

Victorian Lawyers RPA Ltd



Law
Institute
Victoria

*Annual Report
to Members
Year Ended
30 June 2002*

(ACN No 075 475 731)

Victorian Lawyers RPA Ltd

(ACN No 075 475 731)

Annual General Meeting

**The Annual General Meeting of
Victorian Lawyers RPA Ltd
will be held on**

Wednesday, 27 November 2002 at 6pm

Venue: 470 Bourke Street, Melbourne 3000

Postal address: GPO Box 263C, Melbourne 3001

DX 350 Melbourne

Telephone: (03) 9607 9311

Facsimile: (03) 9602 5270

Email: lawinst@liv.asn.au

Internet: <http://www.liv.asn.au>

Contents

Council and Committees	2-3
President's Review	4-5
CEO's Review	6-7
Law Institute of Victoria Services and Sections	8-14
Professional Standards	15-19
Membership/Practising Statistics	20-23
Financial Commentary	24
Financial Reports	
Directors' Report	25-29
Statement of Financial Performance	30
Statement of Financial Position	31
Statement of Cash Flows	32
Notes to the Financial Statements	33-46
Directors' Declaration	47
Independent Auditors' Report	48

Council and Committees

as at 30 June 2002



Elected Members of the Law Institute Executive

Treasurer Judith Peirce, President David Faram, Vice-President Bill O'Shea and Fifth Executive Member Christopher Dale. *Absent:* Immediate Past President John Corcoran.



Simon Begg

Committees:

- Access to Justice
- Audit
- Building & Properties
- Ethics
- *Legal Practice Act* Review Taskforce
- Membership
- RPA Trust Monies
- Rules of Practice (chair)
- Unqualified Practices

Council meetings attended: 9/12



Christopher Dale: Fifth Executive Member

Committees:

- Audit
- *Law Institute Journal* Editorial
- Major Firms
- Membership

Council meetings attended: 3/3



Richard Fleming

Committees:

- Best Practice
- Ethics
- Major Firms
- Mediation Panel
- RPA Trust Monies
- Technology and Online Services

Council meetings attended: 3/3



Helen Glass

(retired 27 March 2002)

Committees:

- Access to Justice
- Admission to Practice (chair)
- Articled Clerkship (chair)
- Events
- Nominating
- RPA Trust Monies (chair)
- Unqualified Practices (chair)

Council meetings attended: 7/9



John Corcoran: Immediate Past President

Committees:

- Audit
- Awards
- Building & Properties (chair)
- Executive
- *Legal Practice Act* Review Taskforce
- Major Firms
- Nominating
- Rules of Practice

Council meetings attended: 12/12



David Faram: President

Committees:

- Accident Compensation
- Audit (*ex officio*)
- Awards
- Building & Properties
- Country Law Associations
- Executive (chair)
- *Legal Practice Act* Review Taskforce (chair)
- Major Firms (*ex officio*)
- Membership (*ex officio*)
- Nominating (chair)
- Rules of Practice (*ex officio*)
- Specialisation Board (*ex officio*)
- Commonwealth Lawyers Conference Organising (*ex officio*)
- Small Practices (*ex officio*)
- Continuing Professional Development Taskforce (*ex officio*)

Council meetings attended: 11/12



Leonie Kelleher

Committees:

- Admission to Practice (chair)
- Audit
- Events
- International Law
- Membership
- Suburban Law Association
- 2010 Taskforce (chair)

Council meetings attended: 11/12



Aurora Kostezyk

- Committees:**
- Articled Clerkship (chair)
 - Ethics
 - Events (chair)
 - *Law Institute Journal* Editorial
 - 2010 Taskforce
- Council meetings attended: 11/12*



Melissa Macken

- (retired 27 March 2002)
- Committees:**
- Ethics (chair)
 - *Law Institute Journal* Editorial
 - RPA Trust Monies
- Council meetings attended: 8/9*



Tom May

- Committees:**
- Admission to Practice
 - Audit
 - Building & Properties
 - RPA Trust Monies (chair)
 - Rules of Practice
 - Solicitors' Mortgage Investment Companies (chair)
- Council meetings attended: 10/12*



Jason Newman

- Committees:**
- Access to Justice
 - Ethics
 - *Law Institute Journal* Editorial (chair)
 - *Legal Practice Act* Review Taskforce
 - Major Firms
 - Nominating
 - Road Trauma
 - Technology and Online Services (chair)
- Council meetings attended: 11/12*



Judith Peirce: Treasurer

- Committees:**
- Access to Justice
 - Audit (chair)
 - Ethics
 - Membership (chair)
 - Road Trauma
 - 2010 Taskforce
 - Continuing Professional Development Taskforce
- Council meetings attended: 11/12*



Erskine Rodan

- Committees:**
- Access to Justice
 - Awards
 - *Legal Practice Act* Review Taskforce
 - Nominating
 - Small Practice (chair)
 - Suburban Law Association
- Council meetings attended: 10/12*



John Weigl

- Committees:**
- Costs Policy (chair)
 - Country Law Association
 - Nominating
 - Road Trauma
 - RPA Trust Monies
 - Rules of Practice
 - Specialisation Board
 - Unqualified Practices
 - Continuing Professional Development Taskforce (chair)
- Council meetings attended: 11/12*



Briony Le Duc

- Committees:**
- Articled Clerkship
 - Audit
 - Building & Properties
 - *Law Institute Journal* Editorial
 - Continuing Professional Development Taskforce
 - Membership
 - Unqualified Practices (chair)
 - Technology and Online Services
- Council meetings attended: 10/12*



Kirsten Mander

- Committees:**
- Commonwealth Lawyers Conference Organising
 - Ethics (chair)
 - International Law
 - Membership
- Council meetings attended: 11/12*



Tina Millar

- Committees:**
- Access to Justice • Audit
 - Awards • Building & Properties
 - Ethics
 - *Legal Practice Act* Review Taskforce
 - Nominating
 - Small Practice
 - Suburban Law Association (chair)
 - Continuing Professional Development Taskforce
- Council meetings attended: 12/12*



Bill O'Shea: Vice-President

- Committees:**
- Audit
 - Best Practice (chair)
 - Building & Properties
 - Executive
 - International Law (chair)
 - *Legal Practice Act* Review Taskforce
 - Major Firms (chair)
 - Membership
 - Nominating
- Council meetings attended: 12/12*



Geoff Provis

- Committees:**
- Accident Compensation (chair)
 - Awards (chair)
 - Building & Properties
 - Commonwealth Lawyers Conference Organising
 - Major Firms
 - Medico Legal Joint Standing (co-chair)
 - Road Trauma
 - 2010 Taskforce
- Council meetings attended: 8/12*



Victoria Strong

- Committees:**
- Articled Clerkship
 - Events
 - Commonwealth Lawyers Conference Organising
 - Membership
- Council meetings attended: 3/3*



Mark Woods

- Committees:**
- Access to Justice (chair)
 - Commonwealth Lawyers Conference Organising (chair)
 - Country Law Association (chair)
 - Membership
 - National Issues
 - Solicitors' Mortgage Investment Companies
 - Specialisation Board
 - Continuing Professional Development Taskforce
- Council meetings attended: 12/12*

President's Review

This is a somewhat unusual presidential "year" given that the Law Institute is moving to a calendar year term for the president and other members of the Executive. My term began on 27 March and will end on 31 December – something that will come as a relief to my wife, children and work partners. I suspect, however, that I will have mixed feelings when the end approaches. There have been many challenges to date and no doubt more to come.

It is my great pleasure to congratulate John Corcoran on his term as our president. When I took over as president I was given some insight into the work that John had undertaken. As we all know, he put in countless hours of work at the Institute, attended hundreds of meetings, worked through issues papers, developed policies, and oversaw the Institute's response to the government's review of the legal profession.

Regulation of the legal profession continues to be a major issue. Many at the Institute oversaw the changes introduced by the *Legal Practice Act 1996* and it is history now that those changes were less than satisfactory. The Institute still awaits the next set of changes to be imposed on our profession. Many of the current proposals are unsatisfactory and will considerably increase the regulatory costs of the profession. Given that one of the objectives of the state government's review was to attack rising costs brought about by the duplication of some of the regulatory functions introduced by the *Legal Practice Act*, this is a curious approach to say the least.

The Institute continues to press the government on these matters, and it is to be hoped that further amendments will be made before the final draft of the legislation is promulgated. There is an interesting tension between the perceived need for change and the most cost-effective way of introducing changes that will maintain the integrity of the profession, provide increased transparency in the regulatory processes, maintain a proper balance between the interests of lawyers and the public, and provide savings that will benefit legal aid, community legal centres and our profession.

There are of course many other significant issues in the melting pot. They include the public liability/medical insurance debate, the continuing funding shortfall for legal aid matters and the government's review into the provision of legal services in regional Victoria.



The Institute is working with governments, doctors, lobby groups and the insurance industry to find appropriate solutions to the public liability/medical insurance problem. We will defend the profession against unwarranted attacks and have cautioned against adopting a knee-jerk response which may result in the substantial erosion of the rights of the individual. Foremost among our concerns are the introduction of thresholds, the proposed abolition of the *Griffiths and Kirkmeyer* component, changes to the limitation period (particularly as it applies to children) and the proposal to allow "contracting out", which would extend to a parent waiving a child's right to sue.

When are the insurers going to release figures that demonstrate that these so-called reforms will deliver a social dividend in the form of reduced premiums? Without a reduction in premiums the "crisis" in insurance will not have been addressed – the same number of volunteer and community organisations will go out of business because they will still not be able to afford appropriate insurance.

As for legal aid, the fact that rates for criminal law work have hardly changed for 10 years is a disgrace. While the criminal law has increased in complexity

over this time, our work has been substantially devalued. The net result has been an increasing number of lawyers opting out, understandably, from legal aid work. This has led to an increasing number of unrepresented defendants in criminal matters and increased delays in the court process. The Institute, Bar Council and Criminal Bar Association have already embarked on a public campaign to address this problem.

The government's review into the provision of legal services in regional and rural Victoria is an extremely important issue. The Kennett government's program of court closures impacted badly on the ability of many to access courts. The fact that the present government is looking at ways of addressing some of these difficulties is heartening.

The Institute is involved in progressing the initiatives already undertaken to develop a national practising regime, adopting appropriate changes to allow the introduction of multidisciplinary practices and freeing up the ways in which we can conduct our businesses so that we can better compete with other providers of "traditional" legal work.

We are continuing to develop relevant member services that reflect the current needs of members and the profession. We want to re-engage with all members of our profession. As we all know, much of the work performed by the Institute benefits all lawyers. Lawyers should want to be members of the only organisation that can represent them on a state and national basis.

I would like to take this opportunity to congratulate the profession on the countless pro bono contributions made over the past year. Lawyers, in whatever practice, provide pro bono services to the poor and disadvantaged on a regular basis. The value of this contribution can be measured in the hundreds of millions of dollars. There is nothing more certain than without this contribution the justice system in Australia would collapse.

I would like to commend the work of the Institute's Young Lawyers' Section which has taken up the cause of a local group, One Umbrella, by seeking amendments to the relevant legislation to encourage restaurants and food outlets to donate unused food to the hungry. During May, the Institute received a lot of positive publicity about its association with this organisation. It is pleasing that the government has made a commitment to introducing "Good Samaritan" legislation, modelled on US laws.

Feedback about our work is important. Statutory functions aside, the Institute exists to serve its members and the community. We want to accurately reflect the diverse opinions of our members.



DAVID FARAM
PRESIDENT

CEO's Review

This is my first report to members, having begun as CEO of the Law Institute in March 2002. Therefore, I have only been directly involved in the activities of the Institute over the last quarter.

The financial performance of the Institute has been pleasing, and it is a significant improvement on the financial position reported to members in the last Annual Report. Membership organisations and the Institute are alike in that they do not need to accumulate vast surpluses from year to year. They do, however, need to produce sufficient surplus to enable the organisation to develop its membership functions and ensure that the capital base of the organisation is sound. In the coming financial year we need to build on the result that has been achieved this year to ensure the Institute's financial stability.

The Institute moved from reporting on a calendar-year basis to reporting on a financial-year basis. It is clear that Council's decision to move the reporting timetable makes very good sense, and is a much better way to report to members of the Institute.

The review of the *Legal Practice Act* (now in its second year) has had an ongoing detrimental impact on the Institute. The uncertainty about the Institute's future role in regulation has inhibited the ability of the organisation to make strategic decisions. It is hoped that this process will soon be completed so the Institute can plan for the future in a more certain environment. If the Institute does not continue in its role as regulator of the profession, then this will have a significant impact on staffing levels.

The current uncertainty has led to decisions in relation to capital expenditure and infrastructure being delayed until there is a more certain outlook. One such issue relates to the Institute's premises. The working conditions and general environment at 470 Bourke Street are poor. The Institute needs to either refurbish the current premises or relocate. Much preliminary work has been done in investigating and reviewing these options. It is, however, impossible to reach any final decision in relation to the premises until the review is completed.

The Sections, ably supported by the network of committees and Research & Information Department solicitors, are a great resource to members. The establishment of the Workplace Relations Section and the International Law Briefing Committee have been significant



achievements for the Institute in the past 12 months. The Sections will no doubt continue to be an ongoing strength for the Institute.

Over the past 12 months the Research & Information Department has produced 67 submissions to state and federal governments in relation to current or proposed legislation. These submissions are across a wide range of areas of law, from retail tenancies legislation, enduring powers of attorney, trade practices, family law and anti-terrorism legislation to prisons and financial agreements, to name just a few. These do not include the input that the Institute has had to many of the submissions made by the Law Council of Australia.

The Young Lawyers' Section has continued to grow and prosper. This dynamic group of young practitioners provides an energy and enthusiasm that is to be greatly admired.

The amalgamation of the Specialisation and CLE Departments has been a significant advance, and the new Professional Development Department continues to develop the range of educational opportunities available to the Institute's members. The ongoing trial in relation to videoconferencing

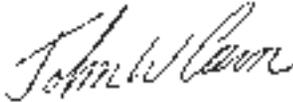
of CLE events and continuing investigations into online CLE are important future projects.

The advocacy role of the Institute will continue to be one of its great strengths. Whether it is lobbying government in relation to the implementation of a national profession, refugee issues, trade practices review or public liability, the Institute has an invaluable role to play, not only in advocating on behalf of its members, but also in the interests of the community at large. The Institute has played a significant role as commentator on issues in the public domain and this is a role it must continue in the future.

