

THE LAW SOCIETY OF NEW SOUTH WALES  
2005 ANNUAL REPORT



**The Law Society**  
of New South Wales

#### THE COVER

*The Law Society's See a Solicitor brochure series was redesigned in 2004/2005, and a new title on powers of attorney, entitled *Planning ahead?*, was added to the catalogue. The See a Solicitor brochures provide an easy way for clients to understand more about the law and how solicitors can help them.*

*Titles in the series are:*

- *Buying or selling a home?*
- *Should I make a will?*
- *Going into business?*
- *Marriage breaking down?*
- *What about the children?*
- *What is a contract?*
- *Problems with debt?*
- *De facto relationships?*
- *Executor of a deceased estate?*
- *Problems with your neighbours?*
- *Injured on the road?*
- *Injured at work?*
- *Planning your retirement?*
- *Buying a strata unit?*
- *Under arrest?*
- *What is mediation?*

*Visit the Law Society Shop at [www.lawsociety.com.au/eshop](http://www.lawsociety.com.au/eshop)*

*Design: Business Identity Design  
Illustrations: Nigel Buchanan*

## CONTENTS

### PAGE

|    |  |
|----|--|
| 4  | Law Society Councillors                                      |
| 5  | Vision and Mission Statement                                 |
| 7  | President's Report   |
| 12 | Major Law Reform Submissions                                 |
| 15 | Chief Executive Officer's Report                             |
| 16 | Four-year Business Strategy for 2004–2007                    |
| 20 | New South Wales Young Lawyers' Report                        |
| 22 | LawCover Report  |
| 24 | College of Law Report  |
| 26 | Corporate Governance Statement                               |
| 28 | Treasurer's Report   |
| 31 | The Law Society of New South Wales Concise Financial Reports |
| 48 | Public Purpose Fund  |

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The financial statements and specific disclosures included in the concise financial report have been derived from the Law Society of New South Wales 2005 full financial report.

A copy of the Law Society of New South Wales 2005 full financial report is available to all members and will be sent without charge upon request by phoning 9926 0378, or accessed on the web at [www.lawsociety.com.au](http://www.lawsociety.com.au).

The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Law Society of New South Wales as the 2005 full financial report.



**The Law Society  
of New South Wales**

## LAW SOCIETY COUNCILLORS

as at 30 June 2005



**JOHN McINTYRE**

President  
Chair of Property Law Committee,  
Member of Membership Committee;  
Member of LawCover Board.



**JUNE McPHIE**

Senior Vice-President  
Chair of Disclosure, Professional Conduct,  
and Rural Issues Committees;  
Chair of College of Law Board.



**PETER JOHNSTONE**

Junior Vice-President  
Chair of Audit and Litigation Law  
and Practice Committees;  
Member of Corporate Lawyers and  
Professional Conduct Committees.



**GEOFFREY DUNLEVY**

Treasurer  
Chair of Finance Committee and  
Professional Conduct Sub-Committee;  
Member of Audit, Criminal Law and  
Family Issues Committees.



**GORDON SALIER**

Immediate Past President  
Chair of Costs Working Group,  
Elder Law Committee,  
Membership Committee and  
Rules Working Group.



**TIM ABBOTT**

Member of Fidelity Fund Management,  
Injury Compensation, and Professional  
Conduct Committees.



**ROBERT BRYDEN**

Member of Audit, Fidelity Fund  
Management, and Injury Compensation  
Committees.



**KIM CULL**

Chair of Government Solicitors Committee;  
Member of Membership Committee;  
Deputy Chair of LawCover Board.



**GERALDINE DALEY**

Chair of Ethics Committee;  
Member of Alternative Dispute Resolution,  
Government Solicitors and  
Injury Compensation Committees;  
Chair of Specialist Accreditation Board.



**TONY DE GOVRIK**

Chair of Business Law and Corporate  
Lawyers Committees; Member of Audit  
and Professional Conduct Committees.



**JOHN DOBSON**

Chair of Alternative Dispute Resolution  
and Legal Technology Committees;  
Member of Professional Conduct  
Committee.



**JOHN EADES**

Chair of Family Issues and Fidelity Fund Management Committees; Member of Finance Committee.



**TERRY STERN**

Chair of Defamation Taskforce and Injury Compensation Committee; Member of Costs Working Group, and Ethics and Human Rights Committees.



**ROSLYN EVERETT**

Member of Finance, Licensing and Injury Compensation Committees.



**PENELOPE WATERS**

Member of Disclosure, Ethics, and Government Solicitors Committees.



**NEA GOODMAN**



**PAULINE WRIGHT**

Chair of Criminal Law, and Environmental Planning and Development Law Committees; Member of Professional Conduct Committee.



**SHAUNA JARRETT**

Chair of Human Rights Committee; Member of Audit, Disclosure and Property Law Committees.



**CHARLES XUEREB**

Chair of Office of State Revenue/Law Society Liaison Committee; Member of Legal Technology, Membership and Property Law Committees.



**HUGH MACKEN**

Chair of Licensing Committee; Deputy Chair of Workplace Committee; Member of Litigation Law and Practice, and Professional Conduct Committees.



**MARY SNELL**

Member of Fidelity Fund Management, Professional Conduct, and Rural Issues Committees.

## VISION

- Leadership of the profession
- Service to members
- A just legal system

## MISSION

- Activities and services determined by the needs and welfare of members
- A profession effectively represented at government and community levels
- A competitive national profession
- A community served by ethical, competent and independent legal practitioners
- A community with reasonable and affordable access to justice
- Ongoing reform of the law and the legal system



**The Law Society  
of New South Wales**



## PRESIDENT'S REPORT

from JOHN McINTYRE

It is both an honour and a pleasure to serve as the President of the Law Society of NSW in 2005 and to deliver to members the Annual Report. All Presidents of the Law Society face challenges, and this year has been no different. Many of the challenges that face us are new, others are constantly with us, and some come and go like the tide.

### Legal Profession Act

The commencement of the *Legal Profession Act 2004*, which will have taken place by the time you read this report, will be regarded as a significant milestone in the history of the solicitors in this state. It will constitute a large building block towards a truly national legal profession in Australia.

This landmark legislation is a product of the National Model Laws Project instigated by NSW and developed through the Standing Committee of Attorneys General (SCAG) working in partnership with the Law Council of Australia and its other constituent bodies.

The project produced a Model National Bill aimed at providing consistent state and territory laws regulating legal practice throughout Australia. Once all states and territories have passed corresponding legislation, solicitors will only need to be admitted once and hold one practising certificate. Solicitors who have offices and clients in more than one state or territory will then be able to practise more easily in all jurisdictions across the country.

Having been the first to adopt and promote the initiatives on which the national legislation is modelled, the Law Society can justly claim to be one of the most innovative and progressive law societies in the common law world. Much credit for this achievement must be given to the foresight of our late Councillor Philip King, and to the concerted efforts and expertise of our CEO, Mark Richardson, the Secretary, Charles Cawley, and the Manager, Professional Standards Department, Ray Collins. NSW solicitors owe them all a debt of gratitude.

The task of achieving a national profession with consistency of regulation across all jurisdictions is, however, unfinished business. Speaking in Parliament in the Second Reading Speech to the *Legal Profession Amendment Act 2005*, our Attorney General, the Hon Bob Debus MP, acknowledged that the legislation was a work in progress. The questions of what constitutes "legal services" and which legal service providers are regulated by the legislation remain moot. One unresolved

big-picture item that will need ongoing effort and cooperation concerns a national standard for compulsory professional indemnity insurance arrangements. In legislation of such magnitude and complexity, teething problems are likely, and they will require a commitment by government to respond quickly when they arise.

To be truly effective, the national profession project must be implemented across all states and territories as soon as possible. In addition, the project participants must commit to eradicating from their legislation differing provisions introduced as a result of parochial considerations. The classic example of this is the prohibition on an uplift fee in litigation conducted on a contingency basis contained in the *Legal Profession Act 2004* but not in the National Model legislation.

### Defamation

Another area of the law which is receiving national focus is defamation. Differences between states in this area have long been recognised as anachronistic when looked at in the context of modern communications, including the internet.

In recognition of the complexity of the issues and the diversity of opinion in the area, the Law Society convened a special taskforce to prepare a detailed submission to government. I am grateful to all those who served on the taskforce and record my recognition for the high quality of its submission.

### Uniform Civil Procedures

Since 1990, the Law Society has vigorously supported the introduction of uniform civil procedures in NSW, with limited success until recent times.

In 2002 a Public Accounts Committee's report on court waiting times recommended the establishment of a working party to rationalise and simplify civil procedures in the state, and the Law Society representatives who appeared before it, former President, the late Nicholas Meagher, and councillor and Chair of the Litigation Law and Practice Committee, now Junior Vice-President, Peter Johnstone, strongly advocated the introduction of uniform civil procedures.

A working party under the chairmanship of The Hon Mr Justice Hamilton was set up by the Attorney General's Department for this purpose. The Law Society was again represented by Peter Johnstone. The aim was to consolidate provisions for civil procedures in a single Act and to develop a common set of rules, simplified where

## PRESIDENT'S REPORT

possible, but without radical changes in substance or in form. The Law Society's Litigation Law and Practice Committee made numerous submissions to the working party and was closely involved in the reform process.

The Society is very pleased that the project has been completed and that uniform procedures and forms are now in operation in the Supreme, District and Local Courts. It is hoped that the new procedures will contribute to a substantial reduction in the cost of litigation.

### Personal injury compensation

The debate over the impact of changes made in this state to personal injury compensation legislation has continued throughout the year. A welcome development was the decision to have the General Purpose Standing Committee No.1 of the Legislative Council conduct an inquiry to examine the changes in the light of concerns expressed about high public liability insurance premiums. The inquiry has been wide ranging and received in excess of 60 submissions. The Committee conducted public hearings over a number of days and also took evidence in regional locations.

As well as making a detailed submission, the Law Society gave evidence to the inquiry on 20 June 2005. I was joined in that effort by the CEO Mark Richardson, Councillor Robert Bryden, and Brian Moroney, a member of the Society's Injury Compensation Committee. Subsequently, a supplementary detailed submission to the inquiry highlighted the unfairness and inconsistency of the current injury compensation laws in NSW and the failure of insurers to deliver reduced premiums, despite lower claims payments and increased profits. The Society also drew attention to increases in claims reserves made by a number of major insurers, raising their probability of adequacy to historical highs. Most likely, much of these reserves will, in the fullness of time, be drawn down as profit.

During its appearance before the General Purpose Standing Committee, the Law Society was able to respond to evidence given on behalf of the major insurers, and make comment on the actuarial report on insurer profitability commissioned by the Law Council of Australia.

The report gave considerable support to the view that while insurer profitability had increased in the wake of tort law changes, insurers were taking significantly higher profits, rather than passing on the so-called benefits of the changes by way of substantially reduced premiums.

