

Law Institute of Victoria
Annual Report

Serving and representing Victoria's legal profession

2004



**Law
Institute
Victoria**

Notice of AGM

Law Institute of Victoria Limited
ABN 32 075 475 731

Annual General Meeting

The Annual General Meeting of Law Institute of Victoria Limited will be held on

Wednesday 17 November 2004 at 6 pm

to be held at 470 Bourke Street, Melbourne 3000

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Message from the President

During this reporting year the Law Institute of Victoria (LIV) has played a key role in a number of issues affecting the profession and the wider community.

Protecting and upholding the rule of law has been a significant focus of many LIV submissions and has served as the basis for much of the public comment that the LIV has made.

LIV submissions have ranged from matters of international significance such as the plight of David Hicks and Mamdouh Habib to matters of national and state interest.

In Victoria, the issues of alleged police corruption and gangland killings led to intense media coverage. The LIV called for an independent inquiry into the allegations of corruption. The Government's response was to augment powers of the Police Ombudsman and Chief Commissioner, as well as creating an independent watchdog to oversee the Ombudsman. It remains to be seen whether these measures will ultimately be successful in combating these problems.

The LIV contributed to ensuring that proposed changes to the clawback provisions of the *Bankruptcy Act* were withdrawn. A comprehensive submission made jointly with the Law Council of Australia and an appearance before the Legal and Constitutional Affairs Committee in Canberra were contributing factors.

The LIV has continued its campaign to maintain an independent legal profession and an independent and well-resourced judiciary. The LIV supported the judiciary during its campaign for increased remuneration and has advocated the need for, better Court resources, particularly in upgrading Court facilities such as the Supreme Court building.

The LIV has actively contributed to the debate about the new Legal Practitioners legislation which will incorporate a national profession model.

In relation to articles and professional training the LIV, in conjunction with the College of Law will in 2005 offer an online Practical Legal Training course in Victoria.

My predecessor Bill O'Shea is to be congratulated for his efforts in achieving a review of Bodies Corporate and in lobbying for a Children and Young Persons' Commission - a project which has continued to gain momentum this year. The "Typewriters for East Timor" project was another initiative which Bill was able to get off the ground and which received tremendous support from many of our members, particularly in regional areas.

There are a number of areas within the legal profession that need greater attention including the lack of women moving through to the senior ranks. The LIV has been actively assisting the Bar with its Equal Opportunity Briefing policy and I hope that other initiatives continue to be made to support women practitioners.

No President can operate in isolation. I would therefore like to take this opportunity to commend the work of our members and in particular the Section Chairs and Council members who have continued to actively take an interest in law reform and who have dedicated many hours to improving the profession and our legal system. Likewise, I also extend thanks to the LIV staff that have worked hard towards assisting members on a daily basis. Chief Executive Officer John Cain is to be commended for the enthusiasm and direction he has afforded the organisation and for the successful financial performance that he has overseen.

Though much has been achieved, much awaits for the coming year.

Christopher Dale
President



For the second year I am very pleased to report that the Law Institute of Victoria (LIV) has ended the year with a substantial surplus. This is a significant achievement that has enabled Council to reduce membership fees by almost half for the 2004/05 year without a reduction in services.

Clearly the reduction in revenue from membership fees will create financial challenges in the 2004/05 year; but the foundation has been laid for a reasonable surplus without compromising services offered to members.

The LIV has at its core a commitment to providing relevant services to members; lobbying for the profession and fostering professional excellence. In the past year the LIV continued to focus on these key functions.

March 2004 saw the LIV introduce the Continuing Professional Development (CPD) Scheme. We have since worked hard to ensure the profession is informed about the scheme and understands compliance. This has included ensuring the LIV's training and education program not only meets the needs of the diverse range of practitioners, but also continues to be affordable and accessible.

A key commitment of the LIV is the maintenance of the highest ethical standards for the profession and the provision of information, education and strategies to enable each practitioner to uphold these standards. While ethics is a topic enshrined in the CPD Scheme, the LIV continues to build resources to support practitioners through our Ethics Department and the Professional Standards Department. A highlight of the year was publishing the *Ethics Handbook*, which was well received by practitioners when launched in June 2004.

In the coming year the LIV will be applying for approval of a professional standards scheme, which is now possible pursuant to the

Professional Standards Act 2003. A key aspect of this will be the ability of compliant firms to cap their liability. Amendments to the *Trade Practices Act 1974* will enable the scheme to be nationally enforceable.

Still on the horizon is the legislation, scheduled for late 2004, that will give shape to the proposed regulatory model for the legal profession in Victoria which was announced by the Attorney-General in 2003. The LIV has taken an active role in this process with LIV Council and Professional Standards staff consulting with the Department of Justice via a series of workshops dealing with the new legislation.

Another significant project this financial year has been the refurbishment of the LIV-owned premises at 470 Bourke Street, Melbourne, where the LIV has been for 25 years. The refurbishment was critical in order to protect the value of the capital asset of the building. The refurbished premises are an asset the membership can be proud of, as well as a contemporary working environment for LIV staff and for use by members.

Staff at the LIV have worked hard this year to provide an excellent financial result and to maintain a high standard of service to members. Their efforts are greatly appreciated.

The 2003 year concluded with Bill O'Shea completing his term as president. Bill's energy, enthusiasm and creativity resulted in a high profile year for the LIV and his efforts were much appreciated. The current LIV President Chris Dale has picked up the baton with a broad agenda.

John Cain
Chief Executive Officer

What we do

The LIV aims to represent its members' interests and to work to improve the law so that it better serves a changing society. The LIV endeavours to increase public understanding and respect for the law and legal process, while encouraging full participation in the profession by all members.

Priorities

The following seven broad priorities frame the work of the LIV:

1. Maximise membership across the profession and ensure its value and relevance.
2. Maintain a strong financial position.
3. Improve the LIV's efficiency.
4. Represent the profession and actively participate in law reform.
5. Facilitate access to justice.
6. Ensure a positive and productive work environment.
7. Set the standard as a regulator in the profession.

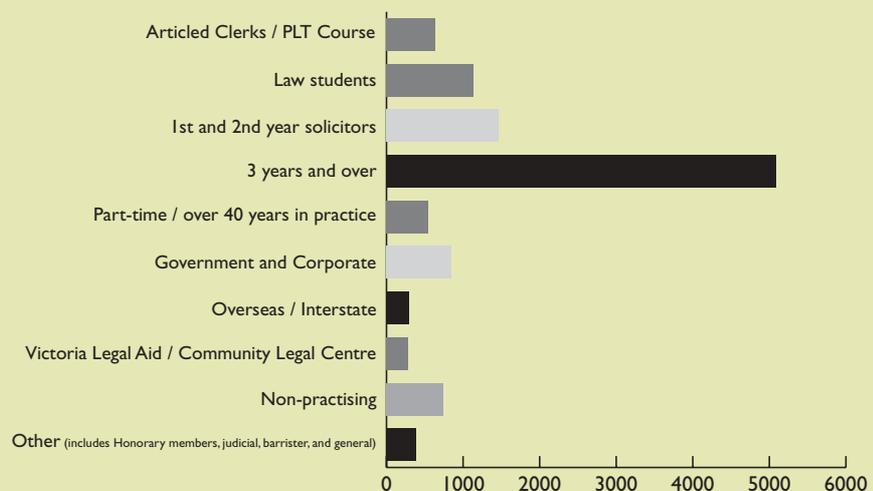
How we are funded

The LIV is funded through a combination of diverse revenue streams, including the Legal Practice Board, membership fees and Section membership fees, programs including CPD and specialisation, LJ subscriptions and advertising, the annual LIV Diary and Directory, sponsorship and commissions, bookshop sales and commissions, the Costing Service and superannuation fund administration (LISS).

How we are governed

The LIV is governed by a Council of 18 members, elected by the membership, which includes three suburban, three city and three country practitioners, one corporate practitioner, one legal aid practitioner and seven other members. The Council meets monthly to consider matters of policy. It is assisted by a number of special Council committees, including the Executive Committee that meets weekly with the LIV CEO and other key LIV staff.

Profile of membership by categories



Staff overview

The LIV employs about 150 people across a range of professions to provide services to members and to carry out the regulation function. Most staff are employed in information provision/professional development roles or regulation. The LIV provides a stable and flexible work environment, indicated by the average tenure figures (just over 5 years), with a significant number (16%) of staff who have been with the LIV for 10 years or more. Sixty-four per cent of the LIV workforce are women - and this proportion is represented at all levels of seniority. The LIV has been commended by the Equal Opportunity for Women in the Workplace Agency for its achievements in the areas of recruiting and promoting women into management.

Our profile

The LIV represents all those who work in the legal profession in Victoria. Total membership is more than 10,000 people, with the vast majority of the membership base made up of practising lawyers. These lawyers work in private practice, community legal centres, government and commercial enterprises and as in-house counsel, are entitled to join the LIV as full practising members. Our associate membership includes non-practising lawyers, barristers and members of the judiciary, as well as professionals who work in the legal sector (such as HR, IT, information services, marketing and administrative professionals who work in firms).

Our history

The LIV was founded in 1859 when a meeting of 26 Victorian lawyers established the state's peak professional body for solicitors and elected the first president, David Ogilvie. By 1947 the LIV had its own premises, with a law library (where Council met), a Secretary and an assistant. There were also nine (councillor only) sub-committees: Committee of Management, Legislation, Rules of the Council of Legal Education, Costs, Complaints and Etiquette, Journal, Library, Premises, and Record of Service of Members in Fighting Forces.

In the LIV's centenary year (1959), its Council consisted of 27 members, increasing to 35 before the passage of the *Legal Practice Act* and a more streamlined Council of 18.



Application was made to the Earl Marshal of England for a grant of armorial bearings and on 20 June 1961 the coat of arms was granted to the LIV bearing the seals of the three Kings of Arms, Carter, Clarenceux and Norroy and Ulster.

Professional development

The period 2003/2004 was one of expansion for the Professional Development Department, which provides a comprehensive educational program for lawyers consisting of seminars, workshops and conferences. An important part of this expansion was the further development of regional and suburban conferences and other educational events.

The past 12 months saw a 24% increase in the number of events and a 35% increase in registrations. Significantly, there was a four-fold increase in participation by country practitioners.