Finally, I would like to acknowledge the work of the Institute staff who have provided me with significant support since I took over the role as CEO. I have also been delighted with the reception I

have received from members of the profession who have also been an invaluable source of information and support.

To the Council and Executive of the Institute I extend my sincere thanks for the support and assistance they have given me. Special thanks should go to the immediate past president John Corcoran and current president David Faram with whom I have established strong working relationships. Their counsel and advice has been greatly appreciated.



JOHN CAIN
CEO

Law Institute of Victoria Services and Sections

Bookshop

The bookshop recorded one of its most profitable outcomes of the past few years. There were increased sales of all major law publishers' books, as well as a 15 per cent boost in the number of new accounts.

Members purchased increased numbers of legal forms, trust account stationery and practitioner requirements. They also gained greater access to electronic versions of the LIV copyright legal forms. A growing number of customers used the website order form to place their orders.

Law students from all the major tertiary campuses continued to find the bookshop's central location more convenient to purchase their texts, rather than queuing at co-op bookshops on campus.

During this period, healthy sales were recorded for titles such as *The Oxford Companion to the High Court of Australia*, *The Annotated Rules of Court – 2001* and *Smoke in Their Eyes: Lessons in movement leadership from the tobacco wars*.

The bookshop's window display case has been effective in lifting the bookshop's profile and provides a showcase for new LIV-branded products and publications.

Continuing Legal Education

During the period July 2001 to June 2002, 113 events were held through the CLE Department. These events covered more than 172 topics and attracted 4941 registrants.

Joint seminars were conducted with the Leo Cussen Institute, Monash University, the Australian Advocacy Institute, the Business Law Section of the Law Council of Australia, the Australian Institute of Administrative Law and Lawpoint. A highlight of these joint ventures was the highly successful collaboration with Lawpoint, which resulted in a regional tour in May 2002. More than 470 participants attended seminars in 11 regional locations.

The Advanced Civil Litigation Series attracted 151 registrants over four weeks and included attendance of 15 participants via videoconferencing. This marks the beginning of a new delivery strategy for regional members.

A mediation-training workshop was held over a three-day period. Two workshops in negotiation skills were held, attracting almost 60 participants. A total of 36 lectures were held as part of the Annual Young Lawyers' Lecture Series with more than 1000 registrants. A new practice management series was

introduced through the Young Lawyers' program, of which nine seminars were held, attracting 196 participants.

The Young Lawyers' Section conducted a one-day conference program designed to attract young lawyers from the suburban and country areas. Eight topics were offered, attracting 40 registrants.

The Small and Sole Practice Committee conducted a one-day conference in St Kilda, attracting 81 registrants. The LIV Annual Conferences held in September at the Grand Hyatt Melbourne attracted 705 participants and 15 exhibitors.

In April this year, the Professional Development Department was formed, combining both Specialist Accreditation and CLE.

Costing Service

Throughout the year, the Costing Service provided services to the legal profession which included preparation of lump sum calculations of legal costs, itemised bills of costs and notices of objections. The Service also appeared at taxation hearings and provided opinions in relation to disputed costs.

In addition to its business activities, the Costing Service provided free general information about costing to Institute members. The manager also drafted statutory scales for the courts, liaised with the courts, prepared the *Practitioner Remuneration Order* and acted as the Institute's representative on the Legal Costs Committee.

Dial-A-Law and Legal Referral Service

The Legal Referral Service continued to be the first point of contact for the public across a broad range of legal issues and was used daily by legal practitioners from both interstate and overseas. More than 23,200 referrals were made to the 593 member firms registered during the last financial year. The Service also distributed over 10,000 lists of accredited specialist practitioners and another 1800 to callers who requested specialist listings. A total of 16,500 callers accessed the Dial-A-Law Service. The Know Your Rights section of the Institute website received a total of 121,358 hits between 1 July 2001 and 30 June 2002, equating to an average of 10,113 hits per month.

Education Liaison

Students and teachers in law-related courses, particularly VCE Legal Studies, are the main users

and beneficiaries of this joint program between the Law Institute of Victoria and the Department of Education and Training, with the support of the Court Network Supreme Court Education team. The service provides information files on a wide range of legal topics and issues and careers in law and runs the annual School Lecture Series. It also coordinates the court education program at the Supreme and County Courts for school and community groups. During the year, more than 12,000 students undertook this program, involving 450 schools, and over 2000 information files were forwarded to students and 2500 files to teachers. Many practitioners received copies of the three comprehensive career resource booklets to distribute when they undertook talks to schools and attended career expos.

A major source of professional development for teachers is current legal information. The education liaison officer prepares the legal update column for *Compak*, the journal of the Victorian Commercial Teachers Association. This journal is circulated to over 1300 teachers four times a year and is read by many more. The officer is also extensively involved in the setting of the VCE Legal Studies examination paper.

The officer coordinates the annual Careers in Law Expo run during Law Week. The Schools Conflict Resolution and Mediation (SCRAM) competition is another important project. Run by the Law Institute, it focuses on promoting mediation skills to students in Years 9 and 10.

IT Special Projects and Institute Website

IT Special Projects is responsible for the ongoing maintenance and development of the Institute website, the management and implementation of approved IT-related member services and the provision of advice to a selection of Institute departments, internal committees and members. Functioning as a separate unit from the internal IT Department and with a staff of two, IT Special Projects reports to the general manager and the Technology and Online Services Committee. One of the many roles of IT Special Projects is to encourage the use and uptake of technology by legal practitioners, more than 90 per cent of whom use computers and have Internet access.

IT Special Projects has continued to maintain and expand the Institute website, which now serves, on average, over 1.7 million hits per month worldwide. More than 65 per cent of the traffic originates from within Australia and 70 per cent of members have used the site – those who use it generally use it monthly. The site draws substantial interest from the general public, both locally and overseas, as a source of plain English legal information, a point of contact with firms and a source of legal news. In

conjunction with other departments, IT Special Projects has facilitated the online publication and dissemination of information ranging from the monthly Young Lawyers' bulletin to the weekly *Friday Facts*, Section newsletters, media releases and Institute submissions on law reform. Recent annual reports are now also published online at www.liv.asn.au/about/annreps/.

Some of the new areas of the website built over the past 12 months include the new Workplace Relations Section, support material for the newly formed International Law Briefing Committee, a directory of regional law association contacts and a portal for library resources. Other projects include the consolidation of online forms; policies and guidelines; the development of draft guidelines for the use of the Internet for law firms; compliance requirements for the *Privacy Act*; a publishing system for the online version of the *Law Institute Journal*; and a chatroom for the Regional Young Lawyers Committee.

More IT-related services will be launched in the coming year. The Institute website will continue to play an increasingly important role in the efficient delivery of information and services to legal practitioners, while simultaneously furthering the profile of the legal profession and fostering a greater appreciation and understanding of the Institute's role and contribution.

Law Care

The Law Institute continued to cover the cost of a member's initial consultation with the Law Care counsellor. During the period July 2001 to June 2002, 62 members consulted the counsellor. An estimated 53 per cent of all members using the service were employee solicitors.

The next largest group comprised partners and senior partners at law firms, followed by sole practitioners. Although the service is totally confidential, many clients completed evaluation forms and the feedback has indicated a very high level of satisfaction with the service.

Law Week 2002

The court tours, which have been part of Law Week for about 16 years, received an unprecedented response from the public this year with nearly 700 people participating. This year was the first time the Department of Justice coordinated the open day that ran concurrently with the Institute's usual walking tours. Members of the public who joined a tour were addressed in each court by leading judges and magistrates. Court Network volunteers, tipstaff and other court personnel guided people through the courts.

The Victorian Civil and Administrative Tribunal (VCAT) participated in Law Week this year and ran sessions on how to represent yourself at a VCAT hearing and explained how mediation works.

About 500 people attended another successful Careers in Law Expo at the University of Melbourne. The audience heard about a range of careers in the legal profession and the presenters included a legal assistant, a legal executive, an academic, a legal practitioner and a corporate lawyer. Information was also made available from a wide range of booths.

Library

The library has continued to provide access to quality, value-added information services and legal resources. Reference librarians with extensive expertise and qualifications in research and information provision enhance the available services and offer further professional services such as user instruction in library resources and research assistance.

Library achievements for the period July 2001 to June 2002 included:

- ◆ the expansion of the training program to include a practical research course;
- ◆ the continuation of Internet training classes, conducted on site at the Institute in the members' IT lab and in regional Victorian centres, including Ballarat, Bendigo and Shepparton; and
- ◆ the development of a library portal to assist members with legal research by providing a single entry point to free and subscription-based online information databases.

Member Services and Support

Commercial benefits

The number of members taking advantage of the commercial benefits offered by the Institute has continued to increase. Some are offered free or at a discount as part of the membership package; others operate on an affordable fee-for-service basis. The American Express/Law Institute Gold Credit Card was launched in March 2002.

President's luncheons

Once again these luncheons were a highlight of the Institute's calendar. Speakers included Victorian Privacy Commissioner Paul Chadwick, Liberty Victoria president Chris Maxwell QC, Victorian Docklands Authority CEO John Tabart, Australian Competition and Consumer Commission chairman Professor Allan Fels, Victorian Chief Magistrate Ian Gray, Melbourne Lord Mayor John So and the Chief Commissioner of the Victoria Police, Christine Nixon.

Publications Department

The Publications Department publishes the official organ of the Law Institute, the monthly *Law Institute Journal*. On a weekly basis, the department publishes *Friday Facts*, a bulletin emailed to Law Institute members. On an annual basis, the department publishes the *Law Institute Legal Directory* and

Diary, the largest professional directory across any profession in the country.

Sections

Administrative Law & Human Rights Section

The Section had a busy year, especially following 11 September, the *Tampa* crisis and the onslaught of Bills around Easter, which covered fields such as migration, disability and counter-terrorism laws.

In early 2002, the Section established a Refugees Law Reform Committee in conjunction with the Young Lawyers' Section, which also includes representatives from the Family Law Section and Victoria Legal Aid. This committee undertook considerable research and assisted the Law Council of Australia with a national submission on Australia's policy of mandatory detention of asylum seekers.

The Section's Health Law Committee was also re-invigorated, with the eager participation of new members. This Committee had presentations at each of its monthly meetings and monitored, among other topics, the protection of human genetic information.

The Bill of Rights Committee continued to develop into a coalition comprising members from the Administrative Law & Human Rights Section, Liberty Victoria, the International Commission of Jurists, the Castan Centre at Monash University, Young Lawyers and the Federation of Community Legal Centres. As well as working in the long-term towards a Bill of Rights at either state or federal level, the Committee provided evidence to the Senate hearings on the *Criminal Code Amendment (Espionage and Related Offences) Bill 2001*.

The Human Rights Committee had an active year, with work on topics such as the International Criminal Court and the legal complexities surrounding the detention of alleged Australian terrorist David Hicks by US authorities in Guantanamo Bay.

Throughout the year, the Migration Law Committee continued its productive meetings with the Department of Immigration, the Migration Review Tribunal and the Refugee Review Tribunal. It also wrote submissions on the *Migration Legislation Amendment (Procedural Fairness) Bill 2002* and *Migration Legislation Amendment Bill (No. 1) 2002*. Once again, this Committee put much energy into CLE, organising seven sessions for the 2001 Migration Law Seminar Series as well as a session at the Institute Annual Conferences.

The Disability Law Committee organised two seminars on disability and capacity, plus a session at the Institute Annual Conferences. In addition, the Committee wrote submissions on the *Forensic Health Legislation (Amendment) Bill 2001*, *Forensic Health Legislation (Amendment) Act 2001*, and *Guardianship and Administration Act (Amendment) Bill 2002*.

The Administrative Review and Constitutional Law Committee conducted sessions on the new Victorian and commonwealth privacy legislation and the Victorian *Whistleblowers Act*, in conjunction with the Australian Institute of Administrative Law. It also made a submission on proposed changes to the Upper House in the Victorian Parliament.

The Section continues to produce its newsletter (now online), with up-to-date information on administrative and human rights law of interest to practitioners.

Commercial Law Section

The breakfast seminars organised by the Trade Practices, Intellectual Property & Information Technology Committee continued to be popular. A general slow-down in the number of calls made to the Section's GST hotline indicates practitioners now have an understanding of the basic workings of the tax. The Business Law Committee has been keeping a watching brief over the ongoing reform proposals for the state's retail tenancy laws. The Section made submissions in relation to the operation of the *Duties Act*, enforcement of trade marks, the proposal to create an inspector-general of taxation, and the State Revenue Office's document return system, among others. The Financial Services Committee focused on the impact on legal practice of the *Financial Services Reform Act*, and provided valuable input into the Law Council's inquiries into the ramifications of the legislation. Jeannette Eid of Wainwright Ryan succeeded Sebastian Saccuzzo as chair of the Section.

Criminal Law Section

This Section continued to make important and persuasive submissions to government departments on an enormous range of issues. It is constantly building relationships with other bodies such as the Victorian OPP, Commonwealth DPP, Victoria Legal Aid, the Victorian Bar, the Criminal Bar Association, the Victorian Law Reform Commission, CORE, Liberty Victoria and the Victorian Criminal Justice Coalition. It recently addressed the Victorian Parliament Law Reform Committee's public hearings into forensic sampling and the proposed DNA database. It is also continuing dialogue with the developers and operators of the new County Court about safety and emergency procedures in the holding cells, treatment of custodial defendants and issues of practicality about the building.

Other ongoing inquiries include reviews of motor vehicle theft, alcohol interlocks and an investigation of Victoria's road toll, in conjunction with the Transport Accident Commission Committee.

A number of submissions were made on proposed legislation, including the *Criminal Justice Legislation (Miscellaneous Amendment) Bill*, a review of the *Vagrancy Act*, the public discussion paper on law and procedure relating to sexual offences,

the appropriateness of jail conference fees in committal proceedings, and a proposal to abolish wigs, gowns and other formal attire in the County Court.

The Custody Issues sub-committee was particularly active. Access to justice was at the forefront of the Section's work, with representatives also actively involved in the Legal Aid Taskforce.

Family Law Section

Membership of the Section remained popular during the past year, with an excess of nominations received for the Executive Committee and the Courts Practice Committee. Guests from the Family Court of Australia and Federal Magistrates Service attended regular meetings of the Executive and Courts Practice Committees in order to liaise on matters of vital concern. Members of the Section Executive also attended meetings at the courts on behalf of members.

