provide community legal education and information about the law and the legal system.

The division is also responsible for the community legal centre funding program and the coordination of private practitioner duty lawyer schemes.

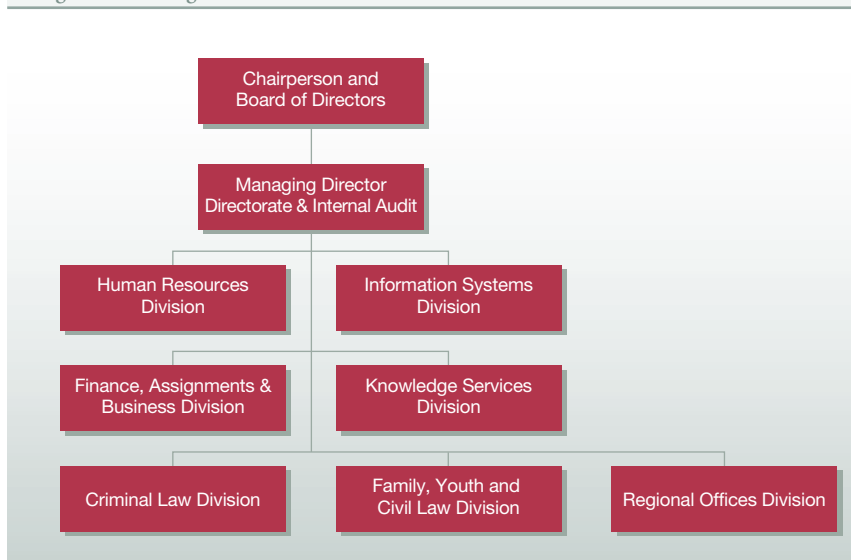
The Knowledge Services Division helps our staff and clients make the best decisions by increasing access to information and expertise. The division provides a telephone legal information service, a public-access library, publications, and precedents and practice support for staff. It also coordinates community and professional legal education, VLA's communications, records management, and manages our obligations under privacy and freedom of information legislation.

The Human Resources Division provides information, advice and support in recruiting, developing, retaining and managing our staff.

The Information Systems Division maintains, develops and protects our information technology assets. The division also provides staff with training and a Help Desk service.

In addition to these divisions, the organisation has two units that report directly to the managing director. The Directorate is responsible for policy, research, law reform, quality assurance and client projects. Internal Audit is responsible for the financial and operational integrity of our systems and processes.

Figure 5: Our organisational chart



celebrating 25 years



On 1 September 1981 the Legal Aid Commission of Victoria (LACV) opened its doors for the first time, bringing together the functions of the Australian Legal Aid Office, the Legal Aid Committee and the Public Solicitor's Office. The LACV was succeeded by Victoria Legal Aid in December 1995.

Twenty five years on we look back at some of the milestones, how far we've come and celebrate what we have achieved.

highlights

- 2006** In September, VLA celebrated 25 years of legal aid service.
- 2006** Some funding is restored to VLA's civil program. The first phase of a state-wide social security practice is developed.
- 2006** There is a significant increase in funding for consumer advocacy via the new Consumer Action Law Centre.
- 2004** In October the Multilingual Telephone Information Service took its 1,000,000th call.
- 2004** In October the Roundtable Dispute Management service was opened.
- 2004** VLA and the Refugee and Immigration Legal Centre jointly won the Tim McCoy Trust award for assisting a group of 1,600 East Timorese refugees obtain protection visas.
- 2002-05** The Attorney-General Rob Hulls opened VLA offices in Shepparton, Horsham and Ballarat.
- 1997** Amendments to the Legal Aid Act allowed VLA to appoint specialist panels of practitioners to provide assistance to legal aid clients.
- 1997** Legal aid commissions were required to apply Commonwealth funding only to cases arising under a narrow range of Commonwealth laws.
- 1996** Civil funding was effectively abolished as a result of funding cuts and changes in Commonwealth and state funding arrangements.
- 1995** In December the LACV was succeeded by Victoria Legal Aid.
- 1993** The first enterprise agreement is signed between the commission and the State Public Services Federation (Vic). This saw the introduction of 48/52 and job sharing arrangements.
- 1989-90** The commission's Child Support Service started.
- 1983-89** Offices opened in Preston, Dandenong, Morwell, Ringwood, Bendigo and Frankston.
- 1984** A country duty lawyer scheme staffed by private practitioners was established in 12 major country regions.

how far have we come?

Table 3: Grants of legal assistance

Applications	1981-82	1986-87	1991-92	1996-97	2001-02	2006-07
Assessed	37,498	47 578	42 780	39 586	42 102	44,327
Approved	29,939*	37 083	30 229	32 279	36 450	42,020
Approval rate %	80	78	70	82	87	95

* Projected annual figure bases on 10 months of operation

Table 4: Grants by type of matter

Approvals	1981-82	1986-87	1991-92	1996-97	2001-02	2006-07
Criminal %	47.4	59.6	73.5	66.5	60.8	58.8
Family %	33.3	24.0	20.9	20.8	28.4	27.7
Civil %	19.3	16.4	5.6	12.7*	10.8*	13.5*

* Mainly child protection matters

Table 5: Duty lawyer services

1981-82	1986-87	1991-92	1996-97	2001-02	2006-07
8,207	4,507	7,603	39,807	40,254	63,509

Table 6: Community legal centre funding

1981-82	1986-87	1991-92	1996-97	2001-02	2006-07
\$188,500	\$1,748,538	\$3,327,121	\$2,971,000	\$7,051,837	\$12,598,534

Table 7: Staff numbers

1981-82	1986-87	1991-92	1996-97	2001-02	2006-07
Not available	323	438	354	382	538



Celebrating 25 Years
of Victoria Legal Aid

managing director's 25th anniversary speech

VLA celebrated its 25th anniversary at a function at Parliament on 10 November 2006. This is the Managing Director's speech:

'This is an occasion to celebrate legal aid, but we should never take it for granted.

Our modern legal aid system is now 25 years old but, as recently as 50 years ago in Victoria, legal aid was a very scarce resource.

On 6 December 1978, during the Legal Aid Act second reading debates, The Hon. J. W. Galbally said:

'It is not known how many Australians were denied justice because they could not afford legal representation. One can only guess at the number of people - the poor, the deprived - who were not represented in court and who went to jail.'

He was right. In the 1960s the Public Solicitors Office, which represented indigent Victorians facing serious criminal charges, rejected 50% of applications for legal help. Many Victorians did indeed face court without legal representation and went to jail.

So we can celebrate legal aid tonight, but we shouldn't take it for granted. That message is re-enforced by recent conversations with legal aid services overseas.

In 2003 a delegation of Indonesian legal aid officers visited VLA. Their organisation was not funded by the Indonesian government, but by overseas NGOs committed to access to justice. The officers complained to me about the difficulties of recruiting lawyers to work for legal aid in the province of Aceh. The last two lawyers there were assassinated during the violence between the army and the separatists. So let's celebrate legal aid tonight, but we mustn't take it for granted.

A delegation from legal aid in Uganda recently visited VLA, reporting that, like most African countries, there is no government funded legal aid service in Uganda except for people facing crimes that carry the death penalty.

Two years ago one of VLA's lawyers volunteered to work at legal aid in Singapore, a country of nearly three million people. The government funds some civil and matrimonial law legal aid, but there's no government funded legal aid for criminal cases except for people charged with crimes that carry the death penalty, a penalty imposed on a weekly basis. Singapore executes at least 50 of its own and other country's citizens every year. The government legal aid unit responsible for defending these people employs just four lawyers.

Much closer to home, last year in Arakun, in our own North Queensland, Indigenous Australians were arbitrarily arrested by police and locked up over night because they were due to appear the next day before the visiting magistrate. This was the way the police ensured the attendance of these people, many of whom were charged with trivial offences. There was no legal aid there to provide protection from this outrageous violation of human rights.

So let us celebrate government-funded legal aid in Victoria, but let us never take it for granted. It's a precious community asset enjoyed by very few other people in the world.

It's not just a coincidence that the most sophisticated, effective and well-resourced legal aid institutions around the world are found in some of the most robust democracies. Legal aid is not just an essential government service. It's not just an essential government responsibility, occupying the same terrain in terms of social merit as public health, education and housing. Legal aid actually defines the strength of our whole system of justice.

Our society has built a system of justice to protect people's rights and freedoms, and to ensure people meet their civic duties and responsibilities. If the only people who could effectively navigate our system of justice, our complex system of courts and tribunals, were the rich and wealthy, we could hardly claim to have a strong system of justice. Without a strong system of justice, the rule of law, on which free democratic societies like ours are founded, would be compromised and in those circumstances the rights and freedoms that we all enjoy would be at risk.



So legal aid makes this very important contribution to the health of our democracy and to the welfare of the whole community. It's one of many reasons why we celebrate its history tonight.

Special thanks must be extended to those thousands of people who have toiled as part of Legal Aid to deliver literally millions of legal services to the Victorian community over the last 25 years. I am honoured to be part of today's generation of legal aid people, the current custodians of an institution that has come a very long way in 25 years.

We have come a long way in terms of developing our business prowess, of 'doing legal aid better'. We now operate on a combined state and Commonwealth budget of over \$100m annually – a record in the life of VLA. With new technologies, smarter ways of working, we deliver services in greater volumes to more people in more locations more efficiently than ever before. We've improved our business. We can and ought to be proud of this achievement and it is cause for celebration today.

But we, the current generation, dare not be complacent about that. We are the inheritors of 25 years of contemporary

legal aid business and practices. It is only through the enterprise, innovation and experience of our pioneering legal aid predecessors that we are able to examine past legal aid business practices, build upon them and improve them for the benefit of our organisation and our community.

Accordingly we owe those who came before us a great debt. Today's generation of legal aid people have a solemn duty to our predecessors to build on their successes and achievements, as it will be the duty of our professional heirs and successors to build on ours. The growth of VLA over the years demonstrates that we have kept faith with those who came before. We will continue to keep that faith by striving to improve the way we do business and the way we serve the community.

As John of Salisbury, the Bishop of Charters, wrote in the year 1159 "we are like dwarfs on the shoulders of giants, so that we can see more than they, and things at a greater distance, not by virtue of any sharpness of sight on our part, or any physical distinction, but because we are carried high and raised up by their giant size."



Julian Gardner, Legal Aid's first director, delivering the 25th anniversary address: 'Legal Aid - Reflections on an arranged marriage'.

To the legal aid people of the past, to the giants on whose shoulders we are able to achieve so much today, thank you.'

Tony Parsons
Managing Director

Representing a quarter of a century of Legal Aid leadership

From left:

- Jonathan Mott, Chairperson 1998 - 2001
- Andrew Crockett, Director 1990 - 1995
- Rowland Ball, Chairperson 1980 - 1992
- Tony Parsons, current Managing Director from 2000
- Mary Anne Noone, current board member from 2000
- David Jones, Chairperson Feb 1980 - June 1980
- Sue Walpole, current board member from 2006
- John Howie, current Chairperson from 2001
- Julian Gardner, Director 1981 - 1990
- Peter Gandolfo, Chairperson 1992 - 1995
- Frank King, current board member from 2004



Celebrating 25 Years
of Victoria Legal Aid

our clients

grants of legal assistance

We provide grants of assistance for legal representation when people have a legal problem. These grants may cover costs of representation for a range of different legal cases including criminal, family and some civil law matters.

The criteria for grants of legal assistance are:

- the applicant's financial means (assessed according to a national means test)
- the merit of the case
- whether the benefit derived from representation is in proportion to the cost
- any applicable guidelines for assistance, which are determined by either the Commonwealth Attorney-General's Department or the VLA board.