The actuary's research concluded that the insurers' profits and capital reserves appeared to be high enough to afford increases in the level of compensation paid to injured persons.

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The report of the Upper House inquiry is expected to be released before the end of 2005. Its findings are likely to be the catalyst for much greater public debate about this issue.

### Vendor duty

This taxation measure, which has now been consigned to the history books, will be recorded as one of the most curious budget decisions ever taken in this state. Not only was it a taxation measure with precedent in only one other jurisdiction, Mauritius, the amount which government expected to collect from it was significantly overestimated. It also represented a major administrative change from imposing stamp duty on almost all transactions within a particular category to a regime that was subject to such a wide range of exemptions that the taxation measure in fact only applied to approximately 20 per cent of the class of transactions. The additional administrative burden imposed on participants in the conveyancing process, including the Office of State Revenue and Land and Property Information, was unprecedented. Very early in my presidency, I called on the State Government to abolish the tax. That call was echoed by others, including the Real Estate Institute of NSW, and the Property Council of Australia, albeit for different reasons.

The early decision by the Premier, the Hon Morris Iemma MP, to scrap vendor duty was welcomed by the Law Society. At the same time we called on the Government to take an extra step and exempt all contracts that had been exchanged but not yet settled at the time of the announcement. Regrettably that step was not taken.

### Compensation for asbestos victims

During the year, it was discovered that the fund created by James Hardie to meet outstanding asbestos claims was grossly under-provisioned and pressure was applied to the company to redress the situation. Attempts were made to deflect criticism and the resulting public

## WHY BEING A MEMBER MAKES GOOD SENSE

*MEMBERSHIP OF THE LAW SOCIETY OFFERS A RANGE OF VALUABLE BENEFITS TO NSW PRACTITIONERS.*

relations disaster for the company by claims that amounts paid for legal costs were excessive. There was also a call for the assessment of compensation to be taken out of the hands of courts and for the participation of lawyers to be significantly reduced, if not entirely eliminated. On this occasion, unlike others, the government did not accept the dubious evidence presented in support of the claims, instead it consulted widely with stakeholders, including the Law Society.

With the assistance of members Richard Buckley and Stephen Taylor-Jones, both very experienced practitioners in the field, the Law Society made a detailed submission recommending improvements to the practice and procedure of the Dust Diseases Tribunal. It is pleasing to see that many of the Law Society's recommendations have been adopted. One of the measures introduced was compulsory mediation, and the Law Society was pleased to be able to assist the President of the Dust Diseases Tribunal by providing, in conjunction with the Bar Association, a list of accredited mediators.

### Flexible workplaces

Moves for the adoption of a new culture of flexibility in the workplace have received media interest and stimulated debate in the wider community. The Law Society recognised that it would be useful to draw the attention of the profession to the benefits which can be derived from embracing flexibility in the legal workplace.

In December 2003, the Law Society commissioned a study into the work/life balance of lawyers. A number of best-practice firms across NSW were consulted to explore the flexibility models being used, and the potential barriers raised during their implementation. The study's final report was released in February 2005, and is said to be the first of its kind in Australia. It showed that flexibility is a valuable workplace tool for both the individual and organisation, and that it can help attract and retain talented staff in a highly competitive legal market, improving staff morale, productivity and satisfaction, and reduce stress and burnout.

I would like to record the Law Society's appreciation to the study's steering group, Councillor Shauna Jarrett, Kathryn Kearley and Juliet Bourke, and all participating firms and organisations.



### Representation

*To represent the views of members, the Law Society is an active lobbyist and liaises with government, government agencies and the courts on legislation, regulations, rules and procedures.*

### Practice Support

*Whether you need support on an area of practice through the Society's Telephone Enquiry Service or technology advice from the IT Adviser, we're available to help, and in most cases, if you're a Law Society member, it won't cost you anything.*

### Commercial Services

*As a member, you're entitled to some great savings and deals with any of the Law Society's business alliances, including AMP, American Express, Qantas, Hertz, ING and more. These discounts are exclusive to Law Society members.*

### Website

*Enjoy password protected access to members-only online support services 24 hours a day, 7 days a week. For up-to-date information on anything from professional regulation to legislative changes affecting areas of practice, visit [www.lawsociety.com.au](http://www.lawsociety.com.au).*

### Law Society Journal

*The authoritative voice on developments in the law and legal practice in New South Wales and Australia is published monthly from February to December, focusing on articles with practical legal content, including analyses of recent legislation and cases.*

### Savings on CLE, publications and forms

*Law Society members receive preferential pricing on professional development activities offered by NSW Young Lawyers, and on publications and forms through the Law Society Shop.*

### Committees

*In representing members, the Law Society benefits from the work of some 20 committees. The opportunity to serve on a Law Society policy committee or taskforce is highly sought after by members. Having confidential access to State and Federal legislative proposals during their formulative stages gives the Law Society and its members a valuable chance to make comments before bills are being settled.*

### Specialist Accreditation

*Specialist Accreditation recognises Law Society members who have demonstrated proficiency in a particular area of practice. It is also an excellent avenue to have your specialisation referred to other legal practitioners and legal users.*

### Limitation of Liability

*The Solicitors' Limitation of Liability Scheme enables solicitor members of the Law Society in private practice to limit their civil liability to selected amounts provided they meet the requirements of the scheme.*



**Limitation of Liability Scheme**

One of the Law Society's most significant achievements this year has been its successful application to the Professional Standards Council to amend the Law Society's Limitation of Liability Scheme to introduce flexible caps. The option to choose a cap in excess of the previous maximum of \$50 million recognises the need for the Scheme to better tailor limitations of liability to the scale of the projects undertaken by solicitors, particularly for major clients and in multi-million dollar transactions. The Law Society can now approve applications by members for a higher maximum amount of liability, and the regime is flexible enough to allow the application to be client- or transaction-specific. The benefits of flexible capping have already been recognised by members. It is likely that the Law Society's Scheme will be used as a model for law societies in other states and territories.

**Law and order**

It was clear from the outset of my term as President that the law and order debate in NSW had not been adjourned. At the Opening of Law Term Dinner, the Chief Justice, The Hon J.J. Spigelman AC, gave a thought-provoking address suggesting that consideration be given to current sentencing procedures to allow judges to consult with juries about the sentence after the jury delivers its verdict. While there was some support for the

concept, particularly from groups speaking on behalf of victims of crime, members of the legal profession voiced their concerns, both practical and philosophical.

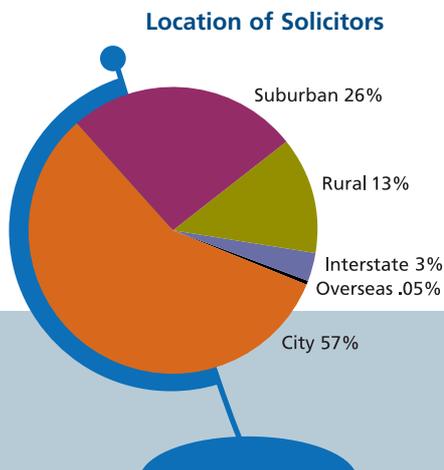
Probably just as important as the Chief Justice's contribution to this debate was his comment that his proposal was partly in response to a perceived erosion of public confidence in the criminal justice system. It is little wonder that the Chief Justice might form this view, if one has regard to the unprecedented level of criticism of sentences or outcomes in individual cases. The common catch-cry of some sectors of the media is that the judiciary has lost touch with community values and expectations. Few media commentators and journalists appear to understand the well-established principles involved in sentencing. The pursuit of ratings and readership often results in superficial or inaccurate reporting of the facts and circumstances of a case. The need for sentences to rehabilitate as well as to deter and punish is commonly overlooked.

In this area the Law Society is often called upon to provide expert comment. I have written to the heads of all jurisdictions seeking to establish a liaison between the courts and the Law Society to enable us to have early notification of important judgments and decisions, so we are better able to make comment to the media.

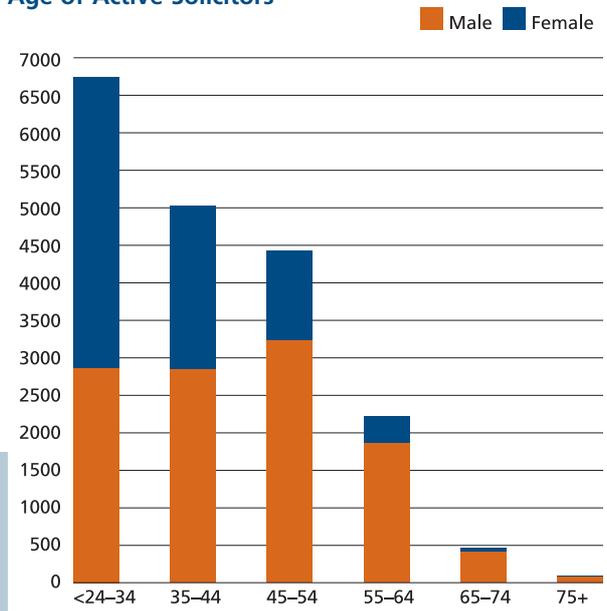
In the meantime, the government has continued to respond to controversial and emotion-charged trials by making amendments to the criminal law which are likely

**PROFILE OF THE PROFESSION**

*THIS SNAPSHOT OF THE PROFESSION REFLECTS DATA FROM THE LAW SOCIETY REGISTRY ON 31 JUNE 2005 WHEN THERE WERE 19,076 SOLICITORS REGISTERED IN NEW SOUTH WALES.*



**Age of Active Solicitors**



*The law and order auction is not new territory for the Law Society and we will continue to speak out without fear or favour to ensure that our criminal justice system remains fair for all.*

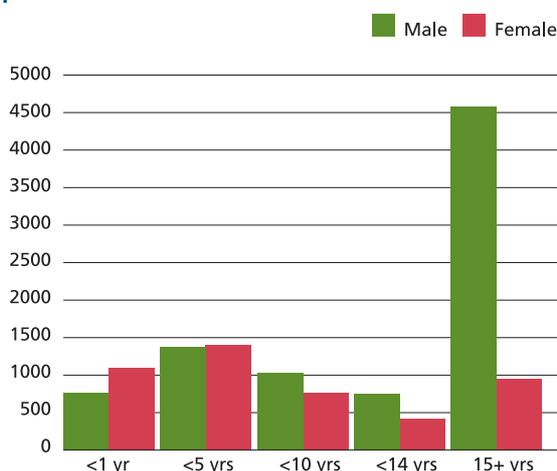
to result in an erosion of the right of an accused person to a fair trial. On the other side of politics, we have calls for mandatory sentencing, majority jury verdicts and the naming of juvenile offenders. The law and order auction is not new territory for the Law Society and we will continue to speak out without fear or favour to ensure that our criminal justice system remains fair for all.