Programs offered from January to June 2004 were evaluated to reveal an overall satisfaction rating of 88.5%, with presenters attracting an average rating of 98% for their level of knowledge. This data reveals a solid foundation of high quality for the LIV program and all those involved in it.

Highlights for the year included:

- Creation and introduction of an online registration system that enables practitioners to search for appropriate educational events and book and pay for their attendance. It also serves as a record of events attended by each member
- Response to the direction of the Attorney-General to introduce a mandatory requirement for all solicitors to undertake continuing professional development by creating a broad range of educational events for country, suburban and city practitioners
- Conducting of public briefing sessions and in-firm discussions on the introduction of the CPD Scheme
- Appointment of a regional program developer who develops educational events

specifically for suburban and country practitioners

- Development of online seminars and investment in additional technology to effectively deliver education and training programs to solicitors in all parts of Victoria.

Specialisation

The Specialisation Program was reinvigorated in the 2003/04 year with a new team and a complete review of the policies and procedures that underpin the administration of the scheme. A focus on marketing the program resulted in an increase in publicity about the scheme and early 2004 has seen a 68% increase in applications to sit specialisation exams.

A key accomplishment was the creation of links with law schools at Deakin and La Trobe Universities where a credit pathway has been created for Accredited Specialists. This pathway provides specialists with a one-unit credit into the LLM program offered by both universities.

The 2003 assessment year saw the introduction of Workplace Relations to the scheme, and the first year of assessment saw seven specialists graduating in November 2003. Assessment in Workplace Relations is also being offered in 2004, and 12 applicants will be sitting the exam in 2004.

There are currently 672 Accredited Specialists in the following areas of law:

Business law	93
Commercial litigation	57
Commercial tenancy	5
Criminal law	66
Environment and planning law	22
Family law	169
Immigration law	20
Mediation	20
Personal injury law	80
Property law	68
Tax law	11
Wills & estates	46
Workplace relations	15

Library

To assist practitioners to maintain and increase knowledge in the practice of law, the LIV Library provides access to quality, value-added information services and legal resources and ensures that the delivery of these services, information and resources is both expedient and appropriate - no matter where practitioners are geographically.

Research requests have remained steady at about 9500 per year. For the considerable number of practitioners who are unable to directly access legal materials, the research service is essential. The research assistance required ranges from the straightforward delivery of judgments, journal articles and commentary to the complex, which can involve accessing materials from external information agencies.

In 2003, approximately 350 practitioners participated in practical legal research training designed and developed by the Library - an increase in attendance of 72% from the previous year. The scope of the training program now includes Internet and online research, legislation, case law and practice-specific training, notably in the areas of criminal, property and family law.

As with other Library services, the training program is designed to be accessible to practitioners everywhere and training has been conducted in suburban areas including Box Hill, Richmond, Monbulk, Glen Waverley, Dandenong, Hawthorn, Ormond, Carlton and Williamstown, and as far afield as Mildura, Shepparton, Mansfield, Hamilton, Dunkeld, Horsham, Leongatha, Bendigo and Woodend. Training has been conducted onsite at the LIV as well as at training venues, and at the desks of practitioners and in law firms and government departments.

Particular effort has gone into reaching out to regional and suburban young lawyers with specific legal research presentations and workshops, but participants in all training have included partners in law firms, consultants, magistrates, judges' associates, articulated clerks, law students, legal secretaries, and policy and research lawyers in government departments.

Practitioners' Information Centre

The Practitioners' Information Centre (PIC) provides a central and convenient point of contact for members, legal practitioners and staff seeking information or service, either in person or by telephone, about membership, LIV services or practising certificates.

Staff roles within the PIC have been redefined to adopt a customer service centre model - including the appointment of customer service officers who were responsible for assisting law firms (particularly larger ones) through the practising certificate and membership renewals process.

The reorientation of the PIC has ensured better assessment of incoming requests and referral to appropriate staff internally, greater uniformity in the advice given to practitioners and consistency across the LIV in the application of administrative processes.

Education Liaison

A joint program between the LIV and the Department of Education and Training, with the support of the Court Network Supreme Court Education team, provides a central point for inquiries from students and teachers in law-related courses, particularly VCE Legal Studies. During the year more than 14,400 students and 3000 teachers participated in these programs.

The service provides information on a wide range of legal topics and issues and careers in law, runs the annual *School Lecture Series* and coordinates the court education program at the Supreme and County Courts. It also provides career information for practitioners to distribute to students within communities, and assists in the setting of the Legal Studies examination.

A highlight included the annual *Careers in Law Expo* during Law Week in May, with more than 800 young people and their parents attending. The release of an updated careers in law video - "*Judge for Yourself - A career in the law*" - was a feature of Law Week with a free copy of this video being made available to all secondary schools and TAFE colleges in Victoria. The Schools Conflict Resolution and Mediation (SCRAM) program is also an important project run by the LIV, focusing on promoting mediation skills to students in years nine and 10. More than 50 schools were involved in the program this year.

Ethics

For more than 30 years the LIV has included an Ethics Committee as a committee of Council. In mid-2003 the LIV established an Ethics Department to service the broader needs of the profession and to work with the Ethics Committee. The Department and the Ethics Inquiry Line have sustained overwhelming interest from the practising profession. Demand for services has increased steadily and the addition of a second solicitor and extra administrative assistant doubled the Department's size in August 2004.

A range of seminars, lectures and workshops has been developed and more than 80 presentations given to practitioners out in the field. Groups ranged in size from between eight and 300 participants.

The Ethics Liaison Group has expanded to more than 60 senior members who have benefited from a series of guest speakers, production of reference materials for firms, and input into protocol and policy projects.

In the coming year the ethics content on the LIV website will be developed. This will include a searchable database of 30 years of Ethics Committee rulings and a series of common dilemmas (both updated regularly) to assist practitioners.

Research and Information

The Research and Information Department has been regenerated over the past financial year with a significant changeover of staff and a streamlining and refining of the services provided to members through the Section networks and associated committees.

The Department fostered the development of the Government Lawyers Group, which was launched at the LIV in February by Attorney-General Rob Hulls.

All sections and committees have been very active in the development of submissions in all areas of law. Seventy-four separate submissions were developed and lodged in 2003/04, with a portion the result of joint activity between Sections. The LIV's committees were also very active, with approximately 400 committee meetings held during the year.

All Sections and committees were active in providing members with up-to-date information. Each Section produced newsletters and update emails for its members and content and ideas for professional development events and other events. Department research solicitors provided information in response to member queries. The Property Law Inquiry Line, which operates

on Mondays, Wednesdays and Fridays from 10am-1pm, serviced 2032 calls from members in the 2003/2004 financial year.

Special interest areas and committees of Council were also productive. In particular, the International Law Briefing Committee developed submissions on the Australia-China Free Trade Agreement Feasibility Study and Australia's uniform commercial arbitration legislation.

Section highlights are outlined below.

Administrative Law and Human Rights Section

- Letter to the State Government concerning the incorporation of the UN Convention on the Rights of the Child into Victorian Law
- The non-therapeutic sterilisation of minors with a decision-making disability (submission)
- The federal government's migration and litigation review (submission)
- The High Court's decision on children held in immigration detention and HREOC's report findings on children in immigration detention centres (submission)
- *Civil Aviation Amendment (Relationship with Anti-Discrimination legislation) Bill* (submission).
- Submissions: 13

Commercial Law Section

- Extensive consultation by a working group, formed with the Property and Environmental Law Section, with Land Registry and Land Exchange in relation to the introduction of the electronic conveyancing system. This included a formal submission on the *Transfer of Land (Electronic Transactions) Act*. Discussions and negotiations will continue into 2005

- State Taxes Committee submissions in relation to the extensive changes introduced by the *State Taxation Acts (Tax Reform) Act 2004* and nominations under contracts of sale
- Submissions in relation to Crown copyright and the Advisory Council on Intellectual Property review of the relationship between trademarks and business names, company names and domain names
- Submission on the *Associations Incorporations Act 1981* review
- Taxation and Revenue Committee submission in relation to the review of the debt/equity provisions of the income tax law regarding certain "at call" loans.
- Submissions: 15

Criminal Law Section

- Issue estoppel, double jeopardy and prosecution appeals against acquittals (submission)
- Inquiry into amphetamine and party drug use (submission)
- Culpable and dangerous driving (submission)
- Forensic sampling and DNA databases (submission)
- Submission on Part 1B Division 6 of the *Crimes Act 1914 (Cth)* unfitness to plead and the detention of mentally ill offenders.
- Submissions: 12

Family Law Section

- A submission to the Australian Audit Office which was reviewing the service provided by the Family Court and Federal Magistrates Court
- A submission to the child custody inquiry.
- Submissions: 12

Litigation Lawyers Section

- Issues surrounding document retention in litigation in Victoria (submission)
- Federal civil justice system strategy paper
- Spring 2004 legislative proposals
- Australian uniform commercial arbitration legislation (submission)
- Order 42.10 County Court issues paper.
- Submissions: 7

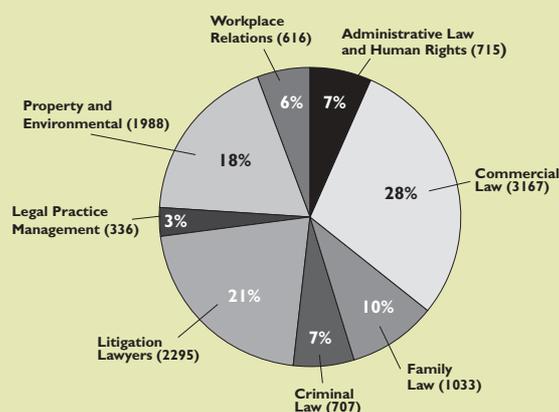
Property and Environmental Law Section

- Extensive consultation by a working group, formed with the Commercial Law Section, with Land Registry and Land Exchange in relation to the introduction of the electronic conveyancing system. This included a formal submission on the *Transfer of Land (Electronic Transactions) Act*. Discussions and negotiations will continue into 2005
- Extensive work in relation to the Retail Leases Act 2003
- Submission and oral representations to government in relation to the review of the *Retirement Villages Act 1986*
- A number of submissions and oral representations to government in relation to the review of the effectiveness and efficiency of the *Subdivision Act 1988* as it relates to the creation and operation of bodies corporate
- Assisting members and providing guidance in relation to the new enduring power of attorney forms introduced by the *Instruments (Enduring Powers of Attorney) Act 2003*
- Making a number of representations to Consumer Affairs Victoria in relation to the anomaly regarding co-owners not being able to bid at auctions following changes introduced by the *Estate Agents and Sale of Land Acts (Amendment) Act 2003*.
- Submissions: 9

Workplace Relations Section

- The Workplace Relations Special Issue of the LJ and other articles in the LJ
- Assisting in the establishment of the Magistrates' Court OH and S Users Group
- Providing significant input to the re-vitalised Industrial Division of the Magistrates' Court
- Two Section networking events with guest speakers
- A series of three member updates on federal awards legislation.
- Submissions: 14

Section memberships



Please note: Total figures are not the same as total membership figures because members can choose to be a member of more than one Section.