In 2006-07 we assessed 44,327 new applications for grants of legal assistance and approved 42,020, or 95%, of applications (see Table 8).

Grants of legal assistance benefit disadvantaged members of the community who are unable to pay for a lawyer. In 2006-07, the majority of people who received grants were:

- aged between 25 and 34 (28%) (see Figure 6)
- male (64%)
- unemployed (92%)
- receiving a government benefit (69%)
- born in Australia (79%).

The 21% of people that were not born in Australia came from 141 different countries, with the majority born in Vietnam (1.8%). Of all the people who received grants, 1.4% identified as Aboriginal or Torres Strait Islander.

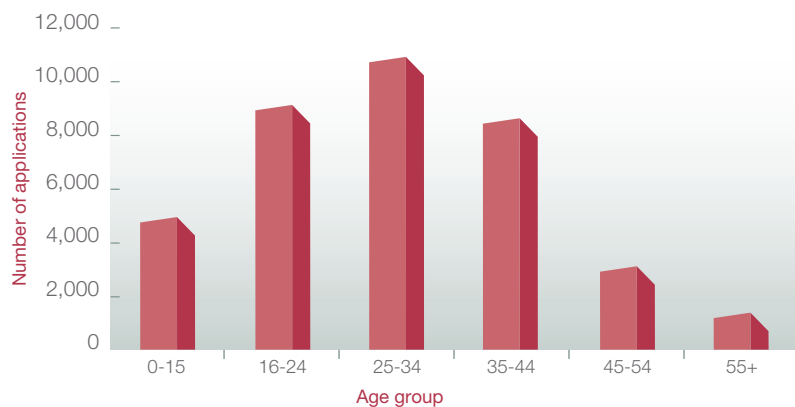
We also provides grants of legal assistance to veterans or their dependants for matters involving pension entitlements relating to war service through the War Veterans Legal Aid Scheme. Unlike other applicants their eligibility is not means tested. During 2006-07 we received and approved a total of 116 war veteran applications, compared with 101 applications in 2005-06.



Table 8: Grants of legal assistance 2004-07

Applications	2004-05	2005-06	2006-07
Received	42,614	43,292	45,200
Assessed	41,870	42,756	44,327
Approved	37,868	39,124	42,020
Refused	3,686	3,225	2,292
Approval rate %	90	92	95

Figure 6: Age group of people applying for grants 2006-07



Most grants were for legal assistance in criminal matters (see Table 9) and a majority of these applicants were males. Women were more likely to receive grants for family matters (see Figure 7).

A significant number of grants continue to be assigned to private practitioners (see Table 10).

Applicants for a grant of legal assistance who do not agree with VLA's decision can have the decision reviewed by an independent reviewer. Independent reviewers may:

- review and overturn grant decisions of a VLA officer or of another independent reviewer
- exercise powers or functions delegated by VLA
- hear and determine matters relating to the proposed removal or exclusion of a lawyer from VLA's referral panel.

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

- developing online grant application software to go live August 2007

- signing a contract for the development of new grants management software (ATLAS)
- creating a new grant of aid for drought-affected Victorians
- 80% of all grants are managed in the simplified grants process, including social security and equal opportunity cases
- new guidelines for social security, equal opportunity and discrimination matters
- indexation of criminal law fees.

We have also significantly increased fees paid for County and Supreme Court services in crime. Many of the fees paid to barristers and solicitors were increased by 40-70%, after the fees had remained static for over a decade. The private profession is our essential partner in the provision of legal aid services and their members are entitled to reasonable remuneration. The increase will also ensure legal aid clients will continue to be served by the state's most experienced practitioners.



‘The development of e-lodgement will enable on-line submission for requests for legal assistance for summary crime matters’ says Andrew Morse, a senior grants project officer. ‘VLA anticipates that it will significantly reduce lawyers’ time applying for grants and will result in faster approval of grants of aid for their clients.’

Table 9: Grants approved by law category and practitioner type 2005-07

Category	In-house		Private practitioners	
	2005-06	2006-07	2005-06	2006-07
Criminal	8,865	9,494	14,267	15,232
Family	2,854	2,862	8,193	8,776
Civil	1,087	1,126	3,858	4,530

Figure 7: Grants approved by gender and law type 2006-07

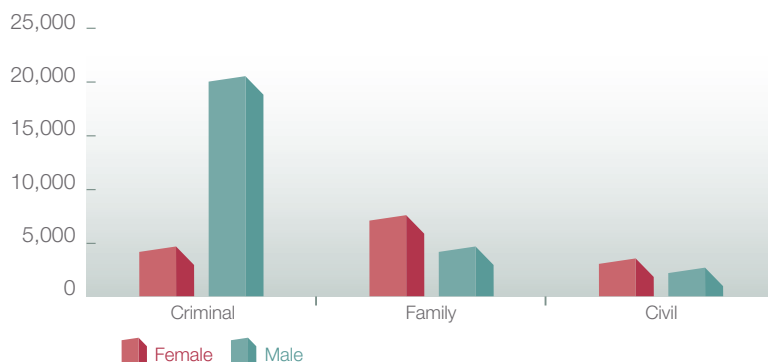


Table 10: Grants approved by practitioner type 2002-07

Grants	2004-05	2005-06	2006-07
In-house	12,202	12,806	13,482
Private practitioner	25,666	26,318	28,538
% private practitioner	68	67	68

family law service

Our Family Law Service provides legal services in general family law matters. Specialist services are also provided by teams of independent children's lawyers and child support lawyers. A family law practice group meets quarterly to discuss cross-organisational practice issues, including professional development. The group comprises family lawyers from the Family Law Service and the Regional Offices Division.

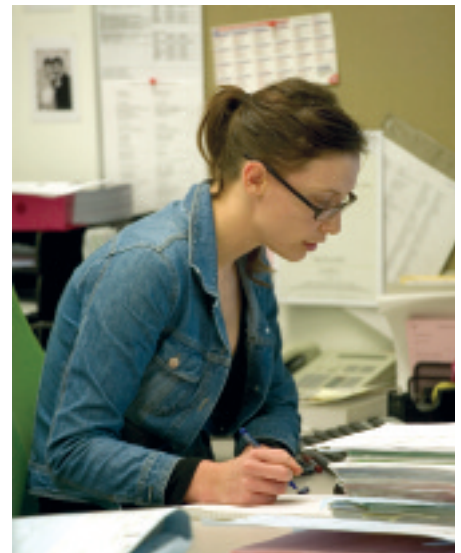
Major changes to the Family Law Act and the child support legislation came into force on 1 July 2006, with further child support changes on 1 January 2007. The whole service underwent significant professional development to meet the challenges of the new legislation.

In a new initiative, a number of VLA's family lawyers have been seconded to community legal centres to provide litigation services in family law this year. The program is designed to build capacity in high need areas and regions where an alternative service is needed and we do not have a

permanent presence. Appointments have been made in Albury-Wodonga, Brimbank-Melton, and the Aboriginal Family Violence Prevention Legal Service. We have also provided full administration and managerial support for these staff.

Case Study

A Family Law Service lawyer had a case in which the client's wife registered him with the Child Support Agency (CSA) as a payer parent (implying the couple had separated and the client was obligated to pay maintenance), despite the fact that he lived with her at all relevant times. Then he separated from his wife and was notified of a child support debt with late payments covering the period when the couple were still together. The VLA lawyer helped him provide CSA with documentary proof that the couple were still living together at the relevant times. CSA waived the debt.



'Children are especially fragile in litigation involving the state' says Nadia Morales, an articulated clerk. 'The Youth Legal Service performs a vital function in ensuring that the interests and wishes of young people are considered in a direct and meaningful way.'

Table 11: Family, youth and civil law services

	2004-05	2005-06	2006-07
Casework	3,357	3,356	3,524
Minor work*	971	1,142	1,452
Legal advice	14,564	15,486	14,262
Duty lawyer	6,628	7,217	7,580

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

youth legal service

Our Youth Legal Service assists children and young people with their legal problems and promotes their rights. Our lawyers act for children who are seven years or older, depending on their maturity and their ability to provide direct instructions. We also act for parents where there is an existing client-lawyer relationship or where there is a conflict of interest that stops us representing the child or young person.

Most of the service's work is based in the Children's Court at Melbourne and the metropolitan regions. Assistance is provided in criminal and child protection matters.

We have seen a 20% increase in child protection cases in the Children's Court over the last year. Consequently, we are more frequently required to attend court sittings outside usual business hours at the Melbourne Children's Court for the conduct of urgent submissions in child protection cases.

Youth Legal Service staff have been involved in:

- the appointment of a new panel of practitioners to the Duty Lawyer Panel for the Children's Court at Melbourne
- an ongoing pilot of an after-hours advice line for young people taken into police custody in most metropolitan and some country police stations.

Case Study

A Youth Legal Service lawyer represented a child under seven years of age, after being appointed by the Children's Court to act in the best interests of the child. The new provisions in the *Children Youth & Families Act 2005* allow children under seven years of age to give instructions in exceptional circumstances. The Department of Human Services (DHS) applied to decrease the child's contact with a biological parent and sibling. The child was living out of home on a custody to secretary order, which means DHS can decide where a child lives and make the day-to-day decisions about the child's care and safety. DHS supported the child's foster carers becoming the permanent carers and applied to reduce the child's contact with the biological family. DHS sought to minimise the involvement of the biological family for the convenience of the department and the permanent carer. This was viewed by the court as an abuse of process. VLA's lawyer successfully argued that it was in the child's best interests in keeping a reasonable degree of contact with the biological family. The case settled, with DHS agreeing to withdraw its application and costs were awarded against DHS. The new position of a lawyer acting for the child's best interests was instrumental in resolving the case and maintaining significant access for the child.

human rights & civil law service

Our Human Rights & Civil Law Service focuses on human rights issues including refugee and immigration law, mental health, discrimination, social security, guardianship and administration, tenancy, judgment debt, victim of crime and Infringements Court matters.

The Service is home to VLA's new statewide social security practice. This year the first of these implementation phases was completed, with the appointment of a coordinator and a roll-out of specialist social security practitioners to our regional offices.

The Service was also approached by the Department of Immigration and Citizenship to run a community care pilot project to assist and support people with mental illness and other disabilities, and to assist people in detention who have exhausted all visa options for remaining in Australia.

Case Study

A Human Rights and Civil Law Service lawyer represented a client who received a Worker's Compensation payout. Centrelink decided to deny any benefits to the client until late 2008. The client was disadvantaged as he had used all available funds, had no income and had a permanent disability. A VLA lawyer helped the client to appeal Centrelink's decision to the Social Security Appeals Tribunal (SSAT) and the client was granted the Disability Support Pension from 2006. The department then appealed to the Administrative Appeals Tribunal (AAT). The VLA lawyer represented the client in that appeal and the AAT upheld the original decision of the SSAT.



‘We can offer legal advice on the whole gamut of Centrelink payments, with ongoing assistance in relation to a range of formal matters, such as administrative appeals and criminal prosecutions,’ says social security lawyer, Len Jaffit. ‘This should lead to earlier resolutions and better outcomes for our clients.’

criminal law services

The Criminal Law Division is VLA's specialist criminal law practice. It provides the following services:

- advice to the general public
- advice at the Port Phillip Prison, Melbourne Assessment Prison, Metropolitan Reception Prison and Dame Phyllis Frost Centre
- extensive duty lawyer services at the Melbourne Magistrates' Court
- representation in criminal cases in all jurisdictions where a grant of legal assistance has been made, including the more serious offences proceeding to the superior courts by way of trial or plea in the County or Supreme Court.

'Working in criminal law gives me the opportunity to handle challenging and complex casework,' says Michael DeYoung, who has worked as a VLA lawyer for 21 years. 'No other workplace could provide this opportunity on a consistent basis.'