In addition to the Executive and Courts Practice Committees, the Section maintained three other active committees: Maintenance & Property, Children & Youth Issues and Education.

Two seminars were arranged on Binding Financial Agreements, both of which were fully booked. The Family Law component of the Annual Conferences at the Grand Hyatt on 21 September 2001 attracted 139 registrations for the full day of seminars. The Section also produced issues 51 and 52 of the *Victorian Family Lawyer*, providing up-to-date practical information to Section members.

The Section made a submission during the year on the *Best Interests of the Child – Discussion Paper No 2* (Family Law Council). Among the other issues on which the Section conducted work were the referral of powers over de facto and same sex relationships to the Commonwealth and lawyer/client costs in Family Court proceedings. The Section is currently working on the *Draft Guidelines for Child Representatives* and is developing two protocols for subpoena procedures – one between children's advocates and DHS, and another with schools. The continuing low rates for legal aid work also remains on the agenda.

International Law Briefing Committee

The International Law Briefing Committee was established in December 2001, although its official launch was not until 9 July 2002. The Committee has been enormously successful, expanding rapidly and filling a much-needed position among Victoria's legal community.

Since its establishment, the Committee has held monthly briefings at the Law Institute on topics as diverse as:

- ◆ the UN's Global Compact and Corporate Responsibility;
- ◆ international trade law and doing business in China;

- ◆ trade issues in the wine industry and dealing with WTO regulations and disputes;
- ◆ the *Alien Tort Claims Act* in the US;
- ◆ the mechanism, benefits and issues for international arbitrations; and
- ◆ the *Bribery of Foreign Public Officials Act* 1999.

A web page has been established, containing up-to-date information on private international law, as well as the minutes of meetings and presentation materials.

The Committee is currently focusing on four main subject areas: international trade and finance law; international arbitration and enforcement law; international corporate responsibility; and international environmental law. If the current level of interest in the Committee continues, it is likely to develop into an International Law Section of the Institute over the coming two years.

Litigation Lawyers Section

The Section has continued to manage its wide subject matter very effectively through its smaller focused sub-committees.

Some examples of the work carried out by the Section are:

ADR Committee

Recent projects have included the promotion of solicitor/mediators, liaising with NADRAC, proposed revision of the Institute's mediation handbook, encouraging the provision of mediation facilities at venues such as the new County Court, and ongoing support of the Schools Conflict Resolution and Mediation (SCRAM) competition through provision of volunteer adjudicators.

Courts Practice and Liaison Committee

The Committee monitors the rules and practice notes affecting day-to-day operations within the courts. With representatives on each of the Supreme and County Court Rules Committees, Magistrates' Court and Sheriff's Office Committees and various liaison committees, the Committee has been able to identify issues quickly, obtain feedback and provide comment to the appropriate bodies.

Education

As well as its invaluable contributions to the quarterly Section newsletter, the Committee has continued to support the work of the Institute's CLE Department and to produce first-class conference programs for the Section. The Committee also actively scouts for materials for the Institute library and several members volunteer their services for developing professional resource material.

SCRAM

The goodwill of the profession has been vital to the continuation of the Schools Conflict Resolution and Mediation (SCRAM) competition.

Transport Accident Committee

The Committee has remained a vital link between the Transport Accident Commission and the wider

profession. Substantial work was undertaken this year on payment of pharmaceutical benefits, protocols on motor accident claims guidelines and the Department of Infrastructure's proposals on road maintenance. Communication with the Institute's Accident Compensation Committee continued to benefit both groups.

Property & Environmental Law Section

Legislative activity picked up markedly in the property area in the past year. After a lengthy review of the state's retail tenancy laws, legislation is being drafted. The Property Committee considered amendments to the *Sale of Land Act*, proposals dealing with enduring powers of attorney, retirement villages and the banning of dummy bidding at auctions. The Land Registry move highlighted technical problems with the introduction of the VOTS system, and representations were made in relation to them. The Section has continued its interest in the ongoing development of the ECV project. Submissions were made in relation to amendments to the *Sale of Land Act*, the regulation of owner builders, the *VCAT (Planning Proceedings) Act* and the *Building (Further Amendment) Act*. The Section appreciates the efforts of the Leasing Committee whose members provided advice to the Minister for Small Business in relation to the review of the state's retail tenancy laws. The Section's Property Law Inquiry Service and Conveyancing Disputes Resolution Service are still extremely popular with Institute members.

Workplace Relations Section

In November 2001, the Institute launched this new Section to assist solicitors in their professional development in this rapidly changing area of law. The Section has experienced a promising start, with a number of interesting projects underway.

A key objective of the Section is to represent the widest possible cross-section of practitioners in the area of workplace relations. This is also reflected in the make-up of the first Section Executive Committee, which comprises a broad range of practitioners. The Committee has created four sub-committees to service the needs of the Section: the Industrial Relations Committee, Employment Law Committee, Discrimination/EEO Committee and Occupational Health & Safety Committee.

Section initiatives to date include the establishment of a specialist accreditation scheme for workplace relations solicitors and a four-part seminar series on workplace relations.

The Section has also undertaken work on various submissions including proposed amendments to the *Workplace Relations Act* 1996 and Worksafe's proposed Code for the Prevention of Bullying and Violence in the Workplace. A response was also provided to the Sex Discrimination Commissioner's Interim Paper on Paid Maternity Leave.

Other highlights for the Section included the attendance of Justice Geoff Giudice, president of the AIRC, as guest speaker at the Section's first general meeting.

Young Lawyers' Section

Junior advocates from a number of Victorian firms had the opportunity to test their advocacy skills in front of justices of the Supreme Court during the Mooting Competition. The competition raised more than \$30,000 for Hanover Welfare Services.

The Annual Lecture Series continued throughout the year featuring expert practitioners from law firms, the Bar and the courts. The "Making the Right Moves" practical skills series was also expanded this year, offering training by specialists in practical legal skills. "The Art of the Deal" negotiations skills workshops for young lawyers were also held throughout the year. The annual weekend CLE conference was held in Daylesford and featured up-to-date briefings in a number of areas of legal practice, followed by the opportunity for young lawyers to relax and network.

The Section produced a number of submissions including a response to the Attorney-General's Advisory Group report on street prostitution, comments on the anti-terrorism bills package and a general response in relation to the current treatment of asylum seekers in Australia. The Section also initiated a proposal for the introduction of a "Good Samaritan" law to assist businesses to donate excess food to charities. This proposal has resulted in new legislation.

The Section hosted the "Hypothetical – Refugees Yes or No" in collaboration with Julian Burnside QC at the Melbourne Town Hall in May 2002, in front of a crowd of 1500. The event featured a number of Australian celebrities, political figures and activists discussing the many varied slants on the refugee debate. A total of \$8500 was raised for refugee advocacy organisations.

The Legal Fun Run & Power Walk drew a record number of sporting lawyers to the banks of the Yarra River in November 2001. A regular running and power walking group was launched early in 2002. The Section also hosted a weekend winery tour to the Macedon Ranges. The annual Legal Comedy Debate featured Judge Betty King, Jim Kennan SC and Ross McClymont of Deacons, who all engaged in a battle of wit and humour against a team of junior practitioners.

Three editions of the *Young Lawyers' Journal* were published, featuring contributions from junior legal practitioners on legal developments and coverage of pro bono activities and employment issues affecting young lawyers. The publication, *Thriving and Surviving: Employment practices and achieving a healthy balance – guidelines for employers,*

employee solicitors and articulated clerks was launched in August 2001 and later received an award for excellence from the Law Council of Australia. The *Articled Clerks Information Kit 2002* and the *Profiles Careers Handbook 2001* were produced to assist young lawyers in making career decisions. A collection of legal seminar papers was also released.

Specialisation

New specialists were accredited in six specialties in 2001: commercial tenancy law, environment & planning law, family law, personal injury law, property law and tax law.

A successful graduation evening for newly accredited specialists was held at the Snail 'n Bottle restaurant on 19 November 2001, with Attorney-General Rob Hulls attending. Personal injury law specialists were invited to attend a separate dinner on 20 November at the William Angliss restaurant, with Peter Galbally QC as guest speaker.

Planning commenced for the accreditation programs in business law, commercial law, criminal law, immigration law (to be run in conjunction with the Law Society of NSW), mediation, and wills & estates. Unfortunately, the mediation exams were cancelled due to lack of interest.

The Specialisation Board welcomed Roger Batrouney, David Brett and Kriss Will to its ranks, while Institute president John Corcoran made way for his successor David Faram.

Rod Jones and Rod Sutton left the Business Law Advisory Committee, with Dan Simmonds and Ed Heerey filling their vacancies.

Andrew Blogg, Steve White and Mark Yorston were appointed to the Commercial Litigation Advisory Committee to replace David Brett and Paul Hesse. Michael Creelman was welcomed back to the Committee after a two-year absence.

Founding members of the Criminal Law Advisory Committee David Grace QC, James Cahill and Susanne McKenzie stepped down on the expiration of their maximum six-year term. Peter Randles was appointed chair. Carmen Randazzo, Reg Keating, Peter Lynch and Chester Metcalfe were newly appointed.

David Stratton resigned from the Immigration Law Advisory Committee after six years, with Sarah Fisher taking over the responsibility as chair.

Russell Robertson and John Spillane were appointed to the Wills & Estates Advisory Committee to fill existing vacancies.

In May, the Specialisation Section merged with the CLE Department to form the Professional Development Department. The purpose of the merger is to provide improved educational services to members.

Ethics Committee

The Ethics Committee is a committee of Council and comprises current and past members of Council.

The Ethics Committee meets monthly and its meetings are attended by solicitor staff members of the Law Institute who prepare, research and present to the Committee the ethical issues put forward by practitioners and others for ruling by the Committee. The presentations include a recommendation. All requests for rulings are discussed at the monthly meetings and rulings are given in the form of a resolution by the Committee.

Issues on which rulings were made 1/07/01 to 30/06/02	
Conflict of interest	31
Undertakings	3
Trust money	3
Letters of demand	2
Advertising	2
Professional privilege	2
Solicitors' liens	2
Other	27
TOTAL	72

As indicated by the table, issues involving conflict of interest continue to dominate the matters considered by the Ethics Committee. Also apparent are the problems arising in the area of undertakings. The main issue arising in this context is the interpretation to be given to undertakings in circumstances where an event contemplated by the undertaking fails to take place.

Initiatives

1. *Rulings*

Rulings of the Ethics Committee continue to be published in summary each month in the *Law Institute Journal*.

2. *Ethics Booklet*

The Ethics Committee has been very pleased to receive responses from many practitioners and other interested parties as to the issues that might be suitable for inclusion in the *Ethics Booklet*. Russell Cocks has been engaged to assist in the production of the *Ethics Booklet* which will include questions and answers dealing with ethical issues commonly arising, and statements of principle illustrated by rulings of the Ethics Committee.

3. *Ethics Seminar*

The Ethics Committee held its Inaugural Ethics Seminar on 28 February 2002. The seminar was

ably chaired by Sir James Gobbo and had as its keynote speaker Justice Cummins of the Supreme Court. A number of key ethical dilemmas were discussed by a panel, including Russell Cocks, Professor Adrian Evans, Melissa Macken, Kevin Power and Huan Walker. The seminar was a success, attracting about 90 people, and the Ethics Committee hopes to conduct more seminars dealing with practical ethical issues in the future.

4. *Lecturing*

Former Committee chair Melissa Macken continues to lecture at universities on request on the role of the Committee and practical ethical problems arising in legal practice. Professional Standards general manager Kevin Power, Chief Trust Account Inspector Laurie Neville and Justice Cummins continue to provide ethics lectures to undergraduates at the Melbourne University Summer School. Other members of the Ethics Committee or Law Institute staff assisting the Ethics Committee may also be available to present papers or visit law firms and other interested organisations to discuss current ethical issues. Staff solicitors conduct CLE seminars on ethical issues and have attended a number of firms and conferences to discuss these issues. In this context, the Ethics Committee wishes to acknowledge in particular secretary to the Ethics Committee Paul Bean and Linda Baxter.

Conclusion

The number of ethical matters raised with the Ethics Committee by practitioners indicates the interest of the profession in ethical issues and their resolution and the genuine desire by practitioners to act appropriately in these difficult situations. Having an ethical problem is usually no reflection on the practitioner but rather an indication of the complexity of the legal fields in which practitioners operate.

For urgent matters arising between meetings of the Ethics Committee, the solicitor staff assisting the Ethics Committee are available to assist practitioners. The staff often deal with 50 inquiries or more a week relating to ethical issues and the Ethics Committee acknowledges the important role played by these solicitors.

I would like to thank Melissa Macken, the former chair, for her work and the members of and staff assisting the Ethics Committee for their continued dedication to helping the legal profession in Victoria to find solutions to ethical issues arising in legal practice.

KIRSTEN MANDER (CHAIR)

Professional Standards

The Department of Professional Standards, a division of the Victorian Lawyers RPA Ltd (VLRPA), undertakes the regulatory functions reposed in the VLRPA by the *Legal Practice Act 1996* (the Act).

The Department comprises six sections:

- ◆ Claims;
- ◆ Complaints;
- ◆ Inspections;
- ◆ Litigation;
- ◆ Practising Certificates/Records; and
- ◆ Receiverships.

During the year ended 30 June 2002, the Department of Professional Standards conducted its responsibilities efficiently and effectively despite the pressures of the ongoing review of the Act. The reviewers, Crown Counsel Professor Peter Sallmann and Richard Wright of the Department of Justice, published the *Legal Practice Act Review Discussion Paper* in March 2001, which outlined suggestions for reform.

The reviewers, with the assistance of the Department of Justice finance branch, undertook a financial assessment of the proposed model and a report was issued in October 2001.

The VLRPA raised concerns with the report and has undertaken ongoing submissions with representatives of the Attorney-General. The process has been drawn out and has required significant contribution from the senior staff of the Institute and the Executive.