Fee for service business units

Bookshop

The LIV Bookshop continued to increase the volume of sales in books and forms in 2003/04. Traffic to the online Bookshop has grown and promotional strategies such as special promotions, advertising, posters, fliers, newsletters and direct sales have paid off.

Legal forms have continued to form a significant base for the Bookshop business. Electronic versions of all LIV copyright forms (produced in conjunction with Lawsoft and elaw SA) have increased with the downloadable single LIV copyright forms making up the bulk of the sales. Hard copy forms continue to maintain healthy sales.

While the core business of practitioner and student text publications generates the bulk of sales, expansion of the Bookshop range into non-legal texts has been well-received.

Costing Service

The Costing Service continues to provide a competitively priced service for practitioners and the 2003/04 year saw the Service implement a modest marketing plan, exceed its target budget and maintain a client base that produced about 2000 files.

Key highlights included assisting the courts with the increase to the Victorian statutory scales of costs and the work of the Costs Policy Committee in dealing with a large amount of legislation, particularly with regard to a new Magistrates' Court scale of costs.

Member services

The LIV's member services program serves the dual purposes of providing discounts and special deals on a wide variety of services and products to members while also providing a revenue stream to the LIV.

Revenue raised from the program increased on the previous year, with the strongest performers being the fee-free American Express Gold card, discounted home loans from AMP and Optus Communications mobile phones and plans. Other commission-based services, including the Australian Vehicle Buying Service, Clive Peeters, AON (income protection insurance policy) and Corporate Express performed modestly according to member demand.

The LIV's member services program has two components - services that attract a commission for the LIV and those that are simply an exclusive discount arrangement negotiated by the LIV for members. The latter include the exceptionally popular Qantas Club membership, as well as special rates with Hertz Australia and Avis Australia car rental services, the Caltex discount fuel card and the newly developed LIV Golf Bank Golf Club.

Legal Industry Superannuation Scheme (LISS)

LISS consolidated its position as the preferred superannuation choice for the profession with a \$47M or 24% increase in assets and returns up to 14.2%. The 2003/04 financial year saw the introduction of additional benefits for members of the fund, including two new investment choices (enhanced cash and 100% growth), greater insurance cover and options.

LISS moves into the new financial year with active strategies to grow the fund, a new asset consultant and comprehensive review of strategic asset allocation, and a successful application for an Australian Financial Services Licence.

Further details of the Fund's performance and direction can be found in the *LISS Annual Report*.

Marketing

Member retention and recruitment

Significant effort has been put into the investigation and development of marketing programs to promote membership of the LIV and retain the membership base. This past financial year saw a focus for the retention strategy on the renewals period from February to May. A range of strategies was employed using the LIV's communication channels to members - including direct mail of a revamped renewals kit for memberships and practising certificates, the engagement of customer services officers in the follow up, and communication through Friday Facts and the LJ.

New strategies focusing on developing member loyalty and communicating more effectively with existing members about the services available at the LIV and the benefits of membership will be employed in the new financial year.

The development of a recruitment strategy will also mean a more systematic marketing effort in communicating about the LIV with practitioners who are not members. The web redevelopment project will be a significant plank in this program.

Research commission by Beaton Consulting, combined with surveys and qualitative evaluation conducted by the Marketing Department has underpinned a tightening of the LIV's core key messages and offers to members. This work is also the foundation of a more disciplined approach to the corporate style and the LIV brand - both of which will be refreshed in the coming year.

Website

The LIV website has maintained exceptional popularity with an average of more than two million hits per month. The most popular areas of the site (in order) include the firms' directory, public information, Library pages, Professional Standards, LJ online, Young Lawyers and the specialists directory.

The major project for the year was the development of the professional development website, with high-level e-commerce ability and streamlined information and navigation and the introduction of survey software.

Constant attention to the site and improvements ensure the site remains one of the leading points of reference for those members, practitioners and the public seeking information about the legal sector in Victoria. Internally, the security of the site has been maintained and upgraded, web content publishing applications have been developed for staff to ensure information is uploaded with greater speed and efficiency. Changes and developments to the calendars, online LJ subscriptions, newsletter publishing, public information content and Law Week content have enhanced usability.

Sponsorship

Sponsorship as a revenue stream for the LIV continues to grow, with an overall increase of 25% in the 2003/04 financial year. The LIV has been more actively targeting new alliance partners and has secured agreements with new sponsorship partners including Macquarie Bank, Mercer and Equity Trustees. We have also maintained long-term major sponsorship alliances with Greens List, Lexis Nexis and Pitcher Partners.

For the public

The LIV has a limited program of activities and information for the public - much of it is primarily for use by members to distribute to clients or within their community. This includes a series of public information brochures which are under review and will be revised, redesigned and available for circulation later in 2004. Similarly, the quarterly Client Newsletter, which currently maintains a subscriber base of about 80 Victorian firms, will be revamped with a more appealing design for members to circulate to clients and will coincide with a subscription drive.

Information for the public on the LIV website (Dial-a-Law) has been maintained and is under constant review to ensure accuracy and usability for those seeking basic legal information on the web and via the phone information lines. These information services are incredibly popular, and are among the most visited areas of the website.

Law Week, a joint initiative of the LIV and the Victoria Law Foundation, continues to grow in popularity, with the LIV focused on supporting the event through the hosting of web information, two public events, student careers fairs, a series of special member/profession events and media promotion. More than 1000 people (members of the profession and the public) attended events or activities hosted by the LIV. This year Law Week (16 - 22 May) attracted sponsorship from the City of Melbourne and involvement with the Monash University Law Faculty with the "Great Law Week debate" set in Parliament House.

Referral service

An important business development tool for members that provides the community with a direct link to lawyers who can assist them with their legal issues is the Referral Service. Adaptation of the Referral Service in 2003 to provide legal referrals online (as well as via the

existing phone service) has resulted in an expansion of the service and community access outside business hours.

The Service assesses requests by area of law, preferred language and geographic location, and averages 2000 phone and online requests per month from the public. There are now more than 500 firms listed on the Service.

Media

The LIV actively campaigned on a number of important issues within the public domain during this reporting period.

Key priorities for the LIV's media campaign included raising the organisation's profile, educating the public about legal process and issues, improving the reputation of the profession generally and lobbying government for legal reform.

The LIV commented on a range of significant issues affecting the rule of law including Hicks and Habib, faulty speed cameras and allegations of corruption within Victoria's police force.

Throughout the year the LIV has lobbied the Victorian Government to create a Children and Young Person's Commission that would raise awareness among policy makers of the issues affecting young people.

The LIV led an intense campaign calling on the Victorian Government to initiate an inquiry into body corporate laws. The lobbying resulted in a review of Body Corporates which has been conducted by Member for Koonung Helen Buckingham.

The LIV has also received media coverage on a diverse range of other issues including sentencing, a survey on retaining wigs and gowns, temporary judges, proposed family law changes, a crackdown on dummy bidding, same sex marriages, night courts, changes to judges' remuneration and pensions and the launch of the Legal Assistance Scheme.

Events

Key initiatives in the LIV's events program have included a focus on providing cross-industry networking opportunities through the development of closer alliances with other professional associations and a significant revamp of the President's Luncheon series.

- Speakers at the President's Luncheons including Louise Sylvan (Deputy Chair, ACCC), The Hon Philip Ruddock (Federal Attorney-General) and Her Hon Jennifer Coate (President, Victorian Children's Court)
- Business networking with CPA Australia and the Securities Institute
- Spring Racing Carnival networking luncheon with Victorian Women Lawyers and the Australian Corporate Lawyers Association
- Joint events with the Victorian Bar
- Launch event for the Government Lawyers Group by Victorian Attorney-General Rob Hulls in February
- Law Week events for the public including two seminars on wills and estates and bodies corporate, featuring accredited specialists
- Two receptions for newly admitted practitioners
- The annual Members' Christmas Party attended by 1500 members.

Young Lawyers

Young Lawyers continues to be an active Section with more than 3000 members. High points included:

- Submission responses to the Sex Discrimination Amendment (Teaching Profession) Bill 2004, the Anti-Terrorism Bill 2004 and a VLRC Consultation Paper entitled "Assisted Reproductive Technology and Adoption - Should the current eligibility criteria in Victoria be changed?"
- Hosting the National Golden Gavel Public

Speaking Competition with the Law Council's Australian Young Lawyers Awards

- The "Life in the Law" mentoring program
- The inaugural Regional and Suburban Young Lawyers Week
- An indigenous law student day to support and encourage indigenous law students
- A joint cross-industry networking event with CPA Australia, the Australian Consulting Engineers Association and the Melbourne Junior Chamber of Commerce.

Publications

The Publications Department publishes the award-winning monthly *Law Institute Journal (LIJ)*, the weekly email news bulletin *Friday Facts*, the annual *Law Institute Diary and Directory* and books.

The LIJ added to its list of publishing industry awards by winning the Victoria Law Foundation's major legal reporting award for "Reporter of the Year". At the same awards, the LIJ was highly commended in the categories of Best Illustration and Best Photograph. Success was also achieved at the annual Melbourne Press Club Quill Awards, where the LIJ was highly commended in the categories of "Best page layout", "Best three headlines in any medium" and "Best illustration in any medium".