The division also has a team of in-house counsel called the Public Defender Unit. The unit's seven public defenders are briefed by solicitors in the Criminal Law and other practice divisions to appear in the County and Supreme Courts.

The key achievements for 2006-07 include:

- continued expansion of duty lawyer and legal advice services (see Table 12)
- implementing of a new work structure in the division to provide stronger management and better career structure for lawyers and administrative support staff
- continued contribution to law reform.

The decline on previous year's case work figures can be attributed to significant new demand for legal advice and duty lawyer services which significantly exceeded last years demand and this year's targets.

Case Study

Mr C was charged with being a prohibited person carrying an unregistered firearm. The prosecutor alleged that he was a prohibited person because he had been convicted and sentenced to prison for three months for driving a motor vehicle whilst disqualified. The judge sentenced Mr C to 12 months imprisonment. However, the conviction and sentence for an offence under the *Road Safety Act 1986* does not make someone a 'prohibited

person' for the purposes of the *Firearms Act 1996*. Mr C's lawyer did not pick up the error. When Mr C came to VLA for help with the appeal, VLA's associate public defender picked up the mistake. The Court of Appeal quashed the conviction and he was acquitted of the charge. After months of being wrongly imprisoned, Mr C was released.



'I am proud to be part of a dedicated and professional group of lawyers who provide an invaluable service to the community and the criminal justice system,' says Patrick Harvey, senior lawyer with VLA for 25 years.

Table 12: Criminal law services

	2004-05	2005-06	2006-07
Casework	2,025	1,971	1,623
Minor work*	150	363	432
Legal advice	3,829	4,629	5,098
Duty lawyer	6,968	7,462	7,739

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

regional offices

Our regional offices provide the following services:

- coordination of all duty lawyer schemes and provision of all duty lawyer services in suburban Melbourne and regional Victoria
- advice, information and casework services in criminal law, family law and many areas of general civil law
- complex indictable criminal law casework and advocacy in circuit sittings of the County and Supreme Courts
- community legal education and information about the law and legal aid services
- prison visiting services at all prisons located in rural areas, including the new Mangoneet Prison near Geelong
- outreach services at a wide range of locations in the regions.

In 2006-07, the regional offices again provided a record number of funded cases, duty lawyer services and minor assistance services to Victorians (see Table 13).

Highlights in the regions for 2006-07 included:

- commencing the development of a major new regional office for the south west coast region, scheduled to open in Warrnambool in December 2007
- managing the provision of legal services to the pilot Family Violence Division of the Magistrates' Court at Heidelberg and Ballarat Courts by our Preston and Ballarat offices respectively
- introducing specialist duty lawyer services to the Specialist Family Violence Lists at Frankston and Sunshine Magistrates' Courts
- providing a team of three staff who are located at the new Neighbourhood Justice Centre (NJC), which opened in January 2007
- coordinating the development of the legal services support strategy for the NJC
- developing the model for the proposed Older Person's Legal Service, in partnership with the Office of Senior Victorians, a section of the Department of Victorian Communities

- the Peninsula Regional Office taking over the duty lawyer scheme at Dromana Magistrates' Court .

Case Study

VLA staff often find they have to combine their legal and advocacy skills with compassion, empathy and a dogged approach to protecting their clients' legal and personal interests, as was the case with Mr P, a young intellectually disabled client. He was arrested by local police and remanded into custody in relation to relatively minor offences. The police thought he might self-harm because of the nature of his disability, so Mr P was held overnight, even though the offences would not normally result in being placed into custody.

A lawyer from the Preston office appeared for the client before the Melbourne Magistrates' Court and successfully applied for bail, despite strong opposition by police. The magistrate ordered that Mr P be released and placed into the care of the Department of Human Services (DHS) until his next court date. Unfortunately, DHS decided the client, who had previously resided with them in supported accommodation, was at risk of harm to himself or other residents. They refused to accept him into their care. While the divisional van drove around and around the streets of Mill Park, VLA's lawyers persisted with firm negotiations. DHS finally relented, providing Mr P with accommodation.

'I am always impressed by the real regard that our staff have for their clients' says Michael Wighton, the manager of Regional Offices Division. 'Our people so often bring all of their experience, skill and determination together to protect their clients' rights and interests. It would be so easy for our people to let the little things pass by without action, but because they understand that the most minor issue can have the most devastating effect on our clients' lives, it is those small details that often receive the greatest attention. That is surely the hallmark of the legal aid lawyer.'

Table 13: Regional offices' services

	2004-05	2005-06	2006-07
Casework	6,015	7,479	8,320
Minor work*	9,305	9,305	9,886
Legal advice	23,389	24,717	24,346
Duty lawyer	36,296	39,591	40,528

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

duty lawyer services

Duty lawyers attend courts to provide assistance to people who would otherwise be before the court without a lawyer. Duty lawyers include VLA lawyers, as well as private lawyers who are accredited by VLA and work in regional Victoria in courts that are beyond VLA's geographical reach (see Table 14).

In metropolitan Melbourne, most duty lawyer services are provided by VLA staff. The exception is the Family Division of the Melbourne Children's Court where private practitioners work as duty lawyers in matters where VLA's lawyers face a conflict of interest.

Private practitioner duty lawyers provide a crucial service to their communities and the courts within their regions. We wish to thank participating private practitioners for their contribution, without which this vitally important means of providing access to justice in regional Victoria would not be possible.

During the year, VLA's Peninsula Regional Office took over the duty lawyer scheme at Dromana Magistrates' Court and became the sole provider of duty lawyer services at that location. The scheme had previously been coordinated and provided exclusively by private practitioners from the Mornington Peninsula Law Association. We thank the many members of the Law Association, past and present, for their efforts over several decades.

Private schemes are funded by VLA and coordinated by a local VLA office or by the local law association. During 2006-07 VLA staff and private practitioners provided a record 63,509 duty lawyer services at a range of courts and tribunals (see Table 15).

Table 14: Private practitioner duty lawyer scheme 2006-07

Court location	Mentions	Bail	Hearing	Advice	Pleas	Total
Bairnsdale	0	0	1	1	4	6
Ballarat	132	5	5	39	101	282
Benalla	86	1	9	19	47	162
Bendigo	280	19	52	130	228	709
Castlemaine	36	1	10	18	36	101
Cobram	0	0	0	0	1	1
Colac	45	1	14	12	53	125
Corryong	13	0	2	3	29	47
Dromana	23	0	0	54	13	90
Hamilton	52	2	5	14	84	157
Horsham	11	2	6	17	22	58
Korumburra	67	1	6	45	79	198
Kyneton	84	7	10	32	74	207
Latrobe Valley	66	5	4	21	166	262
Mansfield	46	1	11	4	57	119
Melbourne	854	288	168	28	1	1,339
Mildura	305	66	63	65	300	799
Moe	31	3	0	6	71	111
Morwell	4	0	0	0	9	13
Myrtleford	51	4	2	14	51	122
Ouyen	5	0	0	2	15	22
Portland	45	3	9	32	52	141
Robinvale	30	1	2	3	51	87
Sale	25	1	5	9	44	84
Seymour	53	1	9	45	80	188
Shepparton	267	24	27	43	82	443
St Arnaud	13	1	0	8	16	38
Swan Hill	18	0	3	2	74	97
Wangaratta	406	6	88	72	165	737
Warrnambool	186	17	13	76	163	455
Wodonga	341	17	93	38	297	786
Wonthaggi	5	0	3	0	13	21
Total	3,580	477	620	852	2,478	8,007

Table 15: Duty lawyer services 2004-07

VLA duty lawyer services	2004-05	2005-06	2006-07
Administrative Appeals Tribunal	118	37	-
Children's Court	3,849	4,626	5,753
County Court	32	34	33
Family Court	1,417	917	791
Family Violence Division	28	1,094	1,549
Federal Court	21	7	58
Federal Magistrates Court	389	484	570
High Court	1	1	1
Magistrates' Court	40,585	42,875	43,053
Mental Health Review Board	496	376	325
Neighbourhood Justice Centre	-	-	126
Victims of Crimes Compensation Tribunal	0	37	2
Victorian Civil and Administrative Tribunal	1,531	1,689	1,588
Supreme Court	0	0	1
Other	1,425	2,095	1,652
VLA total	49,892	54,272	55,502
Private practitioner duty lawyer services	7,295	7,548	8,007
Total	57,187	61,820	63,509

roundtable dispute management

Roundtable Dispute Management (RDM) is our family dispute resolution (FDR) service. RDM assists people to resolve their family law dispute without having to go to court. This program provides a conference that is attended by the parties and their lawyers, and facilitated by a chairperson. A comprehensive case-management process supports the conference. The case manager's role includes engaging and screening the parties, preparing parties for the conference and providing follow-up and referral support.

Recent amendments to the Family Law Act and regulations concerning compulsory dispute resolution have brought major changes to the family law sector. RDM is a 'designated organisation' appointed by the Commonwealth Attorney-General. RDM chairpersons are individually accredited FDR practitioners, who have authority to issue the FDR certificates now required by the Family Law Act, unless specific exceptions apply.

RDM conference numbers have steadily increased over the last year. The number of conferences doubled in 2005-06, and then enjoyed a 59% increase in 2006-07 (see Table 16). Out of 654 conferences, 159 (24%) had second parties who were without lawyers.

Over the past three years, the average combined full and partial settlement rate has been 88%, with 'no settlements' remaining a small percentage of the outcomes, ranging from 8-15% per annum. Partial settlements include where clients agree to a trial of a parenting plan for a number of months to test out the agreement and build trust between the parties.

Other key achievements include:

- conducting nearly half of all conferences in the regions, which are approximately split between metropolitan and country Victoria

- continuing to offer teleconferences to clients where family violence or distance preclude the parties meeting at one location
- collaborating with the Domestic Violence and Incest Resource Centre (DVIRC) on a recent major publication *Behind Closed Doors*, which shows RDM as an example of good practice in dealing with survivors of violence
- designing and conducting a half-day professional development session for all VLA lawyers concerning family dispute resolution techniques and approaches
- continuing the positive 'Kids Talk' process, where children are interviewed separately, the parents receive individual feedback and all parties receive a written confidential summary of the child's views and the assessment of the child consultant.

Case Study

The mother initiated the RDM conference. The father was keen to participate. The child was one when they separated. An intervention order was in place. The mother's ongoing concern was the father's abusive behaviour and protecting her child. The father wanted unsupervised contact, but the mother was reluctant to consider this unless he attended a behaviour change course. As the mother had concerns for her safety, a telephone conference was arranged. At the conference an interim agreement was made to gradually increase the father's time with the child. The parents also agreed to attend a parenting course. The father agreed to attend an anger-management course. Both parties had entrenched positions prior to the conference. However, with the



support of the extended family, who attended the conference as support persons, they moved forward taking into consideration the safety issues identified and the best interest of their child. All parties agreed to come back for a second RDM conference.

'The clients have been satisfied with the results and have found the presence of a chairperson and their legal advocate empowering, especially when there have been allegations of violence'
 says Alexandra Andriopoulos, VLA lawyer at Frankston.

Table 16: RDM conference numbers 2004-07

	2004-05	2005-06	2006-07
	153	387	654

community legal information

We provide information via our Legal Information Service call centre, public law library, an extensive range of publications, fact sheets, and website. We aim to make the law more accessible to disadvantaged clients and help them to make the best decisions about their legal problems.

Publications and website

In 2006-07 we had 53 publications available in English and 33 available in other languages, including Arabic, Chinese, Turkish and Vietnamese. We distributed a total of 559,360 publications via hardcopy and the website. Our website had 204,067 visitors.

