



LEGAL
PROFESSION
BOARD OF
TASMANIA

ANNUAL REPORT 2013 -2014

This report is submitted in accordance with section 601 (2) of the Legal Profession Act, 2007, pursuant to which the Legal Profession Board of Tasmania is to prepare and present to the Minister a report on its operations for the financial year.

PART ONE: CHAIRPERSON'S REPORT

The following report provides a summary of the activities of the Board in the reporting period and highlights a number of achievements that have been attained within the financial year ending on 30 June 2014.

PREVIOUS CHAIRPERSON – WILLIAM BALE QC

Mr Bale QC, the inaugural Chairperson of the Board, elected not to seek re-appointment at the expiry of his term of office in June 2013. As no replacement for Mr Bale QC was effected until my appointment in January 2014, he continued in office for a further 6 months, the maximum allowable period as prescribed under the *Acts Interpretation Act 1931*. I would like to take this opportunity to thank Mr Bale QC, on behalf of all serving Board members and employees, for his diligent and generous service to, and stewardship of, the Board over a period of five and a half years, and to recognise his significant contribution to the legal profession in Tasmania.

THE WORKLOAD OF THE BOARD

Complaints and Investigations:

Complaint handling and complaint investigations are the core activities of the Board and consume the majority of the Board's resources. The number of complaints received during the course of the reporting period, together with those complaints that remained unfinalised as at 30 June 2013, totalled 191, compared with 164 complaints at the end of last financial year.

The Board brought 111 complaints to finality within the reporting period. The number of finalisations for the reporting period was a significant increase compared to the previous reporting period and due, in large part, to the Board's focus on resolving complaints at an early stage in circumstances where it is appropriate to do so.

At the end of this reporting period the total number of complaints on hand totalled 80, which was a decrease of 16 complaints compared to the same time last year.

Further in-depth commentary in relation to the complaints and investigations statistical information can be found in Part 3 of this report.

Mediation:

The Board remains committed to the earliest resolution of complaints in the appropriate circumstances. Since the commencement of operations in early 2009, it has been the strategy of the Board to endeavour, where appropriate and in accordance with the Act, to achieve resolution of complaints against legal practitioners via mediation. It is again with satisfaction that I am able to report the Board has had continued success in this area, with 40.5% of all finalised complaints having been resolved within the reporting period through mediatory intervention by the Board, either prior to, or during, an investigation.

The mediation process is only available in relation to less serious matters of complaint.

Meetings and Determinations of the Board:

The Board convened 11 complaints-specific meetings during the reporting period, a modest reduction of meetings conducted in comparison with the previous reporting period. The Board, where possible, continues to combine its administrative meetings with complaints meetings in an effort to reduce time and costs.

The Board is obliged to provide to the complainant, the practitioner and the Law Society a written determination and reasons following its decision to finalise a complaint. The Board produced 57 written complaint determinations and reasons during the reporting period.

Amendments to the *Legal Profession Act 2007*:

Section 591 (h) of the Act provides that the Board is to advise the Minister on any matters relating to the Act. In previous reporting periods, the Board provided to the Minister a list of proposed amendments to the Act and maintains an up to date list of proposed changes.

Following extensive liaison between the Board and the Department of Justice throughout 2013, the *Legal Profession Amendment Act 2013* was proclaimed on 1 January 2014. Many of the suggested amendments to the *Legal Profession Act 2007* previously proposed by the Board since it commenced operation in 2009 were adopted. I extend my appreciation on behalf of the Board to the Director of Legislation Development and Review for her assistance and drive in securing those necessary legislative amendments.

Membership of the Board:

All members' appointments expired in June 2013 and the Board continued to operate, and satisfy its statutory functions, by virtue of s.21 of the *Acts Interpretation Act 1931*. Board member appointments were subsequently made in October 2013, January 2014 and June 2014 respectively.

Other statutory functions of the Board

The Board has, over the course of the reporting period, continued to focus its community educative role by dealing comprehensively with the community's enquiries when contact is made with the Board.

331 such enquiries were made in the reporting period and the Board's officers have dedicated substantial time per enquiry by way of assistance to the public in developing their understanding of the legal and complaints processes, as well as addressing their substantive issues regarding their legal representative or legal matter. In the majority of cases, the Board's officers attempt to provide, for each enquirer, guidance on how to manage their relationship with their respective legal representatives and to provide assistance generally on the legal process.

The Board continued in the reporting period to delegate to the Law Society its statutory function regarding the maintaining of the register of names of Australian lawyers to whom the Law Society grants local practising certificates as well as the register of names of locally registered foreign lawyers.

The Board has not, within the reporting period, been called upon to approve any new courses of continuing legal education, or to approve terms and conditions of professional indemnity insurance policies.

STRATEGIC DIRECTION

In the coming reporting period, the Board intends to continue to primarily focus on its core activities, being the handling and investigation of complaints in relation to legal practitioners.

The Board however recognises the importance of its other statutory functions in relation to public education, monitoring the standards of the legal profession, advising the legal profession on appropriate standards of conduct and monitoring emerging trends and issues. The current resources and structure of the Board limits the scope of the Board's endeavours in fulfilling these functions.

The Board intends to expand its focus in coming periods, in order to place greater emphasis on those other statutory functions for which it is responsible, and accordingly, the Board will undertake a review of its resources and structure in the financial year 2014/15 with a view to facilitate that expanded focus.

The Board also intends to commence the necessary planning and implementation of a contingency fund in order to insulate the Board's resources from various financial peaks and troughs inherent in the litigation process for those matters before either the Court or Tribunal.

I extend my gratitude to the members of the Board for their significant contribution generally to the work of the Board throughout the reporting period. On their behalf I gratefully acknowledge also the work of all the employees of the Board, whose professionalism and dedication are pivotal to the ongoing efficiency and effectiveness of the Board.



Keyran Pitt QC
Chairperson, Legal Profession Board of Tasmania

PART TWO: THE LEGAL PROFESSION BOARD OF TASMANIA

STATUTORY FUNCTIONS OF THE BOARD

Pursuant to section 591 of the Act, the Board has the following statutory functions:

- to maintain the Register (of legal practitioners);
- to monitor the standard and provision of legal professional services;
- to receive, investigate and, where appropriate, determine complaints made under Chapter 4 and, as necessary, refer complaints to the Tribunal or Supreme Court for hearing and determination;
- to approve terms and conditions of professional indemnity insurance policies provided to law practices;
- to advise the profession on appropriate standards of conduct;
- to monitor and identify trends and issues that emerge within the legal profession;
- to approve courses of continuing legal education;
- to advise the Minister on any matters relating to the Act;
- such other functions as may be imposed by this or any other Act; and
- to conduct education programs relating to client-lawyer relationships for members of the public.