In response to member demand for more detailed information relating to legal practice, the LIV has increased the scope and quality of its book publishing efforts. Chief among this was the launch of the *Ethics Handbook: Questions and answers* by State Attorney-General Rob Hulls. Other books included *Setting Up Legal Practice in Victoria*, *Profiles Careers Handbook* and *The Articled Clerks Information Kit*.

Professional Standards

The LIV's Professional Standards Division undertakes the regulatory role. It is involved in administering the statutory requirements for Victorian legal practitioners whose firms nominate the LIV as its regulator pursuant to the *Legal Practice Act 1996*.

Practising Certificates/Records

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

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

The team plays a significant role in ensuring that practitioners authorised to receive trust money return their annual audit reports in time. The team also records the receipt of these audit reports. In 2003/04 additional steps were added to the audit report receipting process to provide data that has assisted trust account inspectors in targeting their investigations more effectively.

A total of 11,483 practising certificates were issued during 2003/04. This figure includes certificates issued to practitioners varying their practising certificate type.

In addition, a total of 434 *Legal Practice Act 1996 s435* certificates were issued as evidence of practitioners' practising history. Of these, 363 were issued to practitioners seeking admission in another jurisdiction. The remaining 71 certificates were issued for use as evidence in court.

Complaints

Complaints remained constant for the year with 2377 complaints compared to 2371 in the 2002/03 year. The complaints included 867 disputes, compared to 788 for the 2002/03.

Statistics	1/7/02 to 30/6/03	1/7/03 to 30/6/04
Complaints received	2371	2377
Unauthorised practice files	117	129
Completed files	2276	2373
From the complaints files completed:		
Referred as misconduct /unsatisfactory conduct - s151(2)	61	43
Reprimands - s151(3)	41	31
Dismissed - s151(5)	1112	1432
Disputes	788	867

Investigations

The major objective of the Investigations Department is to safeguard the money held in trust by solicitors on behalf of their clients and to detect and prevent fraud at the earliest opportunity. In doing so the Department implements a regulatory compliance strategy based on identifying the areas of risk to clients' money.

This approach is intended to promote compliance with the Act and is achieved by:

- Conducting an extensive investigation and inspection program of legal firms' trust accounts and trust property
- Liaising with the Legal Practice Board, Victoria Police and other organisations on issues of compliance
- Conducting tailored compliance education programs for auditors, newly admitted solicitors, experienced practitioners and principals

Regulation and compliance

- Being accessible to address queries from practitioners, auditors and clients on the proper and efficient management and maintenance of solicitors' trust accounts
- Providing evidence for use in disciplinary and criminal proceedings.

In its pivotal role in the regulatory structure the Department also provides comprehensive investigative and report support to Complaints and Receiverships and investigates and reports on claims made on the Legal Practitioners' Fidelity Fund to the Legal Practice Board.

Statistics	1/7/02 to 30/6/03	1/7/03 to 30/6/04
Routine/focused investigations, inspections and audit visits	256	357
Complaints referred	13	26
Mortgage practices	27	23
Telephone inquiries	3704*	2602**
Auditor trust account seminars attendees	248	439
Solicitors' trust account seminars attendees	284	295
* Practitioners - 2256; Trust account auditors - 1003; Public - 445		
** Practitioners - 1673; Trust account auditors - 608; Public - 321		

Thirteen matters are currently either under investigation or being prosecuted by the Major Fraud Investigations Department of the Victoria Police.

Receiverships

Receiverships assist the appointed receiver to meet 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 prompt distribution of client trust money

- 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 LIV
- Maintaining a record of all documents received by the receiver so that they may be distributed or accessed as required.

New receivership orders were obtained over four practitioners (with an interim order in relation to one of those practitioners). Three orders were obtained as a result of a suspected defalcation and one was a result of the death of the practitioner.

In those practices where a suspected defalcation was involved, the total of suspected deficiencies in the trust accounts exceeded \$2.5 million.

Five final reports winding up receiverships were filed in the Supreme Court.

The receiver remains involved in litigation seeking the recovery of misappropriated trust money or related actions with funds under claim exceeding \$1 million.

The reporting year also saw the finalisation of distribution of recovered money in one matter where from a deficiency of about \$1.8 million - slightly more than \$990,000 was recovered and paid to clients.

Statistics	1/7/02 to 30/6/03	1/7/03 to 30/6/04
Number of receivership orders obtained	3	4*
Final reports filed or terminations lodged	6	5
* There was an additional interim order in relation to one of the receiverships		

Fidelity Fund Claims

The Legal Practice Board continued to refer claims on the Fidelity Fund to the LIV for investigation. With the number of claims increasing as the year progressed, by year's end a total of 27 claims had been referred, of which 12 were completed. The value of the claims investigated was about \$800,000.

Litigation

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

- Some Legal Practitioners' Fidelity Fund matters (Fidelity Fund) under a consultancy agreement with the Legal Practice Board
- Prosecutions of regulated practitioners brought before the Legal Profession Tribunal (LPT), Supreme Court or Court of Appeal
- Matters arising from the RPA'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 Legal Practice Board from the Fidelity Fund
 - litigation necessary to address unqualified practice
 - practising certificates
 - application, cancellation, variation of conditions
 - challenges to the complaint/investigation process
 - other matters concerning bankruptcy issues, search warrants for inspectors at the RPA, subpoenas for production of documents and applications for re-admission
 - recovery of fines ordered in favour of the Legal Practice Board
 - recovery of costs ordered in favour of Victorian Lawyers RPA Ltd.

Statistics	1/7/02 to 30/6/03	1/7/03 to 30/6/04
Fidelity Fund claims finalised	7	12
Receivership orders obtained	-	5
Receivership applications dismissed	-	-
Receivership applications adjourned sine die	-	3
Action by receiver to recover trust funds	10	2
Order of receiver to recover possession of land	1	1
Receiver filed final report at court	6	5
Orders to remove practitioners from the roll	6	3
Appeals against LPT order	2	4
Letters to suspend, vary or refuse practising certificates	10	18
Legal Profession Tribunal - Conduct Hearings		
Charges filed at LPT by RPA	48	71
Applications for practising certificates filed at LPT by practitioners	4	2
Matters completed: Full Tribunal		
- Disciplinary hearings	7	37
- Practising certificate applications	4	2
- Appeals from Registrar's orders	1	3
- Employment prohibition order	1	1
- Part-heard or adjourned matters yet to be completed as at 30/6/04	16	24
Matters completed: Registrar		
- Disciplinary hearings	31	38
- Part-heard or adjourned matters yet to be completed as at 30/6/04	3	8

Council and Committees

Executive

President Christopher Dale, Vice President Victoria Strong, Treasurer Catherine Gale, Immediate Past President Bill O'Shea, Fifth Executive Member Geoffrey Provis

LIV Council members (listed alphabetically)

 <p>Anthony Burke (commenced 17/6/04) Committees: Suburban Law Association Committee. Council meetings attended: n/a</p>	 <p>Richard Fleming Committees: Access to Justice, Ethics Committee, Nominating Committee, Technology and On-line Services Committee (Chair). Council meetings attended: 10/12</p>
 <p>John Corcoran Committees: Building & Properties Committee (Chair), Legal Practice Act Review Committee, Rules of Practice Committee (representative to Law Council of Australia). Council meetings attended: 11/12</p>	 <p>Catherine Gale Committees: Access to Justice Committee, Audit Committee (Chair), Continuing Professional Development Scheme Committee, Ethics Committee. Council meetings attended: 11/11</p>
 <p>Christopher Dale (President) Committees: Accident Compensation Committee (ex officio), Audit Committee (ex officio), Awards Committee, Building & Properties Committee, Costs Policy Committee (ex officio), Executive (Chair); Legal Practice Act Review Committee, Nominating Committee (Chair), Rules of Practice Committee (ex officio). Council meetings attended: 12/12</p>	 <p>Aurora Kostezyk Committees: Ethics Committee, LJJ (Law Institute Journal) Editorial Committee (Chair), Legal Practice Act, Review Committee. Council meetings attended: 10/12</p>
 <p>David Faram Committees: Awards Committee, Country Law Associations Committee, Legal Practice Act Review Committee, Nominating Committee. Council meetings attended: 9/12</p>	 <p>James Leach Committees: Country Law Associations Committee, Ethics Committee, Nominating Committee. Council meetings attended: 6/6</p>

Council and Committees



Kirsten Mander

Committees: Audit Committee, Ethics Committee (Chair), International Law Briefing Committee. Council meetings attended: 11/12



Geoff Provis

(Fifth Executive Member)
Committees: Accident Compensation Committee (Chair), Awards Committee (Chair), Building & Properties Committee, Executive, Medico Legal Joint Standing Committee (Co-Chair). Council meetings attended: 11/12



Tom May

Committees: Audit Committee, Building & Properties Committee, Ethics Committee, Rules of Practice Committee. Council meetings attended: 11/12



Erskine Rodan

Committees: Access to Justice Committee, Awards Committee, Legal Practice Act Review Committee, Nominating Committee, Small Practice Committee (Chair), Specialisation Board, Suburban Law Association Committee (Chair). Council meetings attended: 12/12



Bill O'Shea

(Immediate Past President)
Committees: Awards Committee, Building & Properties Committee, Executive, International Law Briefing Committee, Legal Practice Act Review Committee, Nominating Committee, Practical Legal Training Working Party. Council meetings attended: 12/12



Steven Stevens

Committees: Audit Committee, Building & Properties Committee, Costs Policy Committee. Council meetings attended: 2/6



Chris Penman

Committees: Access to Justice Committee, Ethics Committee, LJ (Law Institute Journal) Editorial Committee, Practical Legal Training Working Party, Rules of Practice Committee (Chair), Technology & On-line Services Committee. Council meetings attended: 11/12



Victoria Strong

(Vice President)
Committees: Audit Committee, Costs Policy Committee (Chair), Continuing Professional Development Scheme Committee (Chair), Executive, Legal Practice Act Review Committee. Council meetings attended: 11/12



Tabatha Pettitt

Committees: Rules of Practice Committee, Small Practices Committee, Suburban Law Associations Committee. Council meetings attended: 5/6



Mark Woods

Committees: Access to Justice Committee (Chair), Country Law Associations Committee (Chair), Specialisation Board. Council meetings attended: 12/12

Council members who retired during the financial year were: Simon Begg, Peter Little, Tina Millar, Judith Peirce, John Weigl.