A major success was revising our family law publication *Untying the knots* to produce online fact sheets in collaboration with National Legal Aid and the Commonwealth Attorney-General's Department, as a result of significant legislative change in family law.

'What I most like about LIS is the nature of the work,' says Dani Duviani, a telephone information officer. 'I love to talk and generally find people and their problems fascinating, so for me this is an extremely interesting and rewarding job.'

Other key achievements were:

- completing the first phase of a project investigating the impact of our publications
- partnering with the Department of Justice to produce two publications about fines
- developing a five year plan for producing national publications in collaboration with other legal aid commissions
- implementing quality assurance guidelines for publications.

Legal Information Service

Our Legal Information Service (LIS) call centre provides information and referral in 15 languages. In 2006-07 LIS staff answered over 71,865 information calls, with 4,967 calls from people who spoke English as a second language. The average call waiting time has increase from 1.23 minutes to 2.56 minutes this year. The abandonment rate for calls has also increased. This is due to the increased call complexity, new quality standards and increased demand. The service is planning to increase its capacity next year to address these pressures.

In 2006-07 key achievements were:

- introducing call recording equipment, policies and procedures
- refining and developing the quality program
- introducing a regular debriefing program for staff of the service.

'Access to justice can't be achieved without access to information,' says Rosy Jolic, library manager. 'The library provides a gateway to reliable, up-to-date legal information and research support to VLA lawyers and members of the public.'

Public law library

We provide the community with Victoria's only public law library, offering an extensive reference collection and research facility for our staff and the public. In 2006-07 the library:

- completed 2,600 reference requests
- recorded 184,490 intranet visits
- conducted 246 training sessions.

Other key achievements were:

- implementing a library request management system
- introducing an electronic alerting service for staff
- customising the library catalogue according to individual staff profiles.



community legal education

We are the primary provider of community legal education (CLE) in Victoria. We work across divisions and our network of offices to provide free seminars and workshops on legal topics aimed at minimising the need for individual legal services in the community. In 2006-07 our major achievements were:

- running 128 CLE programs (see Table 17)
- the Frankston office's 10th annual seminar, focusing on youth issues, attended by nearly 200 local community workers, police and lawyers
- the LIS call centre staff providing education sessions to over 700 people, mostly from culturally and linguistically diverse backgrounds.

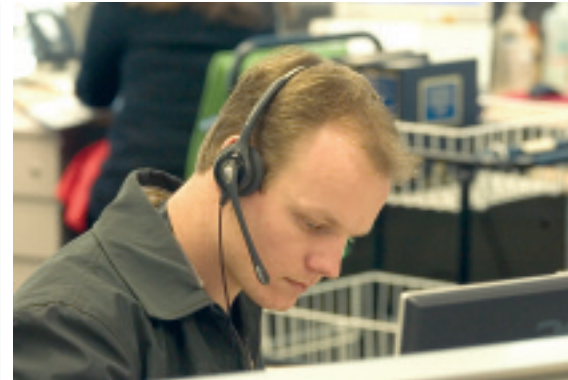


Table 17: Community legal education 2006-07

	Total Sessions	Attendance
Seminars	60	1993
Self-represented litigant workshops	19	168
Divorce workshops	37	121
Information	12	340
Total	128	2622

ensuring quality services for our clients

During the year, we continued to work on the implementation of a quality assurance framework to deliver services of consistent quality. We are establishing a base-line measure of the quality of VLA's practice and grants services and the effectiveness of these systems and processes to support staff to do their work. This will provide a solid foundation for the future implementation of a quality management framework.

In 2006-07, we completed documenting the work processes of the practice divisions and began documenting grants processes. This provided a valuable training and practice management resource for VLA staff.

We also completed an audit of almost 800 practice division files to measure the work done on the files against selected key performance indicators. The audit found that the overall quality of our in-house legal services was high. It also helped identify gaps in our systems and processes that can be addressed to make it easier for staff to do their work efficiently.

Client complaints

We have a complaint mechanism for all matters connected with the organisation. In 2006-07 we recorded 301 complaints compared to 283 complaints in 2005-06.

We received 158 complaints about grants of legal assistance. This is a 13% increase in the number of complaints received from the previous year. Of these:

- 60 complaints were dismissed
- in 29 cases a grant application had not been received at the time of the complaint
- 25 complaints required VLA to impose conditions on the grants provided
- 21 complaints are currently under investigation
- 19 grants were refused after investigation
- two complaints were referred to VLA's compliance team
- two complainants required more information.

We received 74 complaints about private practitioners and the services they provided pursuant to a grant of legal assistance. This represents an 8% decrease from the previous year. Of these complaints, 12 were about VLA-funded independent children's lawyers. There were no proceedings pursuant to section 30(10) of the Legal Aid Act, however two solicitors were formally reprimanded by the divisional manager responsible for grants for failing to forward counsel fees in a legally aided matter. The divisional manager is also currently considering breaches by three solicitors.

A further 40 complaints about VLA staff were received, an 18% increase from the previous year. This is in part due to our continued promotion of our client service charter, which raises awareness about clients' right to complain and the centralised complaints handling process. Of the 40 complaints:

- 33 related to the service provided by in-house lawyers
- two related to dealings with the Client Services Unit
- one related to administration staff at a regional office
- four related to the administration of grants of legal assistance.

Twenty-four of the complaints were dismissed. Three complainants then took their complaint to the Legal Service Commission and were subsequently also dismissed. We took action on nine complaints, which included additional training of staff. Seven complaints remain ongoing.

Five complaints were referred to another more appropriate agency, mainly the Legal Services Commissioner, because they dealt with private lawyer conduct issues. This represented a 50% decrease from the previous reporting period. There were also 24 miscellaneous complaints, a 26% increase from the previous year.

our people

our workforce

In the last 12 months VLA staffing levels increased by 9.2% from 488 to 538 people (see Table 20). The number of full time equivalent staff increased from 444.2 to 486.6 at 30 June 2007.

On 22 June 2007 the Grants Division and the Finance and Administration Division merged to form the Finance, Assignments & Business Division. The staffing levels for the new division are reported under Grants in Table 20.

Table 18: Workforce statistics

Division	30 June 2006				30 June 2007			
	Lawyer	Para legal	Admin CSO & other	Total	Lawyer	Para legal	Admin CSO & other	Total
Directorate	1	5	7	13	1	7	7	15
Human Resources	1	0	8	9	0	0	10	10
Audit	0	0	2	2	0	0	2	2
Criminal Law	43	0	18	61	39	0	21	60
Grants*	3	0	46	49	10	0	92	102
Finance & Admin**	1	0	34	35	0	0	0	0
Family, Youth & Civil	61	3	25	89	62	4	27	93
Regional	97	0	84	181	105	1	93	199
Information Systems	0	0	14	14	0	0	14	14
Knowledge Services	7	0	28	35	5	0	38	43
Total	214	8	266	488	222	12	304	538

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

* Although grants officer positions are classified as administrative, some grants officers are legally qualified.

** Roundtable Dispute Management staff reported within Finance & Administration Division.

‘VLA provides a stimulating work environment and provides a very important service to the community,’ says Naomi Smith who started at VLA this year. ‘Being able to help those in need with complex legal, and sometimes personal problems, is very satisfying work.’

occupational health and safety

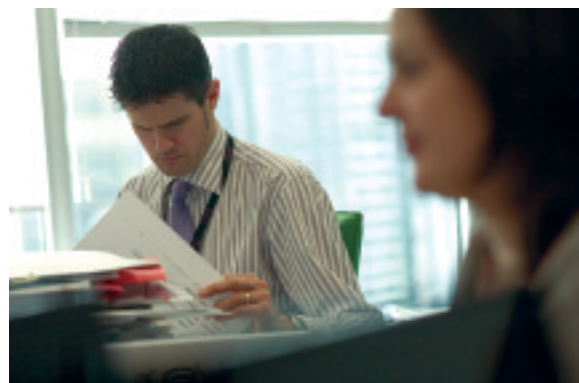
Our occupational health and safety strategy for 2006-07 resulted in:

- an 18% decrease in our WorkCover premium (see Table 19)
- delivering debriefing programs to improve psychological health

- close monitoring and consultation with the OHS committee
- bullying awareness training for all staff
- continuing to provide an employee assistance program providing trauma and other personal counselling services for staff, with take-up rates remaining constant.

Table 19: Staff wellbeing

	2004-05	2005-06	2006-07
Sick leave taken	2.7%	2.8%	3.1%
OHS incidents reported	27	40	39
WorkCover premium rate	1.21%	0.98%	0.80%



our commitment to merit and equity

We are strongly committed to merit and equity principles. In 2006-07:

- 76% of staff were women, up from 75% in the previous year (see Table 20).
- 68% of professional legal staff were women, up from 65%.
- The senior management team consisted of five women and five men until April 2007.
- Our summer and articulated clerk program for Indigenous law students and graduates continued with two Indigenous summer clerks and two Indigenous articulated clerks participating in the program.
- No equal opportunity complaints were lodged during the year.



Table 20: Staff classification by gender

Classification	Female	Male	Total
Executive			
EO2	0	2	2
EO3	2	3	5
Sub total	2	5	7
Lawyer			
VLA 5	11	13	24
VLA 4	44	23	67
VLA 3	93	34	127
Sub total	148	70	218
Para legal			
VLA 3	4	1	5
VLA 2	7	0	7
Sub total	11	1	12
Administrative			
VLA 5	6	7	13
VLA 4	17	8	25
VLA 3	59	10	69
VLA 2	153	12	165
VLA 1	7	6	13
Sub total	242	43	285
Computer systems officer			
VLA 5	0	1	1
VLA 4	1	4	5
VLA 3	2	3	5
Sub total	3	8	11
Librarian			
VLA 4	1	0	1
VLA 3	2	0	2
VLA 2	2	0	2
Sub total	5	0	5
Total	411	127	538

Note: Staffing figures are actual numbers of staff, not the full-time equivalent staff figures, as of 30 June 2007.

training, legal education and practice support

Developing our people managers has remained a key focus. Last year the People Manager Group was created for all staff with significant people management responsibilities. This led to two exciting opportunities being offered this year:

- 17 PMG members enrolled in the Graduate Certificate, Innovation and Service Management course at RMIT,

gaining management skills with a quality and change management focus through course activities. The graduates will receive a qualification and the option of continuing to masters level.

- 23 PMG members started the Management Fundamentals Program, an in-house program delivered by the Institute of Knowledge Development.

Practical in focus and designed to meet the needs of VLA managers, the program offers a comprehensive set of management tools and techniques.

In 2006-07 there were 2,105 staff attendances at a variety of training programs. These included general skills development in areas such as computer literacy, project management and customised programs tailored to meet the specific work environments and training needs of staff.

‘I have learned much about change management, reflected on myself as a manager and been exposed to many tools that will help in the workplace’ says Walter Ibbs, the acting manager of RDM. ‘I have been able to apply some of the learning immediately to everyday work situations and also initiated different approaches to change. Really worthwhile.’

We also provided training opportunities to lawyers in required areas of continuing professional development and in our core practice areas. Training for VLA staff and community legal centre lawyers was available through our professional legal education (PLE) program, VLA conferences and customised programs.

There were 842 staff attendances at PLE sessions. DVD recordings of PLE sessions were distributed to regional offices and the Neighbourhood Justice Centre.

VLA conferences were held in October 2006 and June 2007. Topics included new human rights legislation, the establishment of the Neighbourhood Justice Centre, issues in sexual offences, changes in family dispute resolution, child support and child-related proceedings, and issues in family violence. Overall attendance at the conferences was 243, of which 165 participants were VLA staff.

Customised training programs during the financial year included:

- 93 participants for ethics for VLA lawyers
- 15 participants for plain language training
- 232 participants for diversity awareness training concentrating on cross-cultural communication
- presentation skills training
- a forum for independent children’s lawyers.