### Contracts for sale

For many years, as a service to members and to facilitate the orderly conveyance of interests in land and the sale of businesses, the Law Society in conjunction with the Real Estate Institute of NSW has published a standard Contract for the Sale of Land and a Contract for the Sale of Business. This year the Contract for Sale of Land was the subject of an extensive review, and a 2005 edition was published. Among the changes was a more user-friendly way of dealing with the GST implications of the transaction. The Contract's format was also arranged to make it easier for real estate agents to recognise the part they are authorised by law to complete.

This year we have added to the Law Society contracts available to solicitors, a standard Contract for the Sale of Water Rights. The Law Society believes that the contract will be particularly useful to facilitate the orderly transfer of water entitlements. Now that water rights have been separated from land ownership, water will be seen as an increasingly valuable commodity.

### Experience of Solicitors



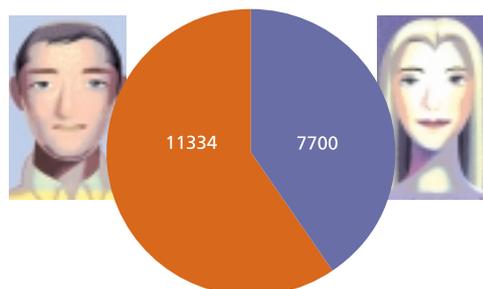
### Voluntary membership and member services

In our second year of voluntary membership, the results of membership renewals have been most encouraging. Of the 19,570 solicitors who have taken out practising certificates at the time this report was written in early September, 92 per cent have decided to become members of the Law Society. These positive results reflect not only a tremendous effort on behalf of the Law Society to become a much more member-orientated organisation, but also a recognition by members of the valuable role played by the Law Society and the services it provides. At the same time, the Society continues to maintain membership fees at exceptionally affordable levels.

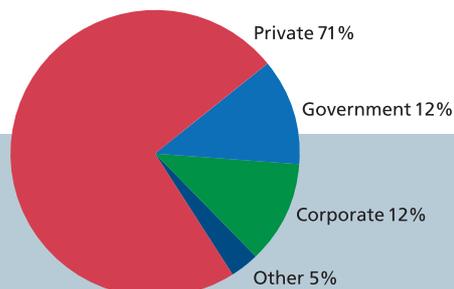
The Law Society has extended its range of commercial benefits exclusive to members, with the introduction of a new life insurance plan with ING, special holiday accommodation deals and the new Law Society/American Express Platinum Card. Existing commercial schemes are also constantly reviewed to offer additional privileges to Law Society members. For example, you can now enjoy even better rates with the Law Society AMP home loan package.

Research has also been undertaken to better understand the needs of the profession and develop programs that are relevant and offer discounts on a broad range of products and services.

### Male / Female Solicitors



### Category of Solicitors



# MAJOR LAW REFORM SUBMISSIONS IN THE YEAR UNDER REVIEW

*In addition to submissions on various reform proposals for the Legal Profession Act and Regulations, the Law Society developed some 200 submissions to government and government agencies in 2004–2005, making a significant contribution to the development of the law in New South Wales and Australia.*

## Arbitration liaison

- New Uniform Civil Procedures Bill
- Legal Profession Bill
- Law Society Conveyancing Arbitration Rules
- Remuneration and superannuation for arbitrators
- Conduct and the Legal Profession Act
- Professional indemnity insurance
- Commercial arbitration legislation

## Business Law

- Database access for information under Business Names Act
- Motor Dealers Regulation 2004
- Draft Consumer Credit (Qld) Amendment Bill and Consumer Credit Amendment Regulations (No.1) 2004
- External administration – liquidator registration
- National Finance Broking Regulations
- Consumer Claims Act 1998
- Disclosure provisions in contracts for sale of business
- Limitation of liability in service contracts
- Component pricing – amendment to the Trade Practices Act

## Costs Working

- Lawyers' costs and time billing
- Legal Profession Model Laws Project
- Costs disclosure
- Recovery of client costs by solicitors in the Local Courts
- Uniform procedure for filing of certificates of determination

## Criminal Law

- Court of Criminal Appeal Rules
- Standing in applications for guideline judgments
- Back-end home detention
- RTA information on penalties and warnings
- Demerit-point offences and rights of appeal
- Limitations on disqualification periods and reintroduction of

- restricted licences
- Appeal rights following police suspension
- Drink-driving offences and penalties
- Contempt by publication
- Magistrates' power to bind witnesses over to keep the peace
- Majority verdicts in criminal trials
- Legal Aid matters
- Property and dishonesty offences
- Fees for processing subpoenas
- Indictable crime cost issues
- Community based sentencing options for rural and remote areas and disadvantaged populations
- Bidura Children's Court
- Review of the Bail Act 1978
- Appeals against the revocation of s.12 orders
- Unrepresented accused in sexual assault trials
- Parole Board membership
- Confidential information released by medical authorities
- Inquiry into juvenile offenders
- Court security issues
- Kariong Juvenile Correctional Centre
- Grievous bodily harm and disease transmission
- Provisions of briefs of evidence to children in detention
- Court transcripts
- New criminal case processing
- Briefs of evidence
- Bourke District Court
- Court Security Bill 2004
- Jury Amendment Bill 2004
- Crimes and Firearms Legislation Amendment (AVO) Bill 2004
- Crimes (Administration of Sentences) Amendment (Parole) Bill 2004
- Criminal Code Amendment (Suicide Related Material Offences) Bill 2004
- Confiscation of Proceeds of Crime Amendment Bill 2005
- Criminal Procedure Amendment (Evidence) Bill 2005
- Criminal Procedure Further Amendment (Evidence) Bill 2005
- Crimes (Forensic Procedures) Amendment Bill 2005
- Crimes (Sentencing Procedure) Amendment (Standard Minimum Sentencing) Act 2002
- Crimes (Administration of

- Sentences) Amendment Act 2004
- Crimes (Sentencing Procedure) Act 1999
- Independent Commission Against Corruption Act 1988
- Children (Criminal Proceedings) Act and Young Offenders Act 1987
- Crimes (Forensic Procedures) Act 2000
- Crimes (Sentencing Procedure) Amendment (Existing Life Sentences) Act 2005
- Criminal Appeal Act 1912
- Terrorism (Police Powers) Act 2002

## Dispute Resolution

- Court procedure and precedent document
- Supreme Court Joint Protocol
- Referral procedures for court-ordered mediations
- Review of the Contract for the Sale of Land

## Elder Law

- Public Notaries Act 1997
- Powers of Attorney Act 2003
- Single expert witnesses
- Protected Estates Amendment (Missing Persons) Bill 2004
- Inquiry into the Public Trustee of New South Wales
- A Consumer Guide to Funerals
- Using advance care directives

## Environmental Planning and Development

- Ecologically sustainable development
- Kyoto Protocol
- Bushfire-prone Land
- Deferred commencement consents
- Official stamping of court development plans
- Court-appointed experts in the LEC
- NSW Energy Directions Green Paper
- Land and Environment Court Regulation 2005-07-28
- Courts legislation Amendment Bill 2005
- Just Terms Land Acquisition Act
- State Environmental Planning Policies
- Section 149 Certificates
- National Water Initiative
- Local Government Amendment Bill
- Threatened Species Bill

### Family Issues

- Children in institutional care
- Child custody arrangements
- Child paramountcy principle
- A new approach to the family law system
- Marriage Legislation Amendment Bill 2004
- Child Support (Assessment) (Overseas-related Maintenance Obligations) Regulation 2000
- Protection of children using AVO powers
- Family Law Amendment Bill 2004
- Bankruptcy Legislation Amendment (Anti-avoidance and other Measures) Bill 2004
- Combined Registry (Family Court and Federal Magistrates Court): Solicitor/Client Costs
- Agreements and tax relief
- Procedural fairness – superannuation
- Trustees in superannuation matters
- Family Law related issues in schools and TAFE NSW
- Conciliation
- Family Court forms
- Pilot Children's Cases Program
- Legal Aid issues
- Appeals and special leave
- Single expert witnesses
- Proposed protocol for subpoenaed documents
- Inspection of court documents / privileged material
- Sydney Registry: subpoenas, expert witnesses, children's affidavit
- Fees and pre-action brochures
- Rules Committee: compliance
- Robing requirements
- Assisting self-represented litigants
- Access to court documents by parties
- Best practice guidelines

### Human Rights

- Criminal Code Amendment (Trafficking in Persons Offences) Bill
- Charter of Rights
- Detention of Australian citizens
- Marriage Amendment Bill 2004
- Human rights observer panel
- Right to health
- Migration Litigation Reform Bill 2005
- Notification of final decisions to visa applicants

- Legal visits at detention facilities
- Mental health Issues for people in detention and the criminal justice system

### Injury Compensation

- Workers compensation scheme legislation
- Workers Compensation and Other Legislation Amendment Bill 2004
- Legal costs within the workers compensation scheme
- Administrative costs in dust diseases compensation claims
- Legislative Council inquiry into personal injury legislation
- Motor Accidents Compensation Act 1999
- Review of the Motor Accidents Authority and Motor Accidents Council
- Insurer profits

### Litigation Law and Practice

- Jurisdiction of Federal Magistrates Court
- Harmonisation of legal systems
- AAT Amendment Bill 2004
- Judicial Officers Act 1986
- Uniform defamation laws
- Uniform Civil Procedure Draft Bill and Rules
- Civil Procedure Fees Regulation 2005
- Courts Legislation Amendment Bill 2005
- Increase in court fees and charges
- Proposal on court's discretion when documents are unavailable
- Costs in civil liability claims
- Single court-appointed expert witnesses
- Vexatious Proceedings Bill
- Court Security Bill
- Fees for production of documents on subpoena
- Standardisation of oaths and affirmations
- Limitation Act debt recovery issues
- Review of the Consumer Claims Act 1998
- Inadequacy of the Suitors Fund
- Operation of the consent jurisdiction
- ADT General Regulation
- Redfern and Bowral court services

### OSR/Law Society Liaison

- Revenue rulings
- Vendor duty
- Payroll tax and land tax issues

- Duties Act 1997
- Duties Amendment (Land Rich) Bill 2004
- State Revenue Legislation Amendment Bill 2005
- Costs of bringing appeals to the ADT

### Property Law

- Retail Leases Amendment Bill 2004
- Home Building Regulation 2004
- Strata schemes in 2004
- Conveyancers Licensing Regulation 2004
- Review of Retirement Villages Act 1999
- National electronic conveyancing system
- Section 149 certificate
- National Finance and Mortgage Broking Regulation
- Regulation of commercial property agents
- Vendor duty exemptions and concessions
- Sinking fund proposals
- Cooling-off provisions in residential building contracts
- Conveyancing (Sale of Land) Regulation 2005

### Rural Issues

- Workers compensation in rural sector
- Farm Debt Mediation Act
- Contract for sale of water access licences
- Legal services to rural New South Wales
- Agricultural Tenancies Act
- Security Interests in Goods Bill

### Workplace Committee

- Bullying in the workplace
- Unfair work contracts
- Industrial Relations Commission practice issues
- Workplace fatalities legislation
- Flexibility in the workplace
- Leave entitlements on transfer of business
- Defining "ordinary rates of pay"
- Independent contracting and labour hire agreements
- Inappropriate workplace behaviour
- Chief Industrial Magistrates Court practice issues

### Ethics

At the beginning of this year I identified ethics as a major focus for my term, with a view to strengthening the ethical culture of the profession, building upon the strong ethical foundations we have in place, and increasing the public's awareness of the profession's high ethical standards. The Council of the Law Society has confirmed its commitment to providing ethics education for practising solicitors and law students, and additional resources have been provided to the Professional Standards Department to enhance its policy and education work in this area.