Despite these pressures, the staff have performed well over the year and highlights include:

- ◆ the Complaints section investigated 2623 complaints, which was an increase from 2367 in the previous year. At the same time, the number of current complaint files was reduced to 638 files – a reduction from 724 in the previous year;
- ◆ the Inspections section conducted 326 inspections for the year, compared to 227 in the previous year. Three suspected defalcations were identified during the year;
- ◆ there were three new receiverships and the section disbursed in excess of \$10.6 million from money seized or recovered during the year;
- ◆ the Fidelity Fund Claims section referred 60 new claims to the Legal Practice Board, totalling \$54,170,000;
- ◆ the Litigation section completed 109 matters before the Legal Profession Tribunal and finalised 11 Fidelity Fund claims; and
- ◆ in the Practising Certificates/Records section, 96 per cent of practising certificates renewals were received before the 30 April deadline, therefore

avoiding penalties under the Act. A total of 686 certificates of good standing were issued during the year.

Claims Section

Under the Act, the Legal Practice Board (LPB) is responsible for the administration of the Fidelity Fund. People who have suffered a pecuniary loss from a defalcation committed by a practitioner lodge their claims with the LPB. In turn, the LPB, under the provisions of the Act, refers the claims to the VLRPA for investigation.

During the year, the LPB referred 60 new claims, with a total claimed amount of some \$54,170,567.

Of the 60 claims lodged during the year, 28 were new claims against six solicitors/firms, while the remaining 32 were against solicitors from previous years' defalcations.

As at 30 June 2002, all except 21 claims had been investigated and processed.

The section has a staff of one manager.

Complaints Section

The Complaints section is charged with the duties of investigating complaints received from the public or referred by the Legal Ombudsman and with attempting to settle disputes.

Disputes relate to bills of costs raised within six months of receipt and to a maximum of \$15,000. A dispute can also relate to a claim for compensation where a solicitor has been negligent in the provision of legal services to a person. The Legal Profession Tribunal can award up to \$15,000 in damages.

Complaints involve allegations of unsatisfactory conduct or misconduct. Decisions relating to complaints are under the auspices of s151 of the Act and range from dismissal of the complaint, through reprimand or caution to referral to the Legal Profession Tribunal.

Staff are trained in investigation and mediation, and use these skills to analyse all disputes and complaints. Best practices are used by the staff in attempts to settle disputes and investigation of complaints.

The number of complaints received for the period 1 July 2001 to 30 June 2002 (2623) is an increase on the previous period's total of 2367. The increase is not significant.

The average number of days for a file to be open was 71. Some files are open for long periods due to lack of response from parties, complexity of issues and the need to corroborate facts. Unfortunately, these files tend to increase the average.

The Complaints section is looking for ways to reduce the amount of time files are kept open, even though the current time period is considered acceptable when measured against similar schemes.

The section is presently reviewing all documentation including the complaints form, standard letters and pamphlets. The section is also involving itself in presentations to firms and solicitors' groups as part of its educative role. Further, the Complaints section intends to give presentations to the profession and consumer groups to promote a wider understanding of the role of Professional Standards.

The Ombudsman's monitoring report was, in essence, positive with little criticism of the operations of Professional Standards.

Any criticism was directed at individual matters and these were answered in the main by the responsible case solicitor. None of the criticisms related to systemic issues.

Statistics	1/7/00 to 30/6/01	1/7/01 to 30/6/02
Complaints received	2367	2623
Current files	724	638
Unauthorised practice files	139	97
From the complaints files completed:		
Referred as misconduct/ unsatisfactory conduct – s151(2)	95	93
Reprimands – s151(3)	76	87
Dismissed – s151(5)	1565	1494
Disputes	628	758

The section has a staff of 18: a manager/solicitor, seven full-time solicitors, two locum solicitors, one inquiry officer, one records clerk, three administrative assistants, two casual administrative assistants and one microfilm clerk. The full-time solicitors have an average caseload of 87 files. This figure fluctuates depending on the number of complex matters any one solicitor may have. The locum solicitors take over the conduct of matters when staff are on leave to address overloads, train new staff, assist CLE and carry out special projects.

Inspections Section

The Inspections section was established in 1977 in response to a major defalcation that the private audit process had failed to detect.

The objectives of the section are:

- ◆ to promote public confidence in the system by the early detection of trust irregularities;
- ◆ to assist and advise solicitors on the proper and efficient management and maintenance of their trust accounts;

- ◆ to supervise the mortgage firms as per the ASIC requirements;
- ◆ to assist in the investigation of complaints;
- ◆ to assist in the preparation of evidence for submission to the Legal Profession Tribunal, the courts and the police investigating alleged defalcations;
- ◆ to assist with trust account training at the Law Institute, universities and Leo Cussen Institute; and
- ◆ to assist in the training of trust account auditors by presenting seminars and to provide assistance to the auditors on rule requirements and investigations.

During the year ended 30 June 2002, inspectors conducted 326 trust account investigations, detecting three suspected defalcations. Inspectors used the search warrant provisions of the Act on one occasion in the investigation of a defalcation.

Statistics	1/7/00 to 30/6/01	1/7/01 to 30/6/02
Routine inspections	179	145
Inspections related to complaints	44	17
Mortgage practices	4	164*
Total	227	326

* Firms visited to supervise run out as per ASIC Class Order.

Telephone inquiries continued to be a significant part of the section's work, with inspectors attending to 1971 calls from practitioners, 949 calls from trust account auditors and 660 calls from clients and members of the public.

Inspectors delivered 36 trust account training seminars. Two training sessions were conducted for trust account auditors, with 280 attending.

The section has a staff of 14: a chief inspector, 12 inspectors and one support staff. All the inspectors are accountants and members of one of the professional accounting bodies. Their role is to conduct investigations into solicitors' trust accounts and to monitor compliance with the Act and Trust Rules.

Litigation Section

The Litigation section provides legal, administrative and other services in relation to:

1. some Legal Practitioners' Fidelity Fund matters under a consultancy agreement with the LPB;
2. prosecutions of regulated practitioners brought before the Legal Profession Tribunal, Supreme Court or Court of Appeal; and
3. matters arising from the VLRPA's regulation of the profession, which include:
 - ◆ applications for appointment of receiver and/or manager;

- ◆ proceedings and recoveries arising from receiverships;
- ◆ striking off applications;
- ◆ recovery proceedings relating to payments made by the LPB from the Fidelity Fund;
- ◆ litigation necessary to address unqualified practice;
- ◆ practising certificates (application, cancellation, or variation of conditions);
- ◆ challenges to the complaint/investigation process;
- ◆ other matters concerning bankruptcy issues, search warrants for inspectors at the VLRPA, subpoenas for production of documents and applications for re-admission;
- ◆ recovery of fines ordered in favour of the LPB; and
- ◆ recovery of costs ordered in favour of the

VLRPA.

The Litigation section continued its work in the negotiation and settlement of claims on the Fidelity Fund arising from the activities of various practitioners.

There has been a growing emphasis on recovery proceedings on behalf of the receiver, as well as additional costs recovery matters arising from various practices in receivership. The Litigation section's work before the Legal Profession Tribunal and appeals therefrom continue at a consistent rate, although it is noted that the appeals from Tribunal orders involve areas of some complexity and involve considerable resources in their determination.

The section has a staff of 6: one manager/solicitor, two solicitors, one law clerk and two administrative assistants.

Statistics	2000	1/7/01 to 30/6/02
Fidelity Fund claims finalised	39	11
Receivership orders obtained	8	1
Receivership applications dismissed	1	–
Receivership applications adjourned sine die	1	–
Action by receiver to recover trust funds	9	6
Order of receiver to recover possession of land	1	3
Receiver filed final report of recoveries at court	3	–
Orders regarding unqualified practice	4	2
Orders to remove practitioners from the roll	4	3
Interlocutory orders and orders for listing of hearing	10	35
Orders regarding taxation of costs	1	2
Appeals against LPT order	2	2
Letters to suspend, vary or refuse practising certificates	8	4
Legal Profession Tribunal – Conduct Hearings		
Charges filed at Tribunal by VLRPA	60	58
Applications for practising certificates filed at Tribunal by practitioners	3	3
Matters completed:		
Full Tribunal		
– Disciplinary hearings	23	10
– Practising certificate applications	3	2
– Appeals from registrar's orders	–	2
– Part-heard or adjourned matters yet to be completed as at 30/6/02	–	9
Registrar		
– Disciplinary hearings	47	35
– Assessment of costs	1	–
– Part-heard or adjourned matters yet to be completed as at 30/6/02	–	8

Practising Certificates/Records Section

The primary functions of the Practising Certificates/Records section are:

1. to maintain accurate and up-to-date records of all solicitors and firms practising in Victoria;
2. to issue appropriate practising certificates to legal practitioners in accordance with the *Legal Practice Act 1996*; and
3. to answer practice inquiries from the public and profession.

During the year a considerable amount of work was undertaken to ensure that the computer records accurately reflected the current status of solicitors and firms. With about 10,000 legal practitioners and nearly 3000 legal firms at any time and changes occurring constantly, this is always a major task. The current high level of integrity of the records attests to the work done in this area and the close working relationship that exists with the LPB and other agencies.

A new practitioner inquiry system was developed in conjunction with the Information Technology department that enables more efficient access to information, particularly when answering telephone inquiries.

A total of 10,771 practising certificates were issued to legal practitioners for 2001/2002 (10,350

in 2000/2001). The practising certificate renewal process was, as always, a challenging exercise with about 96 per cent of renewals received and processed prior to the 30 April deadline. Temporary staff were employed to assist in the various facets of the renewal cycle.

During the year the Legal Practitioners' Liability Committee (LPLC) assumed responsibility for professional indemnity insurance processing. A new system was implemented for the LPLC to advise insurance payments on behalf of practitioners as required under the Act.

The section continues to handle a high number of telephone and written inquiries, particularly during the renewal cycle, and is currently undergoing a continuous improvement exercise to ascertain whether processes can be done more efficiently and effectively.

Provision of certificates of good standing to practitioners continues to be a major task with 686 issued for 2001/02 (545 in 2000/01).

Further work was done in conjunction with the Inspections section to ensure that practitioners closed their trust bank account after ceasing to be authorised to receive trust money and that all statutory requirements had been met.

The section has a staff of 6: one manager and five administrative assistants.

Statistics	1997	1998	1999	2000	2000/01	2001/02
Principal (Trust)	4630	3715	3664	3715	3556	3622
Principal (No Trust)	180	816	900	1100	1105	1173
Employee	3387	3506	3947	4452	4264	4471
Corporate	1041	975	1042	1158	1211	1282
Incorporated	102	107	176	148	214	223
Total	9340	9119	9729	10,573	10,350	10,771
Firms of Solicitors						
Sole Practitioner	1897	1999	2078	2137	2218	2257
2-3 partners	313	306	298	299	283	284
4-6 partners	61	60	54	51	36	36
7-10 partners	21	19	20	23	32	29
11-20 partners	19	15	13	15	16	14
21-40 partners	5	8	8	6	8	8
Over 40 partners	6	6	6	8	8	10
Total	2322	2413	2477	2539	2601	2638

Receiverships Section

The Receiverships section assists the appointed receiver to meet his or her obligations under the *Legal Practice Act* 1996. Specifically, those duties include:

- ◆ identifying the magnitude of any loss of client trust money and providing clients of the firm with timely advice in relation to such losses – including the tracing and securing of misappropriated trust funds;
- ◆ arranging for the distribution of client trust money promptly;
- ◆ conducting the receivership practice as efficiently as possible;
- ◆ completing each receivership and lodging a final return with the court;
- ◆ minimising the cost involved in the receivership by assisting the receivership practitioner to sell the practice together with all relevant records, except for the trust accounts records and files which are returned to the Institute; and
- ◆ maintaining a record of all documents received by the receiver so that they may be distributed or accessed as required.

During the year, three new receivership orders were obtained, of which:

- ◆ two were as a result of misappropriation of trust funds by the solicitor; and

- ◆ one was a result of a practitioner being unable to attend his practice.

In the two first-mentioned receiverships, considerable trust funds were involved and this led to increased activity in the identification, tracing and recovery of trust funds. This section has worked closely with the Inspections section and the Litigation section in that task.

As at 30 June 2002, the Receiverships section held about \$2.7 million in trust in relation to 18 receiverships. Of those funds, about \$1 million represented recovery of trust funds from one receivership which will be disbursed to the clients of that practice. This section has dealt with large amounts of money, with more than \$11.6 million seized or recovered and more than \$10.6 million disbursed during the year. Additionally, more than 4000 traces of cheques or other accounting inquiries were made and more than 6000 documents generated.

In addition, the receivership staff, together with the inspections staff continued to collate material that assists the Victoria Police in the prosecution of practitioners or employees who have misappropriated trust funds.

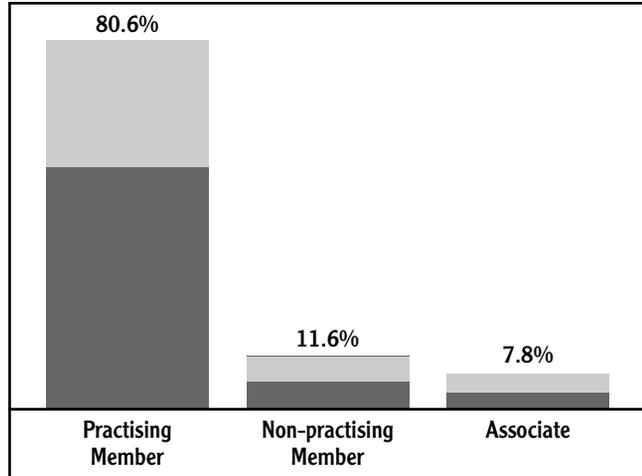
The section has a staff of 7: one manager/solicitor, one solicitor, one accountant, two administrative assistants, one records management coordinator and casual staff as required (calculated to one full-time equivalent employee).

