



LSC LEGAL
SERVICES
COUNCIL

COMMISSIONER
FOR UNIFORM LEGAL
SERVICES REGULATION

ANNUAL REPORTS 2019/2020

LEGAL PROFESSION
Uniform Law

INTRODUCTION

The Legal Services Council is an intergovernmental statutory corporation created by the Legal Profession Uniform Law, applied in New South Wales by the *Legal Profession Uniform Law Application Act 2014* (NSW) and in Victoria by the *Legal Profession Uniform Law Application Act 2014* (Vic).

The intention of the Parliaments of each State is to create for all, one Council and one Commissioner for Uniform Legal Services Regulation.

This publication contains the Annual Reports of both the Legal Services Council and the Commissioner for Uniform Legal Services Regulation for 2019–2020.

The reports are prepared and submitted in accordance with Schedule 1 clause 26 and Schedule 2 clause 10 of the Legal Profession Uniform Law as in force in each participating State. All references to legislation in this report refer to the Legal Profession Uniform Law, also referred to as the Uniform Law, unless otherwise indicated.

The Uniform Law commenced on 1 July 2015 in both NSW and Victoria. The inaugural Council was appointed in October 2014 and will serve until October 2020.

In October 2017, Megan Pitt commenced a five-year term in the dual roles of Chief Executive Officer of the Legal Services Council and Commissioner for Uniform Legal Services Regulation.

Copies of this Annual Report are publicly available at www.legalservicescouncil.org.au or by contacting the Legal Services Council by telephone on (02) 9692 1300, in writing to PO Box H326, Australia Square, Sydney NSW 1215 or by email to lsc@legalservicescouncil.org.au.

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23 September 2020

The Hon Mark Speakman SC MP
Attorney General of New South Wales
GPO Box 5341
SYDNEY NSW 2001

The Hon Jill Hennessy MP
Attorney-General of Victoria
Level 26, 121 Exhibition St
MELBOURNE VIC 3000

The Hon John Quigley MLA
Attorney General of Western Australia
5th Floor, Dumas House
2 Havelock Street
WEST PERTH WA 6005

Dear Attorney-General,

Annual Report of the Legal Services Council for 2019–2020
Annual Report of the Commissioner for Uniform Legal Services Regulation for 2019–2020

I am writing to submit the Annual Report of the Legal Services Council for 2019–2020 in accordance with Schedule 1 clause 26 to the Legal Profession Uniform Law.

I also provide the Annual Report of the Commissioner for Uniform Legal Services Regulation for 2019–2020 prepared in accordance with Schedule 2 clause 10 of the Legal Profession Uniform Law. This is included in the same volume as the Council's report.

The financial statements of the Council encompass the Office of the Commissioner, consolidated as one entity. The statements have been prepared in accordance with Australian Accounting Standards and have been audited. A report provided by the Auditor is included.

Yours sincerely,



The Hon Michael Black AC QC FAAL
Chair, Legal Services Council

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CHAIR'S REPORT



Six years ago, I was happy to accept the invitation from the Attorney-General of Victoria, on behalf of the Standing Committee of Attorneys General, to be appointed as the inaugural Chair of the Legal Services Council. The Uniform Law was to come into effect in New South Wales and Victoria some eight months later on 1 July 2015.

It has been a great pleasure to work with the other members of the Council in the establishment and development of the Uniform Law scheme. The other members of the Council, Ms Fiona Bennett, Ms Kim Boettcher, Mr Steven Stevens and Mr Bret Walker SC, have given generously their time, judgment and expertise and I take this opportunity to thank them for their very substantial contributions to the important work of the Council. Over the past two years we have also been fortunate to have had at our Council meetings, as an observer from Western Australia, the then Solicitor General, Mr Peter Quinlan SC and, upon his appointment as Chief Justice of Western Australia, his successor as Solicitor General, Mr Joshua Thomson SC.

A significant milestone in the establishment of the Uniform Law nationally was the decision by Western Australia to join the scheme. When this occurs with the anticipated passage of the necessary legislation in 2021 the Uniform Law will cover more than three quarters of the members of the Australian legal profession.

In this context I would particularly like to acknowledge the work undertaken by the Standing Committee and by the Attorney General, the Solicitor General, the Department of Justice and the regulatory authorities of Western Australia, as well as by the Law Society and by the Bar Association. All worked together with the Council's small Secretariat to achieve this especially important step forward in the application of the Uniform Law to the profession nationally.

Constructive consultation with the remaining jurisdictions continues, most recently with the Attorney-General and the profession in South Australia.

On behalf of the Council I would like to express our appreciation to our Admissions Committee, chaired by the Hon Acting Justice Arthur Emmett AO, for its work with the admissions rules, policy and procedures, and for its advice to the Council.

The Council of Chief Justices of Australia and New Zealand has recently appointed Justice Emmett to be Chair of the Law Admissions Consultative Committee (LACC). The Admissions Committee and LACC now have five members in common.

I would like to thank the members of the Admissions Committee and LACC for their readiness to co-operate and collaborate in admissions matters with the aim of achieving a consistent approach across Australia.