One initiative has been to provide ethics training for law firms as part of their internal professional development programs. A large number of firms and members have responded positively to the new service.

This approach has not been taken because the Law Society has witnessed a decline in standards. On the contrary, the Law Society firmly believes that the vast majority of solicitors understand the fundamental importance of ethics to the legal profession. For example, many of the inquiries made to the Ethics Section simply involve confirmation of a view already held by the inquiring practitioner. The system of Presidential Rulings in relation to ethical dilemmas is sparingly used, but remains available for practitioners who have the need for it. The Law Society views professional ethical behaviour as akin to personal morality. It needs to be taught, encouraged and promoted, but it is rarely achieved by prescription and regulation.

### Media and communication

At the beginning of my presidential term, I formed the view that members of the Law Society were keen for the organisation to take a higher profile and for the President to play a more active role as a spokesperson for the legal profession in NSW. I saw the value of assisting the public in gaining a proper insight into how the law works, as well as the importance of making comment on behalf of the profession on important legislative measures. As a result, I have devoted much of my time to media activities, including television appearances, press conferences, talkback radio and recorded interviews. I am grateful to those members of the profession who have provided me with feedback.

At the same time, we have been looking closely at more innovative ways of disseminating timely and accurate information to our members. The introduction of Monday Briefs has proved to be a great success in providing succinct weekly updates on regulatory changes, events and information relevant to the profession. A very large proportion of members have provided us with their email address, and clearly Monday Briefs is widely read.

We have also introduced electronic newsletters for Regional Presidents on a monthly basis to keep them up to date with matters considered at the Law Society's regular Council meetings. There has also been a regular communication in electronic form to the managing partners of the big law firms.

The Law Society continues to make a valuable contribution to policy and regulatory reviews at both the State and Federal level.

*We have made some 200 submissions throughout the year, providing informed comment on a broad range of legal issues.*

The bulk of these submissions are prepared by the volunteers who serve on the Law Society's committees. For their tireless work, provided pro bono as a means of giving something back to the profession, the Law Society remains deeply indebted.

In conclusion, on behalf of my fellow Councillors, I would like to record the Law Society's sincere thanks and appreciation to the CEO, senior management and all staff at the Law Society and its subsidiaries, LawCover and the College of Law, for their dedication and hard work throughout the year.



## CHIEF EXECUTIVE OFFICER'S REPORT

from MARK RICHARDSON

In its second year of voluntary membership, the Law Society continued to make progress to achieve the objectives set out in its Business Strategy 2004–2008. That Strategy document appears on the following pages of this report.

The President has reported on the policy work undertaken by the Council and its committees, which has been substantial during the financial year. The Law Society has continued to represent the profession and express views on numerous federal and state issues.

### Management

Budget and management targets have been met. In common with last year, the Law Society achieved another substantial budget surplus of \$1.864 million. In addition, the College of Law Pty Ltd achieved a budget surplus and LawCover Insurance Pty Ltd has exceeded the capital benchmarks set for the end of its first year of operation. On a consolidated basis, the balance sheet of the Law Society shows cash reserves of \$44 million.

The Law Society has adopted a new investment strategy for its funds and the Solicitors Fidelity Fund. Investment and management of investment policy has been outsourced to major financial institutions to enhance returns, but the strategy remains conservative. Payroll has been outsourced by the Law Society.

At the close of the year, the Society had decided to introduce a paid parental leave policy from 1 August 2005. Given our workplace program complies with Commonwealth Government requirements, the Equal Opportunity for Women in the Workplace Agency (EOWA) waived reporting requirements on the Law Society for two years.

The Law Society's ISO certification has been maintained across the organisation, which has moved across to the new standard, and our processes and compliance with the standard has been verified by third party audit.

### Voluntary membership

Take-up of membership by practising solicitors in the second year of voluntary membership has been reassuring. As at 30 June 2005, 18,538 solicitors had renewed their practising certificates, and of these 17,090 elected to remain or to join the Law Society as members. The percentage take-up of 92.2 per cent has exceeded the Law Society's projected figure of 85 per cent. Membership was consistently high across the profession. It was over

90 per cent within larger corporate/government legal departments and just under 90 per cent in larger private firms. Membership figures remained highest in smaller firms, country and suburban firms.

The Law Society's ongoing success with voluntary membership is the result of sound research and planning into the needs of solicitors in different areas of practice, and the ongoing development of strategies which were effectively communicated to the profession. As each year passes, the Law Society will collect more information about the aspirations and needs of its members and the different expectations of solicitors, depending on their manner of practice. Such data will be crucial to planning decisions. Focus-group research is being conducted into the needs of the profession and on proposed new membership programs. Reasons given why solicitors have not taken up membership have been collected and analysed.

During the year, the membership taskforce continued to work on strategies to promote voluntary membership of the Law Society. A program is being developed for undergraduate students studying law at university or undertaking the law extension course. A special program for students doing PLT through the College of Law Pty Ltd is being developed.

The Law Society offered membership in 2004–2005 for the same fee charged in the first year of voluntary membership (\$230 plus GST). Further, the Attorney General of NSW approved the Law Society's determination of a practising certificate fee at the same level as for the previous year. When compared with other professional associations and, having regard to the services made available to members, the membership fee charged by the Law Society remains very competitive.

There were new benefits for members. The Law Society offered various insurance arrangements to members as a result of an alliance with ING. A competitive car rental package has been negotiated for members with Hertz. Leisure accommodation discounts from Breakfree have been secured for members. The Law Society is keen to diversify members' benefits. We want to provide benefits which will support firms and corporations as well as individual solicitors.

The advent of Monday Briefs has proven to be a successful and effective method of communicating with solicitors. The industry superannuation funds in Victoria and NSW for the legal profession were merged during the year and are now administered by Legal Super Pty Ltd, which has over \$600 million under management. The

# FOUR-YEAR BUSINESS STRATEGY 2004–2007

## **Key Objective** *DEVELOP AND REFINE THE LAW SOCIETY'S ROLE IN LAW REFORM*

### STRATEGIES

- 1 Advocate to restore access to just compensation for accident victims forgone due to tort law reform.
- 2 Deploy Law Society and Committee resources to areas of practice and issues representative of the profession.
- 3 Promote access to justice and advocate systemic reforms in the administration of justice which drive down the cost of litigation.

### TASKS

- Monitor the effects of legislated changes upon victims and carers.
- Monitor and advocate for parliamentary and independent monitoring of consequential changes to profitability of insurers.
- Monitor the availability of public liability products and pricing in line with community expectation and capacity to pay.
- Monitor and adjust submission output to subjects where the profession is most strongly represented or is known to desire law reform.
- Continue to promote uniform civil procedure reform.

## **Key Objective** *TO ENHANCE THE SOCIETY'S REVENUE BASE AND DIVERSIFY COMMERCIAL PRODUCTS AND SERVICES*

### STRATEGIES

- 1 Implementation of new investment policies in relation to the Law Society Fund and the Solicitors' Fidelity Fund.
- 2 Maximise discount pricing for services and products for members.
- 3 Maintain financial strength.
- 4 Retain membership levels at no less than 85% of solicitors.

### TASKS

- Implement investment policy statements adopted by Council in response to independent review of investments.
- Assign investments to asset classes in accordance with short and long term strategies.
- Appointment of investment manager on outsourced basis to manage investments.
- Implementation of portfolio monitoring to ensure performance benchmarking.
- Review and enhance member services and products.
- Develop group pricing.
- Develop Eastern Seaboard Law Society purchasing cluster.
- Research member products and pricing aspirations.
- Facilitate investigation of merger of industry super funds to improve member returns.
- Undertake building utilisation and commercial tenant pricing review.
- Review adequacy of recoveries from external funding sources.
- Continual monitoring and review of members' services to achieve highly valued and well-priced membership product and service offering.
- Continue surplus budgets.
- Retain \$20M capital assets on balance sheet.
- Analyse reasons for non-take-up of membership and see what needs to be done to address any problem areas.
- Review and develop programs for student membership and non-lawyer membership.
- Monitor and analyse take-up to maximise membership.
- Review composition of Council to reflect membership take-up on annual basis.

## **Key Objective** *TO ADVANCE THE INTERESTS OF THE LAW SOCIETY WITHIN A COMPETITIVE ENVIRONMENT TO BEST SERVE ITS MEMBERS*

### STRATEGIES

- 1 Implement the recommendations of the Communications Review.
- 2 Enhance the Law Society's identity.
- 3 Improve and expand the Society's electronic communication capacity.

### TASKS

- Establish Communications Unit reporting to Communications Director.
- Enhance and expand email communications to member segments through e-newsletters, e-updates and website.
- Expand electronic payment options and investigate alternative electronic methods of interacting and transacting with members.
- Implement research-based approach to communications.
- Participate in online access to courts and public authorities.
- Implement Law Society brand guidelines in the development of membership strategies.
- Implement Law Society brand guidelines in the marketing of all Law Society products and services.
- Develop integrated IT system and state-of-the-art electronic communication.

## **Key Objective** TO MAINTAIN COMMUNITY SERVICES

### STRATEGIES

- 1 Maintain the Law Society's role as a key source for the public of referrals to the profession.
- 2 Retain and enhance pro bono services.

### TASKS

- Continue to support LawAccess NSW.
- Enhancement of solicitor referral database.
- Undertake pilot to expand the Solicitor Referral Service by providing local police stations with capacity to refer to criminal lawyers after hours.
- Enhanced promotion of the Solicitor Referral Service to the community through brochures and other channels to community legal centres, courts, tribunals and other legal agencies.
- Retain funding from the Public Purpose Fund.
- Facilitate increased liaison between the Pro Bono Scheme and other pro bono legal service providers (e.g. PILCH, PIAC, Legal Aid Commission, law firms) to achieve improved matching and take-up.
- Promotion through mail-outs to enhance and expand pro bono solicitor panels in those regions where there is the greatest client demand.
- Survey participating solicitors who have accepted referrals in order to assist in improving the administration of the Pro Bono Disbursement Trust Fund.
- Pilot after-hours advice in criminal cases in the Sydney Metropolitan area.