THE PURPOSE OF THE DISCIPLINARY PROVISIONS

The Board exercises its functions under section 591 of the Act with the following aims in mind:

- protect consumers of legal services within Tasmania against unsatisfactory professional conduct and professional misconduct of Australian legal practitioners;
- promote and enforce the application of professional standards, competence and honesty within the legal profession in Tasmania; and

- provide an effective and efficient redress mechanism for persons unhappy with the conduct of Australian legal practitioners in Tasmania.

THE BOARD MEMBERS

The Board is the independent statutory body responsible for receiving and investigating complaints about the conduct of lawyers. It consists of six members appointed by the Governor of Tasmania for a term not exceeding five years.

Chairperson of the Board:

Mr Keyran Pitt QC was appointed as a member of the Board in January 2014, following the departure of the Board's previous Chairperson, Mr William Bale QC. On 27 May 2014, the Board unanimously elected Mr Pitt QC as Chairperson.

Formerly Mr Pitt QC has held appointments as Chairman of the Resource Management and Planning Appeal Tribunal; the Planning Appeals Board; the Mental Health Review Tribunal; and the Medical Complaints Tribunal. He was also the Deputy Chairman for the Building Appeals Board and Environmental Protection Appeal Board, and, is an Honorary Fellow of the Royal Planning Institute of Australia.

Mr Pitt QC is a former President of the Bar Association of Tasmania and Medico-Legal Society of Tasmania. He actively supported the legal profession in Tasmania as a former Council Member of the Law Society of Tasmania and Bar Association of Tasmania.

Mr Pitt QC currently works as a Barrister and an Arbitrator and is also the Chairman of the Forest Practices Tribunal.

Lay Members:

Ms Judith Paxton JP, an inaugural member of the Board, was the Tasmanian Legal Ombudsman from 1994 until 2008, the State Director of the Commonwealth Merit Protection and Review Agency and the Chairperson of a number of tribunals responsible for determining disputes and grievances.

Mr Peter Dane, an inaugural member of the Board, has held senior management positions in the telecom and electricity industries since 1983. Mr Dane has a Master of Business Administration from the University of Tasmania.

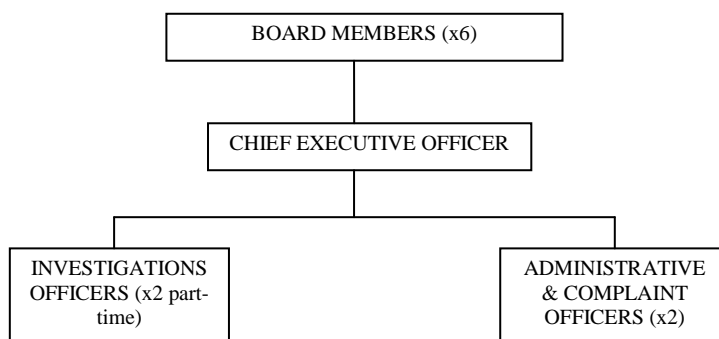
Legal Members:

Mr David Bessell, an inaugural member of the Board, is a senior legal practitioner who retired in 2007 from his position as senior partner in a prominent Hobart legal firm. Mr Bessell held the position of Chairperson of the Board from March 2011 to August 2011, and again between December 2013 and May 2014.

Mr John Upcher, an inaugural member of the Board, is an experienced legal practitioner who was formerly the senior partner of a prominent Hobart legal firm. He is also Chairman of the Property Agents Board.

Mr Duncan Fairley is the principal of a prominent North West Coast legal practice. He was President of the Tasmanian Bar Association between 2008 and 2012, and was the inaugural chair of the Law Society Litigation Committee. Mr Fairley has also undertaken a 3 year term as a member of the Mental Health Tribunal.

ORGANISATIONAL CHART



The Legal Profession Board is supported by an administrative and investigative team as represented in the organisational chart above.

The Board also retains the services of external Counsel when prosecuting practitioners in either the Disciplinary Tribunal or Supreme Court.

THE VISION OF THE BOARD

The Board, through its statutory functions, aims to assist the legal profession in Tasmania to meet the highest standards of propriety and efficiency and to give effective redress to members of the public adversely affected by any shortfall in meeting those standards. To this end, the Board seeks to maintain a complaints handling process which is as good as or better than any other in the nation.

FUNDING OF THE BOARD

Pursuant to section 359 of the Act, the Board is to submit to the Minister an application for funding by 30 April in each year. The Minister approves an amount to be paid from the Solicitors' Guarantee Fund and directs the Solicitors' Trust to pay the approved amount from the Fund to the Board.

PART THREE: THE YEAR IN REVIEW

PERFORMANCE OF THE LEGAL PROFESSION BOARD OF TASMANIA

The following statistical information regarding the Board's performance is based on the twelve month period, 1 July 2013 to 30 June 2014.

COMPLAINT HANDLING

COMPLAINT ENQUIRIES:

Table 1: Number of complaint enquiries received from 1 July 2013 to 30 June 2014

Month	Enquiries by phone	Enquiries in person	Enquiries by email	Enquiries by letter	Total Enquiries 2013/14	Total Enquiries 2012/13	Total Enquiries 2011/12
July	31	1	5	1	38	34	19
August	17	1	2	1	21	21	31
September	30	1	4	4	39	20	22
October	22	0	1	0	23	34	27
November	17	2	1	1	21	34	28
December	20	2	1	2	25	18	18
January	21	0	1	0	22	19	37
February	23	1	2	0	26	24	33
March	30	0	4	2	36	22	33
April	27	0	1	2	30	28	21
May	26	2	2	0	30	34	30
June	19	0	1	0	20	34	26
Total Enquiries	283	10	25	13	331	322	325

Dealing with complaint enquiries represents a significant part of the Board's Officers overall workload and accounts for, in large part, the Board's public education function. The table above shows that the Board has dealt with a total of 331 enquiries for the reporting period, representing a small increase of 3% in comparison to last financial year. The number of enquiries has remained, in the main, constant since the Board commenced operations.

The Board records the total time spent per enquiry throughout the period. The time spent dealing with each enquiry for the reporting period was on average 19 minutes per enquiry.

The Board recognises the importance of dealing effectively with complaints at the time of the initial enquiry as, on occasions and where appropriate, it provides an opportunity to resolve a problem before it escalates into a formal complaint. Not all enquiries to the Board involve a person who is experiencing difficulties with their legal representative. The Board on occasion receives enquiries which are required to be referred for independent legal advice or other appropriate action.

A total of 49 enquiries in the reporting period resulted in a written complaint. This represents a conversion rate of 14.8%, and is consistent with complaint enquiry conversions when compared to the same period last year.

The majority (85%) of all complaint enquiries are dealt with by telephone, although members of the public are always encouraged to attend the Board's offices to discuss their issues in person should they wish to.

The majority of all enquiries made to the Board relate to Family Law and Probate/Estate matters and the most common allegations referred to, on enquiry, relate to overcharging and negligence, which is consistent with the statistics for written complaints received by the Board.