Financial Report

LAW INSTITUTE OF VICTORIA LTD (formerly Victorian Lawyers RPA Ltd) ABN 32 075 475 731 AND CONTROLLED ENTITY

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Directors' Report

The directors (councillors) present their report together with the financial report of Law Institute of Victoria Ltd (LIV) and controlled entity for the year ended 30 June 2004 and the auditors report there on.

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

Christopher Dale (since 27 March 2002)
Victoria Strong (since 27 March 2002)
William O'Shea (since 10 May 2000)
Catherine Gale (since 6 August 2003)
Geoff Provis (since 12 September 1996)
Simon Begg (since 29 April 1998 to 31 December 2003)
Anthony Burke (since 17 June 2004)
John Corcoran (since 5 August 1998)
David Faram (since 28 April 1999)
Richard Fleming (since 27 March 2002)
Aurora Kostezyk (since 26 April 2001)
James Leach (since 1 January 2004)
Peter Little (since 1 January 2003 to 17 June 2004)
Kirsten Mander (since 3 May 2001)
Anthony May (since 26 April 2001)
Tina Millar (since 31 December 1996 to 31 December 2003)
Judith Peirce (since 10 May 2000 to 31 August 2003)
Chris Penman (since 1 January 2003)
Tabatha Pettitt (since 1 January 2004)
Erskine Rodan (since 31 December 1996)
Steven Stevens (since 1 January 2004)
John Weigl (since 29 April 1998 to 31 December 2003)
Mark Woods (since 31 December 1996)

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

Operating results

The consolidated profit of the economic entity for the financial year after providing for income tax amounted to \$1,335,958.

Review of operations

The economic entity continued to engage in its principal activity, the results of which are disclosed in the attached financial statements. Details of the economic entity's operations may

also be found in the President's review and the CEO's review.

Significant changes in affairs

There were no significant changes in the economic entity's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activities of the economic entity during the financial 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 maintaining 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 financial 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 financial years.

Likely developments

The economic entity expects to continue to work to achieve its objectives for 2004/2005.

With regard to income earned under the Legal practice Act 1996 from the Legal Practice Board, after several years and several separate

Financial Report

LAW INSTITUTE OF VICTORIA LTD (formerly Victorian Lawyers RPA Ltd) ABN 32 075 475 731 AND CONTROLLED ENTITY

Likely developments (continued)

reports the review of the regulation of the legal system in Victoria is nearing an end. A Victorian government consultative committee has been set up and the LIV will continue discussions on the model with representatives of the committee and other stakeholders. It is anticipated that legislation will be before the Parliament in November 2004 with a start up date of 1 July 2005. 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 Law Institute of Victoria Ltd is prohibited by its constitution from paying a dividend.

Information on directors

Christopher Dale President (2004 calendar year)
Qualifications B.Juris / LL.B / Grad Diploma
Commercial law
Experience Over 25 years legal experience - Commercial Litigation Specialist, Supreme Court Rules Committee, Litigation Lawyers Executive
Special Responsibilities Chair of the Board of Directors, spokesperson for LIV
Vice President 2003 / Fifth Executive Member March 2002-December 2002
Executive (Chair)
Awards Committee
Legal Practice Act Review Committee
Nominating Committee (Chair)
ex officio member of all other Council Committees

Victoria Strong Vice President (2004 calendar year)
Qualifications BA (Hons)/LL.B
Experience 8 years' legal experience - commercial.
Special Responsibilities Articled Clerkship Committee
Audit Committee
Costs Policy Committee
Continuing Professional Development Scheme Committee (Chair)
Executive
Legal Practice Act Review Committee

William O'Shea Immediate Past President (2004 calendar year)
Qualifications B.Sc/Dip Ed/LL.B (Hons)
Experience Over 17 years' legal experience - commercial law, Asia/China international trade law, defence contracting (previously a teacher).
Special Responsibilities President 2003 / Vice-President March 2002-December 2002
Awards Committee
Building & Properties Committee
Executive
International Law Briefing Committee (Co-Chair)
Legal Practice Act Review Committee (Chair)
Nominating Committee
Practical Legal Training Working Party

Catherine Gale Treasurer (2004 calendar year)
Qualifications LL.B, Accredited Specialist in Family Law
Experience Over 24 years' legal experience - family law, civil litigation, running a business in the baking industry, education and training
Special Responsibilities Treasurer
Audit Committee (Chair)
Access to Justice Committee
Continuing Professional Development Scheme Committee
Ethics Committee
Government Lawyers Committee (Chair)

Geoff Provis Fifth Executive Member (2004 calendar year)
Qualifications B.Ec/LL.B
Experience 24 years' legal experience - insurance and compensation.
Special Responsibilities Accident Compensation Committee (Chair)
Awards Committee (Chair)
Building & Properties Committee
Medico Legal Joint Standing Committee (Co-Chair)
Councillor until his resignation 31 December 2003

Simon Begg
Qualifications B.Sc/LL.B (Hons)
Experience Over 41 years' legal experience - banking and finance, stamp duty, FID, BADT and GST. Board of Examiners, Council of Legal Education.
Special Responsibilities Fifth Executive Member until 3 May 2001
Access to Justice Committee
Audit Committee

Information on directors (continued)

Building & Properties Committee
Ethics Committee
Legal Practice Act Review Committee
RPA Trust Monies Committee
Rules of Practice Committee (Chair)

Anthony Burke
Qualifications Councillor since 17 June 2004
B.A / LL.B / Grad. Dip. In Financial
Management / Accredited Business
Law Specialist
Experience 20 years legal experience - sole
practitioner, small business law
Special Suburban Lawyers Association
Responsibilities Committee

John Corcoran
Qualifications Councillor
B.Ec/LL.B
Experience Over 23 years' legal experience in
commercial law with an emphasis on
health and the aged care industry
sector. Accredited business law
specialist.
Special President April 2001-March 2002
Responsibilities LIV Representative to Law Council of
Australia
Building & Properties Committee
(Chair)
Legal Practice Act Review Committee
Rules of Practice Committee

David Faram
Qualifications Councillor
B.Juris/LL.B
Experience Over 26 years' legal experience - family
and criminal law, litigation, commercial
and Pl. President of Goulburn Valley
Grammar School Council.
Special President March 2002-December 2002
Responsibilities Awards Committee
Country Law Associations Committee
Executive Committee
Legal Practice Act Review Committee
Nominating Committee

Richard Fleming
Qualifications Councillor
B.Sc (Hons)/LL.B
Experience Over 11 years' legal experience -
commercial, IT, trade practices and
superannuation
Special Access to Justice Committee
Responsibilities Ethics Committee
Nominating Committee
Technology and on-line Services
Committee

Aurora Kostezyk
Qualifications Councillor
BA/LL.B (Hons)

Experience 6 Years' legal experience - business law
including leasing and general
commercial law.
Special Ethics Committee
Responsibilities Law Institute Journal Editorial
Committee (Chair)
Legal Practice Act Review Committee

James Leach
Qualifications Councillor since 1 January 2004
B.Juris / LL.B
Experience Over 27 years legal experience -
litigation, property law, criminal law
Special Country Law Associations Committee
Responsibilities Ethics Committee
Nominating Committee

Peter Little
Qualifications Councillor until his resignation on 17
June 2004
LL B / LL M (Hons)/ ACA/ BA(Hons)/
B.Eco./Dip.Acc/ Dip.Ed
Experience 5 years' legal experience - general
commercial litigation and international
law;
Over 2 years in sole practice and
lecturer at The University of
Melbourne;
Over 4 years as Accountant and 2
years as a Chartered Accountant.
Special Law Institute Editorial Committee
Responsibilities International Law Briefing Committee
(Co-Chair)
Continuing Professional Development
Committee
Practical Legal Training Working Party
Technology & On-line services (Chair)

Kirsten Mander
Qualifications Councillor
LL.B/LL.M
Experience Over 22 years' legal experience -
corporate sector lawyer.
Special Audit Committee
Responsibilities Ethics Committee (Chair)
International Law Briefing Committee

Anthony May
Qualifications Councillor
B.Ec/LL.B
Experience Over 30 years' legal experience. Tax
lawyer with an emphasis on tax
litigation.
Special Audit Committee
Responsibilities Building & Properties Committee
Ethics Committee
Rules of Practice Committee

Tina Millar
Qualifications Councillor until her resignation on 31
December 2003
Barrister and solicitor of the Supreme

Financial Report

LAW INSTITUTE OF VICTORIA LTD (formerly Victorian Lawyers RPA Ltd) ABN 32 075 475 731 AND CONTROLLED ENTITY

Information on directors (continued)

<i>Experience</i>	Court of Victoria Over 27 years' legal experience. Small firm practitioner in family and criminal law, wills and estates, property and conveyancing.
<i>Special Responsibilities</i>	Access to Justice Committee Awards Committee Building & Properties Committee Ethics Committee Legal Practice Act Review Taskforce Continuing Professional Development Taskforce Membership Committee Nominating Committee Small Practice Committee Suburban Law Association Committee (Chair)
Judith Peirce	Vice-President until her resignation 10 July 2003
<i>Qualifications</i>	LL.B/Grad Diploma Equal Opportunity Admin
<i>Experience</i>	Over 29 years' legal experience Previously Manager, Community Legal Centre. Previously in private practice - family law and general practice.
<i>Special Responsibilities</i>	Treasurer March 2002-December 2002 Access to Justice Committee Audit Committee Legal Practice Act Review Committee Continuing Professional Development Taskforce Nominating Committee
Chris Penman	Councillor
<i>Qualifications</i>	LLB Hons / LL.M / Grad Diploma Natural Resources Law
<i>Experience</i>	Over 30 years' legal experience - corporate law area.
<i>Special Responsibilities</i>	Access to Justice Committee Ethics Committee Law Institute Journal Editorial Committee Practical Legal Training Committee Rules of Practice Committee (Chair) Technology & On-line Services
Tabatha Pettitt	Councillor since 1 January 2004
<i>Qualifications</i>	B.Sc /LL.B
<i>Experience</i>	Approximately 4 years legal experience - family law, conveyancing, wills
<i>Special Responsibilities</i>	Rules of Practice Committee Small Practices Committee Suburban Law Associations Committee