## **Key Objective** TO DEVELOP CO-REGULATORY ROLES

### STRATEGIES

- 1 Maintain co-regulation.
- 2 Contribute to the development of an integrated regulatory and registration regime through the development of a national profession.
- 3 Enhance the provision of ethics advice and education.
- 4 Refine Fidelity Fund arrangements consistent with requirements of the national profession.
- 5 Contain liability of profession to acceptable levels.

### TASKS

- Monitor results of regulatory reviews in other jurisdictions.
- Advise and lobby government on regulatory improvements which achieve national integration while preserving the Law Society's functions within the NSW co-regulatory system.
- Increase ethics staffing to support the profession through the pursuit of an enhanced Public Purpose Fund allocation.
- Investigate options for the Fidelity Fund to become an integrated insurance and fidelity fund.
- Implement effective national PSL Scheme and provide affordable professional indemnity insurance products.

## **Key Objective** TO ENHANCE CORPORATE GOVERNANCE AND MANAGEMENT

### STRATEGIES

- 1 Ensure the maintenance of the Law Society Quality Management System.
- 2 Ensure financial reporting consistent with applicable Australian and International Best Practice.
- 3 Ensure governance framework reflects Best Practice, contemporary requirements and is accessible to members.
- 4 Improve the framework for monitoring organisational performance.
- 5 Maintain staff performance.
- 6 Assess resource needs and allocation.

### TASKS

- Maintain ISO 9001:2000 certification.
- Adoption of concise financial reporting pursuant to ASB 1039.
- Adopt new Constitution.
- Implement online voting for Council Elections.
- Develop and implement organisational "balanced scoreboard" performance monitoring system.
- Provide professional development and training opportunities.
- Develop an integrated 3-year IT plan for all Law Society business units.
- Align staff resource levels and profile with the Society's revenue projection.
- Make provision for upgrade and optimal utilisation of 170 Phillip Street capital investment.

## **Key Objective** MONITOR THE PERFORMANCE OF GROUP SUBSIDIARIES

### STRATEGIES

- 1 LawCover – Ensure that LawCover is maintained as an effective vehicle for compulsory PII cover for members that meets the needs of the profession and the Society's statutory obligations.
- 2 College of Law – Monitor the performance of the College of Law.

### TASKS

- Continue to foster development of LawCover and its capital base with a view to keeping premiums at or below market.
- Monitor establishment of College's national and regional operating structure.
- Overview College's 3-year strategy for more accessible, cohesive, systematic CLE.

## CHIEF EXECUTIVE OFFICER'S REPORT

Specialist Accreditation scheme was upgraded, with the College of Law Pty Ltd assuming responsibility for training and education programs associated with Specialist Accreditation, leaving the assessment process with the Specialist Accreditation Board. Obviously, the Law Society will need to continue to work hard on its voluntary membership programs if it wishes to maintain high levels of membership. Managing the expectations of solicitors remains a challenge for us, but the Law Society is committed to providing an effective range of benefits and services to our members.

### Regulation

Reviews of the regulation of lawyers are ongoing in England and Wales, Scotland and Ireland, particularly following the completion by Sir David Clementi of his regulatory review of legal services. Reviews continue in Australia within the context of the National Legal Profession Model legislation.

In NSW, a new *Legal Profession Act* was enacted late in 2004. Amendments to that Act were passed in 2005 to reflect some technical problems in the earlier draft. The 2004 Act constitutes a complete rewrite of the legislation about the legal profession. It implements, with some variations, the National Legal Profession Model legislation. There are issues in relation to some provisions in the new legislation that continue to concern the Law Society, especially those in relation to costs, but these are receiving ongoing attention at the close of the year. The NSW Act, which is anticipated to be effective from

1 October 2005, does not alter the structure of the co-regulatory system adopted in NSW. If anything, it enhances that approach and builds on needs identified by regulators in recent years.

In addition to the new Act, work has commenced on the legal profession Regulations. These, too, are being re-written. Towards the end of the year, a draft set of model regulations to support the National Legal Profession Model legislation was close to being finalised for consideration by the Standing Committee of Attorneys General. These model regulations will form the basis for the NSW Regulations.

As with significant changes of this kind, the Law Society has planned a program of education and training for solicitors focussing particularly on the new costs regime and trust account regulations. The Law Society has also developed model costs disclosure documents to comply with new requirements.

During the year, the Law Society allocated resources to the development of its ethics programs. A program of in-house training for solicitors on ethical issues has been commenced. The Law Society offers training modules to legal practices tailored to their needs and in a way that fits in with the internal training programs offered to solicitors by law firms in NSW.

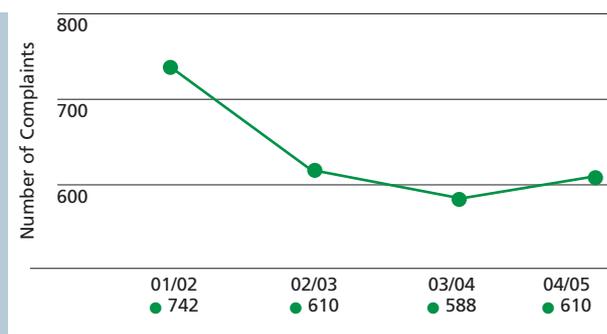
The volume of complaints relating to conduct issues investigated by the Law Society has continued to decline. This trend no doubt reflects improved service delivery by solicitors in NSW.

The performance of the Solicitors Fidelity Fund has continued to be sound. The Fund completed the year

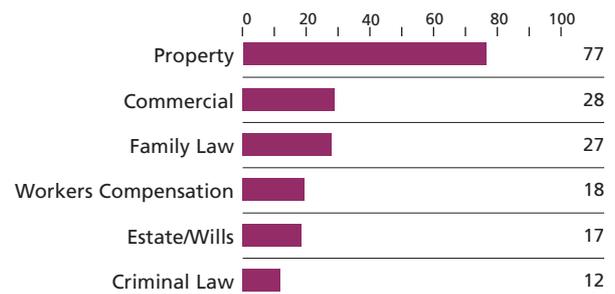
## COMPLAINTS AGAINST SOLICITORS

*THE LAW SOCIETY'S PROFESSIONAL STANDARDS DEPARTMENT INVESTIGATES COMPLAINTS WHICH HAVE BEEN MADE AGAINST SOLICITORS, AGAINST UNQUALIFIED PRACTITIONERS AND THE CONDUCT OF LEGAL CLERKS.*

### Complaints opened 2001 – 2005



### Area of law (most common)



with net assets of over \$48 million. In common with recent years, the Solicitors Fidelity Fund did not receive any allocations from the Public Purpose Fund. Further, the NSW Attorney General approved of Fidelity Fund contributions at the same rate as for 2003/2004. As previously reported, these contributions are at their lowest level for more than 10 years. Management of the Solicitors Fidelity Fund has continued to be prudent, and the legislative provisions in the new *Legal Profession Act 2004* should enhance the performance of the Fund.

### Professional Standards Schemes

In addition to the significant progress achieved during the year towards an effective national approach to the regulation of the legal profession, there were also significant developments in relation to professional standards schemes.

By the end of the year, all states and territories across Australia had introduced and passed legislation to support professional standards schemes. The Commonwealth Parliament also enacted legislation to cover liability arising under federal law. Amendments to recognise proportionate liability have also been passed nationally. By the end of the year, the prospect of national professional standards schemes being in place for all professions, including solicitors, was real.

The NSW Solicitors Scheme was amended in 2005 by the Professional Standards Council, on application by the Law Society, to allow the scheme to recognise flexible caps on liability, particularly for larger private law firms. This initiative was important as a number of larger law firms left the Professional Standards Scheme largely because their clients did not wish the firms to limit their liability to the cap provided for by the solicitors scheme of \$50 million. This issue attracted significant coverage in

the media during the year, and the Law Society's response was to accommodate the needs of larger private law firms and their clients by moving to introduce flexible caps.

Professional standards schemes are also being established around Australia, particularly in Victoria and Western Australia. The Law Societies are working in a coordinated manner to develop a nationally consistent approach to professional standards and to have processes that will minimise requirements on firms practising across Australia.

### Conclusion

Achievements during the second year of voluntary membership would not have been possible without the active involvement of Gordon Salier and John McIntyre, who were Presidents of the Law Society during the reporting period, and the support of the Council, its office bearers and committees. Their contribution to the work of the Law Society has been significant.

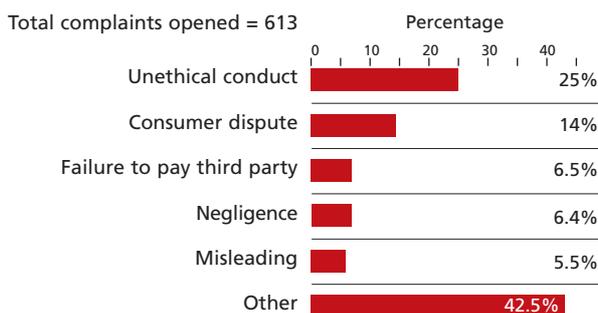
Support of key staff, including Michael Tidball and Charles Cawley, is acknowledged. Andy Shearer has settled into his position as Chief Financial Officer and the Law Society has recruited new staff including Bernadette McCormack, Chief Trust Account Officer; Anne Finet, Business Development Manager; and towards the end of the year, David Masters to take up the position of Communications Director.

The Law Society will continue to invest resources in the development of its programs to assist its members, represent their interests and to ensure that the regulation of solicitors in NSW is appropriate, having regard particularly to the needs of the community.

If the organisation is to continue to be successful, it will need to remain focussed and disciplined in its approach.

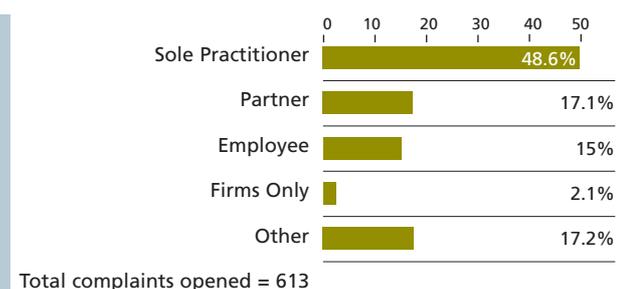
### Type of complaints opened

1 July 2004 – 30 June 2005



### Complaints opened, by solicitor status

1 July 2004 – 30 June 2005





## NEW SOUTH WALES YOUNG LAWYERS

from LAIRD NATHAN, President

**N**SW Young Lawyers is a professional association and division of the Law Society of NSW which represents all solicitors and barristers either under the age of 36 or in their first five years of practice, and all law students.

### Committees and their achievements

In the period under review, the NSW Young Lawyers Executive Council undertook a full review of the nature and structure of our organisation's committees. The review looked at the ways our committees operate, the workload of committees, available resources, committee outputs, and the role of the Executive Council in the work of committees.