WRITTEN COMPLAINTS

Table 2: Number of written complaints received from 1 July 2013 to 30 June 2014

Month	Complaints Received 2013/14	Complaints Received 2012/13	Complaints Received 2011/12
July	14	3	9
August	6	11	12
September	12	7	8
October	10	6	4
November	4	12	7
December	7	7	1
January	4	9	3
February	3	9	4
March	10	9	5
April	8	5	3
May	8	9	6
June	9	8	2
Total Complaints	95	95	64

A complaint may be made about the conduct of an Australian legal practitioner by any person. For the Board to be able to deal with a complaint, it must be in writing. The Board takes all reasonable

steps to ensure that any person wishing to make a written complaint is given the appropriate assistance to do so.

When a complaint is received by the Board, a preliminary assessment is made and often further information is sought from the complainant to specifically identify the conduct that is alleged to have occurred. Once the complaint has been appropriately particularised by the complainant, a 'Notice of Complaint Received' together with a copy of the complaint is sent to the practitioner, accompanied by an invitation to provide comment (submissions) in relation to it. Once received, the practitioner's submissions are provided to the complainant for further comment. All relevant information is collated and reviewed by one of the Board's officers and a report prepared. The report, together with all relevant material, is then considered by the Board. The complaint then either proceeds to the investigation phase, or is summarily dismissed.

This statutory preliminary process prior to the investigation of a complaint commencing, or the complaint being summarily dismissed, can take several months in order to satisfy the statutory requirement for transparency and procedural fairness to both the complainant and practitioner.

The Board received 95 complaints in the reporting period, the same number of complaints received for the previous reporting period. The number of complaints received in the reporting period has been constant, other than in the period 2011/12, since the commencement of the Act. The relatively lower number of complaints in the 2011/12 financial year appears to have been an isolated abnormality.

Table 3: Complaints carried forward at 1 July 2013

Complaints	Carried forward as at 1 July 2013	%
Complaints under investigation	32	33%
Unfinalised complaints pending (not yet under investigation or awaiting hearing) as at 30 June 2013	64	67%
Total Complaints carried forward as at 1 July 2013	96	100%

In addition to the 95 complaints received in the reporting period, the Board's workload involved continuing to deal with a further 96 complaints carried forward from the 2012/13 period, which included; complaints under investigation; complaints which had been referred for hearing to either the Board, Disciplinary Tribunal or Supreme Court; and complaints being dealt with in accordance with the preliminary statutory process prior to an investigation having been commenced.

Table 4: Principal allegations against legal practitioners

Principal Allegation	2013/14 Complaints	2013/14 %	2012/13 Complaints	2011/12 Complaints
<i>Abuse of position as a legal practitioner</i>	0	0%	0	0
<i>Abusive/Rude/Threat</i>	7	7%	7	2
<i>Breach of Act, rules, court order or undertaking</i>	6	6%	3	2
<i>Communication with client - including failure to communicate</i>	5	5%	5	1
<i>Confidentiality breach</i>	0	0%	0	2
<i>Conflict of interest</i>	6	6%	1	0
<i>Costs/Bills/Fees/Overcharging</i>	10	11%	22	17
<i>Court performance</i>	2	2%	3	6
<i>Delay</i>	8	8%	7	5
<i>Dishonest/Misleading (including misleading the Court)</i>	10	11%	11	10
<i>Instructions - failure to act or to comply</i>	11	12%	13	10
<i>Instructions - acting without instructions</i>	3	3%	2	2
<i>Negligence - including poorly handling of case</i>	27	29%	21	7
<i>Trust money - including failure to account</i>	0	0%	0	0
Totals	95	100%	95	64

A complaint may include any number of allegations against a legal practitioner or law firm. If a complainant is not able to clearly describe the specific matters of complaint against a practitioner, the Board is required, under section 427 (5) of the Act, to take all reasonable steps to ensure that they are given the necessary assistance to do so.

Table 4 identifies the principal allegation for each complaint received in the reporting period. Where a complaint included more than one allegation, only the principal allegation is the one identified.

As can be seen from Table 4, allegations relating to negligence, dishonest/misleading conduct, costs, and failing to act or comply with legal instruction comprised the majority (64%) of all complaint allegations received by the Board in the reporting period.

Table 5: Area of law to which complaints related

Area of the Law	2013/14 Complaints	2013/14 %	2012/13 Complaints	2011/12 Complaints
<i>Administrative</i>	0	0%	3	4
<i>Anti-discrimination</i>	0	0%	0	0
<i>Building</i>	4	4%	0	0
<i>Commercial/Contract</i>	23	25%	20	7
<i>Commonwealth/Constitutional</i>	3	3%	0	1
<i>Conveyancing</i>	6	6%	8	8
<i>Criminal</i>	4	4%	6	4
<i>Debt collection</i>	0	0%	0	1
<i>Family/de facto</i>	29	31%	28	21
<i>Industrial relations</i>	0	0%	1	0
<i>Personal injury</i>	5	5%	3	0
<i>Probate/estate/wills</i>	19	20%	20	12
<i>Workers' compensation</i>	2	2%	2	2
<i>Restraint Orders</i>	0	0%	2	4
<i>Migration</i>	0	0%	2	0
Total	95	100%	95	64

Table 5 indicates that the area of law most often involved in complaints received by the Board in the reporting period was Family Law, which constituted nearly a third of all complaints made. This is consistent with previous reporting periods and complaint data across comparable Australian jurisdictions from previous years.

The areas of law also highly represented in the reporting period, as with previous periods, were Probate/Estate and Commercial/Contract matters.

Table 6: Complainants' profile (region & gender)

PROFILE	2013/14 No. Complainants	%	2012/13 No. Complainants	2011/12 No. Complainants
<i>Male</i>	51	54%	49	31
<i>Female</i>	41	43%	44	32
<i>Complaints made by the Board</i>	3	3%	2	1
Total	95	100%	95	64

COMPLAINTS BY REGION	2013/14 No. Complainants	%	2012/13 No. Complainants	2011/12 No. Complainants
<i>South</i>	48	50%	54	37
<i>North</i>	24	25%	24	13
<i>North West</i>	10	11%	12	8
<i>Interstate/International</i>	13	14%	5	6
Total	95	100%	95	64

Table 6 suggests a consistent regional origin of complaints received by the Board in the reporting period.

The gender profile of complainants has remained largely consistent since the Board commenced its operations in 2009.

As a result of the ever-increasing popularity of the internet, the Board is able to effectively deal with complaints made to it by people residing outside of Tasmania. In the reporting period, 13 complaints were received by the Board from either interstate or overseas complainants which was an increase in comparison to previous reporting periods.