Erskine Rodan

Councillor
LL.B/Diploma Family Law
Experience Over 28 years' legal experience - migration
Special Responsibilities Access to Justice Committee
Awards Committee
Legal Practice Act Review Committee
Nominating Committee
Small Practice Committee (Chair)
Suburban Law Association Committee (Chair)

Steven Stevens

Qualifications Councillor since 1 January 2004
B.Ec (Hons) / M.Ec. / LL.B (Hons) / LL.M
Experience Over 15 years legal experience - Banking and Finance, specialising in state taxes and financial services. Previously practised as an economist for 12 years
Special Responsibilities Audit Committee
Building & Properties Committee
Costs Policy Committee

John Weigl

Councillor until his resignation on 31 December 2003
Qualifications B.Ec/LL.B
Experience Over 16 years' legal experience - civil litigation, crime and personal injury.
Special Responsibilities Costs Policy Committee (Chair)
Country Law Association Committee
Continuing Professional Development Taskforce (Chair)
Nominating Committee
RPA Trust Monies Committee
Rules of Practice Committee
Specialisation Board

Mark Woods

Councillor
LL.B
Experience Over 22 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)
Commonwealth Law Conference Organising Committee (Chair)
Country Law Association Committee (Chair)
Specialisation Board

Meetings of directors

	Committee Meetings					
	Directors' Meetings		Executive Committee		Audit Committee	
	Number eligible to attend	Number attended	Number Eligible to attend	Number attended	Number eligible to attend	Number attended
Christopher Dale (since 27 March 2002)	12	12	43	43	12	9
Victoria Strong (since 27 March 2002)	12	11	43	32	12	7
William O'Shea (since 10 May 2000)	12	12	43	37	12	5
Catherine Gale (since 6 August 2003)	11	11	22	22	6	6
Geoff Provis (since 12 September 1996)	12	11	24	19	-	-
Simon Begg (since 29 April 1998 to 31 December 2003)	6	5	3	2	6	6
Anthony Burke (since 17 June 2004)	-	-	-	-	-	-
John Corcoran (since 5 August 1998)	12	11	5	5	-	-
David Faram (since 28 April 1999)	12	9	22	22	-	-
Richard Fleming (since 27 March 2002)	12	10	4	3	-	-
Aurora Kostezky (since 26 April 2001)	12	10	19	17	-	-
James Leach (since 1 January 2004)	6	6	4	4	-	-
Peter Little (since 1 January 2003 to 17 June 2004)	12	10	-	-	-	-
Kirsten Mander (since 3 May 2001)	12	11	-	-	6	3
Anthony May (since 26 April 2001)	12	11	3	3	12	11
Tina Millar (since 31 December 1996 to 31 December 2003)	6	4	-	-	-	-
Judith Peirce (since 10 May 2000 to 31 August 2003)	1	-	2	1	-	-
Chris Penman (since 1 January 2003)	12	11	-	-	-	-
Tabatha Pettitt (since 1 January 2004)	6	5	3	3	-	-
Erskine Rodan (since 31 December 1996)	12	12	-	-	-	-
Steven Stevens (since 1 January 2004)	6	2	5	5	6	5
John Weigl (since 29 April 1998 to 31 December 2003)	6	6	-	-	-	-
Mark Woods (since 31 December 1996)	12	12	3	2	-	-

Indemnification of officers

During the year the company has paid a premium in respect of an insurance contract to indemnify officers against liabilities that may arise from their position as officers of the company and its controlled entities.

Officers indemnified include the company secretary, all directors and all executive officers participating in the management of the company and its controlled entities.

Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the contract.

Proceedings on behalf of the company

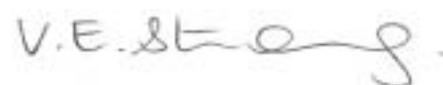
No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

Signed in accordance with a resolution of the directors:

Director 

Christopher Dale

Director 

Victoria Strong

Dated this 16th day of September 2004

Statement of financial performance Year 30 June 2004

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Revenues from ordinary activities	2	18,996,138	17,575,103	18,996,138	17,575,103
Expenses from ordinary activities					
Membership Services		(5,932,396)	(5,413,496)	(5,932,396)	(5,413,496)
RPA Work (Direct Costs)		(5,368,673)	(4,765,405)	(5,368,673)	(4,765,405)
Governance and representation		(1,666,785)	(1,377,452)	(1,666,785)	(1,377,452)
Finance and internal support		(3,619,779)	(3,644,343)	(3,619,779)	(3,644,343)
Capitation fees		(561,491)	(572,206)	(561,491)	(572,206)
Other expenses from ordinary activities		(511,056)	(486,936)	(511,056)	(486,936)
		(17,660,180)	(16,259,838)	(17,660,180)	(16,259,838)
Profit from ordinary activities before income tax expense		1,335,958	1,315,265	1,335,958	1,315,265
Net profit from ordinary activities after income tax	3	1,335,958	1,315,265	1,335,958	1,315,265
Net profit from ordinary activities after income tax expense attributable to the members of the parent entity		1,335,958	1,315,265	1,335,958	1,315,265
Increase in asset revaluation reserve	13	-	3,527,574	-	3,527,574
Total revenues, expenses and valuation adjustments attributable to members of the entity and recognised directly in members' funds		-	3,527,574	-	3,527,574
Total changes in members' funds	15	1,335,958	4,842,839	1,335,958	4,842,839

The accompanying notes form part of these financial statements.

Statement of financial position As at 30 June 2004

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets	4	4,794,702	5,657,662	4,794,702	5,657,662
Receivables	5	1,558,502	2,403,647	1,558,500	2,403,645
Inventories	6	185,197	144,045	185,197	144,045
Other financial assets	7	1,689,206	2,098,893	1,689,208	2,098,895
Other	8	346,737	190,699	346,737	190,699
TOTAL CURRENT ASSETS		8,574,344	10,494,946	8,574,344	10,494,946
NON-CURRENT ASSETS					
Other financial assets	7	845,000	685,000	845,000	685,000
Property, plant and equipment	9	9,540,444	6,541,473	9,540,444	6,541,473
TOTAL NON-CURRENT ASSETS		10,385,444	7,226,473	10,385,444	7,226,473
TOTAL ASSETS		18,959,788	17,721,419	18,959,788	17,721,419
CURRENT LIABILITIES					
Payables	10	2,333,902	1,645,054	2,333,902	1,645,054
Provisions	11	832,566	884,116	832,566	884,116
Other	12	2,951,462	3,635,484	2,951,462	3,635,484
TOTAL CURRENT LIABILITIES		6,117,930	6,164,654	6,117,930	6,164,654
NON-CURRENT LIABILITIES					
Provisions	11	220,975	271,840	220,975	271,840
TOTAL NON-CURRENT LIABILITIES		220,975	271,840	220,975	271,840
TOTAL LIABILITIES		6,338,905	6,436,494	6,338,905	6,436,494
NET ASSETS		12,620,883	11,284,925	12,620,883	11,284,925
MEMBERS' FUNDS					
Reserves	13	3,860,844	3,860,844	3,860,844	3,860,844
Retained profits	14	8,760,039	7,424,081	8,760,039	7,424,081
TOTAL MEMBERS' FUNDS	15	12,620,883	11,284,925	12,620,883	11,284,925

The accompanying notes form part of these financial statements.

Statement of cash flows Year 30 June 2004

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES					
Subscriptions		2,895,923	3,718,629	2,895,923	3,718,629
Receipts from Legal Practice Board		10,157,137	7,865,929	10,157,137	7,865,929
Payments to suppliers and employees		(17,576,808)	(16,640,208)	(17,576,808)	(16,640,208)
Capitation fees		(617,640)	(572,206)	(617,640)	(572,206)
Interest received		341,258	161,269	341,258	161,269
Other income		7,071,958	7,475,434	7,071,958	7,475,434
Net cash provided by operating activities	16(b)	2,271,828	2,008,847	2,271,828	2,008,847
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		33,377	28,000	33,377	28,000
Proceeds from investments		200,000	1,228,137	200,000	1,228,137
Payment for property, plant and equipment		(3,372,665)	(319,904)	(3,372,665)	(319,904)
Payment for investments		-	(1,223,960)	-	(1,223,960)
Net cash used in investing activities		(3,139,288)	(287,727)	(3,139,288)	(287,727)
Net increase/(decrease) in cash held		(867,460)	1,721,120	(867,460)	1,721,120
Cash at beginning of year		5,662,162	3,941,042	5,662,162	3,941,042
Cash at end of year	16(a)	4,794,702	5,662,162	4,794,702	5,662,162

The accompanying notes form part of these financial statements.

Note 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 the Law Institute of Victoria Ltd as an individual parent entity and the Law Institute of Victoria Ltd and controlled entity as an economic entity. The Law Institute of Victoria Ltd 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 Law Institute of Victoria Ltd. Control exists where the Law Institute of Victoria Ltd 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 Law Institute of Victoria Ltd to achieve the objectives of the Law Institute of Victoria Ltd. Details of the controlled entity are contained in Note 22.

All inter-company balances and transactions between entities in the

economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

(b) Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense shown is based on the profit from ordinary activities adjusted for any permanent differences. 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 Law Institute of Victoria Ltd being reduced to nil (2003: nil).

In assessing its income tax liability, the LIV 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 LIV 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.

(c) Inventories

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

(d) Property, Plant and Equipment

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

Note 1: Statement of significant accounting policies (continued)

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 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, but excluding freehold land, are depreciated over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The useful lives used for each class of assets are:

Class of fixed asset	Useful lives	Depreciation basis
Buildings	40 years	Straight Line
Motor Vehicles	4 years	Diminishing Value
Furniture and equipment	7 years	Diminishing Value

(e) 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.

(f) Other financial assets Controlled Entities

Investments in controlled entities are carried in the holding company's financial statements at cost less amounts written off to recognise any permanent diminution in value.

Related Companies

Investments in related companies are carried at the lower of cost or recoverable amount.

Managed Funds

Investments in managed funds are valued at the unit price at year end. The gains or losses whether realised or unrealised, are included in the profit from ordinary activities before income tax. Distributions received during the year are brought to account in the result for the year.

Mortgage investments

Investments in mortgage loans are carried at cost less any provisions for permanent diminution in value. Interest income is brought to account on an accruals basis.