As a result of the overview, we have restructured several of our committees, so that now the Community Services Committee, Careers Committee and Social Committee have been absorbed into the Executive Council, with one Executive Councillor being appointed to each of these committees as its overall coordinator. These committees continue to function as online committees. Appropriately also, our Communications, Entertainment and Technology Committee is now a completely online committee, with meetings held on a project-by-project basis.

The other major outcome of our committee review was that we established a Property Law Committee, which has been in demand for some time. The Property Law Committee is now up and running and already involved in a number of exciting projects.

Following all of these changes, the full list of our committees is now: Animal Rights; Business Law; Civil Litigation; Continuing Legal Education; Criminal Law; Employment and Industrial Law; Environmental Law; Family Law; Human Rights; Property Law; Careers; Communications Entertainment and Technology Law; Social; Community Service/Pro Bono; and Bushweb.

Some of the major achievements of the committees during the year include:

- launch of the *Know your Entitlements* booklet by the Employment and Industrial Law Committee
- involvement in the 2005 Law Students Careers Fair held at Darling Harbour, and presentation of Law Student Roadshows at different universities;
- Law Week events, including the Shadowing project and annual Golden Gavel competition;
- launch of the *Debt Handbook* by the Community Service/ Pro Bono Taskforce;

- the *Legal Profession Act 2004* CLE series presented by the Civil Litigation Committee in conjunction with the CLE Committee;
- preparation of a substantial revision for the third edition of *A Practitioner's Guide to Family Law*;
- launch of the third edition of *A Practitioner's Guide to Criminal Law*;
- preparations for the launch of a fourth edition of *Older People and the Law*;
- production of a Pro Bono Guide which provides a snapshot of participating private firm's pro bono practices;
- pioneering a work clothes donation project for the long-term unemployed; and
- collaborating with the National Pro Bono Resource Centre to produce a guide for young lawyers entitled *Pro Bono – How do I get involved*.

### Representation

NSW Young Lawyers represents the interests of its members by drawing attention to workplace issues such as bullying, and by lobbying for the protection and enhancement of legal rights by engaging in public debate and making submissions to governments on legislative reform.

In the period under review, NSW Young Lawyers made submissions on a variety of areas, including:

- draft Practice Notes 10 and 12;
- shared parental responsibility;
- parts 3, 4, 5 and 6 of the *Judicial Officers Act 1986*;
- sentencing procedures standard minimum sentencing;
- bail;
- unfair dismissal policy in the small business sector; and
- the *Uniform Evidence Act*.

Some of these submissions were cited in government reports. Full details of the submissions are available at [www.younglawyers.com.au](http://www.younglawyers.com.au).

This year, for the first time, NSW Young Lawyers has been given representative positions on each of the committees of the Law Society of NSW, and NSW Young Lawyers committees have assisted in a variety of joint submissions and projects in conjunction with their Law Society committee counterparts.

*GIVING YOUNG PRACTITIONERS THE OPPORTUNITY TO MEET, WORK TOGETHER AND CONTRIBUTE TO THE PROFESSION AND THE COMMUNITY.*

### Continuing legal education

NSW Young Lawyers provides a diverse and accessible CLE program for all members of the profession, including 'basics', 'essentials' and 'advanced' lunch-time and evening seminars, and a series of annual one-day seminars on major areas of practice. The CLE program is held in Sydney and in regional and metropolitan areas including Parramatta, Wollongong, Newcastle, the Central Coast and Port Macquarie. NSW Young Lawyers also maintains a library of CLE papers, and audio and video reproductions of seminars, which are available for purchase.

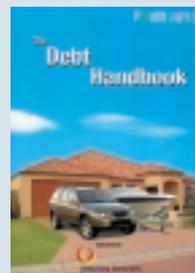
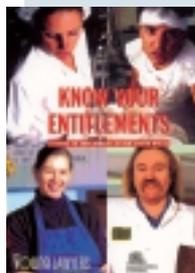
In the period under review NSW Young Lawyers held 50 evening seminars, 20 lunch-time seminars, three breakfast seminars, five regional seminars, and seven one-day seminars attracting 5,572 subscriptions and assisting practitioners with their professional development.

### Networking

NSW Young Lawyers aims to develop social and professional networks by promoting attendance at forums and social activities, a mentoring program, and by forging links with other professional associations in Australia and internationally.

Some of the special events held in 2004/2005 were:

- The Big Deal, a networking function with other professions;
- the inaugural Lawn Bowls Day;
- joint projects with the Young Business Forum; and
- a Young Lawyers/Young Barristers drinks evening.



*In 2004–2005 four new titles were published: The Debt Handbook, Know your entitlements, A Practitioner's Guide to Civil Litigation and the third edition of A Practitioner's Guide to Criminal Law.*

### Work/life balance

NSW Young Lawyers made the work/life balance issue a focus of its long-range planning this year, identifying it as a problem that is struggled with by a large number of law firms, particularly at the big end of town, and in areas that encompass transactional deal-based work, such as mergers and acquisitions. The issue has been given a high profile through social activities, at events involving law students, and by articles in *debrief*, the NSW Young Lawyers quarterly newsletter. Articles on the issue have also been contributed to *The Australian Financial Review*, *The Sydney Morning Herald* and the Young Lawyers Section newsletter of the International Bar Association.

### Committees

*14 committees provide the opportunity to get involved, make a difference and develop your career.*

### Community projects

*Improving access to justice, promoting legal rights and caring for the disadvantaged are tasks Young Lawyers undertake with enthusiasm.*

### Mentoring

*Tap into the knowledge, skill and understanding of more experienced practitioners.*

### CLE

*Keep abreast of changes, investigate new areas of law, and invest in your own future with educational programs delivered by the experts.*

### Social events

*Meet away from the pressures of work, relax and have some fun.*

### Publications

*Through its 14 committees, NSW Young Lawyers conducts an active publishing program aimed at helping the community with basic guides to the law in plain English, and helping young lawyers with the latest information on core areas of practice combined with key insights from experienced lawyers.*



## LAWCOVER GROUP OF COMPANIES

from PAUL McGAHEN, Chief Executive Officer

The LawCover group of companies (LawCover) consists of LawCover Pty Limited, LawCover Insurance Pty Limited and LawCover Plus Pty Limited. Each company in the group is wholly owned by the Law Society of New South Wales. LawCover:

- underwrites compulsory professional indemnity insurance (PII) for solicitors through LawCover Insurance;
- arranges optional top up insurance in addition to the compulsory layer through LawCover Plus;
- manages the Solicitors' Mutual Indemnity Fund (SMIF);
- manages all aspects of a claim under compulsory PII policies for solicitors who have had, or think they may have, a claim made against them; and
- helps solicitors minimise the risk of having claims made against them.

### Compulsory professional indemnity insurance

The 2004/2005 insurance period was the first year LawCover Insurance assumed the risk for the \$1.5 million compulsory layer of solicitors' PII.

Each firm's premium is based on a combination of their gross fee income (GFI), risk profile characteristics and, for most, choice of excess. A firm's premium is derived from an actuarially determined premium curve relative to fees. Discounts of up to 25 per cent are available for no-claim bonuses and risk management credits, and further discounts can be secured for higher excesses.

### Top up insurance

LawCover Plus achieved Coverholder status at Lloyd's of London in April 2004, meaning it has authority to arrange top up insurance on behalf of certain underwriters at Lloyd's. LawCover Plus put together a Top Up Insurance Scheme for 2004/2005 that provided for:

- cover to be accessible upon application to the majority of law firms in Australia;
- a limit of indemnity of up to \$18.5 million in excess of a firm's \$1.5 million PII arrangements;
- a broad form civil liability certificate with two reinstatements of the limit of indemnity available;
- claims management in Australia by LawCover, an organisation with over 16 years' proven experience in defending solicitors throughout Australia;
- seven insurers supporting the scheme arrangements, with recognised security ratings from the relevant credit agencies. LawCover Plus acts as agent

for the insurers;

- pricing based on the turnover of the firm and not the number of partners, employed solicitors etc; and
- discounts for firms with certain risk management certifications or criminal law specialisation.

### Consultation with the profession

As part of LawCover's ongoing commitment to consultation with the profession, a market research program was undertaken in late 2004.

There were four areas in particular being investigated:

1. whether practice in particular areas of law, other than criminal law which already attracts a premium discount, should attract premium loadings or discounts;
2. whether partner/employed solicitor ratios should affect premiums;
3. whether firms should be penalised for consistently under-reporting GFI; and
4. whether excess arrangements should be changed.

#### 1. Area of law specialisation

There was little support for extending the area of specialisation discount beyond criminal law. LawCover made no changes to the area of specialisation discount for the 2005/2006 insurance year.

#### 2. Partner/employed solicitor ratios

Focus group participants were satisfied to leave any decision regarding different discounts/loadings for various partner/employed solicitor ratios to LawCover, after sufficient actuarial analysis. LawCover will not pursue different discounts/loadings for various partner/employed solicitor ratios at this time.

#### 3. Penalties for under-reporting GFI

Some participants expressed the opinion that consistent and deliberate under-reporting constituted professional misconduct.

LawCover is in favour of requiring a signed accountant's certificate to accompany firms' completed PRIFs, and is currently phasing this requirement in where firms demonstrate significant movement in their GFI, or where their average GFI per solicitor is unusually low, relative to firms of a similar size.

#### 4. Excesses

The majority of participants viewed the current high excess option as a risk not worth taking. LawCover has made a small change to the current excess arrangements, whereby firms with a GFI of between \$400,001 and \$1,000,000 will have their standard excess increased from \$5,000 to \$7,500.

## Solicitors' Mutual Indemnity Fund

SMIF continues to run off the claims liabilities for which it assumed responsibility following the collapse of HIH. Outstanding claim numbers reduced from 263 at the end of June 2004 to 148 at the end of June 2005.

SMIF finished the year with a deficit in members' funds of \$6.7 million, compared to a surplus of \$1.2 million at 30 June 2004. This change was due to a number of significant claims developments during the year. It should be noted that the sensitivity of the Fund to changes in individual claim estimates increases as the number of claims decrease. Not unexpectedly, many of the remaining claims involve complex issues and have proven difficult to resolve.

The allowance for future claims development has been increased in view of the higher volatility as the portfolio runs down. The Fund deficit also incorporates an additional claims cost buffer, over and above both current estimates and the allowance for future claims development. However, uncertainty is inherent in the estimation of claim liabilities and the balance of the liabilities could either increase or decrease over time depending upon actual experience. In particular, there is potential for significant variations beyond the estimations incorporated in the financial statements at 30 June 2005.

With the agreement of the auditors, an amount of \$11.6 million has been taken up in the accounts as an HIH claim recovery. This represents a recovery of 12.5 cents in the dollar, discounted to take account of the expected delay in recovery. This is a conservative provision, given that the HIH Liquidator has advised creditors that they might ultimately expect a recovery between 15 cents and 25 cents in the dollar.