Statistics	1996	1997	1998	1999	2000	1/7/01 to 30/6/02
Number of receivership orders obtained	9	6	11	4	9	3
Final reports filed or terminations lodged	22	40	4	4	3	0
Number of staff (FTE) (average for year)	9	10	7	7	7	7

Membership/Practising Statistics

as at 30/06/2002

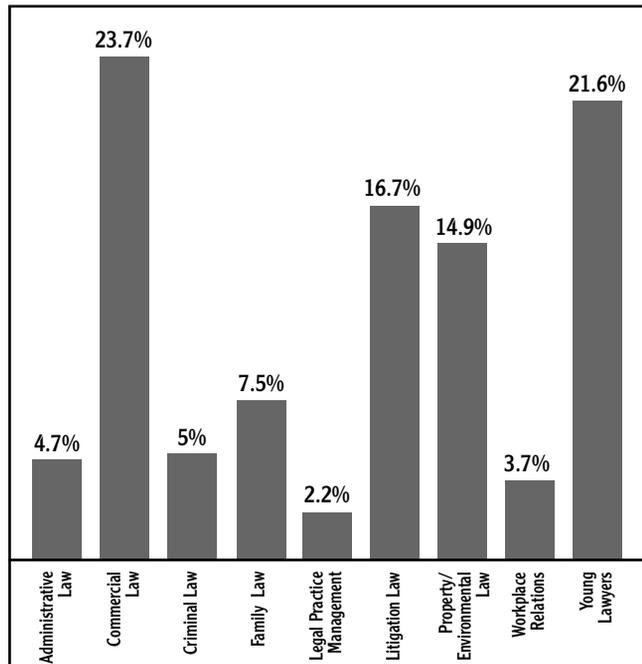
Membership



	Male	Female	Total
Practising Members	5123	2679	7802
Non-practising Members	602	525	1127
Associates	370	388	758
	6095	3592	9687

Section Membership (Incl. multiple memberships)

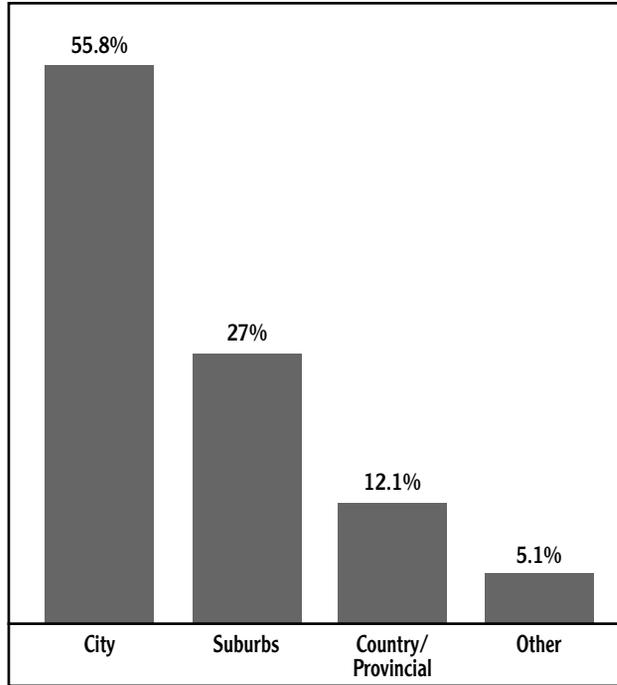
Administrative Law	613
Commercial Law	3077
Criminal Law	648
Family Law	973
Legal Practice Management	288
Litigation Law	2160
Property/Environmental Law	1931
Workplace Relations	480
Young Lawyers	2808
	12978



Law Association Membership

(No overlaps)

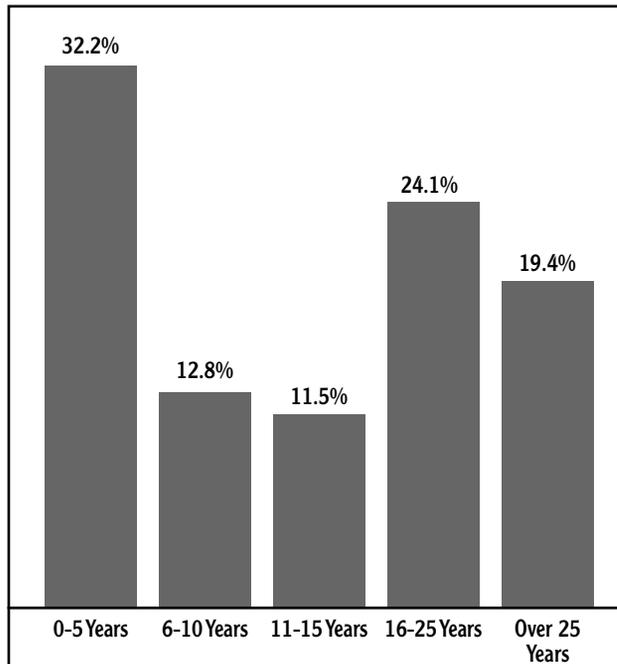
	Members
City	4356
Suburbs	2105
Country/Provincial	943
Other	398
	7802



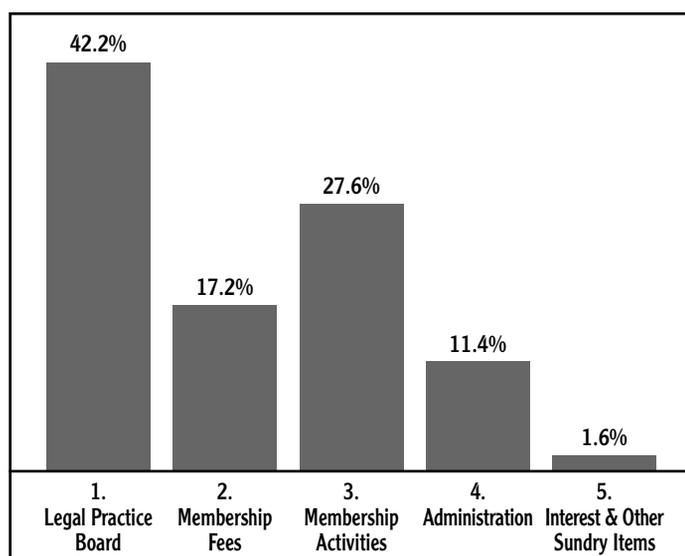
Years in Profession

(Private practitioners)

	Members
0-5 Years	2512
6-10 Years	999
11-15 Years	899
16-25 Years	1881
Over 25 Years	1511
	7802

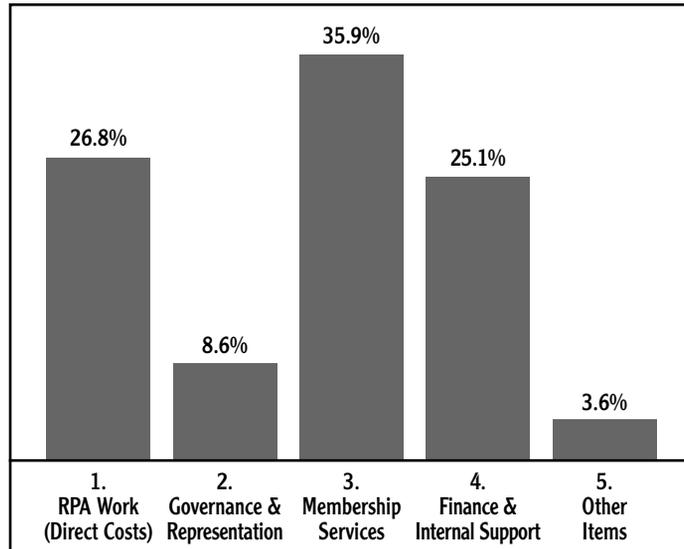


2002 Income



1. Legal Practice Board	\$	\$
RPA Work	4,396,203	
Contributions under s387 of the <i>Legal Practice Act 1996</i>	884,004	
Administration, Governance and Support Costs	1,382,328	
Occupancy & Rental	321,447	6,983,982
2. Membership Fees		2,853,025
3. Membership Activities		
Continuing Legal Education (CLE)	522,573	
Specialisation	247,577	
Journal Subscriptions	81,773	
Journal & News Advertising	542,946	
Diary Income	796,725	
Dial-A-Law Annual Fees	103,132	
Sponsorship Income	487,193	
Bookshop Sales & Commissions	798,021	
Costing Services Fees	403,452	
Restaurant & Catering	510,344	
Other	63,487	4,557,223
4. Administration		
Section Membership (MMS & Sections)	70,507	
Legal Practitioners Liability Committee	880,851	
Superannuation Funds	932,293	1,883,651
5. Interest & Other Sundry Items		
Interest	148,492	
Audit Fees	67,827	
Other	42,222	258,541
TOTAL		16,536,422

2002 Expenses



1. RPA Work (Direct Costs)	4,386,617	4,386,617
2. Governance & Representation		
– Council & Executive	1,074,288	
– Media & Government Relations	117,459	
– Member & Public Relations	209,078	1,400,825
3. Membership Services (LIV) Division		
– Research & Information (Incl. CLE)	1,047,749	
– Specialisation	237,343	
– IT Special Projects	247,899	
– Publications	1,527,572	
– Bookshop	543,026	
– Costing	330,907	
– Dial-A-Law & Referral Service	195,408	
– Marketing	356,782	
– Members' Information Centre	151,343	
– Library	431,019	
– Restaurant & Catering	540,993	
– Other (Incl. General Manager)	270,573	5,880,614
4. Finance & Internal Support		
– Finance & Administration	2,757,589	
– Human Resources	209,879	
– Information Technology	443,975	
– Superannuation	705,090	4,116,533
5. Other Items		
– Capitation Fees	528,419	
– Staff Costs – LIV Litigation Work	17,507	
– Staff Costs – External Audit Work	46,081	592,007
TOTAL		16,376,596

Financial Commentary

for the year ended 30 June 2002

The accounts of the Victorian Lawyers RPA Ltd for the year ended 30 June 2002 represent the first full year of operations, reporting on a financial year basis. This has also resulted in Council member terms being changed to three years, commencing 1 January.

The VLRPA operations produced a surplus of \$159,826. While this represents only a marginal surplus on a turnover of \$16,376,596, it was a pleasing result compared to the operating budget which estimated a shortfall of \$52,477.

Strong contributors to the Institute's earnings were:

- ◆ the superannuation administration function in support of the LISS scheme;
- ◆ Publications Department's income via both the *LII* advertising and Institute Legal Directory and Diary sales;
- ◆ bookshop sales and commission; and
- ◆ the Continuing Legal Education program.

Each of these areas made positive contributions to the Institute's funding.

Balanced against this, the Institute's operations were penalised, in budget terms, by reduced investment income. Traditionally, the Institute achieves some \$350,000 by way of investment income. However, due to the downturn in capital markets, investment earnings produced only \$148,492, which was \$196,508 below budget expectations.

Superannuation

The Institute's Superannuation Department had a very exciting year with a number of initiatives being introduced in an effort to further develop the services to members and to strengthen the fund's position as a provider of superannuation services.

◆ *Member investment choice*

Legal Industry Superannuation Scheme (LISS) members have received the news that LISS's member investment choice is commencing 1 October 2002. This means that members can now choose how their super is invested. There are three investment options available to members – capital stable, growth and growth plus. Members are able to change their investment option on a quarterly basis.

◆ *Public offer*

LISS should shortly be attaining public offer fund status. This means that LISS will not be restricted to accepting employer-sponsored persons as members. A new class of personal members will be established, allowing LISS to bring in self-employed

people as members. By opening LISS up to self-employed people, the fund will be providing itself with the ability to grow even further.

◆ *Merger*

The first personal members of LISS will be the members of the Victorian Solicitors' Superannuation Fund (VSSF). The VSSF, with assets totalling approximately \$27.19 million at 30 June 2002, should merge into LISS on 22 October 2002, or thereabouts.

◆ *Fund statistics*

The table below sets out the statistics in respect to the two funds administered by the Institute as at 30 June 2002.

	Member-ship	Net assets \$M	Crediting rates year ended 30 June 2002
Legal Industry Superannuation Scheme (LISS)	15,764	\$153.4	negative 3.47%
Victorian Solicitors' Superannuation Fund (VSSF)	310	\$27.19	negative 2.36%

The 2001/02 year was difficult for superannuation funds in terms of investment earnings, particularly those exposed to overseas share investments. Many funds have shown negative results for the year. The major negative influences on investment returns have been the equity markets, generally, and international shares, in particular.

Nevertheless, both LISS and the VSSF have outperformed their respective benchmarks for the year. Also, while incurring investment losses, the performance of both funds compares quite favourably against the median result of the Mercer pooled fund survey of negative 4.5 per cent for the year.

Financial Report

for the year ended 30 June 2002

Directors' Report

The directors (councillors) present their report together with the financial report of Victorian Lawyers RPA Ltd (VLRPA) and controlled entity for the year ended 30 June 2002 and the auditors' report thereon.

The names of directors in office at any time during or since the end of the year are:

David Faram (since 28/4/99)
William O'Shea (since 10/5/2000)
Judith Peirce (since 10/5/2000)
John Corcoran (since 5/8/98)
Tina Millar (since 31/12/96)
Simon Begg (since 29/4/98)
Mark Woods (since 31/12/96)
Helen Glass (from 8/5/97 to 27/3/02)
Leonie Kelleher OAM (since 10/5/02)
Melissa Macken (from 31/12/96 to 27/3/02)
Jason Newman (since 9/12/99)
Geoff Provis (since 12/9/96)
Erskine Rodan (since 31/12/96)
John Weigl (since 29/4/98)
Briony Le Duc (from 26/4/01 to 12/9/02)
Aurora Kostezky (since 26/4/01)
Kirsten Mander (since 3/5/01)
Anthony May (since 26/4/01)
Chris Dale (since 27/3/02)
Richard Fleming (since 27/3/02)
Victoria Strong (since 27/3/02)

Directors have been in office since the start of the year to the date of this report unless otherwise stated.

Operating results

A review of the operations of the economic entity during the year and the results of those operations found that during the year the economic entity continued to engage in its principal activity, the results of which are disclosed in the attached financial statements. The consolidated profit of the economic entity for the year after providing for income tax amounted to \$159,826.

Significant changes in affairs

No significant changes in the economic entity's state of affairs occurred during the year other than those referred to in Note 1(g).

Principal activities

The principal activities of the economic entity during the year were:

- (i) to operate as a professional association of lawyers providing high standards, continuing education, informed debate on issues within the areas of its professional competence, setting and maintain-

ing the highest professional and technical standards and promoting the role of members for the benefit of the community; and

- (ii) to carry on the duties of a Recognised Professional Association as defined by the *Legal Practice Act 1996*.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future years.

Likely developments

The VLRPA expects to continue to work to achieve its objectives for 2002/03. There is however a review of the *Legal Practice Act 1996* currently being performed by the Victorian Government which may affect the Institute's current regulatory role. At the date of this report the matter remains outstanding.

Environmental issues

The economic entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid or recommended

The Victorian Lawyers RPA Ltd is prohibited by its constitution from paying a dividend.