During the investigation of a complaint, the investigator may become aware of facts which the investigator thinks may constitute unsatisfactory professional conduct or professional misconduct not already the subject of a complaint. In such a case, the investigator must refer the matter to the Board to consider whether disciplinary action should be taken. Further, circumstances may arise where a practitioner may fail to comply with a direction of the Board. In these circumstances, the Board may elect to make a complaint of its own motion.

In the reporting period, the Board initiated 3 'own motion' complaints against practitioners.

INVESTIGATIONS

Table 7: Investigations commenced and completed from 1 July 2013 to 30 June 2014

Month	Investigations Commenced 2013/14	Investigations Completed 2013/14	Investigations Commenced 2012/13	Investigations Completed 2012/13	Investigations Commenced 2011/12	Investigations Completed 2011/12
July	4	3	3	8	3	1
August	4	1	2	2	8	6
September	0	0	3	4	4	3
October	7	5	4	1	9	6
November	2	6	1	4	4	6
December	0	3	2	3	6	3
January	0	0	0	0	4	4
February	8	11	0	2	0	3
March	0	6	3	0	3	2
April	3	3	2	1	0	4
May	0	6	4	4	2	4
June	0	2	5	1	0	4
Total	28	46	29	30	43	46

A total of 28 investigations were commenced in the reporting period, or an average of 2.3 investigations commenced per calendar month.

46 investigations were completed within the reporting period. The investigation clearance rate for the reporting period was accordingly 164%. The Board therefore, in the reporting period, was able to keep pace with complaints progressing to an investigation.

Table 8: Complexity of investigations commenced

Category of Investigation	Investigation Criteria	Investigations Commenced 2013/14	%	Investigations Commenced 2012/13	Investigations Commenced 2011/12
<i>Simple</i>	Basic investigation, low volume of documentary evidence, no witness or 3rd party involvement	8	28%	5	11
<i>Intermediate</i>	Medium volume of documentary evidence, single witness or 3rd party involvement	15	54%	15	22
<i>Complex</i>	Multiple witnesses, significant volume of evidence	5	18%	6	7
<i>Very Complex</i>	High volume of evidence, multiple witnesses, interaction with commercial entities	0	0%	3	3
Total		28	100%	29	43

In general terms, the greater the complexity of the investigation, the longer period of time that is required to complete it. The length of time to complete an investigation is also dependant on such matters as the willingness of the parties to resolve the complaint via mediation (if appropriate), and the Investigations Officer's ability to readily access information held by either the practitioner or complainant.

In the reporting period to 30 June 2014, the Board classified the majority (72%) of all investigations commenced in the period as either being intermediate or complex in nature.

FINALISATIONS AND OUTCOMES

Table 9: Complaints finalised and method of finalisation from 1 July 2013 to 30 June 2014

Method of Finalisation	Relevant Section of Act	Description	Number Finalised 2013/14	% finalised compared to total finalisations	Number Finalised 2012/13
<u>Finalisations Prior To An Investigation:</u>					
<i>Summarily dismissed</i>	s.433 (1) (a)	<i>Complaint lacking in substance, vexatious, misconceived or frivolous</i>	16	15%	9
<i>Summarily dismissed</i>	s.433 (1) (e)	<i>Complaint is not one that the Board has the power to deal with</i>	5	4%	1
<i>Summarily dismissed</i>	s.433 (1) (b)	<i>Complaint made more than 6 years after the conduct is alleged to have occurred</i>	2	2%	0
<i>Summarily dismissed</i>	s.433 (2) (a)	<i>Further information not given or complaint not verified</i>	7	6%	8
<i>Summarily dismissed</i>	s.433 (3)	<i>Complaint requires no further investigation</i>	5	4%	3
<i>Withdrawal</i>	s.434	<i>Complaint withdrawn by complainant prior to an investigation</i>	30	27%	15
Sub Total			65	58%	36
<u>Finalisations Following An Investigation:</u>					
<i>Dismissed following an investigation</i>	s.451 (a)	<i>No reasonable likelihood that the practitioner will be found guilty</i>	17	15%	17
<i>Dismissed following an investigation</i>	s.433 (3)	<i>Complaint requires no further investigation</i>	0	0%	1
<i>Dismissed following an investigation</i>	s.433 (4)	<i>No public interest to continue</i>	0	0%	0
<i>Withdrawal</i>	s.434	<i>Complaint withdrawn (after mediation) following an investigation</i>	15	14%	6
Sub Total			32	29%	24

Method of Finalisation	Relevant Section of Act	Description	Number Finalised 2013/14	% finalised compared to total finalisations	Number Finalised 2012/13
<u>Finalisations Following a Hearing/Meeting of the Board:</u>					
<i>Practitioner found guilty of unsatisfactory professional conduct</i>	s.456 (7) (a)	<i>Practitioner cautioned or reprimanded</i>	0	0%	1
<i>Practitioner found guilty of unsatisfactory professional conduct</i>	s.456 (7) (ab)	<i>Practitioner required to make an apology or no further action.</i>	1	1%	1
<i>Complaint dismissed</i>	s.456 (6)	<i>Matter not substantiated</i>	1	1%	2
<i>Complaint dismissed</i>	s.454 (1)	<i>Practitioner not guilty of conduct</i>	0	0%	1
<i>Withdrawal</i>	s.434	<i>Complaint withdrawn (following mediation)</i>	0	0%	0
<i>Practitioner found guilty of unsatisfactory professional conduct</i>	s.454 (2)	<i>Practitioner admonished, fined & required to pay costs</i>	3	3%	3
Sub Total			5	5%	8
<u>Finalisations Following a Hearing of the Disciplinary Tribunal or Supreme Court:</u>					
<i>Practitioner found guilty of either unsatisfactory professional conduct or professional misconduct</i>	s.471 (c)	<i>Local practising certificate not to be granted for a specified period</i>	6	5%	0
<i>Practitioner found guilty of unsatisfactory professional conduct</i>	s.471 (e)	<i>Practitioner reprimanded</i>	1	1%	0
<i>Complaint finalised following a costs assessment in Supreme Court</i>	s.449 (1)	<i>No disciplinary finding</i>	2	2%	
Sub Total			9	8%	0
TOTAL FINALISATIONS			111	100%	68

Finalisations:

Table 9 shows that the Board finalised a total of 111 complaints for the reporting period to 30 June 2014, which was a significant increase from the previous reporting period of 43 complaints or 63%.

The majority (58%) of the Board's finalisations occurred prior to an investigation having commenced and involved complaints which were either summarily dismissed or withdrawn by the complainant following mediatory intervention by the Board.

A total of 32 complaints were finalised by the Board following an investigation which was an increase of 8 complaints or 33% from the previous reporting period of 24 complaints. As with finalisations prior to an investigation having commenced, there were a significant number of finalisations (15) following mediatory intervention by the Board.

Clearance Rate:

The Board received 95 complaints within the reporting period and finalised a total of 111 complaints to 30 June 2014. The clearance rate achieved for the reporting period was therefore 117%. The Board's backlog of complaints therefore decreased in the period.