Finally, an additional amount of \$7.023 million is currently held by the Law Society in a special reserve and is available to SMIF if it is required.

### Claims management

LawCover's staff of experienced solicitors continued their good work in handling claims on behalf of insured solicitors. LawCover's claims philosophy remains that:

- unjustified claims made against solicitors will be strenuously defended; but
- clients who have suffered loss as a result of the demonstrable negligence of their solicitors should be appropriately compensated for that loss as quickly as possible.

Claim numbers continue to trend satisfactorily: 625 notifications have been received for the 2004/2005 insurance year, compared to 702 for 2003/2004, 708 for 2002/2003 and 691 for 2001/2002. A total of 791 claims were finalised in 2004/2005.

Total incurred claims cost percentages by area of practice for the last four reporting periods are presented in the accompanying table.

## LAW COVER

### Underwriting arrangements 2004/2005

Premium rating model

#### YOUR SIZE

Rate by your firm size (measured by GFI)

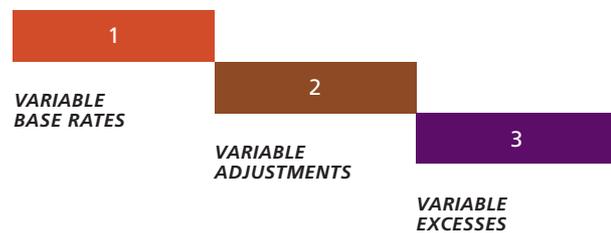
#### YOUR RISK

Adjust premium up or down based on:

- Firm's claims experience
- Risk/practice management
- Criminal law speciality

#### YOUR CHOICE

Choose your excess: if you pick a higher excess your premium is reduced



### Percentage of total incurred claims costs

| AREA OF PRACTICE             | 01/02 | 02/03 | 03/04 | 04/05 |
|------------------------------|-------|-------|-------|-------|
| Commercial                   | 23    | 13    | 14    | 8     |
| Sale & Purchase of Business  | 2     | 2     | 3     | 9     |
| Conveyancing                 | 14    | 19    | 21    | 15    |
| Leases                       | 6     | -     | 3     | 7     |
| Mortgages                    | 13    | 28    | 5     | 6     |
| Tort & Workers' Compensation | 6     | 9     | 13    | 9     |
| Out of Time Personal Injury  | 21    | 14    | 20    | 24    |
| Out of Time Other            | 1     | 5     | -     | 1     |
| Other Litigation             | 7     | 5     | 14    | 14    |
| Matrimonial                  | 2     | 4     | 2     | 1     |
| Probate & Wills              | 3     | 1     | 2     | 4     |
| Other                        | 2     | -     | 3     | 2     |

### Risk Management Services

The Risk Management Services team continues to deliver services and advice to assist solicitors in minimising the risks inherent in legal practice. Our risk management education programs were delivered via 124 courses and events to 3,187 participants in 2004/2005. The courses were delivered throughout NSW, as well as in branch offices of insured firms in Victoria and Queensland.

Risk Management Services also continues to produce the Schedule of Civil Limitation Periods biannually, as well as monthly articles in the Law Society Journal.



## COLLEGE OF LAW

from NEVILLE CARTER, Managing Director

The College continued to provide education services to graduates and Law Society members in NSW while expanding its operations into other jurisdictions.

Highlights were the joint venture agreement reached with the Law Institute of Victoria (LIV) to provide practical training in Victoria, and the collaboration agreement with the Queensland Law Society (QLS) in similar terms. These initiatives are part of a joint strategic response to unfolding national regulation of the legal profession.

Another highlight was accreditation as a Higher Education Provider (HEP) under the Commonwealth's *Higher Education Support Act* effective 22 June 2005. The key benefit of HEP status is availability to students of loans under the FEE-HELP scheme.

### Practical legal training

Enrolments again exceeded record at 1,420 equivalent full-time student units. A total of 42 programs were offered during the year in a range of full-time, part-time, online and on-campus modes. PLT in cooperative mode also continued as a feature of the program portfolio, involving a number of national law firms and law schools.

The trend of recent years toward study online continued with 84 per cent of all students choosing this mode, an increase of three per cent on last year.

### Continuing education

In December, by agreement with the Law Society, the College assumed responsibility for the education work of the Specialist Accreditation Board. In June, agreement was reached with the Australian Corporate Lawyers Association to jointly develop the Graduate Diploma, In-house Legal Practice. These two initiatives arose from ongoing reviews of the College's role in post-admission education and a developing new emphasis on structured and credentialed training.

The CLE directorate offered 587 hours of seminars and courses to around 7,725 practitioners, being 18,229 practitioner-hours in total.

### Practice development and consulting

The practice development directorate provided a range of training and consulting services, including courses to support first unrestricted practising certificate and courses toward accreditation under the LAW 9000 standard.

The directorate continued to support the work of the QL Board and its joint venture with SAI Global. It made progress toward a Queensland offering as part of the new QLS partnership and assumed responsibility for programs offered as part of the UK alliance.

## AN INTERNATIONAL PRESENCE

**London:** Onsite training location; The College of Law Alliance with College of Law England & Wales

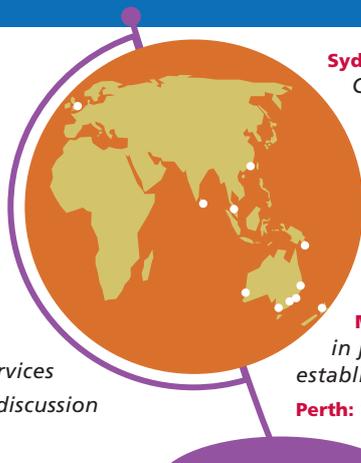
**Kuala Lumpur:** Onsite training location; consulting and training services

**New Zealand:** The College of Law New Zealand PIL established 2003

**Papua New Guinea:** Consulting and training services

**Sri Lanka:** Consulting and training services

**Hong Kong:** Local partnership under discussion



**Sydney:** St Leonards headquarters established 1974; CBD continuing professional education arm established 1997

**Brisbane:** The College of Law Queensland P/L in collaboration with the Queensland Law Society established 2004

**Canberra:** College@Canberra in association with University of Canberra first course introduced in 2004

**Melbourne:** The College of Law Victoria P/L in joint venture with the Law Institute of Victoria established 2004

**Perth:** Onsite training location

The College of Law's focus on interstate activities has responded to the unfolding national regulation of the legal profession, and the needs of law firms looking for standardised training across all state offices. Similar considerations attracted the College to New Zealand. In England, Hong Kong, Malaysia, Papua New Guinea and Sri Lanka, the College's work is part of a strategic alliance with the UK College of Law. The alliance provides training support and consulting services to industry and government in common law countries.

Registrations were at record levels at 7,750 practitioner-hours, a growth of around 32 per cent over last year.

### Interstate and International activities

The College's two new subsidiary companies, College of Law Victoria Pty Ltd and College of Law Queensland Pty Ltd commenced operations. The Victorian College is co-located with the LIV in Melbourne and the Queensland College with the QLS in Brisbane.

Design work on the two new curricula was the major undertaking of the year, together with work establishing the accreditations, governance systems, business processes, staffing and other capabilities necessary to launch them. Enrolments have comfortably exceeded targets, and start-up costs have been well controlled.

The College also continued to develop its relationship with the University of Canberra via the College of Law@Canberra initiative. In Western Australia, where interest in the College's programs is growing steadily, on-site components of the NSW distance program were offered on four occasions. Overall, the proportion of PLT activity generated from states outside NSW was just over 30 per cent, an increase of five per cent on last year.

The College's NZ subsidiary, College of Law New Zealand Limited, completed its first full year of operations, achieving market share of around 50 per cent. The regulatory environment of the NZ College continues under review by government. Currently, different funding policies apply to the College and its principal competitor.

The College's alliance with the College of Law of England & Wales continued into its fourth year of successful operation, now administratively subsumed within the practice development directorate. The alliance provides consulting services to jurisdictions in the S.E. Asian/Pacific region. It also manages the London and Kuala Lumpur on-sites of the Australian Professional Programs and the Qualified Lawyers Transfer Test (QLTT) for local lawyers seeking admission in the UK.

### Organisation development

In order to support growth of the College's activities, it has been necessary to review and adjust organisation structure and resources. A new senior executive position, Director of Shared Services, was established with the objective of creating a designated hub of administrative and course support services to supply the various delivery arms. This work is ongoing.

Priorities in organisation development were changed by the creation of the new subsidiaries and the arrival of the College Group. New chief executive positions were appointed in each of the three subsidiary Colleges and governance charters were developed together with compliance reporting and risk monitoring mechanisms.

Planning for the next major stage of development of IT infrastructure mentioned in my report last year did not proceed in the manner anticipated, now postponed into a longer planning phase with work not due to commence until December 2005.

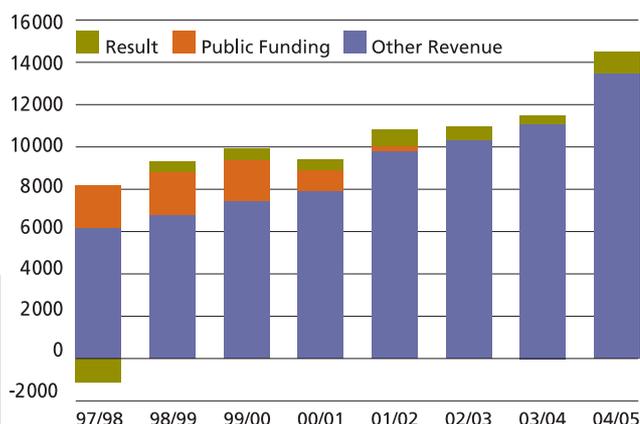
### Financial overview

The College achieved a solid surplus, unlikely to be repeated at this level in future years. While it reflects continuing growth and good financial discipline, it also occurs in part because of postponed expenditure on IT infrastructure and partly because of a policy decision to capitalise intellectual property in new course offerings. This has postponed expenditure out of this year's accounts, but the effect will be to even out future year-end results by bringing more discipline to the way the College makes provision for future investment in platform, products and people.

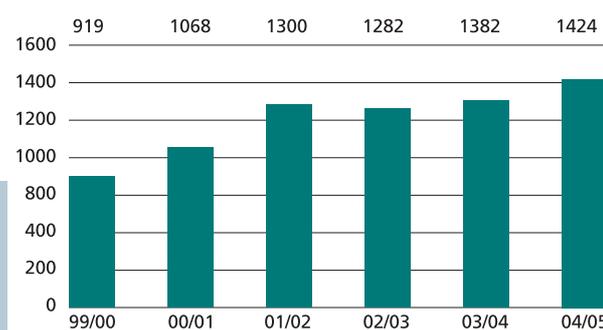
### Conclusion

On behalf of members I thank the College's two Chairs for their leadership during this year: Robert (now Mr Justice) Benjamin during 2004 and June McPhie in 2005. I also thank the Chairs of the three subsidiary Colleges – Ian Haynes (N.Z.), Bill O'Shea (Vic), Glenn Ferguson (Qld) – and Directors on all four boards for their efforts in the College cause this year.