Information on directors

David Faram	President
Qualifications	B.Juris/LL.B
Experience	Over 24 years' legal experience – family and criminal law, litigation, commercial and PI. President of Goulburn Valley Grammar School Council.
Special Responsibilities	Vice President May 2001 – March 2002
	Accident Compensation Committee
	Audit Committee (<i>ex officio</i>)
	Awards Committee
	Buildings & Properties Committee
	13th Commonwealth Law Conference Organising Committee
	Continuing Professional Development Taskforce (<i>ex officio</i>)
	Country Law Associations Committee

	Executive Committee (chair) Legal Practice Act Review Taskforce (chair) Major Firms Committee (<i>ex officio</i>) Membership Committee (<i>ex officio</i>) Nominating Committee (chair) Rules of Practice Committee (<i>ex officio</i>) Small Practice Committee (<i>ex officio</i>) Specialisation Board (<i>ex officio</i>)		Major Firms Committee Membership Committee
William O'Shea	Vice President		Immediate Past President
<i>Qualifications</i>	B.Sc/Dip Ed/LL.B (Hons)		B.Ec/LL.B
<i>Experience</i>	Over 15 years' legal experience – commercial law, Asia/China international trade law. defence contracting (previously a teacher).	John Corcoran	Over 21 years' legal experience in commercial law with an emphasis on health and the aged care industry sector. Accredited business law specialist.
<i>Special Responsibilities</i>	Treasurer May 2001 – March 2002 Audit Committee Best Practice Committee (chair) Building & Properties Committee Executive Committee International Law Committee (chair) Legal Practice Act Review Committee Major Firms Committee (chair) Membership Committee Nominating Committee	<i>Qualifications</i>	President April 2001 – March 2002 Audit Committee (resigned) Awards Committee Building & Properties Committee (chair) Executive Committee Legal Practice Act Review Taskforce Major Firms Committee Nominating Committee Rules of Practice Committee
		<i>Experience</i>	
		<i>Special Responsibilities</i>	
Judith Peirce	Treasurer	Simon Begg	Councillor
<i>Qualifications</i>	LL.B/Grad Diploma Equal Opportunity Admin	<i>Qualifications</i>	B.Sc/LL.B (Hons)
<i>Experience</i>	Over 28 years' legal experience. Manager, community legal centre. Previously in private practice – family law and general practice.	<i>Experience</i>	Over 40 years' legal experience – banking and finance, stamp duty, FID, BADT and GST. Board of Examiners, Council of Legal Education.
<i>Special Responsibilities</i>	Fifth Executive Member May 2001 – March 2002 Access to Justice Committee Audit Committee (chair) Building & Properties Committee Continuing Professional Development Taskforce Ethics Committee Executive Committee Membership Committee (chair) Road Trauma Committee 2010 Taskforce	<i>Special Responsibilities</i>	Fifth Executive Member until 3 May 2001 Access to Justice Committee Audit Committee Building & Properties Committee Ethics Committee Legal Practice Act Review Taskforce Membership Committee RPA Trust Monies Committee Rules of Practice Committee (chair) Unqualified Practice Committee
Christopher Dale	Fifth Executive Member	Richard Fleming	Councillor
<i>Qualifications</i>	B.Juris LL.B/GradDiploma Commercial Law	<i>Qualifications</i>	B.Sc (Hons)/LL.B
<i>Experience</i>	Commercial Litigation Specialist, Supreme Court Rules Committee, Litigation Lawyers Executive	<i>Experience</i>	Over 9 years' legal experience – commercial, IT, trade practices, superannuation
<i>Special Responsibilities</i>	Audit Committee Law Institute Journal Editorial Committee	<i>Special Responsibilities</i>	Best Practice Committee Ethics Committee Major Firms Committee Mediation Panel Committee RPA Trust Monies Committee Technology and on-line services
		Helen Glass	Councillor
		<i>Qualifications</i>	B.Ec/LL.B
		<i>Experience</i>	Over 17 years' legal experience in property, immigration and criminal law
		<i>Special Responsibilities</i>	Board of Examiners Access to Justice Committee Articled Clerkship Committee Events Committee

	Nominating Committee RPA Trust Monies Committee Unqualified Practices Committee	<i>Special Responsibilities</i>	Ethics Committee (chair) Law Institute Journal Editorial Committee RPA Trust Monies Committee
Leonie Kelleher	OAM Councillor	Kirsten Mander	Councillor
<i>Qualifications</i>	BA/LL.B Dip TRP/MRAPI	<i>Qualifications</i>	LL.B/LL.M
<i>Experience</i>	Over 25 years' legal experience in planning, local government, complex property and environmental law. Accredited environmental and planning law specialist.	<i>Experience</i>	Over 19 years' legal experience – corporate sector lawyer.
<i>Special Responsibilities</i>	Admission to Practice Committee (chair) Audit Committee Costs Policy Committee (resigned) Events Committee International Law Committee Membership Committee Small Practice Committee (chair) (resigned) Suburban Law Association Committee 2010 Taskforce (chair)	<i>Special Responsibilities</i>	Ethics Committee (chair) International Law Committee Membership Committee 13th Commonwealth Law Conference Organising Committee
Aurora Kostezky	Councillor	Anthony May	Councillor
<i>Qualifications</i>	BA/LL.B (Hons)	<i>Qualifications</i>	B.Ec/LL.B
<i>Experience</i>	Four years' legal experience – business law including leasing and general commercial law.	<i>Experience</i>	Over 27 years' legal experience. Tax lawyer with an emphasis on tax litigation.
<i>Special Responsibilities</i>	Member of the Young Lawyers' Executive Articled Clerkship Committee Ethics Committee Events Committee (chair) Law Institute Journal Editorial Committee 2010 Taskforce	<i>Special Responsibilities</i>	Admission to Practice Committee Audit Committee Building & Properties Committee RPA Trust Monies Committee (chair) Rules of Practice Committee Solicitors' Mortgage Investment Companies Committee (chair)
Briony Le Duc	Councillor	Tina Millar	Councillor
<i>Qualifications</i>	BA/LL.B (Hons)	<i>Qualifications</i>	Barrister & solicitor of the Supreme Court of Victoria
<i>Experience</i>	Over two years' legal experience – general commercial, intellectual property.	<i>Experience</i>	Over 25 years' legal experience. Small firm practitioner in family and criminal law, wills and estates, property and conveyancing.
<i>Special Responsibilities</i>	Articled Clerkship Committee Audit Committee Building & Properties Committee Continuing Professional Development Taskforce Law Institute Journal Editorial Committee Membership Committee Technology and on-line services Unqualified Practices Committee (chair)	<i>Special Responsibilities</i>	Aboriginal Law Students Mentor Scheme Access to Justice Committee Audit Committee Awards Committee Board of Examiners (chair) Board Member of Assisi Centre Inc. Building & Properties Committee Continuing Professional Development Taskforce Director of East Keilor Community Bank (branch of Bendigo Bank) Development Taskforce Ethics Committee Executive Committee Legal Practice Act Review Taskforce Nominating Committee Small Practice Committee Suburban Law Association Committee (chair)
Melissa Macken	Councillor	Jason Newman	Councillor
<i>Qualifications</i>	BA/LL.B	<i>Qualifications</i>	BA/LL.B (Hons)
<i>Experience</i>	Over eight years' legal experience, focusing in particular on employment and industrial law.	<i>Experience</i>	Over nine years' legal experience – litigation and insurance

Special Responsibilities Access to Justice
Ethics Committee
Law Institute Journal Editorial Committee (chair)
Legal Practice Act Review Taskforce
Major Firms Committee
Nominating Committee
Road Trauma Committee
Technology and on-line services (chair)

Geoff Provis
Qualifications Councillor
B.Ec/LL.B
Experience 22 years' legal experience – insurance and compensation.

Special Responsibilities Accident Compensation Committee (chair)
Awards Committee (chair)
Building & Properties Committee
Major Firms Committee
Medico Legal Joint Standing Committee (co-chair)
Road Trauma Committee
13th Commonwealth Law Conference Organising Committee
2010 Taskforce

Erskine Rodan
Qualifications Councillor
LL.B/Diploma Family Law
Experience Over 25 years' legal experience – migration.

Special Responsibilities Access to Justice Committee
Awards Committee
Legal Practice Act Review Taskforce
Nominating Committee
Small Practice Committee (chair)
Suburban Law Association Committee

Victoria Strong
Qualifications Councillor
BA (Hons)/LL.B
Experience 5 years' legal experience – commercial.

Special Responsibilities Articled Clerkship Committee
Events Committee
Membership Committee
13th Commonwealth Law Conference Organising Committee

John Weigl
Qualifications Councillor
B.Ec./LL.B
Experience Over 13 years' legal experience – civil litigation, crime and personal injury.

Special Responsibilities Continuing Professional Development Taskforce (chair)
Costs Policy Committee (chair)
Country Law Association Committee
Nominating Committee
Road Trauma Committee
RPA Trust Monies Committee
Rules of Practice Committee
Specialisation Board Committee
Unqualified Practices Committee

Mark Woods
Qualifications Councillor
LL.B
Experience Over 20 years' legal experience – criminal law, family law, general advocacy. Accredited specialist – criminal and family law. Member of VLF, VLA, Leo Cussen Institute Board, University of Melbourne Law Faculty.

Special Responsibilities Access to Justice Committee (chair)
Continuing Professional Development Taskforce
Country Law Association Committee (chair)
Membership Committee
National Issues Committee
Specialisation Board
13th Commonwealth Law Conference Organising Committee (chair)
Solicitors' Mortgage Investment Companies Committee

Victorian Lawyers RPA Ltd
ABN 32 075 475 731
and Controlled Entity
Directors' Report

Meetings of Directors

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS			
			EXECUTIVE COMMITTEE		AUDIT COMMITTEE	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
David Faram	12	11	41	38	13	11
William O'Shea	12	12	41	36	13	13
Judith Peirce	12	11	41	35	13	10
Christopher Dale	3	3	8	8	3	2
John Corcoran	12	12	41	34	5	4
Simon Begg	12	9	–	–	13	10
Richard Fleming	3	3	4	3	–	–
Helen Glass	9	7	4	2	–	–
Leonie Kelleher OAM	12	11	2	2	13	5
Aurora Kostezky	12	11	4	4	–	–
Briony Le Duc	12	10	3	2	13	9
Melissa Macken	9	8	–	–	–	–
Kirsten Mander	12	11	4	3	–	–
Anthony May	12	10	3	2	13	12
Tina Millar	12	12	33	31	13	7
Jason Newman	12	11	5	4	–	–
Geoff Provis	12	8	4	3	–	–
Erskine Rodan	12	10	5	5	–	–
Victoria Strong	3	3	–	–	–	–
John Weigl	12	11	3	2	–	–
Mark Woods	12	12	2	1	–	–

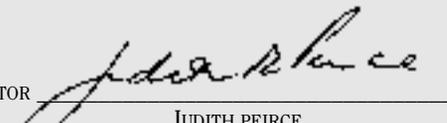
Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the directors:

DIRECTOR  _____
DAVID FARAM

DIRECTOR  _____
JUDITH PEIRCE

Dated the 17th of October 2002.

Statement of Financial Performance

for the year ended 30 June 2002

	Note	Economic Entity		Parent Entity	
		12 months 30 June 2002 \$	6 months 30 June 2001 \$	12 months 30 June 2002 \$	6 months 30 June 2001 \$
Revenues from ordinary activities	2	16,536,422	7,617,846	16,536,422	7,617,846
		16,536,422	7,617,846	16,536,422	7,617,846
Expenses from ordinary activities					
Membership services		(5,880,614)	(2,853,967)	(5,880,614)	(2,853,967)
RPA work (direct costs)		(4,386,617)	(1,907,582)	(4,386,617)	(1,907,582)
Governance and representation		(1,400,825)	(725,552)	(1,400,825)	(725,552)
Finance and internal support		(4,116,533)	(2,394,812)	(4,116,533)	(2,394,812)
Capitation fees		(528,419)	(31,830)	(528,419)	(31,830)
Other expenses from ordinary activities		(63,588)	(2,498)	(63,588)	(2,498)
		(16,376,596)	(7,916,241)	(16,376,596)	(7,916,241)
Profit/(Loss) from ordinary activities before income tax	(1i)	159,826	(298,395)	159,826	(298,395)
Net Profit/(Loss) from ordinary activities	3	159,826	(298,395)	159,826	(298,395)
Net Profit/(Loss) from ordinary activities after income tax expense attributable to the members of the parent entity		159,826	(298,395)	159,826	(298,395)
Total changes in members' funds		159,826	(298,395)	159,826	(298,395)

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2002

	Note	Economic Entity		Parent Entity	
		12 months 30 June 2002 \$	6 months 30 June 2001 \$	12 months 30 June 2002 \$	6 months 30 June 2001 \$
CURRENT ASSETS					
Cash assets	4	4,094,412	6,843,279	4,094,412	6,843,279
Receivables	5	2,120,009	1,455,337	2,120,007	1,455,335
Inventories	6	172,938	137,197	172,938	137,197
Other financial assets	7	2,298,070	4,512	2,298,072	4,514
Other	8	217,948	92,535	217,948	92,535
TOTAL CURRENT ASSETS		8,903,377	8,532,860	8,903,377	8,532,860
NON-CURRENT ASSETS					
Other financial assets	7	490,000	–	490,000	–
Property, plant and equipment	9	3,038,395	2,684,079	3,038,395	2,684,079
TOTAL NON-CURRENT ASSETS		3,528,395	2,684,079	3,528,395	2,684,079
TOTAL ASSETS		12,431,772	11,216,939	12,431,772	11,216,939
CURRENT LIABILITIES					
Payables	10	1,292,482	905,399	1,292,482	905,399
Provisions	11	1,016,433	749,924	1,016,433	749,924
Other	12	3,571,591	2,985,738	3,571,591	2,985,738
TOTAL CURRENT LIABILITIES		5,880,506	4,641,061	5,880,506	4,641,061
NON-CURRENT LIABILITIES					
Provisions	11	109,180	293,618	109,180	293,618
TOTAL NON-CURRENT LIABILITIES		109,180	293,618	109,180	293,618
TOTAL LIABILITIES		5,989,686	4,934,679	5,989,686	4,934,679
NET ASSETS		6,442,086	6,282,260	6,442,086	6,282,260
MEMBERS' FUNDS					
Reserves	13	333,270	333,270	333,270	333,270
Retained surplus	14	6,108,816	5,948,990	6,108,816	5,948,990
TOTAL MEMBERS' FUNDS		6,442,086	6,282,260	6,442,086	6,282,260

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2002

	Note	Economic Entity		Parent Entity	
		12 months 30 June 2002 \$	6 months 30 June 2001 \$	12 months 30 June 2002 \$	6 months 30 June 2001 \$
CASH FLOW FROM OPERATING ACTIVITIES					
Subscriptions		2,853,025	1,276,152	2,853,025	1,276,152
Payments to suppliers and employees		(17,509,933)	(7,474,438)	(17,509,933)	(7,474,438)
Capitation fees		(528,419)	(31,810)	(528,419)	(31,810)
Interest received		148,492	185,457	148,492	185,457
Other income		12,776,132	6,774,366	12,776,132	6,774,366
Net cash provided by/(used in) operating activities	15(b)	(2,260,703)	729,727	(2,260,703)	729,727
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		36,171	–	36,171	–
Payment for property, plant and equipment		(682,205)	(61,203)	(682,205)	(61,203)
Net cash used in investing activities		(646,034)	(61,203)	(646,034)	(61,203)
Net increase/(decrease) in cash held		(2,906,737)	668,524	(2,906,737)	668,524
Cash at beginning of period		6,847,779	6,179,255	6,847,779	6,179,255
Cash at end of period	15(a)	3,941,042	6,847,779	3,941,042	6,847,779

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2002

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers Victorian Lawyers RPA Ltd (VLRPA) as an individual parent entity and Victorian Lawyers RPA Ltd and controlled entity as an economic entity. The VLRPA is a company limited by guarantee, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of Consolidation

A controlled entity is any entity controlled by the VLRPA. Control exists where the VLRPA has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with the VLRPA to achieve the objectives of the VLRPA. Details of the controlled entity are contained in Note 20.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

◆ *Property*

Freehold land and buildings are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is the policy of the economic entity to have an independent valuation every three years, with annual appraisals being made by the directors, to ensure that the carrying value does not differ materially from its fair value at the reporting date.