Our staff are also assisted in their practice by a team of professional support lawyers who provide:

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

In 2006-07 practice support increased in scope to cover family law, crime, and human rights and civil. Other achievements were:

- developing proforma letters and documents for use by all divisions
- helping lawyers in the child support service to plan and deliver training and prepare practice resources for major law reforms
- substantially upgrading reference materials on our intranet for our criminal lawyers.

An articulated clerks experience

‘I was thrilled to obtain one of the sought after positions as an articulated clerk at VLA in 2006, because it fitted perfectly with my desire to use my education for the benefit of the broader community. I was attracted to working at VLA because I believe the assistance it provides is vitally important, as help is given to people for whom contact with the law often dominates the course of

their lives with devastating personal consequences.

An articulated clerkship at VLA meant I had the opportunity to spend a year rotating through all the divisions and various regional offices, a chance that many others at VLA envied. I received hands-on training across the many facets of legal aid and gained an appreciation of all the good work that is done.

After being admitted to legal practice at the beginning of the year, I now have a position in the Human Rights and Civil Law Service where I am in the midst of another steep learning-curve, putting my knowledge and skills to the test for our clients.’

Bryony Horrocks

‘Professional support lawyers help build knowledge resources for people at VLA who work directly with clients,’ says Rebecca Johnston, the acting manager of Precedents and Practice Support. ‘We provide legal updates, best practice tools and work in knowledge sharing projects. Working collaboratively with the legal aid lawyers has been a fantastic experience.’

our relationships

community legal centre funding

We administer Commonwealth, state and our own funding to 39 Victorian community legal centres and the Secretariat of the Federation of Community Legal Centres via the VLA Community Legal Centre Funding Program based in the Regional Offices Division. These centres offer important services that include the provision of legal advice, casework, community legal education and law reform services. They are part of the network of 51 community legal centres (CLCs) across Victoria.

VLA ensures that the CLCs comply with their service agreement requirements, such as financial reporting and strategic planning, and that CLC service delivery targets are met. We are also involved in CLC policy development at a state and national level in conjunction with other legal aid commissions and the Commonwealth.

The 2006-07 financial year saw another significant increase in CLC funding. The allocation of funds to Victorian CLCs totalled \$12,598,534 (see Table 21). Of that amount, the Commonwealth provided \$4,713,017. The state and VLA provided \$7,885,517, including \$247,779 in one-off relocation/set up costs. The sector has enjoyed an increase in funding of 102% over the last seven years, an average of 15% per annum.

A major development in 2006-07 was the merger of the Consumer Credit Legal Service and the Consumer Law Centre Victoria to create the much larger statewide service called the Consumer Action Law Centre. The merger was originally proposed by VLA and supported by the centres' other major funder, Consumer Affairs Victoria. It allowed for the financial survival of the Consumer Law Centre, which was in its last year of funding from its original grant. It also created a new, strengthened and more far-reaching consumer advocacy and protection organisation. VLA provided a significant increase in annual funding to the new centre from 2006-07.

Table 21: Community legal centre funding 2004-07

Centre	2004-05 \$	2005-06 \$	2006-07 \$
Aboriginal Fam. Viol. Prevention & Legal Serv.	0	0	45,000
Albury Wodonga Community Legal Service	222,390	227,283	281,910
Brimbank Melton Community Legal Centre	192,729	365,086	471,795
Broadmeadows Community Legal Service	239,928	245,207	256,479
Casey Cardinia Community Legal Service	192,604	196,841	205,360
Consumer Action Law Centre*	215,389	220,068	905,778
Community Connections Victoria	205,063	209,575	219,161
Central Highlands Community Legal Centre	204,968	275,286	288,083
Darebin Community Legal Centre Inc	201,417	333,764	348,453
Disability Discrimination Legal Service	194,338	183,476	191,642
Eastern Community Legal Centre	254,315	454,599	519,710
Environment Defenders Office (Victoria) Ltd	104,473	106,772	192,533
Essendon Community Legal Centre	198,105	202,463	212,665
Family Law Legal Service	0	250,000	261,535
Federation of Community Legal Centres	242,547	247,883	333,410
Fitzroy Legal Service	314,168	321,080	447,610
Flemington/Kensington Comm. Legal Centre	192,832	197,074	229,452
Footscray Community Legal Centre	200,495	204,906	213,845
Geelong Community Legal Service	430,728	510,964	533,431
Gippsland Community Legal Service	220,800	225,658	234,751
Homeless Persons	76,875	78,566	118,226
Loddon Campaspe Community Legal Centre	0	220,800	303,152
Mental Health Legal Centre	210,172	214,796	262,023
Monash Oakleigh Legal Service	141,712	144,830	151,032
Moreland Community Legal Centre Inc**	191,705	195,922	214,597
Murray Mallee Community Legal Service	244,672	250,055	307,402
North Melbourne Legal Service	199,992	204,392	217,633
Older Persons Legal Service	0	0	300,000
Peninsula Community Legal Centre	456,888	884,933	998,097
Refugee & Immigration Legal Centre Inc.	0	70,760	111,704
Springvale Comm. Aid and Advice Bureau	63,799	65,203	67,786
Springvale Legal Service Inc.	373,942	382,169	400,071
St. Kilda Legal Service Co-Op Ltd	260,808	266,546	278,719
Tenants Union of Victoria	239,657	474,900	496,370
Welfare Rights Unit	179,532	183,482	191,815
Western Suburbs Legal Service	193,188	197,439	205,903
West Heidelberg Community Legal Service	192,146	196,373	241,860
Whittlesea Community Legal Service	179,375	254,081	312,280
Women's Legal Service Victoria	584,846	597,712	660,607
Wyndham Legal Service***	194,346	218,622	228,490
Youthlaw	125,263	131,926	138,164
Total	8,136,207	10,211,492	12,598,534

* Consumer Action Law Centre was previously Consumer Credit LS in 2005-06.

** Moreland Community Legal Centre Inc was previously Coburg Brunswick in 2005-06.

*** Wyndham Legal Service was previously Werribee Legal Service in 2004-05.

The increased funding in 2006-07 had the following components:

- additional state government funding 'Gateways to Civil Justice' (year two of four)
- base Commonwealth and state/VLA funding increased by an indexation factor of 2%
- a total of \$277,082 was paid to centres as an ex gratia 3% salary increase pending finalisation of the proposed Multi Business Agreement
- additional amounts for various activities (see Table 22)
- special once-off funding (see Table 23)
- other CLC provisions (see Table 24).

We also paid 23 centres a total of \$83,815 as 'compliance bonuses'. This amount is paid if centres submit reports on time, with 28 days grace. The bonus is 1.5% of the centre's state/VLA allocation or \$1,000 (whichever is the greater). Sixteen centres missed out on a total of \$34,605 because of their poor reporting record.

VLA also replaced nearly every computer in the CLC sector with modern, fully up to date hardware costing VLA \$600,000.



Table 22: Additional funding for CLCs in 2006-07

Centre	Amount	Purpose
Aboriginal Family Violence Prevention & Legal Service Albury Wodonga Brimbank Murray Mallee Whittlesea	\$45,000 each	Administration support for proposed family law secondees
Brimbank Eastern Loddon Campaspe Peninsula	\$44,417 each	Additional funds for second year of 'Expansion of new services' initiative
EDO Mental Health Homeless Person's RILC	\$36,265 each	Additional funds for second year of 'Gateways to civil justice' initiative
Consumer Action Law Centre	\$500,000	Increased funding to support the new entity formed from the merger of Consumer Credit Legal Service and Consumer Law Centre
Federation	\$72,529	Sector development and capacity building worker
Fitzroy Legal Service	\$109,620	Lawyer and administration support for their involvement at the Neighbourhood Justice Centre
North Melbourne	\$5,056	Additional rent to cover shortfall caused by relocation of EDO

Table 23: One-off funding for CLCs in 2006-07

Centre	Amount	Purpose
Coburg Brunswick	\$10,390	Contribution towards relocation expenses of new premises in Sydney Road Coburg
Consumer Action Law Centre	\$165,164	Relocation and other costs associated with the merger and relocation of the two organisations into new premises
EDO	\$44,464	Contribution towards relocation expenses associated with relocation into the Green Building in Carlton
Flemington Kensington	\$23,021	One-off funding to support the centre's work on police relations with the local African community
Loddon Campaspe	\$27,761	Contribution towards relocation expenses of new premises in Bendigo
West Heidelberg	\$37,000	One-off contribution to national insurance project

Table 24: Other community legal centre provisions 2004-07

	2004-05	2005-06	2006-07
Access to interpreters	\$60,000	\$60,000	\$61,800
Professional Indemnity Insurance	\$40,185	\$65,000	\$61,820
Electronic library resources	\$40,000	\$50,000	\$65,000
IT support	\$40,000	\$45,000	\$46,260
ADSL accounts	\$20,000	\$20,000	\$20,560
EAP	\$7,000	\$8,000	\$8,224
Federation website licence	\$5,000	\$5,000	\$5,140
IT upgrade	n/a	n/a	\$600,000
Multi Business Agreement	n/a	n/a	\$400,000
Total	\$212,185	\$253,000	\$1,268,804

law reform

VLA has the power to make recommendations to the State Attorney-General about law reform under s.6(2)(c) of the Legal Aid Act. In 2006-07, we wrote 31 law reform submissions and attended 16 law reform consultation forums.

Our major submissions were about:

- the Sentencing Advisory Counsel review of continued detention orders
- the Department of Immigration and Multicultural Affairs proposal for an Australian citizenship test
- the Victorian Department of Justice consultation about reduction of appeal costs payments
- the Australian Law Reform Commission inquiry into client legal privilege.

Retaining County Court appeals was a major law reform highlight this year. In early 2006 the Victorian Parliament Law Reform Committee conducted a review of the de novo system of appeals in criminal proceedings.

A de novo appeal gives a person convicted in the Magistrates' Court the right to have their conviction or sentence considered afresh in a new hearing in the County Court. The committee was asked to consider whether this approach should continue and whether alternative forms of appeal could be introduced, for example restricting appeals to errors of law.

We made two written submissions and gave oral evidence before the committee advocating for the retention of de novo appeals on the grounds that they provide appropriate access to justice in a cost-effective manner. We provided evidence that VLA clients obtained sentence reductions in around two-thirds of the de novo appeals we funded.

In October 2006, the committee recommended that de novo appeals should be retained. In May 2007, the Victorian Government announced that it accepted the recommendation.



community consultation

We are committed to actively building and maintaining a range of relationships with other organisations in the justice sector. We have undertaken a broad range of consultations about VLA's operations and other issues, meeting with key stakeholders on 33 occasions.

our resources

managing finances and administration

The Finance and Administration Management Section:

- maintains financial systems and produces financial information
- ensures that facilities are maintained and upgraded
- ensures that client contributions are secured and collected.

In 2006-07, the key achievements included the migration of the accounts payable process to a paperless workflow system and the completion of a security risk analysis for the organisation.

VLA does not own any buildings, however it maintains compliance with building standards and regulations. During the year we continued the office refurbishment schedule and all new building works were undertaken in accordance with relevant standards.

The organisation has a number of environmental performance policies. During the financial year our paper usage per employee reduced by the strategic target of 5% per annum. Energy consumption per employee has remained stable and the use of hybrid motor vehicles is currently under investigation for trial next year.



We provide a video conferencing service for VLA clients and staff. There was a significant decrease in video conferenced professional legal education sessions in 2006-07 as the training room was unavailable for seven months during renovations (see Table 25).