(g) Employee Benefits

Provision is made for the economic entity's liability for employee benefits arising from services rendered by

Note I: Statement of significant accounting policies (continued)

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

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.

(h) *Cash*

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

(i) *Comparative Figures*

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

(j) *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 on a proportional basis taking in to 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 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).

(k) *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.

(l) *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.

NOTE 2: Revenue

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Operating activities					
- Interest - other entities		341,258	161,269	341,258	161,269
- Membership subscriptions		3,388,467	3,316,679	3,388,467	3,316,679
- Legal Practice Board contributions and reimbursements		8,850,130	7,821,008	8,850,130	7,821,008
- Membership activities		3,297,866	3,362,428	3,297,866	3,362,428
- Bookshop sales and commissions		958,055	908,192	958,055	908,192
- Administration fees		1,055,487	1,026,940	1,055,487	1,026,940
- Other revenue		1,071,498	950,587	1,071,498	950,587
		<u>18,962,761</u>	<u>17,547,103</u>	<u>18,962,761</u>	<u>17,547,103</u>
Non-operating activities					
- proceeds on disposal of property, plant and equipment		33,377	28,000	33,377	28,000
		<u>33,377</u>	<u>28,000</u>	<u>33,377</u>	<u>28,000</u>
Total revenue		<u>18,996,138</u>	<u>17,575,103</u>	<u>18,996,138</u>	<u>17,575,103</u>

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NOTE 3: Profit from ordinary activities

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Profit from ordinary activities before income tax expense has been determined after:					
(a) Expenses:					
Cost of sales		533,602	568,786	533,602	568,786
Depreciation of property, plant and equipment					
- Buildings		85,426	13,750	85,426	13,750
- Freehold improvements		-	70,463	-	70,463
- Motor vehicles		7,309	19,278	7,309	19,278
- Furniture, fixtures and fittings		185,756	211,100	185,756	211,100
Depreciation of property, plant and equipment		278,491	314,591	278,491	314,591
Bad and doubtful debts					
- bad debts written off - trade debtors		54,246	56,226	54,246	56,226
- movement in provisions for doubtful debts: - trade debtors		(216,117)	193,000	(216,117)	193,000
Net expense of bad and doubtful debts		(161,871)	249,226	(161,871)	249,226
Remuneration of the auditors of parent entity for:					
- auditing services		32,500	30,000	32,500	30,000
- other services		32,417	44,932	32,417	44,932
Rental expense on operating leases		217,439	162,284	217,439	162,284
Services to members		5,398,794	5,413,496	5,398,794	5,413,496
Marketing and public affairs		267,850	292,036	267,850	292,036
Contributions to law associations and the Law Council of Australia		561,491	572,206	561,491	572,206
Net loss on disposal of non-current assets					
- Property, plant and equipment		61,826	1,809	61,826	1,809
Amounts set aside for provisions:					
Employee entitlements		(102,415)	30,343	(102,415)	30,343

NOTE 4: Cash assets

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Cash on hand		1,300	1,770	1,300	1,770
Cash at bank		196,381	616,491	196,381	616,491
Deposits at call		110,000	557,946	110,000	557,946
Bank Bills		4,487,021	4,481,455	4,487,021	4,481,455
		<u>4,794,702</u>	<u>5,657,662</u>	<u>4,794,702</u>	<u>5,657,662</u>

The LIV collects funds on behalf of the Legal Practice Board and holds these funds in trust in a bank account titled "Law Institute of Victoria Ltd-Victorian Lawyers RPA Limited - Legal Practice Board". This account has a balance of \$870,647 at 30 June 2004 (2003: \$195,066). This account has not been included in the cash assets of the LIV shown above.

The deposits at call and short term money market securities bear interest rates between 4.50 per cent and 5.47 per cent (2003: 3.92 per cent and 4.78 percent). All transactions are made with major trading banks with a minimum credit rating of A1.

NOTE 5: Receivables

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
CURRENT					
Trade debtors		248,502	593,132	248,502	593,132
Less provision for doubtful debts		(33,883)	(250,000)	(33,883)	(250,000)
		<u>214,619</u>	<u>343,132</u>	<u>214,619</u>	<u>343,132</u>
Other debtors		489,025	630,541	489,023	630,539
Amounts receivable from:					
- Legal Practice Board		854,858	1,429,974	854,858	1,429,974
		<u>1,343,883</u>	<u>2,060,515</u>	<u>1,343,881</u>	<u>2,060,513</u>
		<u>1,558,502</u>	<u>2,403,647</u>	<u>1,558,500</u>	<u>2,403,645</u>

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NOTE 6: Inventories

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Current Publications and LIV products		185,197	144,045	185,197	144,045

NOTE 7: Other financial assets

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
CURRENT					
Shares in related corporations at cost		12	12	14	14
Specific funds		-	4,500	-	4,500
Units in managed funds at market value		1,489,194	1,534,381	1,489,194	1,534,381
Unlisted investments at cost					
- Mortgage loans		200,000	560,000	200,000	560,000
		1,689,206	2,098,893	1,689,208	2,098,895
NON-CURRENT					
Unlisted investments at cost					
- Mortgage loans		845,000	685,000	845,000	685,000
		845,000	685,000	845,000	685,000

NOTE 8: Other assets

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
CURRENT					
Prepayments		346,737	190,699	346,737	190,699

NOTE 9: Property, plant and equipment

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Freehold Land and Buildings					
470 Bourke Street at independent valuation		5,950,000	5,950,000	5,950,000	5,950,000
Less accumulated depreciation		(85,426)	-	(85,426)	-
		5,864,574	5,950,000	5,864,574	5,950,000
Total Land and buildings		5,864,574	5,950,000	5,864,574	5,950,000
Freehold Improvements					
At cost		-	-	-	-
Less accumulated depreciation		-	-	-	-
Total freehold improvements		-	-	-	-
Total property		5,864,574	5,950,000	5,864,574	5,950,000
Plant and Equipment					
Capital works in progress					
At cost		3,249,265	-	3,249,265	-
Motor vehicles					
At cost		38,604	79,136	38,604	79,136
Less accumulated depreciation		(24,881)	(45,373)	(24,881)	(45,373)
		13,723	33,763	13,723	33,763
Furniture, fixtures and fittings					
At cost		1,271,397	1,615,703	1,271,397	1,615,703
Less accumulated depreciation		(858,515)	(1,057,993)	(858,515)	(1,057,993)
		412,882	557,710	412,882	557,710
Total plant and equipment		3,675,870	591,473	3,675,870	591,473
Total property, plant and equipment		9,540,444	6,541,473	9,540,444	6,541,473

The revaluation of freehold land and buildings was based on the assessment of their current market value. The independent valuation was carried out on 30 June 2003 by Messrs R J Scrivener and S Thomas, Certified Practising Valuers.

The directors believe that the carrying value of the freehold land and buildings at 30 June 2004 represents their fair value at that date.

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NOTE 9: Property, plant and equipment (continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year:

	Land and buildings		Freehold improvements	
	Economic Entity	Parent Entity	Economic Entity	Parent Entity
	\$	\$	\$	\$
2004				
Balance at the beginning of the year	5,950,000	5,950,000	-	-
Depreciation expense	(85,426)	(85,426)	-	-
Carrying amount at end of year	5,864,574	5,864,574	-	-
2003				
Balance at the beginning of the year	2,165,625	2,165,625	216,942	216,942
Additions	-	-	124,072	124,072
Revaluations	3,527,574	3,527,574	-	-
Depreciation expense	(13,750)	(13,750)	(70,463)	(70,463)
Reclassification	270,551	270,551	(270,551)	(270,551)
Carrying amount at the end of the year	5,950,000	5,950,000	-	-
	Motor vehicles		Furniture and equipment	
	Economic Entity	Parent Entity	Economic Entity	Parent Entity
	\$	\$	\$	\$
2004				
Balance at the beginning of the year	33,763	33,763	557,710	557,710
Additions	-	-	123,400	123,400
Disposals	(12,731)	(12,731)	(82,472)	(82,472)
Depreciation expense	(7,309)	(7,309)	(185,756)	(185,756)
Carrying amount at the end of the year	13,723	13,723	412,882	412,882
2003				
Balance at the beginning of the year	82,850	82,850	572,978	572,978
Additions	-	-	195,832	195,832
Disposals	(29,809)	(29,809)	-	-
Depreciation expense	(19,278)	(19,278)	(211,100)	(211,100)
Carrying amount at the end of the year	33,763	33,763	557,710	557,710

NOTE 9: Property, plant and equipment (continued)

	Capital Works in Progress	
	Economic Entity \$	Parent Entity \$
2004		
Balance at the beginning of the year	-	-
Additions	3,249,265	3,249,265
Carrying amount at the end of the year	3,249,265	3,249,265

The capitalised works in progress at 30 June 2004 relate to the refurbishment of the building at 470 Bourke Street Melbourne.

NOTE 10: Payables

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
CURRENT					
Unsecured liabilities					
Trade creditors		2,159,541	1,123,125	2,159,541	1,123,125
Sundry creditors		174,361	521,929	174,361	521,929
		2,333,902	1,645,054	2,333,902	1,645,054

NOTE 11: Provisions

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
CURRENT					
Employee benefits	11(a)	832,566	884,116	832,566	884,116
NON-CURRENT					
Employee benefits	11(a)	220,975	271,840	220,975	271,840
(a) Aggregate employee benefits liability		1,053,541	1,155,956	1,053,541	1,155,956
(b) Number of employees at year end		143	132	143	132

NOTE 12: Other liabilities

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
NOTE 12: OTHER LIABILITIES					
CURRENT					
Subscription fees and other prepaid income		2,951,462	3,635,484	2,951,462	3,635,484

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NOTE 13: Reserves

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Asset revaluation		3,856,344	3,856,344	3,856,344	3,856,344
Specific Funds		4,500	4,500	4,500	4,500
		3,860,844	3,860,844	3,860,844	3,860,844
(a) Asset revaluation reserve					
Movements during the year:					
Opening balance		3,856,344	328,770	3,856,344	328,770
Revaluation of land, buildings and freehold improvements		-	3,527,574	-	3,527,574
Closing balance		3,856,344	3,856,344	3,856,344	3,856,344

The asset revaluation reserve records the revaluations of non-current assets.