The revaluation of freehold land and buildings has not taken account of the potential capital gains tax on assets acquired after the introduction of capital gains tax.

◆ *Plant and equipment*

Plant and equipment, comprising furniture and equipment and motor vehicles, are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

◆ *Depreciation*

The depreciable amount of all fixed assets, including buildings and freehold improvements but excluding freehold land, are depreciated on either a straight line or diminishing value basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

Notes to the Financial Statements for the year ended 30 June 2002

The useful lives used for each class of assets are:

<i>Class of fixed assets</i>	<i>Useful lives</i>	<i>Depreciation basis</i>
Buildings	40 years	Straight line
Freehold improvements	7 years	Diminishing value
Motor vehicles	4 years	Diminishing value
Furniture and equipment	7 years	Diminishing value

(d) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(e) Employee Entitlements

Provision is made for the economic entity's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year, together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the economic entity's experience with staff departures. Related on-costs have also been included in the liability.

(f) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with bank or financial institutions and highly liquid investments which are readily convertible to cash on hand.

(g) Comparative Figures

The VLRPA applied to change its year end reporting date from 31 December to 30 June in order to streamline the reporting requirements in line with that of the Legal Practice Board. The VLRPA is primarily funded by the Legal Practice Board and it plays a major role in acting as a Recognised Professional Association for the Legal Practice Board.

The application for the change of year end was made pursuant to s340 of the *Corporations Act 2001*. The Australian Securities & Investments Commission (ASIC) made an order relieving the VLRPA from compliance with paragraph 323D(2)(b) for the purpose of varying its financial year beginning on 1 January 2001. The financial year was varied to a six-month period ended 30 June 2001.

The comparative amounts disclosed in the financial report and related notes are for the six months ended 30 June 2001 and therefore are not comparable as the reporting periods are not the same length.

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(h) Revenue

In general, revenue is recognised, where it can be reliably measured, in the period to which it relates or is invoiced. However, where there is not an established pattern of income flow, revenue is recognised on a cash receipts basis. Income generated from advertising in the *Law Institute Legal Directory and Diary* is recognised in the year received to more appropriately reflect the period in which it was earned.

Interest revenue is recognised when receivable on a proportional basis, taking into account the interest rates applicable to the financial assets.

Membership Fees and Subscriptions

The subscription year is 1 July to 30 June. Subscriptions are payable annually in advance. Only those membership fees and subscription receipts, which are attributable to the current financial year, are recognised as revenue. Fees and subscription receipts relating to periods beyond the current financial year are shown in the Statement of Financial Position as subscription fees and other prepaid income under the heading Other Liabilities in Current Liabilities.

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

Notes to the Financial Statements for the year ended 30 June 2002

(i) **Income Tax**

The economic entity adopts the principles of tax-effect accounting.

Income tax expense is calculated on the operating result at current taxation rates. A permanent difference due to mutual activities with members and the benefit of accumulated losses, where required, result in the income tax expense of the Victorian Lawyers RPA Ltd being reduced to nil. (2001: nil).

In assessing its income tax liability, the VLRPA applies the principle of mutuality to its revenue and expenses. Revenue in the form of receipts from members represents mutual income and is not subject to income tax. Expenses associated with mutual activities are not deductible for income tax purposes. All other receipts and payments of the VLRPA are classified for income tax purposes in accordance with income tax legislation.

The future income tax benefit relating to timing differences and any future income tax benefit relating to tax losses are not carried forward unless the benefits are virtually certain of being realised.

(j) **Receivables**

The terms of trade are 30 days from the date of the invoice. Collectability of debtors is reviewed on an ongoing basis. A provision for doubtful debts is raised where doubt over collectability exists and debts which are known to be uncollectable are written off.

(k) **Trade Creditors**

Trade creditors represent liabilities for goods and services provided to the economic entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

2. REVENUE

	Economic Entity		Parent Entity	
	12 months 30 June 2002 \$	6 months 30 June 2001 \$	12 months 30 June 2002 \$	6 months 30 June 2001 \$
Operating activities				
– Interest	148,492	185,457	148,492	185,457
– Membership subscriptions	2,853,025	1,375,517	2,853,025	1,375,517
– Legal Practice Board contributions and reimbursements	6,983,982	3,014,756	6,983,982	3,014,756
– Other revenue	6,514,752	3,042,116	6,514,752	3,042,116
	16,500,251	7,617,846	16,500,251	7,617,846
Non-operating activities				
– Proceeds on disposal of property, plant and equipment	36,171	–	36,171	–
	36,171	–	36,171	–
Total Revenue	16,536,422	7,617,846	16,536,422	7,617,846
(a) Interest from:				
– Other entities	148,492	185,457	148,492	185,457
	148,492	185,457	148,492	185,457

Notes to the Financial Statements for the year ended 30 June 2002

3. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES

	Economic Entity		Parent Entity	
	12 months 30 June 2002 \$	6 months 30 June 2001 \$	12 months 30 June 2002 \$	6 months 30 June 2001 \$
Profit/(loss) from ordinary activities before income tax expense has been determined after:				
(a) Expenses:				
Depreciation of property, plant and equipment				
– freehold land and buildings	13,750	6,875	13,750	6,875
– freehold improvements	39,924	2,512	39,924	2,512
– motor vehicles	21,931	10,661	21,931	10,661
– furniture and equipment	206,525	85,206	206,525	85,206
	282,130	105,254	282,130	105,254
Bad and doubtful debts				
– bad debts written off – trade debtors	7,104	16,857	7,104	16,857
– movements in provisions for doubtful debts – trade debtors	4,720	31,988	4,720	31,988
Net expense of bad and doubtful debts	11,824	48,845	11,824	48,845
Remuneration of the auditors of parent entity for				
– auditing services	39,235	30,000	39,235	30,000
– other services	58,543	55,451	58,543	55,451
	97,778	85,451	97,778	85,451
Rental expense on operating leases	183,910	93,249	183,910	93,249
Cost of Sales	559,497	285,481	559,497	285,481
Net loss on disposal of non-current assets				
– Property, plant and equipment	9,588	2,498	9,588	2,498
Services to members	5,880,614	2,853,967	5,880,614	2,853,967
Marketing and public affairs	326,537	160,997	326,537	160,997
Contributions to law associations and the Law Council of Australia	528,419	31,830	528,419	31,830
Amounts set aside for provisions:				
Employee entitlements	82,071	136,659	82,071	136,659

Notes to the Financial Statements for the year ended 30 June 2002

4. CASH ASSETS

	Economic Entity		Parent Entity	
	12 months 30 June 2002 \$	6 months 30 June 2001 \$	12 months 30 June 2002 \$	6 months 30 June 2001 \$
Cash at bank and on hand	1,850	721,920	1,850	721,920
Deposits at call	323,793	158,041	323,793	158,041
Bank bills	3,768,769	5,963,318	3,768,769	5,963,318
	<u>4,094,412</u>	<u>6,843,279</u>	<u>4,094,412</u>	<u>6,843,279</u>

The VLRPA collects funds on behalf of the Legal Practice Board and holds these funds in trust in a bank account titled "Victorian Lawyers RPA Limited – Legal Practice Board". This account had a balance in funds of \$1,105,659 at 30 June 2002. This account has not been included in the cash assets of the VLRPA shown above.

The deposits at call and short-term money market securities bear interest rates between 4.01 per cent and 5.05 per cent. All transactions are made with major trading banks with a minimum credit rating of A1.

5. RECEIVABLES

	Economic Entity		Parent Entity	
	12 months 30 June 2002 \$	6 months 30 June 2001 \$	12 months 30 June 2002 \$	6 months 30 June 2001 \$
Current				
Trade debtors	567,639	410,002	567,639	410,002
Less provision for doubtful debts	(57,000)	(52,055)	(57,000)	(52,055)
	<u>510,639</u>	<u>357,947</u>	<u>510,639</u>	<u>357,947</u>
Other debtors	745,690	324,260	745,688	324,258
Amounts receivable from:				
Legal Practice Board	863,680	773,130	863,680	773,130
	<u>1,609,370</u>	<u>1,097,390</u>	<u>1,609,368</u>	<u>1,097,388</u>
	<u>2,120,009</u>	<u>1,455,337</u>	<u>2,120,007</u>	<u>1,455,335</u>

6. INVENTORIES

	Economic Entity		Parent Entity	
	12 months 30 June 2002 \$	6 months 30 June 2001 \$	12 months 30 June 2002 \$	6 months 30 June 2001 \$
Current				
Publications and VLRPA products	111,189	81,648	111,189	81,648
Restaurant food & beverage supplies	61,749	55,549	61,749	55,549
	<u>172,938</u>	<u>137,197</u>	<u>172,938</u>	<u>137,197</u>

Notes to the Financial Statements for the year ended 30 June 2002

7. OTHER FINANCIAL ASSETS

	Economic Entity		Parent Entity	
	12 months 30 June 2002 \$	6 months 30 June 2001 \$	12 months 30 June 2002 \$	6 months 30 June 2001 \$
Current				
Shares in related corporations	12	12	14	14
Specific funds	4,500	4,500	4,500	4,500
Unlisted investments at cost – mortgage loans	285,000	–	285,000	–
Units in managed funds at cost Less provision for write down to recoverable amount	2,059,712 (51,154)	– –	2,059,712 (51,154)	– –
	2,008,558	–	2,008,558	–
	2,298,070	4,512	2,298,072	4,514
Units in managed funds have been written down to their recoverable amount being the expected proceeds from the sale of the units				
Non Current				
Unlisted investments at cost – mortgage loans	490,000	–	490,000	–
	490,000	–	490,000	–

8. OTHER ASSETS

	Economic Entity		Parent Entity	
	12 months 30 June 2002 \$	6 months 30 June 2001 \$	12 months 30 June 2002 \$	6 months 30 June 2001 \$
Current				
Prepayments	217,948	92,535	217,948	92,535

Notes to the Financial Statements
for the year ended 30 June 2002

9. PROPERTY, PLANT AND EQUIPMENT

	Economic Entity		Parent Entity	
	12 months 30 June 2002 \$	6 months 30 June 2001 \$	12 months 30 June 2002 \$	6 months 30 June 2001 \$
Freehold land and buildings, 470 Bourke Street at fair value	2,200,000	2,200,000	2,200,000	2,200,000
Less accumulated depreciation	(34,375)	(20,625)	(34,375)	(20,625)
	2,165,625	2,179,375	2,165,625	2,179,375
Freehold improvements				
At cost	261,190	33,488	261,190	33,488
Less accumulated depreciation	(44,248)	(4,324)	(44,248)	(4,324)
Total freehold improvements	216,942	29,164	216,942	29,164
Total property	2,382,567	2,208,539	2,382,567	2,208,539
Plant and equipment				
Motor vehicles				
At cost	116,418	148,881	116,418	148,881
Less accumulated depreciation	(33,568)	(81,628)	(33,568)	(81,628)
	82,850	67,253	82,850	67,253
Furniture and equipment				
At cost	1,410,032	1,313,920	1,410,032	1,313,920
Less accumulated depreciation	(837,054)	(905,633)	(837,054)	(905,633)
	572,978	408,287	572,978	408,287
Total plant and equipment	655,828	475,540	655,828	475,540
Total property, plant and equipment	3,038,395	2,684,079	3,038,395	2,684,079

The revaluation of freehold land and buildings was based on the assessment of their current market value. The independent valuation was carried out on 20 February 2000 by Messrs BL Smith and JA Perillo, Certified Practising Valuers of Knight Frank.

The directors believe that the carrying value of the land and buildings at 30 June 2002 represents their fair value at that date. An independent valuation is due to be performed in February 2003 in accordance with accounting policy note 1(c).