Outcome of Disciplinary action:

The Board commenced and completed a hearing (either by way of formal hearing or procedure for less serious complaints (section 456 meeting) in relation to 5 complaints within the reporting period.

4 of the 5 complaints the Board dealt with at a hearing resulted in the practitioner being found guilty of unsatisfactory professional conduct.

Table 10: Complaints referred (or resolved to be referred) to Disciplinary Tribunal, Supreme Court or for Board Hearing/Meeting

Complaints Referred	Section of Act	Referred 2013/14	Referred 2012/13	Referred 2011/12
Board Meeting (s.456 procedure for less serious complaint)	s.450 (b)	4	4	9
Board Hearing	s.450 (a)	3	4	5
Disciplinary Tribunal	s. 450 (c) (d)	3	2	7
Supreme Court	s.450 (e)	0	1	1
Total Complaints Referred		10	11	22

At the conclusion of a complaint investigation, the Board may hold a formal hearing (s.453); deal with the complaint in accordance with s.456 (procedure for less serious complaint); make an application to either the Disciplinary Tribunal or Supreme Court for the complaint to be heard and determined; or dismiss the complaint. Table 10 shows that the Board referred, or resolved to refer for hearing, a total of 10 complaints within the reporting period.

Table II: Number of pending complaints as at 30 June 2013

Complaint Source	2013/14	2012/13
Unfinalised complaints under investigation as at 30 June 2013	32	26
Unfinalised complaints pending (not yet under investigation or awaiting hearing) as at 30 June 2013	64	43
Sub total Pending Complaints as at 30 June 2013	96	69
Complaints received 1 July 2013 to 30 June 2014	95	95
Sub total complaints for current reporting period	191	164
Finalised complaints 1 July 2013 to 30 June 2014	111	68
Balance of complaints on hand as at 30 June 2014	80	96

Table II above indicates that 80 complaints remain unfinalised as at 30 June 2014 which is a decrease of 17% from the same period last year.

Right to Information Applications & Requests:

In accordance with the reporting requirements of s.23 (c) & (d) of the *Right to Information Act 2009*, the Board received 2 applications for assessed disclosure within the reporting period both of which were accepted and dealt with to the satisfaction of the applicants.

There were no additional required or routine disclosures made by the Board within the reporting period.

PART FOUR: REPORT OF THE DISCIPLINARY TRIBUNAL

The following attached report is provided by the Disciplinary Tribunal in satisfaction of section 617 (1) of the *Legal Profession Act, 2007*.

DISCIPLINARY TRIBUNAL

ANNUAL REPORT

Legal Profession Act 2007 s.617

In respect of the financial year ended 30 June 2014, three applications were made to the Disciplinary Tribunal under s.464 of the Legal Profession Act as follows:-

- (a) Rebecca Jayne Brown – application by the Legal Profession Board of Tasmania for the hearing and determination of a complaint against the practitioner relating to alleged professional misconduct of the practitioner in connection with the need to disclose an inheritance in a Financial Statement in family law proceedings.

The application was dated 17 October 2013

The initial directions hearing took place on 27 November 2013

The matter is progressing and currently awaits production from New South Wales of the file relating to the administration of the estate from which the inheritance derived.

- (b) Jennifer Trafford – application by the Legal Profession Board of Tasmania for the hearing and determination of a complaint against the practitioner relating to alleged professional misconduct of the practitioner in failing to pay the Board's costs in relation to the complaint Murray v Trafford 1002 12.

The application was dated 4 December 2013.

Directions hearings have been held. The next is scheduled for 19 August 2014.

- (c) Richard Ruddle – application by the Legal Profession Board of Tasmania for the hearing and determination of a complaint against the practitioner relating to alleged failure to produce documents in accordance with a Notice for their production issued under s.572 of the Legal Profession Act 2007.

The application was dated 4 December 2013.

The matter is listed for hearing on 19 August 2014.

Dated the 30th day of July 2014.



.....
Ashton Denehey
Disciplinary Tribunal Chairperson

PART FIVE: REPORT OF THE PRESCRIBED AUTHORITY

The following attached report is provided by the Law Society of Tasmania in satisfaction of section 653 (3) of the *Legal Profession Act, 2007*.

Our ref:L4.2:LOR/TL

28 July 2014

Mr Frank Ederle
Executive Officer
Legal Profession Board of Tasmania
Level 3, 147 Macquarie Street
HOBART TAS 7000

Dear Mr Ederle

The Society provides the following report in satisfaction of the requirement in s653(3) of the *Legal Profession Act 2007* (the *Act*) for the period 1 July 2013 to 30 June 2014.

The Society has been the prescribed authority for purposes of the *Act* since the *Act* began on 1 January 2009. It is the prescribed authority in respect of 132 sections of the *Act*.

Practising Certificates

The following types and numbers of practising certificates were issued under the *Act* during the period 1 July 2013 to 30 June 2014:

- Principal – 195
- Employee – 250
- Barrister – 51
- Corporate – 21
- Locum – 7
- Community legal centre – 31

One application for the granting of a practising certificate was refused. That refusal is the subject of a Supreme Court appeal which is yet to be determined.

Trust Account External Examinations

As at 30 June 2014 90 external examinations had been conducted on law practices by the designated external examiner for the period ending 31 December 2013. The remaining 28 examinations are to be completed by 31 July 2014. 16 firms did not operate trust accounts or were exempt from an examination.

Appointment of Supervisor of Trust Money

There were no appointments for this period.


Appointment of an Investigator

In April 2013 Mr Ross Byrne provided a report as Investigator of the law practice O'Rourke & Kelly pursuant to s260 of the *Act*. That report proved to be Mr Bryne's final report and his appointment as Investigator has therefore ceased.

Appointment of Manager

Mr Graeme Bradfield was appointed as Manager of the firm Peter Thiessen and Associates for the period 1 October 2013 to 28 February 2014 consequent upon the death of Mr Thiessen.

Yours sincerely



LUKE RHEINBERGER
EXECUTIVE DIRECTOR

**PART SIX: INDEPENDENT AUDIT REPORT AND
FINANCIAL STATEMENTS AS AT 30 JUNE 2014**

The independent audit report and financial statements is attached in satisfaction of section 601 of the *Legal Profession Act*, 2007.



Tasmanian Audit Office

Independent Auditor's Report

To Members of the Tasmanian Parliament

Legal Profession Board of Tasmania

Financial Report for the Year Ended 30 June 2014

Report on the Financial Report

I have audited the accompanying financial report of Legal Profession Board of Tasmania (the Board), which comprises the statement of financial position as at 30 June 2014 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement of compliance by the Chairperson of the Board and Chief Executive Officer.