### Business Case – Financial Performance



### Practical Legal Training Enrolments



The objective of the Law Society's governance framework is an efficient Council that is forward thinking and outcome driven in leading the profession, representing its members and addressing the public interest. This framework:

- defines the Society's mission and the Council's role;
- defines Councillor and office bearer roles, responsibilities and accountabilities; and
- provides procedural guidelines in relation to Council committees, reporting obligations of representatives on outside bodies and control of the Council's agenda.

### The Council

The Council carries out its responsibilities in accordance with the following mandate included in the Society's Memorandum and Articles of Association:

- the Council shall consist of 21 elected or appointed Councillors together with ex-officio members (any serving senior office bearer whose elected term has expired);
- the Chair of the Council shall be the President of the Law Society;
- the Council may meet as it thinks fit (Council meets monthly, with special meetings convened as required).

Councillors in office at the date of this Annual Report and their attendance at monthly meetings in the 2004/2005 financial year are as follows:

J. McIntyre (President) (12 of 12);  
J. McPhie (President Elect) (12 of 12);  
P. Johnstone (Junior Vice-President) (11 of 12);  
G. Dunlevy (Treasurer) (9 of 12);  
G. Salier (Immediate Past President) (12 of 12);  
T. Abbott (11 of 12);  
R. Bryden (10 of 12);  
K. Cull (11 of 12);  
G. Daley (10 of 12);  
A. de Govrik (8 of 8);  
J. Dobson (12 of 12);  
J. Eades (12 of 12);  
R. Everett (11 of 12);  
N. Goodman (12 of 12);  
S. Jarrett (11 of 12);  
H. Macken (12 of 12);  
M. Snell (7 of 8);  
T. Stern (12 of 12);  
P. Waters (11 of 12);  
P. Wright (10 of 12); and  
C. Xuereb (8 of 8).

Councillors who retired during the 2004/2005 year and meetings attended are:

R. Benjamin (6 of 6);  
A. Perry (3 of 4);  
G. Ramensky (3 of 4).

Councillor J. Simpson (2 of 3) resigned from Council on 21 October 2004.

The primary responsibilities of the Council are to:

- set vision, objectives, policies and strategic directions;
- communicate and liaise with members and other stakeholders;
- ensure compliance with statutory requirements;
- assess and manage risk; and
- monitor organisational performance.

### Finance Committee

The Council's Finance Committee is convened annually and comprises the Treasurer (Chair), three other Councillors selected by the President, and senior officers of the Society. Current members of this Committee are Councillors:

G. Dunlevy (Chair);  
J. Eades;  
R. Everett; and  
C. Cawley (Secretary);  
M. Richardson (Chief Executive Officer);  
A. Shearer (Chief Financial Officer); and  
M. Tidball (Chief Operating Officer).

The primary responsibilities of the Finance Committee are to:

- advise on the Council's budget and business plan;
- develop investment policies and guidelines;
- consider allocations for staff salary increases; and
- approve capital expenditure up to \$100,000.

### Audit Committee

The Council's Audit Committee is convened annually. Its membership comprises the Treasurer and no less than two and no more than four other Councillors selected by the President. Current members are Councillors:

P. Johnstone (Chair);  
R. Bryden;  
A. de Govrik; and  
S. Jarrett.

Meetings are held quarterly but more frequently if considered necessary. A special meeting is always convened, generally in late August, to discuss the annual

*WITH CONCERN FOR ALL MEMBERS OF THE LEGAL PROFESSION IN NEW SOUTH WALES, THE LAW SOCIETY OFFERS MEMBERS AND NON-MEMBERS ALIKE ACCESS TO CONFIDENTIAL SERVICES THEY CAN CONSULT FOR HELP WITH PRACTICE ISSUES, OR TO TURN TO IN TIMES OF PERSONAL OR PROFESSIONAL DIFFICULTY.*

financial statements.

The Audit Committee reviews the activities of the Law Society Group of companies in key financial areas and ensures that appropriate internal control systems, audit processes and risk management strategies are in place. It also consults routinely with the Law Society's external auditors, the Chief Operating Officer and the Chief Financial Officer. The Audit Committee process promotes accountability and provides Council with additional assurance regarding the quality and reliability of information used by the Council.

### Risk management

The Council is responsible for corporate governance within the Law Society Group of companies. The Council monitors the operational and financial aspects of the Group's activities and, through the Audit Committee, considers the recommendations and advice of external auditors and other external advisers on the operational and financial risks that face the Group.

The Council ensures that the recommendations made by the external auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that the companies in the Group have internal controls to manage the key risks identified. Both directly and through its Audit Committee, the Council investigates ways of enhancing existing risk management strategies.

### Code of conduct

As elected representatives of the solicitors of New South Wales, members of the Council acknowledge their responsibility:

- to put the interests of the Society's members ahead of personal or sectional interests;
- to act with integrity;
- to respect the confidentiality of Council business;
- to adhere diligently to the Society's mission and the Council's role;
- to avoid conflicts of interest as prescribed in the Manual for Councillors;
- to respect the values inherent in the Council's statement of ethics for solicitors; and
- to meet statutory requirements.

### Discuss your problems

*The Lawyers Assistance Program helps practitioners in difficulty with a confidential service that aims to prevent practitioners' problems being exacerbated, and to reduce the risk of impact on themselves, their families, partners and clients. Contact the coordinator on 1800 777 662 or visit [www.lap.com.au](http://www.lap.com.au) for details.*

### LawCare

*Solicitors and their immediate family have access to a professional counsellor for strictly confidential advice on personal issues that may interfere with work or family life. To speak to a professional counsellor call 0416 200 788.*

### Help with complaints

*If you are the subject of a complaint to the Legal Services Commissioner or the Law Society and need someone you can discuss the complaint with, and who is able to assist in the preparation of a written response, contact one of the panel members of the Law Society's Senior Solicitors' Scheme. A full list of panel members is available at [www.lawsociety.com.au/profreg/senior\\_sols\\_scheme](http://www.lawsociety.com.au/profreg/senior_sols_scheme).*

### Advice on ethics

*For guidance on any sort of ethical dilemma you may encounter in your legal practice, contact the Law Society's Ethics Section on 9926 0390 or email [ethics@lawsocnsw.asn.au](mailto:ethics@lawsocnsw.asn.au).*



### Advice on costs

*For advice on all issues relating to costs, including on disclosure, costs agreements, assessment, and resolution of costs disputes phone 9926 0382 or email [costs@lawsocnsw.asn.au](mailto:costs@lawsocnsw.asn.au).*

### Regulatory systems advice

*The Regulatory Systems Adviser is available to provide confidential assistance to practitioners in dealing with issues of a regulatory nature, business structures for practices, and management systems. Contact the Regulatory Systems Adviser on 9926 0109 or email [cjs@lawsocnsw.asn.au](mailto:cjs@lawsocnsw.asn.au).*



## TREASURER'S REPORT

from GEOFFREY DUNLEVY

I have pleasure in submitting the Financial Statements of The Law Society of New South Wales and related entities for the financial year ended 30 June 2005 in concise format as agreed to by Council. Individual accounts for each entity are available on our website should members wish to obtain more information.

The Law Society itself ended the year with a net surplus of \$1,864,334. Included in this surplus was a write-back of \$378,108 being a provision for diminution created some years ago for LawCover Plus Pty Ltd. The surplus increased by \$909,675 on the surplus of \$954,659 reported in the financial year ended 30 June 2004.

The consolidated result for the group showed a deficit of \$474,062 compared with a surplus of \$1,775,901 for the previous financial period. As mentioned in the statutory report of the Council, all the Law Society group companies have performed well in the financial year, achieving surpluses in all areas, with the exception of the Solicitors Mutual Indemnity Fund (SMIF). SMIF revised claims liabilities during the 2004/2005 financial year which led to it incurring a deficit of \$7.906 million. Net assets of the group remain firm at \$44.024 million compared with \$44.502 million as at 30 June 2004.

Law Society income for this financial year was \$17.141 million compared to \$16.351 million for the previous financial period. This year's result was 4.83 per cent above the 2003/2004 result. In its first year of voluntary membership a pleasing 92.5 per cent membership take-up contributed to this result.

Total Law Society expenses for the current financial year were \$15.277 million compared to \$15.397 million for the comparative period last year.

Net assets of the Law Society have increased from \$26.455 million as at 30 June 2004 to \$28.320 million as at 30 June 2005. Members will note that the Law Society has retained its investment of \$6.000 million in LawCover Insurance Pty Limited.

The Solicitors Fidelity Fund's net surplus for the year ended 30 June 2005 was \$2.123 million compared to \$2.461 million for the corresponding previous financial period. Contributions received from solicitors reduced by \$3.281 million due to a reduction in the member's contribution rate, whereas investment income increased by \$0.781 million compared to the previous financial period. Expenditure from ordinary activities decreased by \$0.497 million, whereas claims paid (net of recoveries) increased by \$2.041 million over 30 June 2004 figures.

The Law Society's subsidiary companies continued to

perform well during the 2004/2005 financial year.

The College of Law Pty Ltd generated a consolidated net profit of \$0.896 million compared to the prior result of \$0.008 million. The New Zealand College of Law Pty Ltd has achieved a 50 per cent market share of practical legal training students.

The College also commenced subsidiary companies in Queensland and Victoria. Net consolidated assets of the College have increased by 5.89 per cent to \$16.050 million. Enrolments in the Professional Program increased by 50 students over 2003/2004 to a record 1,420 students. Revenue from student fees has increased from \$8.10 million to \$8.50 million.

LawCover Plus Pty Ltd revenue for the financial period to 30 June 2005 was \$1.381 million compared to \$2.355 million for the previous financial period. Net profit for the financial period ended 30 June 2005 was \$0.599 million compared to \$1.209 million for the previous financial year.

LawCover Insurance Pty Limited traded for the full financial period to 30 June 2005 with its principal activity being to underwrite compulsory professional indemnity insurance for solicitors in New South Wales.

Premium revenue was \$69.712 million. After reinsurance expense and net claims expense, the insurance company produced an underwriting profit of \$9.050 million. Taking into account investment income and general and administrative expenses, a net profit of \$4.839 million was achieved. Net Assets increased from \$6.007 million as at 30 June 2004 to \$10.847 million as at 30 June 2005.

Voluntary membership of the Law Society, which commenced on 1 July 2004, achieved a 92.5 per cent take-up for the financial period 2004/2005. I am happy to report that membership take-up for the 2005/2006 financial period is steady at 92 per cent which places us in a strong position for the 2005/2006 financial year. Management and staff of the Law Society and its subsidiary companies are thanked for their contribution in making this a very successful year.