Notes to the Financial Statements for the year ended 30 June 2002

(a) Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

2002	Land and buildings		Freehold improvements	
	Economic Entity \$	Parent Entity \$	Economic Entity \$	Parent Entity \$
Balance at the beginning of the year	2,179,375	2,179,375	29,164	29,164
Additions	–	–	227,702	227,702
Depreciation expense	(13,750)	(13,750)	(39,924)	(39,924)
Carrying amount at end of year	2,165,625	2,165,625	216,942	216,942

2002	Motor vehicles		Furniture and equipment	
	Economic Entity \$	Parent Entity \$	Economic Entity \$	Parent Entity \$
Balance at the beginning of the year	67,253	67,253	408,287	408,287
Additions	75,886	75,886	378,617	378,617
Disposals	(38,358)	(38,358)	(7,401)	(7,401)
Depreciation expense	(21,931)	(21,931)	(206,525)	(206,525)
Carrying amount at end of year	82,850	82,850	572,978	572,978

10. PAYABLES

Current	Economic Entity		Parent Entity	
	12 months 30 June 2002	6 months 30 June 2001	12 months 30 June 2002	6 months 30 June 2001
	\$	\$	\$	\$
Unsecured liabilities				
Trade creditors and accruals	713,463	869,873	713,463	869,873
Bank overdraft	157,870	–	157,870	–
GST liability	421,149	35,526	421,149	35,526
	1,292,482	905,399	1,292,482	905,399

11. PROVISIONS

Current	Economic Entity		Parent Entity	
	12 months 30 June 2002	6 months 30 June 2001	12 months 30 June 2002	6 months 30 June 2001
	\$	\$	\$	\$
Employee entitlements	1,016,433	749,924	1,016,433	749,924
Non-current				
Employee entitlements	109,180	293,618	109,180	293,618
Aggregate employee entitlements liability	1,125,613	1,043,542	1,125,613	1,043,542
(a) Number of employees at year end	135	131	135	131

Notes to the Financial Statements
for the year ended 30 June 2002

12. OTHER LIABILITIES

	Economic Entity		Parent Entity	
	12 months 30 June 2002	6 months 30 June 2001	12 months 30 June 2002	6 months 30 June 2001
Current	\$	\$	\$	\$
Subscription fees and other prepaid income	3,571,591	2,985,738	3,571,591	2,985,738

13. RESERVES

	Economic Entity		Parent Entity	
	12 months 30 June 2002	6 months 30 June 2001	12 months 30 June 2002	6 months 30 June 2001
	\$	\$	\$	\$
Asset revaluation	328,770	328,770	328,770	328,770
Specific funds	4,500	4,500	4,500	4,500
	333,270	333,270	333,270	333,270

14. RETAINED SURPLUS

	Economic Entity		Parent Entity	
	12 months 30 June 2002	6 months 30 June 2001	12 months 30 June 2002	6 months 30 June 2001
	\$	\$	\$	\$
Retained surplus at the beginning of the year	5,948,990	6,247,385	5,948,990	6,247,385
Net profit (loss) attributable to members of the entity	159,826	(298,395)	159,826	(298,395)
Retained profits at reporting date	6,108,816	5,948,990	6,108,816	5,948,990

Notes to the Financial Statements for the year ended 30 June 2002

15. CASH FLOW INFORMATION

	Economic Entity		Parent Entity	
	12 months 30 June 2002 \$	6 months 30 June 2001 \$	12 months 30 June 2002 \$	6 months 30 June 2001 \$
(a) Reconciliation of cash				
Cash at the end of the period as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:				
Cash on hand	1,850	1,150	1,850	1,150
Cash at bank/(overdraft)	(157,870)	720,770	(157,870)	720,770
Deposits at call	323,793	158,041	323,793	158,041
Specific funds	4,500	4,500	4,500	4,500
Bank bills	3,768,769	5,963,318	3,768,769	5,963,318
	<u>3,941,042</u>	<u>6,847,779</u>	<u>3,941,042</u>	<u>6,847,779</u>
(b) Reconciliation of cash flow from operations with profit from ordinary activities				
Profit/(loss) from ordinary activities after income tax	159,826	(298,395)	159,826	(298,395)
Non-cash flows in loss from ordinary activities				
Depreciation	282,130	105,254	282,130	105,254
Loss on disposal of property, plant and equipment	9,588	2,498	9,588	2,498
Changes in assets and liabilities, net of effects of purchase and disposal of subsidiaries				
(Increase)/decrease in receivables	(574,122)	363,412	(574,122)	363,412
(Increase)/decrease in the amount owing from the Legal Practice Board	(90,550)	451,899	(90,550)	451,899
(Increase) in inventories	(35,741)	(22,913)	(35,741)	(22,913)
(Increase)/decrease in other financial assets	(2,783,558)	–	(2,783,558)	–
(Increase)/decrease in prepaid expenses	(125,413)	162,366	(125,413)	162,366
Increase/(decrease) in trade creditors	(156,410)	357,632	(156,410)	357,632
Increase/(decrease) in other creditors	385,623	(359,652)	385,623	(359,652)
Increase/(decrease) in prepaid income	585,853	(169,033)	585,853	(169,033)
Increase/(decrease) in provisions	82,071	136,659	82,071	136,659
Net cash (used in)/provided by operations	<u>(2,260,703)</u>	<u>729,727</u>	<u>(2,260,703)</u>	<u>729,727</u>

Notes to the Financial Statements for the year ended 30 June 2002

16. CAPITAL AND LEASING COMMITMENTS

	Economic Entity		Parent Entity	
	12 months 30 June 2002 \$	6 months 30 June 2001 \$	12 months 30 June 2002 \$	6 months 30 June 2001 \$
(a) Operating lease commitments				
Non-cancellable operating leases contracted for but not capitalised in the accounts:				
Payable				
– not later than one year	113,653	150,249	113,653	150,249
– later than one year and not later than five years	95,368	110,765	95,368	110,765
	<u>209,021</u>	<u>261,014</u>	<u>209,021</u>	<u>261,014</u>

17. MEMBERS' GUARANTEE

The economic entity is limited by guarantee. If the economic entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the economic entity.

18. REMUNERATION AND RETIREMENT BENEFITS

With the exception of the office bearers' expense reimbursement or allocations disclosed below, no fees, salaries, bonuses or any other remuneration were paid to Councillors in their capacity as Councillors.

	Economic Entity		Parent Entity	
	12 months 30 June 2002 \$	6 months 30 June 2001 \$	12 months 30 June 2002 \$	6 months 30 June 2001 \$
(a) Office bearers of Council				
Overseas/interstate travel allocations	47,511	30,781	47,511	30,781
General expense allocation	92,344	46,115	92,344	46,115
	<u>139,855</u>	<u>76,896</u>	<u>139,855</u>	<u>76,896</u>

Council members whose remuneration from the VLRPA was within the following bands:

	2002	2001
\$0 – \$0	16	17
\$1 – \$9,999	2	2
\$10,000 – \$19,999	0	2
\$20,000 – \$29,999	2	0
\$30,000 – \$39,999	0	1
\$70,000 – \$79,999	1	0

The names of directors of the parent entity who have held office during the period are:

David Faram	William O'Shea	Judith Peirce	John Corcoran
Mark Woods	Tina Millar	Simon Begg	Melissa Macken
Jason Newman	Helen Glass	Leonie Kelleher OAM	(resigned 27/03/02)
Erskine Rodan	(resigned 27/03/02)	Geoff Provis	Aurora Kostezky
Anthony May	John Weigl	Briony Le Duc	Richard Fleming
Victoria Strong	Kirsten Mander	Chris Dale	(appointed 27/03/02)
(appointed 27/03/02)		(appointed 27/03/02)	

Notes to the Financial Statements for the year ended 30 June 2002

19. RELATED PARTY TRANSACTIONS

- (a) During the year the VLRPA paid professional indemnity and directors' and officers' liability insurance in respect of its VLRPA Councillors. The nature of the insurance contract providing this cover does not allow the VLRPA to disclose either the extent of the cover or the premium paid.
- (b) Other transactions entered into during the year with other VLRPA Councillors, their firms or associated entities are within normal customer employee relationships on terms and conditions no more favourable to those available to other members, customers or employees and are of a trivial or domestic nature.
- (c) Aggregate amount of transactions with Council members and their related entities were as follows:

Mr Richard Fleming	Deacons	Partner
Ms Briony Le Duc	Deacons	Employee
Mr Anthony May	Herbert Geer & Rundle	Partner
Mr Bill O'Shea	Hunt & Hunt	Partner
Ms Victoria Strong	Deacons	Employee

	Economic Entity		Parent Entity	
	12 months 30 June 2002 \$	6 months 30 June 2001 \$	12 months 30 June 2002 \$	6 months 30 June 2001 \$
(d) Legal services:				
Deacons	5,988	–	5,988	–
Herbert Geer & Rundle	24,832	–	24,832	–
Hunt & Hunt	–	30,867	–	30,867

20. CONTROLLED ENTITIES

(a) Controlled entities	Country of Incorporation	Percentage Owned (%)	
		2002	2001
Parent Entity:			
Victorian Lawyers RPA Ltd	Australia	–	–
Subsidiaries of Victorian Lawyers RPA Ltd:			
Lawyers Information Network Pty Ltd	Australia	100	100

21. COMPANY DETAILS

The registered office of the company is:
Victorian Lawyers RPA Ltd
470 Bourke Street
MELBOURNE VIC 3000

22. SUPERANNUATION COMMITMENTS

During the year the VLRPA contributed to three employee superannuation funds managed by external fund managers. These funds are accumulation/defined contribution funds. Members are entitled to benefits on retirement, disability or death. Employees contribute to the funds at various percentages of their gross salaries.

The VLRPA contributions are legally enforceable in Australia to the extent required by the Superannuation Guarantee legislation. However, the VLRPA and its controlled entities are under no legal obligation to make up any shortfall in the funds' assets to meet payments due to employees.

Notes to the Financial Statements for the year ended 30 June 2002

23. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Effective Weighted Average Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing Within 1 Year	
	% 2002	% 2001	\$ 2002	\$ 2001	\$ 2002	\$ 2001
Financial Assets						
Cash	4.86	4.51	172,273	884,461	3,768,769	5,963,318
Investments	7.78	-	775,000	-	-	-
			947,273	884,461	3,768,769	5,963,318
			Non-interest Bearing		Total	
			\$ 2002	\$ 2001	\$ 2002	\$ 2001
Financial Assets						
Cash assets			-	-	3,941,042	6,847,779
Receivables			2,120,009	1,455,337	2,120,009	1,455,337
Investments			2,008,570	12	2,783,570	12
Total Financial Assets			4,128,579	1,455,349	8,844,621	8,303,128
Financial Liabilities						
Trade and sundry creditors			1,292,482	905,399	1,292,482	905,399
Subscription fees and other prepaid income			3,571,591	2,985,738	3,571,591	2,985,738
Total financial liabilities			4,864,073	3,891,137	4,864,073	3,891,137

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

(c) Net Fair Values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date approximates their carrying values as disclosed in the Statement of Financial Position and Notes to the Financial Statements. Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

24. SEGMENT REPORTING

The VLRPA and its controlled entity operate in the legal industry, predominantly in Australia.

Notes to the Financial Statements *for the year ended 30 June 2002*

25. CONTINGENT LIABILITIES

The Law Institute of Victoria (LIV), trading name of the VLRPA, is a defendant in Supreme Court Proceeding No 2119 of 1990 – Imaging Applications Pty Ltd (ACN 006 376 441) and Michael Ian Petch v Sun Alliance Australia Limited, Alexander Stenhouse Limited and the Law Institute of Victoria.

The LIV has been sued as one of three defendants consequent to the denial of insurance cover by Sun Alliance to Michael Ian Petch and Imaging Applications Pty Ltd. Sun Alliance rejected the claim on the basis, inter alia, that the loss was not relevantly connected to Mr Petch's legal practice.

The proceeding is still in its interlocutory stages in the Supreme Court of Victoria. Mr Petch has applied for special leave to appeal to the High Court of Australia against Orders made by the Victorian Court of Appeal on pleadings issues. That application is still to be listed for hearing.

The LIV's defence had been conducted by an external firm of solicitors via instructions from the LIV's former insurer. However, due to the collapse of HIH, the LIV's litigation section took over the conduct of the defence on or about 26 October 2001. The LIV has lodged an application with the HIH scheme which is still being processed. If the application succeeds, the LIV will most probably have cover and the conduct of the litigation will be in the control of the HIH scheme.

There are also two receivership matters, with a possible exposure in the aggregate approximate sum of \$50,000. Both matters have been referred to the receiver's insurer.

26. ECONOMIC DEPENDENCY

A significant portion of revenue is derived under the *Legal Practice Act* 1996 through the VLRPA's regulatory role. There is a review of the Act currently being performed by the Victorian Government which may affect the Institute's current regulatory role. At the date of this report the matter remains outstanding.

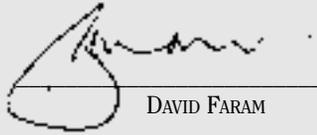
Directors' Declaration

The directors of Victorian Lawyers RPA Ltd and controlled entity declare that:

1. The financial statements and notes set out on pages 30 to 46:
 - (a) Comply with the Accounting Standards and the *Corporations Act 2001*; and
 - (b) give a true and fair view of the financial position as at 30 June 2002 and performance for the year ended on that date of the company and economic entity.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

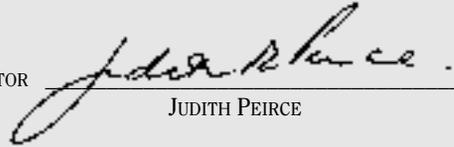
This declaration is made in accordance with a resolution of the Board of Directors.

DIRECTOR



DAVID FARAM

DIRECTOR



JUDITH PEIRCE

Dated the 17th of October 2002.

Independent Auditors' Report to Members of the Victorian Lawyers RPA Ltd

Scope

We have audited the financial report of the Victorian Lawyers RPA Ltd (VLRPA) for the year ended 30 June 2002 comprising the Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements.

The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the period. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examinations on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the *Corporations Act 2001* so as to present a view which is consistent with our understanding of the company's and consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

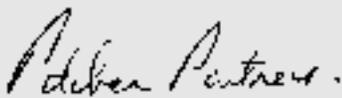
The Audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of the Victorian Lawyers RPA Ltd is in accordance with:

- (a) The provisions of the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the *Corporations Regulations 2001*; and
- (b) other mandatory professional reporting requirements.

Dated the 17th of October 2002.



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TJ BENFOLD
PARTNER MELBOURNE

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Phone: 1800 772 772

Email: customer.relations@lexisnexis.com.au

Website: www.lexisnexis.com.au



Phone: (03) 9289 9999

Email: partners@pitcher.com.au

Website: www.pitcher.com.au



Phone: (03) 9225 7222

Email: mgreen@greenslist.com.au

Website: www.greenslist.com.au