Auditor's Opinion

In my opinion the Board's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2014, and its financial performance, cash flows and changes in equity for the year then ended
- (b) is in accordance with the *Financial Management and Audit Act 1990* and Australian Accounting Standards.

The Responsibility of the Board for the Financial Report

The Board is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Section 27(1) of *Financial Management and Audit Act 1990*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

...1 of 2

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

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

Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

Tasmanian Audit Office



H M Blake
Auditor-General

Hobart
20 August 2014

Legal Profession Board of Tasmania

Financial Statements 2013-14

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Statement by Chairman and Executive Officer


The accompanying Financial Statements of the Legal Profession Board of Tasmania are in agreement with the relevant accounts and records and have been prepared in compliance with Treasurer's Instructions issued under the provision of the *Financial Management and Audit Act 1990* and Section 599 of the *Legal Profession Act 2007* to present fairly the financial transactions for the period ended 30 June 2014 and the financial position as at the end of the year.

At the date of signing, we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

Date this 14th day of August 2014



Keyran Pitt QC
CHAIRPERSON



Frank Ederle
CHIEF EXECUTIVE OFFICER

Statement of Comprehensive Income for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Revenue and other income from transactions			
Revenue from Solicitor's Guarantee Fund	1.5(a), 3.1	697	1 042
Other revenue	1.5(b), 3.2	22	29
Total revenue and other income from transactions		719	1 071
Expenses from transactions			
Employee benefits	1.6(a), 4.1	554	607
Depreciation and amortisation	1.6(e), 4.2	20	29
Supplies and consumables	1.6(d), 4.3	316	264
Other expenses	1.6(d), 4.4	19	19
Total expenses from transactions		909	919
Net result from transactions		(190)	152
Comprehensive result		(190)	152

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Assets			
<i>Financial Assets</i>			
Cash and cash equivalents	1.7(a), 7.1	286	452
Receivables	1.7(b), 5.1	7	4
<i>Total Financial Assets</i>		293	456
<i>Non-financial Assets</i>			
Office improvements, plant and equipment	1.7(d), 5.3	-	20
Intangible assets	1.7(c), 5.2	-	-
<i>Total Non-financial Assets</i>		-	20
Total assets		293	476
Liabilities			
Payables	1.8(a), 6.1	11	10
Employee benefits	1.8(b), 6.2	142	136
Total liabilities		153	146
Net assets		140	330
Equity			
Accumulated funds		140	330
Total equity		140	330

This Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Cash inflows			
Solicitor's Guarantee Fund Receipts		697	1 042
GST Receipts		28	28
Other cash receipts		22	29
Total cash inflows		747	1 099
Cash outflows			
Employee benefits		(548)	(541)
GST payments		(31)	(27)
Supplies and consumables		(315)	(268)
Other expenses		(19)	(19)
Total cash outflows		(913)	(855)
Net cash generated from (used in) operating activities	7.2	(166)	244
Net increase (decrease) in cash and cash equivalents held		(166)	244
Cash and deposits at the beginning of the reporting period		452	208
Cash and deposits at the end of the reporting period	7.1	286	452

This Statement of Cash Flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 30 June 2014

	Accumulated surplus / deficit	Total equity
	\$'000	\$'000
Balance as at 1 July 2013	330	330
Total comprehensive result	(190)	(190)
Total	(190)	(190)
Balance as at 30 June 2014	140	140

	Accumulated surplus / deficit	Total equity
	\$'000	\$'000
Balance as at 1 July 2012	178	178
Total comprehensive result	152	152
Total	152	152
Balance as at 30 June 2013	330	330

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

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Note 1 Significant Accounting Policies

1.1 Objectives and Funding

The Legal Profession Board of Tasmania (the Board) is an independent statutory body whose purpose is to:

- Protect consumers of legal services within Tasmania against unsatisfactory professional conduct and professional misconduct of legal practitioners;
- Promote and enforce the application of professional standards, competence and honesty within the legal profession in Tasmania; and
- Provide an effective and efficient redress mechanism for persons unhappy with the conduct of Australian legal practitioners in Tasmania.

The Legal Profession Act 2007 (the Act) received Royal Assent on 15 August 2007 and the Board commenced operations on 31 December 2008. The Board consists of six Board Members appointed by the Governor of Tasmania for a term of five years. Pursuant to section 589 of the Act, the Board is established as a body corporate with perpetual succession. The functions of the Board were in part previously performed by the Law Society of Tasmania and the Legal Ombudsman.

Pursuant to section 359 of the Act, the Board is to submit to the Minister an application for funding by 30 April in each year. The Minister approves an amount to be paid from the Solicitors' Guarantee Fund and directs the Solicitors' Trust to pay the approved amount from the Fund to the Board.

1.2 Basis of Accounting

The Financial Statements are a general purpose financial report and have been prepared in accordance with the Australian Accounting Standards (AAS) and Australian Accounting Interpretations issued by the Australian Accounting Standards Board (AASB).

While the Board is not bound by the *Financial Management and Audit Act 1990*, it has elected to prepare these financial statements in accordance with the Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990*.

The financial statements were signed by the Chairman and the Chief Executive Officer on 14 August 2014.

Compliance with the AAS may not result in compliance with International Financial Reporting Standards (IFRS), as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. The Board is considered to be not-for-profit and has adopted some accounting policies under the AAS that do not comply with IFRS.

The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention.

1.3 Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the Board's functional currency.

1.4 Changes in Accounting Policies

(a) Impact of new and revised Accounting Standards

In the current year, the Board has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. These include:

- AASB 119 *Employee Benefits* (2011-10 Amendments to Australian Accounting Standards arising from AASB 119) – This Standard supersedes AASB 119 *Employee Benefits*, introducing a number of changes to accounting treatments. The Standard was issued in September 2013. There is no material financial impact.
- 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132] – This Standard makes amendments to AASB 7 and

AASB 132 as a consequence of the issuance of amendments to IFRS 7 by the International Accounting Standards Board in December 2011. There is no financial impact.

- 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 2011-8] – This Standard makes amendments to various standards as a consequence of the issuance of International Financial Reporting Standard Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7) by the International Accounting Standards Board in December 2011. There is no financial impact.
- AASB 2013-2 Amendments to Australian Accounting Standards - Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132] – This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There is no financial impact.

(b) Impact of new and revised Accounting Standards yet to be applied

The following new standards relevant to the Board have been issued by the AASB and are yet to be applied:

- AASB 9 *Financial Instruments* – This Standard supersedes AASB 139 *Financial Instruments: recognition and Measurement*, introducing a number of changes to accounting treatments. The Standard was reissued in December 2010. The Standard was issued in August 2011 and is available from 1 January 2017 for application by not-for-profit entities. The application or potential impact of the Standard has not yet been determined.
- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]* – This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. There will be no financial impact.
- AASB 2013-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]* – This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There will be no financial impact.