Table 25: Video conferencing attendances 2004-07

	2004-05	2005-06	2006-07
Client sessions	2,120	2,408	2,825
Professional legal education	823	1,064	424
Total	2,943	3,472	3,249

internal audit unit

We have an Internal Audit Unit which assists the Audit Committee and other levels of management achieve sound managerial review and control over VLA activities to ensure that these activities are carried out effectively and efficiently. The unit helps VLA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

To ensure our compliance with statutory financial and other operating controls, VLA also has an Audit Committee. Its membership comprises VLA non-executive board members. Details of membership for 2006-07 are:

Mr Frank King
Chair of Audit Committee, VLA Director

Mr John Howie
Chairperson VLA Board

Ms Sue Walpole
From December 2006, VLA Director

The Managing Director, the manager of the Finance, Assignments & Business Division and the manager of Internal Audit Unit attend all meetings at the invitation of the Audit Committee. The Victorian Auditor-General, or his delegate, have an open invitation to attend all meetings and

receive a copy of the meeting papers and minutes. The committee also meets with the Victorian Auditor-General's Office and VLA's internal auditor in the absence of management.

The committee has a VLA board approved Audit Charter as specified under the Financial Management Compliance Framework. The charter records the committee's purpose and objectives, authority, membership, attendance at meetings, roles and responsibilities. Included within the roles and responsibilities are the monitoring and oversight of the:

- the annual financial statements
- operation and implementation of the risk management framework
- review of work, performance and independence of internal audit and the scope of work, independence and performance of external audit.

During the year the Audit Committee met on a quarterly basis. The Internal Audit Unit presented a quarterly report at each meeting. The report included advice on:

- telephones
- barristers engagement and selection
- administration of community legal centres
- premises security
- staff recruitment and selection
- Case and Practice Management System (CPMS).

planning and projects

In 2006, we created a Planning and Projects Team to ensure successful projects are planned, managed and delivered using tried and tested methodologies, which have been scaled to provide a unique framework with supporting tools and guidelines to suit our needs.

In 2006-07, the most significant project was the development of the BASE program to address the requirements of:

- ATLAS, a software solution that will replace aging grants management software and provide a modern suite of e-commerce tools
- CPMS, a new litigation management tool for in-house practices
- e-lodgement, a web-based system for submitting and tracking applications for legal assistance, extensions and invoices

‘The objective of the Planning and Projects Team is to coordinate an effective and efficient process to achieve VLA’s strategic direction,’ says Kristy Macdonald, coordinator of planning and projects. ‘To play a role in the successful implementation of our strategic projects and other initiatives as a member of an innovative team is extremely rewarding.’

- the redevelopment of our website and intranet, including the redevelopment of the VLA Handbook.

This has required the facilitation of coordinated efforts across all divisions to ensure all needs are planned for and managed, including providing the project framework and training pathways.

information systems

The Information Systems Division maintains, develops and protects our information technology assets. The division works closely with staff to ensure it meets the operational needs of the organisation in accordance with VLA’s strategic directions.

Our key activities this year included provision of technical support for the:

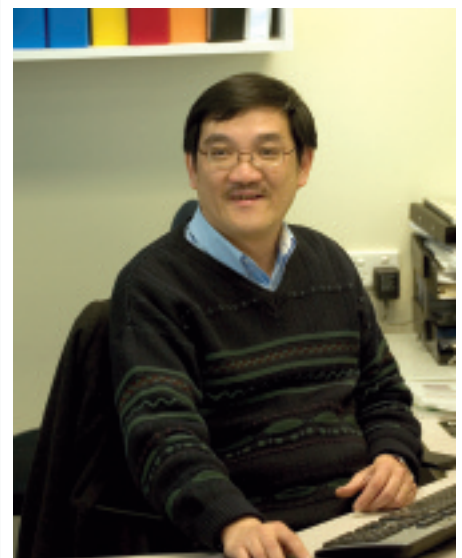
- proof of concept phase for the acquisition of CPMS
- requirements collection and design stage for the acquisition of ATLAS
- development of grants e-lodgement.

Infrastructure upgrades implemented included deployment of new versions of our email system, remote access, virus checking, SPAM management and network management utilities.

The major focus for the division for the next 12 months will be supporting the BASE program through the provision of technical advice, infrastructure upgrades,

testing support and business analysis. The division will also be closely involved in the first phase of the CPMS implementation and the latter stages of the design and development of ATLAS.

Local activities will involve an upgrade to the server room and a deployment of new servers and personal computers including installation of Microsoft Office 2003. We will also be reviewing the use of digital dictation systems in the organisation.



records management

Records management practices across VLA have been investigated during the past year. Extensive research, consultation and analysis have been conducted resulting in a records management strategy for the organisation. The strategy details the findings, risks and issues. It also identifies areas and methods for improvement. The strategy has been fully endorsed by VLA executive and the board. Implementation of the recommendations will commence in 2007-08 and will continue in subsequent years

2006-07 financial report

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

This financial report covers Victoria Legal Aid as an individual entity
Victoria Legal Aid is a Statutory Authority of the State of Victoria.
The Authority was established under the Legal Aid Act 1978.

Its principal address is:

Victoria Legal Aid
350 Queen Street
Melbourne VIC 3000

Operating Statement

For the financial year ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
CONTINUING OPERATIONS			
Income			
Government			
Commonwealth grant	1d,2	30,852	30,264
State grant	1d,2	41,263	37,656
Public purpose fund	1d,2	26,543	19,600
		<u>98,658</u>	<u>87,520</u>
Operating			
Client contributions	1d,2	6,708	5,848
Costs recovered and appeal cost fund	1d,2	1,763	1,276
Recoverable amount adjustment	1j	173	231
Interest on investments	1d,2	2,499	2,942
Other income		1,352	297
		<u>12,495</u>	<u>10,594</u>
		<u>111,153</u>	<u>98,114</u>
Expenses			
Case related professional payments		(63,669)	(54,952)
Employee benefits	3	(32,454)	(29,309)
Grants and other payments	2b	(7,417)	(5,345)
Depreciation	1e, 3	(1,955)	(1,972)
Other expenditure	3	(12,128)	(10,503)
		<u>(117,623)</u>	<u>(102,081)</u>
Net result from continuing operations		<u>(6,470)</u>	<u>(3,967)</u>
Net result for the year	10c	<u>(6,470)</u>	<u>(3,967)</u>

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

Balance Sheet

As at 30 June 2007

	Notes	2007 \$'000	2006 \$'000
Current assets			
Cash and cash equivalents	1g,5,15	30,161	37,174
Accrued Income	15	181	301
Receivables	1h&j,6,15	7,223	7,693
Prepayments		520	288
Total current assets		38,085	45,456
Non-current assets			
Property, plant and equipment	1j, 7	9,837	9,540
Receivables	1h&j,6,15	15,764	12,720
Total non-current assets		25,601	22,260
Total assets		63,686	67,716
Current liabilities			
Payables	8,15	14,895	13,169
Provisions	1m,1n,9	5,966	5,576
Total current liabilities		20,861	18,745
Non-current liabilities			
Provisions	1m,1n,9	1,389	1,065
Total non-current liabilities		1,389	1,065
Total liabilities		22,250	19,810
Net assets		41,436	47,906
Equity			
Reserves	10a	0	0
Contributed capital	10b	42,194	42,194
Accumulated surplus (deficit)	10c	(758)	5,712
Total equity		41,436	47,906
Contingent Liabilities	1t,18		
Commitments for expenditure	1s,16		

Statement of recognised income and expense

For the financial year ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
Net result for the period		(6,470)	(3,967)
Total recognised income and expenses for the year		(6,470)	(3,967)

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

Cash flow statement

For the financial year ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
Cash flows from operating activities			
<i>Receipts from government</i>			
Commonwealth		30,942	30,399
State		41,264	37,453
Public purpose fund		26,543	19,600
<i>Receipts from operating activities</i>			
Client contributions		3,275	4,724
Costs recovered and appeal cost fund		2,247	1,324
Interest received		2,619	2,998
Goods and services tax recovered from the ATO		8,996	7,894
Other		1,332	272
		<u>117,218</u>	<u>104,664</u>
<i>Payments to suppliers and employees</i>			
Private practitioners		(67,907)	(59,148)
Salaries and related costs		(31,817)	(28,956)
Community Legal Centres		(8,159)	(5,891)
Administration costs		(13,375)	(11,361)
Other		(490)	(433)
		<u>(121,748)</u>	<u>(105,789)</u>
Net cash used in operating activities	14	<u>(4,530)</u>	<u>(1,125)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(2,593)	(4,255)
Proceeds from sale of property, plant and equipment		110	122
		<u>(2,483)</u>	<u>(4,133)</u>
Net cash used in investing activities		<u>(2,483)</u>	<u>(4,133)</u>
Net decrease in cash and cash equivalents held		<u>(7,013)</u>	<u>(5,258)</u>
Cash and cash equivalents at the beginning of the financial year		<u>37,174</u>	<u>42,432</u>
Cash and cash equivalents at the end of the financial year	1g,5	<u>30,161</u>	<u>37,174</u>

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

Note 1. Summary of accounting policies

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

(a) Statement of compliance and basis of accounting

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, applicable Australian Accounting Standards and other mandatory professional requirements. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS').

The financial statements were authorised for issue by T Matthews (Chief Finance and Accounting Officer - Victoria Legal Aid) on 15 August 2007.

(b) Basis of preparation

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

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

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

Judgements made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed throughout the notes in the financial statements.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2007 and the comparative information presented for the year ended 30 June 2006.

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

(c) Objectives

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

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

Note 1. Summary of accounting policies (continued)

(d) Revenue recognition

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

(i) Government grants

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

(ii) Client contribution revenue

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

(iii) Sale of goods and disposal of assets

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

(iv) Interest

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

(v) Costs recovered and appeal costs fund

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

(e) Depreciation

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 period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. Estimates of useful lives, residual values and depreciation method are reviewed on a regular basis.

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

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

(f) Maintenance and repairs

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

(g) Cash and cash equivalents

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

Note 1. Summary of accounting policies (continued)

(h) Receivables

Granting of legal assistance

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

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

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

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

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

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

(i) Contribution by owners

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

(j) Non-current assets

Non-current physical assets

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

Leasehold improvements

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

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

Cultural assets

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

Receivables client contributions

Finity Consulting Pty Limited actuaries perform an annual independent assessment of the net present value of receivables. The analysis undertaken reviews the receivable portfolio, recovery history and the current and forecast financial environment to determine a recoupment pattern. This payment pattern was discounted by 6.4% (2006: 5.75%) which is the forecast earnings rate of the organisation's investment portfolio to determine the net present value.

(k) Impairment of assets

All assets are assessed annually for indications of impairment.

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

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

Note 1. Summary of accounting policies (continued)

(l) Payables

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

Trade creditors

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

Legal creditors

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

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

An actuarial assessment was undertaken by Finity Consulting Pty Limited to identify amounts owing to legal creditors for work performed prior to the 30 June 2007 but not yet invoiced. The actuarial assessment includes a prudential margin of 10% of outstanding estimates which is reassessed each year.

No interest charge is applicable.

(m) Employee benefits

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

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

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

(ii) Long service leave

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

- **Current liability - unconditional LSL** (representing 7 or more years of continuous service) is disclosed as a current liability even where the Commission does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave or depart within 12 months.

The components of this current LSL liability are measured at:

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

- **Non-current liability - conditional LSL** (representing less than 7 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current liability is measured at present value.

(iii) Employee benefits on-costs

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

Note 1. Summary of accounting policies (continued)

(iii) Termination benefits

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

(v) Defined contribution superannuation funds

Contributions to defined contribution superannuation plans are expensed when incurred (See note 11).