NOTE 14: Retained profits

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Retained profits at the beginning of the financial year		7,424,081	6,108,816	7,424,081	6,108,816
Net profit attributable to members of the entity		1,335,958	1,315,265	1,335,958	1,315,265
Retained profits at reporting date		8,760,039	7,424,081	8,760,039	7,424,081

NOTE 15: Members' funds

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Total members' funds at the beginning of the financial year		11,284,925	6,442,086	11,284,925	6,442,086
Total changes in members' funds recognised in the Statement of Financial Performance		1,335,958	4,842,839	1,335,958	4,842,839
Total members' funds at the reporting date		12,620,883	11,284,925	12,620,883	11,284,925

NOTE 16: Cash flow information

Note	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
(a) Reconciliation of Cash				
Cash at the end of the financial year 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	1,300	1,770	1,300	1,770
Cash at bank	196,381	616,491	196,381	616,491
Deposits at call	110,000	557,946	110,000	557,946
Other short term funds	4,487,021	4,485,955	4,487,021	4,485,955
	<u>4,794,702</u>	<u>5,662,162</u>	<u>4,794,702</u>	<u>5,662,162</u>
(b) Reconciliation of Cash Flow from operations with profit from ordinary activities				
Profit from ordinary activities after income tax				
	1,335,958	1,315,265	1,335,958	1,315,265
Non-cash flows in profit from ordinary activities				
Depreciation	278,491	314,591	278,491	314,591
Doubtful Debts	(216,117)	193,000	(216,117)	193,000
Loss on sale of property, plant and equipment	61,826	1,809	61,826	1,809
Unrealised loss on investments	45,187	-	45,187	-
Changes in assets and liabilities				
(Increase) / decrease in receivables	486,146	89,656	486,146	89,656
(Increase) / decrease in amount owing from Legal Practice Board	575,116	(566,294)	575,116	(566,294)
(Increase) / decrease in prepaid expenses	(156,038)	27,249	(156,038)	27,249
(Increase) / decrease in inventories	(41,152)	28,893	(41,152)	28,893
Increase in payables	688,848	510,442	688,848	510,442
Increase / (decrease) in prepaid income	(684,022)	63,893	(684,022)	63,893
Increase / (decrease) in provisions	(102,415)	30,343	(102,415)	30,343
Net Cash provided by operations	<u>2,271,828</u>	<u>2,008,847</u>	<u>2,271,828</u>	<u>2,008,847</u>

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NOTE 17: 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:

2004 Financial Instruments	Floating interest rate	Fixed interest rate maturing in 1 year or less	Fixed interest rate maturing in over 1 to 5 years	Non interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	\$	\$	\$	\$	\$	%
(i) Financial assets						
Cash	306,381	4,487,021	-	1,300	4,794,702	5.3
Trade and other receivables	-	-	-	1,558,502	1,558,502	-
Investments	845,000	-	200,000	1,489,194	2,534,206	7.9
Total financial assets	1,151,381	4,487,021	200,000	3,048,996	8,887,410	
(ii) Financial liabilities						
Trade and sundry creditors	-	-	-	2,333,902	2,333,902	-
Subscription fees and other prepaid income	-	-	-	2,951,462	2,951,462	-
Total financial liabilities	-	-	-	5,285,364	5,285,364	

2003 Financial Instruments	Floating interest rate	Fixed interest rate maturing in 1 year or less	Fixed interest rate maturing in over 1 to 5 years	Non interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	\$	\$	\$	\$	\$	%
(iii) Financial assets						
Cash	1,174,437	4,481,455	-	1,770	5,657,662	4.7
Trade and other receivables	-	-	-	2,403,647	2,403,647	-
Investments	1,049,500	-	200,000	1,534,393	2,783,893	7.8
Total financial assets	2,223,937	4,481,455	200,000	3,939,810	10,845,202	
(iv) Financial liabilities						
Trade and Sundry Creditors	-	-	-	1,645,054	1,645,054	-
Subscription fees and other prepaid income	-	-	-	3,635,484	3,635,484	-
Total financial liabilities	-	-	-	5,280,538	5,280,538	

NOTE 17: Financial Instruments (continued)

(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 net fair value of financial assets and financial liabilities 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.

NOTE 18: Capital and leasing commitments

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts:

Note	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Payable				
- not later than one year	285,671	246,534	285,671	246,534
- later than one year and not later than five years	227,728	440,456	227,728	440,456
	513,399	686,990	513,399	686,990

NOTE 19: 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. At 30 June 2004 the number of members was 11,473 (2003: 10,370).

Financial Report

LAW INSTITUTE OF VICTORIA LTD (formerly Victorian Lawyers RPA Ltd) ABN 32 075 475 731 AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS - YEAR 30 JUNE 2004

NOTE 20: 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.

(a) Office bearers of Council

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Overseas/Interstate travel allocations	46,170	45,000	46,170	45,000
General expense allocation	123,120	120,000	123,120	120,000
	169,290	165,000	169,290	165,000

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

			No.	No.
\$0	-	\$0	18	16
\$1	-	\$9,999	1	1
\$10,000	-	\$19,999	1	1
\$20,000	-	\$29,999	2	2
\$100,000	-	\$109,999	1	1

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

Christopher Dale (since 27 March 2002)
 Victoria Strong (since 27 March 2002)
 William O'Shea (since 10 May 2000)
 Catherine Gale (since 6 August 2003)
 Geoff Provis (since 12 September 1996)
 Simon Begg (since 29 April 1998 to 31 December 2003)
 Anthony Burke (since 17 June 2004)
 John Corcoran (since 5 August 1998)
 David Faram (since 28 April 1999)
 Richard Fleming (since 27 March 2002)
 Aurora Kostezky (since 26 April 2001)
 James Leach (since 1 January 2004)
 Peter Little (since 1 January 2003 to 17 June 2004)
 Kirsten Mander (since 3 May 2001)
 Anthony May (since 26 April 2001)
 Tina Millar (since 31 December 1996 to 31 December 2003)
 Judith Peirce (since 10 May 2000 to 31 August 2003)
 Chris Penman (since 1 January 2003)
 Tabatha Pettitt (since 1 January 2004)
 Erskine Rodan (since 31 December 1996)
 Steven Stevens (since 1 January 2004)
 John Weigl (since 29 April 1998 to 31 December 2003)
 Mark Woods (since 31 December 1996)

NOTE 21: Related party transactions

- (a) During the year the LIV paid professional indemnity and directors' and officers' liability insurance in respect of its LIV Councillors. The nature of the insurance contract providing this cover does not allow the LIV to disclose either the extent of the cover or the premium paid.
- (b) Other transactions entered into during the year with other LIV 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:

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Deacons	13,350	2,419	13,350	2,419
Freehills	18,363	-	18,363	-
	31,713	2,419	31,713	2,419

NOTE 22: Controlled entities

- (a) Controlled entities

	Country of Incorporation	Percentage Owned (%)	
		2004	2003
Parent Entity:			
Law Institute of Victoria Ltd	Australia	-	-
Subsidiary of Law Institute of Victoria Ltd:			
Lawyers Information Network Pty Ltd	Australia	100	100

NOTE 23: Segment reporting

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

NOTE 24: Economic dependence

A significant portion of revenue is derived under the Legal Practice Act 1996 through the LIV's regulatory role. The Victorian Government has performed a review of the Act. Under the new regulatory model, the Legal Services Commissioner will have the power to investigate and prosecute lawyers and mediate disputes between lawyers and clients, and will also be able to delegate some of these investigations to the LIV and Victorian Bar. While the details are not finalised and the question of funds for this purpose are yet to be determined, the Attorney General, Rob Hulls, has stated that he recognises the role of the professional associations in the regulatory process.

NOTE 25: Superannuation commitments

During the year the LIV contributed to one employee superannuation fund managed by an external fund manager. This fund is an accumulation fund. Members are entitled to benefits on retirement, disability or death. Employees contribute to the fund at various percentages of their gross salaries. The LIV contributions are legally enforceable in Australia to the extent required by the Superannuation Guarantee legislation. However, the LIV and its controlled entity are under no legal obligation to make up any shortfall in the fund's assets to meet payments due to employees.

NOTE 26: Contingent liabilities

The Law Institute of Victoria Limited (LIV), formerly 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 applied for special leave to appeal to the High Court of Australia against Orders made by the Victorian Court of Appeal on pleading issues. The litigation before the High Court was undertaken by the Law Institute of Victoria/RPA Litigation section. The special leave application was dismissed with orders as to costs. The HHH scheme has since resolved that the matter be conducted by Herbert Geer & Rundle, the previous solicitors. Interlocutory steps have not been concluded. The LIV's solicitors Herbert Geer & Rundle have been instructed to pursue enforcement proceedings against Mr Petch in relation to unsatisfied costs orders made in favour of the LIV.

NOTE 27: The impacts of adopting Australian equivalents to international financial reporting standards

The company is currently:

- evaluating the key differences in accounting policies;
- identifying the changes to the company's financial reporting systems; and
- commencing evaluation of the financial impact arising from key differences in accounting policies that are expected to arise from adopting Australian equivalents of IFRSs.

The key difference in accounting policies expected to arise from adopting Australian equivalents to IFRS is in respect of income taxes as described below.

Income taxes

Under IFRS, a balance sheet approach will be adopted under which temporary differences are identified for each asset and liability rather than accounting for the effect of timing and permanent differences between taxable income and accounting profit.

NOTE 28: Company details

The registered office of the company is:
Law Institute of Victoria Ltd
470 Bourke Street
Melbourne VIC 3000

Directors' declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 27 to 47, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards in Australia and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2004 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.

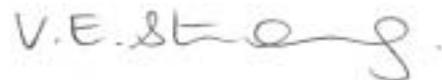
This declaration is made in accordance with a resolution of the Board of Directors.

Director



Christopher Dale

Director



Victoria Strong

Dated this 16th day of September 2004

Independent audit report to the members of the Law Institute of Victoria Ltd

Scope

We have audited the financial report of Law Institute of Victoria Ltd for the financial year ended 30 June 2004 comprising of 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 financial year. 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 examination, 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 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 Law Institute of Victoria Ltd is in accordance with:

- (a) 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 2004 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



Pitcher Partners



T J Benfold

Partner

Melbourne 16 September 2004

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