1.5 Income from Transactions

Income is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

(a) Revenue from Solicitor's Guarantee Fund

Funding from the Solicitor's Guarantee Fund is recognised in accordance with AASB 1004 *Contributions* whereby 'non-reciprocal' contributions are recognised as revenue when the funds are received or receivable.

(b) Other Revenue

Revenue from other sources is recognised when the Board gains control of the funds and it is probable that the inflow of funds has occurred and can be reliably measured.

1.6 Expenses from Transactions

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

(a) Employee Benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

(b) Impairment – Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that there are any financial assets that are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss, in respect of a financial asset measured at amortised cost, is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in the Statement of Comprehensive Income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(c) Impairment – Non-financial Assets

All non-financial assets are assessed to determine whether any impairment exists. Impairment exists when the recoverable amount of an asset is less than its carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use. The Board's assets are not used for the purpose of generating cash flows, therefore value in use is based on depreciated replacement cost where the asset would be replaced if deprived of it.

All impairment losses are recognised in Statement of Comprehensive Income. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(d) Other Expenses and Supplies and Consumables

Other expenses from ordinary activities, supplies and consumables are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction of assets or an increase in liabilities has occurred and can be reliably measured.

(e) Depreciation and Amortisation

All applicable non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential.

Depreciation is provided for on a straight line basis, using rates which are reviewed annually. Major depreciation rates are as follows:

Plant & equipment: 20%

Office improvements: 20%

All intangible assets having a limited useful life are systematically amortised over their useful lives reflecting the pattern in which the asset's future economic benefits are expected to be consumed by the Board.

Major amortisation rates are:

Software: 25%

1.7 Assets

Assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the Board and the asset has a cost or value that can be measured reliably.

(a) Cash and Cash Equivalents

Cash means notes, coins, any deposits held at call with a bank or financial institution. Deposits are recognised at amortised cost, being their face value.

(b) Receivables

Receivables are recognised at amortised cost, less any impairment losses, however, due to the short settlement period, receivables are not discounted back to their present value.

(c) Intangible Assets

An intangible asset is recognised where:

- it is probable that an expected future benefit attributable to the asset will flow to the Board; and
- the cost of the asset can be reliably measured.

Intangible assets held by the Board are valued at fair value less any subsequent accumulated amortisation and any subsequent accumulated impairment losses where an active market exists. Where no active market exists, intangibles are valued at cost less any accumulated amortisation and any accumulated impairment losses.

(d) Office Improvements, Plant and Equipment

(i) Valuation basis

Office improvements, plant and equipment is valued at historic cost less accumulated depreciation and accumulated impairment losses (where relevant).

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of office improvements, plant and equipment have different useful lives, they are accounted for as separate items (major components) of office improvements, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of office improvements, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Board and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of office improvements, plant and equipment are recognised in profit or loss as incurred.

(iii) Asset recognition threshold

The asset capitalisation threshold adopted by the Board is \$4,000. Assets valued at less than \$4,000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

1.8 Liabilities

Liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

(a) Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Board becomes obliged to make future payments as a result of a purchase of assets or services.

(b) Employee Benefits

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other employee entitlements are measured as the present value of the benefit at 30 June 2012, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

(c) Superannuation

The Board does not recognise a liability for the accruing superannuation benefits of Board employees. This liability is held centrally and is recognised within the Finance-General Division of the Department of Treasury and Finance.

1.9 Leases

The Board has entered into a number of operating lease agreements for property, plant and equipment, where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments are charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

1.10 Judgements and Assumptions

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

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

Judgements made by the Board that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements. The only judgements to have a significant effect on the Financial Statements made by the Department relate to:

- provisions for employee benefits as detailed in Note 1.8(b);
- depreciation and amortisation rates are detailed in Note 1.6(e).

1.11 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. Where the result of expressing amounts to the nearest thousand dollars would result in an amount of zero, the financial statement will contain a note expressing the amount to the nearest whole dollar.

1.12 Taxation

The Board is exempt from all forms of taxation except Fringe Benefits Tax and GST. All taxation issues are managed by the Department of Justice on the Board's behalf.

1.13 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office. Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the ATO is recognised as an asset or liability within the Statement of Financial Position.

In the Statement of Cash Flows, the GST component of cash flows arising from operating, investing or financing activities which is recoverable from, or payable to, the Australian Taxation Office is, in accordance with the Australian Accounting Standards, classified as operating cash flows.

Note 2 Events Occurring After Balance Date

Subsequent to an unsuccessful prosecution of a legal practitioner, the Board has had a cost Order made against it by the Disciplinary Tribunal, dated 29 July 2014. The quantum of those costs has not, as yet, been finally determined and may amount to a sum of \$50,000. The Board has resolved to file a Notice of Appeal in respect to the Disciplinary Tribunal's Decision with the Supreme Court. The outcome of that Appeal, and, whether or not the Board will be required to meet the cost Order will not be known until well into the financial period 2014-15.

Note 3 Income from Transactions

3.1 Solicitor's Guarantee Fund

	2014	2013
	\$'000	\$'000
Solicitor's Guarantee Fund Revenue	697	1 042
Total revenue from Solicitor's Guarantee Fund	697	1 042

3.2 Other Revenue

	2014	2013
	\$'000	\$'000
Interest Revenue	9	10
Other Revenue	13	19
Total	22	29

Note 4 Expenses from Transactions

4.1 Employee Benefits

	2014	2013
	\$'000	\$'000
Wages and salaries (Staff)	409	474
Wages and salaries (Board members)	83	77
Superannuation – defined contribution scheme	29	31
Superannuation – defined benefit scheme	21	17
Other employee expenses	12	8
Total	554	607

As the Board has staff on defined benefits superannuation schemes, superannuation expenses relating to those defined benefits schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The employer contribution at 30 June 2014 is 12.5 per cent of salary (12.5 per cent at 30 June 2013). During 2012-13 the Australian Government introduced a phased increase in the superannuation guarantee rate from 9 per cent to 12 per cent over the seven years ending 2019-20. This results in the Department's employer contribution rising to 13.0 per cent from 1 July 2014, and increasing 0.5 per cent per annum through to 15.5 per cent from 1 July 2019.

Superannuation expenses relating to defined contribution schemes are paid directly to the relevant superannuation fund at a rate of 9.25 per cent of salary.

4.2 Depreciation and Amortisation

	2014	2013
	\$'000	\$'000
Depreciation – office improvements and plant and equipment	20	28
Amortisation – software	-	1
Total	20	29

4.3 Supplies and Consumables

	2014	2013
	\$'000	\$'000
Audit fees	3	12
Operating leases	77	77
Consultants	130	62
Property expenses	32	33
Communications	9	9
Information technology	45	44
Travel and transport	4	5
Plant and Equipment	5	6
Other supplies and consumables	11	16
Total	316	264

4.4 Other Expenses

	2014	2013
	\$'000	\$'000
Legal costs	-	-
Other Expenses	19	19
Total	19	19

Note 5 Assets

5.1 Receivables

	2014	2013
	\$'000	\$'000
GST Receivables	7	4
Total	7	4
Settled within 12 months	7	4
Total	7	4

5.2 Intangible Assets

	2014	2013
	\$'000	\$'000
Intangible assets		
Cost – case management system	-	4
Less Accumulated Amortisation	-	(4)
Total	<u>-</u>	<u>-</u>

Note: During 2012-13 the case management system was fully amortised.

