



Attorney-General

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20 JUN 2016

Our ref: CD/16/242643

Ms Fiona Bennett
Chair, Victorian Legal Services Board
Level 5, 555 Bourke Street
Melbourne VIC 3000

Mr Michael McGarvie
Victorian Legal Services Commissioner
Level 5, 555 Bourke Street
Melbourne VIC 3000

Fiona Michael

Dear Ms ~~Bennett~~ and Mr ~~McGarvie~~

I am pleased to provide you with this Statement of Expectations (SOE) for the Victorian Legal Services Board and Commissioner (the VLSBC). This SOE applies for the period 1 July 2016 to 30 June 2017, or until otherwise amended.

Improving the administration and enforcement of regulation

This SOE sets out my expectations of the VLSBC's contribution to the Government's Regulation Reform Program to reduce red tape and improve regulatory practices.

This SOE outlines key governance and performance objectives and targets aimed at promoting greater efficiency and effectiveness in the administration and enforcement of regulation and thus reducing its cost impact on businesses, not-for-profit organisations, government service providers and households.

As Attorney-General, I am responsible for administering the *Legal Profession Uniform Law Application Act 2014* (the Act). This SOE should be read within the context of the objectives, obligations and functions outlined in the Act.

You will be aware that the VLSBC did not participate in the Stage 2 SOE process that otherwise applied to Victorian business regulators from 2014, owing to the transition from the former legal profession regulatory regime to the Act. With the commencement of the Act on 1 July 2015, it is timely that I issue this SOE for your attention in the forthcoming financial year.

Improvements and targets

Based on consultation between the Department of Justice & Regulation and the VLSBC, I have identified some key areas of governance and operational performance where there are opportunities for the VLSBC to make improvements that would reduce cost impacts on business.

The VLSBC is expected to identify activities it will undertake to achieve the following performance improvements and targets:

Risk-based strategies

To improve regulatory outcomes by more strategically focusing on activities where the risks are the greatest, I expect the VLSBC to continue to identify risks and to tailor its regulatory activities accordingly.

Improvement	Target
Identify and map risk 'hotspots' in the legal profession, to better understand the risk factors behind those 'hotspots' and to efficiently identify lawyers who may be at risk of performance or conduct issues.	Complete identification and analysis by end 2016-17

Compliance related assistance and advice

I expect the VLSBC to provide accessible information associated with new regulatory requirements established by the Legal Profession Uniform Law, particularly to assist small businesses with compliance obligations.

Improvement	Target
Provide assistance and advice to partnerships of Australian-registered foreign lawyers on how to comply with recent changes to regulatory requirements.	31 December 2016

Clear and consistent regulatory activities

I expect the VLSBC to work with its inter-jurisdictional regulatory partners in the Legal Profession Uniform Law scheme to develop consistent practices and procedures, which will facilitate cross-border transactions and movement.

Improvement	Target
Adopt a uniform form to ensure that written reports given by external examiners in relation to the annual examinations of law practices' trust accounts are produced in a clearer and more risk-based and consistent way across Victoria and NSW.	31 March 2017

Stakeholder consultation and engagement

I expect the VLSBC to adopt effective stakeholder consultation and engagement strategies, which demonstrate that stakeholder feedback informs regulatory decision-making.

Improvement	Target
Conduct stakeholder consultation, above the statutory minimum requirement, to inform an assessment of the impact of practising certificate fee changes on small law practices.	Consultation, including publication of a Regulatory Impact Statement, to inform new fees regulations to commence on 1 July 2017

In developing actions to achieve these improvements and targets, the VLSBC is expected to consult with business and the broader community as appropriate.

Reporting

Reporting on your progress to achieve these SOE performance targets should be undertaken in the context of annual financial reporting to avoid dual reporting streams. As part of annual reporting, regulators are expected to report on:

- current baseline levels for performance targets set in this SOE; and
- activities to be undertaken to reach the performance targets and improvements set out in this SOE.

I also expect that these SOE performance targets will be incorporated into the VLSBC's Corporate Plan, and that this SOE will be published on the VLSBC website upon receipt.

I look forward to seeing the VLSBC continuously working towards achieving best practice in the administration and enforcement of regulation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Martin Pakula', written in a cursive style.

THE HON MARTIN PAKULA MP
Attorney-General