(vi) Defined benefit superannuation funds

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

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

(n) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

(o) Leased non-current assets

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

(p) Goods and services tax

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

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

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

(q) Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Commission. These items are recognised as an expense in the reporting period in which they are incurred. The carrying amount of any inventories held for distribution is expensed when distributed.

Note 1. Summary of accounting policies (continued)

(r) Events after reporting date

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

(s) Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value (See note 16).

(t) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value (See note 18).

(u) Critical accounting estimates and judgements

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

(i) Critical accounting estimates and assumptions

Measurement of client receivables

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

Measurement of case related professional creditors

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

(v) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises departments and other entities of their applicability and early adoption where applicable.

As at 30 June 2007, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2007. The Commission has not, and does not intend to adopt these standards early.

Note 1. Summary of accounting policies (continued)

(v) New accounting standards and interpretations (continued)

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending	Impact on financial statements
<i>AASB 7 Financial Instruments: Disclosures</i>	New standard replacing disclosure requirements of AASB 132.	Beginning 1 Jan 2007	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the financial report.
<i>AASB 2005-10 Amendments to Australian Accounting Standards</i> [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1023 and AASB 1038]	Amendments arise from the release in August 2005 of <i>AASB 7 Financial Instruments: Disclosures</i> .	Beginning 1 Jan 2007	As above.
<i>AASB 101 Presentation of Financial Statements (revised)</i>	Removes Australian specific requirements from AASB 101, including the Australian illustrative formats of the income statement, balance sheet and statement of changes in equity which entities were previously 'encouraged' to adopt in preparing their financial statements.	Beginning 1 Jan 2007	Impact on presentation not expected to be significant.
Interpretation 12 <i>Service Concession Arrangements</i>	AASB approved Australian Interpretation 12, equivalent to IFRIC 12, applying to private sector operators, but is silent on accounting by public sector grantors. The AASB intends to consider how public sector grantors account for service concession arrangements, and will appoint an advisory panel to make recommendations.	Beginning 1 Jul 2008	The impact of any changes that may be required cannot be reliably estimated and is not disclosed in the financial statements.
<i>AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12</i>	Amendments arise from the release in February 2007 of Interpretation 12 <i>Service Concession Arrangements</i> .	Beginning 1 Jul 2008	As above.
<i>AASB 8 Operating Segments</i>	Supersedes AASB 114 <i>Segment Reporting</i> .	Beginning 1 Jan 2009	Not applicable.
<i>AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8</i> [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038]	An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 Jan 2009	Impact not expected to be significant.

Note 2. Funding

(a) The organisation

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

(b) Community Legal Centres

Each year the Commission allocates a portion of its funding and provides certain administration assistance to Community Legal Centres in Victoria. For the year ended 30 June 2007 the organisation allocated \$7.4 million of direct funds (2006: \$5.3m). The organisation has disclosed this transaction in its financial statements as the Board of Victoria Legal Aid has discretionary funding choices over the allocation of State grants.

The organisation does not control the allocation of grants received from the Commonwealth Government and consequently does not include these funds in its financial statements. The total amount received from the Commonwealth for Community Legal Centres to 30 June 2007 was \$4.9m million (2006: \$4.6m).

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

Note 3. Result for the reporting period

	2007 \$'000	2006 \$'000
(a) Net gains and expenses		
Result from ordinary activities includes the following specific net gains / (losses) and expenses:		
Net gains / (losses)		
Net gain / (loss) on disposal Property, plant and equipment	3	(177)
Expenses from ordinary activities		
Employee benefits		
Salaries and overtime	24,690	22,291
Annual leave and long service leave expense	3,225	3,082
Superannuation	2,520	2,243
Staff development	366	277
Workcover	201	188
Temporary employment cover	739	675
Other	713	553
Total employee benefits	<u>32,454</u>	<u>29,309</u>
Depreciation		
Furniture, fixture & fittings	22	21
Information technology equipment	663	680
Leasehold improvements	1,056	1,071
Motor vehicles	96	97
Office machines & equipment	118	103
Total depreciation	<u>1,955</u>	<u>1,972</u>
Other expenditure from ordinary activities		
Supplies and services		
Debt recovery costs	47	47
Insurance	144	178
Legal fees	258	339
Library	395	341
Motor vehicle and travelling expenses	105	99
Postage and telephones	983	1,032
Printing and stationery	1,014	820
Sundry expenses	834	556
Travel and accommodation	434	278
Contractors	2,132	522
Consultants	448	686
Total supplies and services	<u>6,794</u>	<u>4,898</u>
Premises - minimum lease payments	2,601	2,874
Premises - other	1,755	1,621
Information management systems	893	943
Decommissioning expenses	(12)	(120)
Other	97	287
Total other expenditure from ordinary activities	<u>12,128</u>	<u>10,503</u>

Note 4. Remuneration of auditors

	2007 \$'000	2006 \$'000
Remuneration of auditors comprises:		
Audit of financial reports: Victorian Auditor General's Office	48	46

Note 5. Cash and cash equivalents

	2007 \$'000	2006 \$'000
Cash at bank and on hand	1,661	1,163
Term deposits	28,500	36,011
	<u>30,161</u>	<u>37,174</u>

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

Balance as above	30,161	37,174
Balance as per statement of cash flows	<u>30,161</u>	<u>37,174</u>

Term deposits

The deposits are bearing weighted average interest rates of 6.44 % (2006 – 5.76 %).

Note 6. Receivables

(a) Receivables

Client Contributions		
Secured client contributions receivable	17,570	16,717
Adjustment for impairment	(5,719)	(5,892)
Secured client contributions receivable at net present value	<u>11,851</u>	<u>10,825</u>
Secured client contributions receivable on unfinalised matters	2,313	2,510
Unsecured client contributions receivable	6,350	4,790
Costs recoverable	285	415
	<u>20,799</u>	<u>18,540</u>
Less: Allowance for doubtful debts (b)	(500)	(500)
	<u>20,299</u>	<u>18,040</u>

Sundry receivables

Australian Taxation Office	2,380	1,996
Other	308	377
	<u>2,688</u>	<u>2,373</u>

This is represented by:

Current		
Due within one year	7,223	7,693
Non-current		
Due beyond one year	15,764	12,720
	<u>22,987</u>	<u>20,413</u>

(b) Movement in provision

Opening Balance	500	750
Movements during the year:		
Re-assessments and bad debts written-off	(534)	(470)
Increase/(decrease) in provision for re-assessments and bad debt write-downs	534	220
Closing balance	<u>500</u>	<u>500</u>

No interest is charged on receivables.

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

Note 7. Property, plant and equipment

	2007 \$'000	2006 \$'000
Information technology at cost	3,498	3,230
Less: Accumulated depreciation	(2,799)	(2,178)
	<u>699</u>	<u>1,052</u>
Furniture, fixtures and fittings at cost	537	234
Less: Accumulated depreciation	(119)	(100)
	<u>418</u>	<u>134</u>
Leasehold improvements at cost	14,586	13,191
Less: Accumulated depreciation	(6,797)	(5,743)
	<u>7,789</u>	<u>7,448</u>
Motor vehicles at cost	454	489
Less: Accumulated depreciation	(143)	(125)
	<u>311</u>	<u>364</u>
Office machines and equipment at cost	984	767
Less: Accumulated depreciation	(462)	(323)
	<u>522</u>	<u>444</u>
Cultural assets at cost	98	98
Less: Accumulated depreciation	0	0
	<u>98</u>	<u>98</u>
Total property, plant and equipment	20,157	18,009
Less: Total Accumulated depreciation	(10,320)	(8,469)
Total written down value	<u>9,837</u>	<u>9,540</u>

Reconciliations

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

	Information technology \$'000	Furniture, fixtures & fittings \$'000	Leasehold improvements \$'000	Motor vehicles \$'000	Office machines & equipment \$'000	Cultural assets \$'000	Total \$'000
2007							
Carrying amount at start of year	1,052	134	7,448	364	444	98	9,540
Additions	310	306	1,397	155	196	0	2,364
Disposals	0	0	0	(112)	0	0	(112)
Depreciation/amortisation expense	(663)	(22)	(1,056)	(96)	(118)	0	(1,955)
Carrying amount at end of year	<u>699</u>	<u>418</u>	<u>7,789</u>	<u>311</u>	<u>522</u>	<u>98</u>	<u>9,837</u>
2006							
Carrying amount at start of year	1,073	126	6,040	380	353	57	8,029
Additions	762	49	2,570	179	200	41	3,801
Disposals	(103)	(20)	(91)	(98)	(6)	0	(318)
Depreciation/amortisation expense	(680)	(21)	(1,071)	(97)	(103)	0	(1,972)
Carrying amount at end of year	<u>1,052</u>	<u>134</u>	<u>7,448</u>	<u>364</u>	<u>444</u>	<u>98</u>	<u>9,540</u>

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

Note 8. Payables

	Notes	2007 \$'000	2006 \$'000
Current			
Case related professional creditors		12,528	11,239
Trade creditors		2,367	1,930
		<u>14,895</u>	<u>13,169</u>

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

Note 9. Provisions

(a) Provisions

Current

Employee benefits

- Annual leave	9b	2,425	2,188
- Long service leave (unconditional)	9b	3,287	3,174
- Sick leave	9b	135	75
- Executive officer bonus	9b	119	139
		<u>5,966</u>	<u>5,576</u>

Non-current

Employee benefits

- Long service leave (conditional)	9b	779	710
Decommissioning	1j,9c	610	355
		<u>1,389</u>	<u>1,065</u>

Aggregate carrying amount of provisions

Current		5,966	5,576
Non-current		1,389	1,065
		<u>7,355</u>	<u>6,641</u>

(b) Employee Benefits

Current

Current employee benefits for annual leave, sick leave, executive officer bonus and unconditional long service leave entitlements

- Are expected to be utilised within 12 months after the end of the reporting period measured at nominal value		5,436	5,108
- Are expected to be utilised more than 12 months after the end of the reporting period measured at present value		530	468
		<u>5,966</u>	<u>5,576</u>

Non-current

Conditional long service leave entitlements		779	710
		<u>779</u>	<u>710</u>

(c) Movement in Provisions

Decommissioning	\$'000	\$'000
Balance at 1 July 2006	355	439
Additional provisions recognised	183	45
Reductions arising from payments	0	(24)
Additions resulting from re-measurement or settlement without cost	63	(110)
Unwind of discount and effect of changes in the discount rate	9	5
Balance at 30 June 2007	<u>610</u>	<u>355</u>

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

Note 10. Equity and movements in equity

	Notes	2007 \$'000	2006 \$'000
(a) Reserves			
Expensive Cases Reserve		0	0
		<u>0</u>	<u>0</u>
Movements			
Expensive Cases Reserve			
Balance 1 July 2006		0	2,000
Movement during the year		0	(2,000)
Balance 30 June 2007		<u>0</u>	<u>0</u>
(b) Contributed Capital			
Balance 1 July 2006		42,194	42,194
Movement during the year		0	0
Balance 30 June 2007		<u>42,194</u>	<u>42,194</u>
(c) Accumulated surplus			
Balance 1 July 2006		5,712	7,679
Movement during the year	(a)	0	2,000
Net result for the period		(6,470)	(3,967)
Balance 30 June 2007		<u>(758)</u>	<u>5,712</u>

Note 11. Superannuation Funds

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

(a) Commonwealth Superannuation Scheme

Covers one former employee of the Australian Legal Aid Office who elected to continue contributing to the Commonwealth scheme at the date on which the organisation's predecessor (the Legal Aid Commission of Victoria) commenced operations. Total employer contributions made to this scheme for the period ended 30 June 2007 were \$17,319 (30 June 2006: \$16,593) at the employer contribution rate of 28.3% (30 June 2006: 28.3%).