(a) Reconciliation of Movements

	2014	2013
	\$'000	\$'000
Carrying amount at 1 July	<u>-</u>	<u>1</u>
Amortisation expense	-	(1)
Carrying amount at 30 June	<u>-</u>	<u>-</u>

5.3 Office Improvements, Plant and Equipment

(a) Carrying amount

	2014	2013
	\$'000	\$'000
Office improvements		
At cost	85	85
Less: Accumulated depreciation	(85)	(69)
Total	<u>-</u>	<u>16</u>
Plant and equipment		
At cost	42	42
Less: Accumulated depreciation	(42)	(38)
Total	<u>-</u>	<u>4</u>
Total office improvements, plant and equipment	<u>-</u>	<u>20</u>

(b) Reconciliation of Movements

Reconciliations of the carrying amounts of each class of Office improvements, plant and equipment are set out below. Carrying value means the net amount after deducting accumulated depreciation.

2014	Office improvements \$'000	Plant & equipment \$'000	Total \$'000
Carrying value at beginning of the period	15	5	20
Depreciation	(15)	(5)	20
Carrying value at 30 June	-	-	-

2013	Office improvements \$'000	Plant & equipment \$'000	Total \$'000
Carrying value at beginning of the period	35	13	48
Depreciation	(20)	(8)	28
Carrying value at 30 June	15	5	20

Note 6 Liabilities

6.1 Payables

	2014 \$'000	2013 \$'000
Other accrued expenses	11	10
Total	11	10
Settled within 12 months	11	10
Total	11	10

Settlement is usually made within 30 days.

6.2 Employee Benefits

	2014	2013
	\$'000	\$'000
Accrued salaries	24	15
Annual leave	48	62
Long service leave	70	59
Total	142	136
Settled within 12 months	55	53
Settled in more than 12 months	87	83
Total	142	136

Note 7 Cash Flow Reconciliation

7.1 Cash and Cash Equivalents

	2014	2013
	\$'000	\$'000
Operating Account	286	452
Total cash and cash equivalents	286	452

7.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2014	2013
	\$'000	\$'000
Net result	(190)	152
Non-cash items		
Depreciation and amortisation	20	29
Movements in operating assets		
(Increase) / Decrease in Receivables	(3)	-
Increase / (Decrease) in Employee benefits	6	67
Increase / (Decrease) in Payables	1	(4)
Net cash generated from operating activities	(166)	244

Note 8 Financial Instruments

8.1 Risk Exposures

(a) Risk Management Policies

The Board has exposure to the following risks from its use of financial instruments:

- liquidity risk; and
- market risk.

The Chairman has overall responsibility for the establishment and oversight of the Board's risk management framework. Risk management policies are established to identify and analyse risks faced by the Board, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Board's funding is legislated and therefore the Board does not have any material exposure to credit risk. The Board currently has no material exposure to market risks.

(b) Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Liabilities		
Payables	Payables are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Board becomes obliged to make future payments as a result of a purchase of assets or services.	Payables, including goods received and services incurred but not yet invoiced arise when the Board becomes obliged to make future payments as a result of a purchase of assets or services. The Board's terms of trade are 30 days.

Monitoring of expenditure against budget is undertaken by the Board on an ongoing basis.

The following tables detail the undiscounted cash flows payable by the Board by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position:

2014

	Maturity analysis for financial liabilities		
	1 Year	Undiscounted Total	Carrying Amount
Financial liabilities			
Payables	11	11	11
Total	11	11	11

2013

	Maturity analysis for financial liabilities		
	1 Year	Undiscounted Total	Carrying Amount
Financial liabilities			
Payables	10	10	10
Total	10	10	10

(c) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk that the Board is exposed to is interest rate risk.

The Board's exposure to interest rate risk is considered to be minimal. All of the Board's interest bearing financial instruments are managed by the Westpac Bank.

At the reporting date the interest rate profile of the Board's interest bearing financial instruments was:

	2014 \$'000	2013 \$'000
Variable rate instruments		
<i>Financial assets</i>		
Cash and cash equivalents	286	452
Total	286	452

Changes in variable rates of 100 basis points at reporting date would have the following effect on the Board's profit or loss and equity:

	Statement of Comprehensive Income		Equity	
	100 basis points increase \$'000	100 basis points decrease \$'000	100 basis points increase \$'000	100 basis points decrease \$'000
30 June 2014				
Cash in Special Deposits and Trust Fund	3	(3)	3	(3)
Net sensitivity	3	(3)	3	(3)
30 June 2013				
Cash in Special Deposits and Trust Fund	5	(5)	5	(5)
Net sensitivity	5	(5)	5	(5)

8.2 Categories of Financial Assets and Liabilities

	2014 \$'000	2013 \$'000
Financial assets		
Cash and cash equivalents	286	452
Receivables	7	4
Total	293	456
Financial Liabilities		
Financial liabilities measured at amortised cost	11	10
Total	11	10

8.3 Comparison between Carrying Amount and Net Fair Value of Financial Assets and Liabilities

	Carrying Amount 2014 \$'000	Net Fair Value 2014 \$'000	Carrying Amount 2013 \$'000	Net Fair Value 2013 \$'000
Financial assets				
Cash and cash equivalents	286	286	452	452
Receivables	7	7	4	4
Total financial assets	293	293	456	456
Financial liabilities				
Payables	11	11	10	10
Total financial liabilities	11	11	10	10

The Board does not have any financial assets or financial liabilities carried at fair value through the profit and loss or any available for sale financial assets.

8.4 Net Fair Value of Financial Assets and Liabilities

Financial Assets

The net fair values of Cash and cash equivalents and Receivables approximate their carrying amounts as this is the amount the Board expects to be able to settle on these items.

Financial Liabilities

The net fair values for Payables and Other accrued expenses approximate their carrying amounts as this is the amount the Board expects to be able to settle on these items.

Note 9 Schedule of Commitments

	2014	2013
	\$'000	\$'000
By type		
<i>Lease Commitments</i>		
Operating leases	390	342
<i>Total lease commitments</i>	390	342
By maturity		
<i>Operating lease commitments</i>		
One year or less	89	66
From one to five years	301	258
Greater than five years	-	18
<i>Total operating lease commitments</i>	390	342

The Operating Lease commitments include buildings, motor vehicles and information technology equipment leases. All amounts shown are inclusive of GST.