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

(b) Victorian Government Superannuation

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

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

	2007 \$'000	2006 \$'000
State Superannuation Fund – new scheme	233	228
State Superannuation Fund – revised scheme	42	44
VicSuper Pty Ltd	2,028	1,868
Various other	161	86
	<u>2,464</u>	<u>2,226</u>

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

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

Those funds participating during the period ending 30 June 2007:

Superannuation Fund Schemes	Employee Nos.
State Superannuation Fund – new scheme	47
State Superannuation Fund – revised scheme	3
VicSuper Pty Ltd	618
Various other	53

(c) Outstanding liabilities

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

Note 12. Ministers and Accountable Officers

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

NAMES

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

Responsible Ministers

Victorian Attorney General	The Hon. Rob J Hulls MLA	1 July 2006 to 30 June 2007
Commonwealth Attorney General	The Hon. Philip Ruddock MP	1 July 2006 to 30 June 2007

Responsible Directors

Chairperson	Mr John Anthony Howie	1 July 2006 to 30 June 2007
Managing Director	Mr Anthony William Parsons	1 July 2006 to 30 June 2007
Director	Ms Mary Anne Noone	1 July 2006 to 30 June 2007
Director	Mr Frank King	1 July 2006 to 30 June 2007
Director	Ms Sue Walpole	29 August 2006 to 30 June 2007

REMUNERATION OF DIRECTORS

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

Income Band	Total Remuneration		Base Remuneration	
	2007 No.	2006 No.	2007 No.	2006 No.
\$10,000 - \$19,999	3	2	3	2
\$30,000 - \$39,999	1	1	1	1
\$190,000 - \$199,999	0	0	0	1
\$200,000 - \$209,999	0	0	1	0
\$220,000 - \$229,999	0	1	0	0
\$230,000 - \$239,999	1	0	0	0
Total number	5	4	5	4
Total amount \$000's	304	282	278	261

OTHER TRANSACTIONS

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report other than the Trust Account as per Note 19.

Note 13. Remuneration of executives

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

Income Band	Total Remuneration		Base Remuneration	
	2007 No.	2006 No.	2007 No.	2006 No.
\$100,000 – 109,999	0	0	1	0
\$110,000 – 119,999	0	1	1	2
\$120,000 – 129,999	1	1	0	0
\$130,000 – 139,999	1	0	2	3
\$140,000 – 149,999	1	3	1	1
\$150,000 – 159,999	2	1	1	0
\$160,000 – 169,999	1	0	1	0
\$170,000 – 179,999	1	0	0	0
Total number	7	6	7	6
Total amount \$000's	1,047	920	957	865

Note 14. Reconciliation of results from ordinary activities to net cash inflow from operating activities

	2007 \$'000	2006 \$'000
Results from ordinary activities	(6,470)	(3,967)
Depreciation and amortisation	1,955	1,972
Doubtful debts re-assessments and write downs	0	(250)
Net gain on sale of non-current assets	(3)	177
Movement in adjustment for recoverable amount	(173)	(87)
Change in operating assets and liabilities		
(Increase) decrease in accrued income	120	105
Decrease (increase) in receivables	(2,408)	(965)
Decrease (increase) in prepayments	(231)	161
Increase (decrease) in trade creditors	794	94
Increase (decrease) in legal creditors	1,172	986
Increase (decrease) in provisions	714	649
Net cash inflow from operating activities	(4,530)	(1,125)

Note 15. Financial instruments

(a) Financial risk objectives

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

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

(b) Recognised financial instruments

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

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

Note 15. Financial instruments (continued)
(c) Interest rate risk exposures

2007

	Notes	Floating interest rate \$'000	Fixed interest maturing in 1 year or less \$'000	Non-interest bearing \$'000	Total No. \$'000
Financial assets					
Cash and deposits	5	1,661			1,661
Accrued income		181			181
Receivables	6		2,380	20,607	22,987
Term deposits	5		28,500		28,500
		1,842	30,880	20,607	53,329
Weighted average interest rate		6.15%	6.44%		
Financial liabilities					
Legal payables	8			12,528	12,528
Sundry payables	8		490	1,877	2,367
		0	490	14,405	14,895
Net financial assets (liabilities)		1,842	30,390	6,202	38,434

2006

	Notes	Floating interest rate \$'000	Fixed interest maturing in 1 year or less \$'000	Non-interest bearing \$'000	Total No. \$'000
Financial assets					
Cash and deposits	5	1,163			1,163
Accrued income		301			301
Receivables	6		1,996	18,417	20,413
Term deposits	5		36,011		36,011
		1,464	38,007	18,417	57,888
Weighted average interest rate		5.65%	5.76%		
Financial liabilities					
Legal payables	8			11,239	11,239
Sundry payables	8		490	1,440	1,930
		0	490	12,679	13,169
Net financial assets (liabilities)		1,464	37,517	5,738	44,719

Note 15. Financial instruments (continued)

(d) Credit risk

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

The Commission has a significant credit risk exposure to its client contributions receivable balance. The services of a qualified actuary are utilised to establish the recoverable amount of these receivables. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

(e) Net fair value of financial assets and liabilities

(i) On-balance sheet

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

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

(ii) Off-balance sheet

The Commission has potential financial liabilities which may arise from certain contingencies disclosed in note 16 and 18. As explained in those notes, no material losses are anticipated in respect of any of those contingencies and the net fair value disclosed below is the estimate of amounts which would be payable by the Commission as consideration for the assumption of those contingencies by another party.

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

	2007		2006	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
On-balance sheet financial instruments				
Financial assets				
Cash and deposits	1,661	1,661	1,163	1,163
Term deposits	28,500	28,500	36,011	36,011
Receivables	23,168	23,168	20,714	20,714
	<u>53,329</u>	<u>53,329</u>	<u>57,888</u>	<u>57,888</u>
Financial liabilities				
Legal payables	12,528	12,528	11,239	11,239
Other payables	2,367	2,367	1,930	1,930
	<u>14,895</u>	<u>14,895</u>	<u>13,169</u>	<u>13,169</u>

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

Note 16. Commitments for expenditure

	2007 \$'000	2006 \$'000
Capital commitments		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	91	134
	<u>91</u>	<u>134</u>
Lease commitments		
Commitments in relation to non-cancellable operating leases for office equipment and rental for premises contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	2,984	2,608
Later than one year but not later than 5 years	10,103	8,931
Later than five years	10,695	12,628
	<u>23,782</u>	<u>24,167</u>
Outsourcing commitments		
Commitments under outsourcing contracts for legal services and maintenance at the reporting date but not recognised as liabilities, payable:		
Within one year	21,057	14,792
Later than one year but not later than 5 years	19,323	15,225
	<u>40,380</u>	<u>30,017</u>

Note 17. Ex-gratia payments

The Commission made ex-gratia payments of \$55,074 during the period to ten former employees upon termination of employment (2006: \$45,370 to one former employee).

Note 18. Contingent liabilities

The organisation does not have any contingent liabilities or claims of a material nature which have not already been disclosed in these financial statements (2006 Nil).

Note 19. Trust account

	2007 \$'000	2006 \$'000
<hr/>		
<i>Victoria Legal Aid – Mr T Parsons</i>		
<i>Trust account statement of receipts and payments</i>		
<i>For the year ended 30 June 2007</i>		
Receipts		
Balance at beginning of year	220	147
Amounts received on behalf of clients	986	594
	<hr/> 1,206	<hr/> 741
Less Payments		
Amounts paid on behalf of clients	695	521
Balance at end of year	<hr/> 511	<hr/> 220
This amount is represented by:		
Cash at bank	284	62
Deposits with the Legal Practice Board	227	158
	<hr/> 511	<hr/> 220

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

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

Certification of financial report

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

We further state that, in our opinion, the information set out in the Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2007 and financial position of Victoria Legal Aid as at 30 June 2007.

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



John Howie

Chairperson
15 August 2007



Anthony Parsons
Managing Director
Victoria Legal Aid

Accountable Officer
15 August 2007



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

Chief Finance & Accounting Officer
15 August 2007

VAGO

Victorian Auditor-General's Office
INDEPENDENT AUDIT REPORT
Victoria Legal Aid

To the Members of the Parliament of Victoria and Members of the Board of the Authority

The Financial Report

The accompanying financial report for the year ended 30 June 2007 of Victoria Legal Aid which comprises operating statement, balance sheet, statement of recognised income and expense, cash flow, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification of financial report has been audited.

The Responsibility of the Members of the Board for the Financial Report

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

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Victoria Legal Aid as at 30 June 2007 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
24 August 2007


Dr Peter Frost
Acting Auditor-General

appendices

appendix 1: governance and compliance

Corporate governance

This statement describes the primary corporate governance practices employed by VLA to ensure it is managed in a way that enables it to meet its statutory aims and objectives.

VLA's board of directors is established under s.11 of the Legal Aid Act. The board is responsible for the management of VLA and ensuring it meets its objectives. The board meets 11 times each financial year.

The board has five directors, nominated by the Victorian Attorney-General and appointed by the Governor-in-Council. At least one must have experience in financial management and one must have experience in either business or government operation. One of the directors is the managing director. The managing director also has control of the day-to-day administration of VLA in accordance with the policies, priorities and strategies determined by the board.

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

The directors are also required by s.12J of the Legal Aid Act to declare any direct or indirect pecuniary interest in a matter being considered by the board or any other matter in which the VLA is concerned. Conflicts of interest are overcome by directors declaring their interests and abstaining from voting at VLA's board meetings.

Compliance

This section includes disclosures required by the *Financial Management Act 1994*, *Legal Aid Act 1978*, *Freedom of Information Act 1982*, *Whistleblowers Protection Act 2002*, and *Victorian Industry Participation Policy Act 2003*. It also includes voluntary disclosure of additional regulatory compliance information.

Freedom of information

The Freedom of Information Act gives members of the public the right to apply for access to information held by VLA. It applies to documents created by VLA as well as those created by other organisations in the possession of VLA. VLA is subject to the Act and processes requests for information directly related to its operations. Information on how to make a request is available at www.legalaid.vic.gov.au

In 2006-07 a total of four requests were accepted and processed. All of these requests were granted in full or in part. The requests primarily concern access to information contained in a client's grants file. Information located in a case file may be released to the client pursuant to the solicitor/client relationship and therefore is not treated as a freedom of information request.

Privacy

VLA complies with the Information Privacy Act and manages personal information in accordance with the information privacy principles. Our privacy policy is available at www.legalaid.vic.gov.au

No privacy complaints were received from the Privacy Commissioner during 2006-07.

Whistleblower protection

VLA has established procedures under Part 6 of the Whistleblower Protection Act based on the Ombudsman's guidelines. A copy of the procedures is available at www.legalaid.vic.gov.au

Pursuant to s.104 of the Act, for the period 2006-07, there were no:

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

National competition policy

VLA, to the extent applicable, complies with the requirements of the National Competition Policy.

Victorian industry participation

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

Consultancies

During 2006-07, a total of 54 approved consultancies were undertaken at a combined cost of \$396,106. Of these, no consultancies were greater in value than \$100,000. Separately and in addition, Middletons Lawyers were engaged to provide employment law advice during the period and the value of this advice was \$51,784.

Payment of costs

Section 48 of the Legal Aid Act provides that where a person has been ordered to pay costs in proceedings for which they were granted legal assistance, either the person who received the grant, or the party in whose favour costs have been ordered, may request VLA to pay all or part of those costs. Before making a payment, VLA must be satisfied that the person making the request would suffer substantial hardship if the costs were not paid and that it is just and equitable that the costs be paid. VLA received four s.48 requests in 2006-07. One request was declined, two requests were allowed and one is yet to be decided.

appendix 2: disclosure index

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

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Victoria Legal Aid
Twelfth Statutory Annual Report 2006-07

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