I must also acknowledge the excellent cooperation and work of our many stakeholders. For the Uniform Law scheme to operate effectively it is essential that we maintain strong, collegiate, and cooperative working relationships with our stakeholders and that there is a sharing of experiences, information, ideas and best practices. The last few years have been especially noteworthy for collaborative engagement.

Finally, I would like to recognise here the valuable work of the inaugural Chief Executive Officer and Commissioner for Uniform Legal Services Regulation, Mr Dale Boucher PSM, who was pivotal in the successful and timely establishment of the Council and the scheme. I would also like to acknowledge the excellent work of Ms Megan Pitt, who succeeded Mr Boucher as Chief Executive Officer and Commissioner, and her very substantial contribution to the Uniform Law scheme and its development over the past three years. The current and former staff of our small Secretariat have given excellent support to the Council.

Having served two 3-year terms, the Chair and other members of the Council are not eligible for reappointment and I wish the incoming Chair and the other members of the new Council much satisfaction and success in their terms of office.

The Hon Michael Black AC QC FAAL
Chair, Legal Services Council

CEO'S REPORT



I am pleased to present the Legal Services Council's Annual Report for 2019–2020. This year marks the fifth year of the operation of the Uniform Law scheme, and my third year as CEO of the Legal Services Council.

While the details of our achievements are set out later in this report, there are highlights that stand out for special mention as follows:

Achieve national implementation of the Uniform Law

In March, the introduction of the Legal Profession Uniform Law Application Bill 2020 (WA) into Parliament was a significant milestone in the expansion of the Uniform Law scheme. In the lead-up to this legislation passing, we continue to enjoy working with our WA partners and to factor their regulatory experience and perspectives into the work of the Council.

Throughout the year, the LSC has continued to engage with other non-participating jurisdictions to encourage their participation in the Uniform Law scheme. In May, I was delighted to participate in a Uniform Law Forum conducted by the Law Society of South Australia, to further examine issues relevant to South Australia's consideration of joining the Uniform Law scheme.

Ensure that the Uniform Law scheme is a responsive regulatory regime

Over the past 12 months, the Council has advanced a range of projects that support the Uniform Law scheme being a responsive regulatory regime, including:

- Launching the Australian Legal Profession Register to make data on NSW and Victorian legal practitioners publicly available

- Undertaking a major review of the Uniform Law and Rules to improve legal regulation
- Making rules on subjects such as barristers' continuing professional development, admission matters, indexation and others
- Reviewing the effectiveness of rules relating to managed investment schemes.

In 2020, the COVID-19 pandemic presented challenges and I was impressed by the ongoing collaboration between the local regulators and the Secretariat in developing consistent, uniform solutions to continuing professional development, external examinations and admissions issues.

Build awareness of the benefits of the Uniform Law

In December, the LSC held its second annual Uniform Law Summit in Sydney. The Summit brought together key stakeholders from NSW, Victoria and Western Australia to review our work and plan priorities for the next year together. We greatly value the contributions of our stakeholders and appreciate that the operation of the Uniform Law is enriched by a wide range of voices.

Continue to develop a well-governed organisation

Our small Secretariat of only five staff has continued to provide excellent support for our Council and Committees, and I sincerely thank them for their commitment and efforts this year.

The LSC now also provides secretariat support to the Law Admissions Consultative Committee (LACC), which will enhance collaboration between the LACC and our Admissions Committee in seeking to maximise uniformity in admission matters.

As this calendar year marks the end of the term of our inaugural Council, I would like to pay tribute to its achievements over the last six years. It has been a delight and absolute pleasure to work with our Chair, the Hon Michael Black AC QC FAAL, and all members of Council, the Admissions Committee, and the Audit and Risk Committee. We wish all of those whose terms are ending soon, the very best for the future.

I would also like to acknowledge the Standing Committee and their Departments for their consideration and support of our work again this year.

Megan Pitt,
Chief Executive Officer, Legal Services Council

OUR GUIDING PRINCIPLES



OUR VISION

To achieve uniform regulation of a national legal profession and legal services in Australia to meet community needs and to balance the interests of the legal profession and the protection of clients of law practices.

Our Objectives

The LSC seeks to promote the administration of justice and an efficient and effective Australian legal profession by:

- providing and promoting consistency between states and territories in the law applying to the Australian legal profession

- ensuring legal practitioners are competent and maintain high ethical and professional standards
- enhancing the protection of clients and the public
- empowering clients to make informed choices about their legal options
- promoting efficient, effective, targeted and proportionate regulation, and
- supporting a co-regulatory framework with appropriate independence for the legal profession.

OUR COUNCIL

LEGAL SERVICES COUNCIL MEMBERS

Our inaugural Legal Services Council members were appointed on 14 October 2014 and served two terms to 13 October 2020. They are as follows:



The Hon Michael Black AC QC FAAL Chair

The Hon Michael Black practised at the bar from 1964 until 1991 when he was appointed Chief Justice of the Federal Court of Australia (1991–2010). At various times during this period he was a member of the Victorian Bar Council, the Victorian Legal Aid Committee and the Council of the Leo Cussen Institute. He was the foundation Chair of the Victorian Bar’s course of instruction for new barristers.

As Chief Justice of the Federal Court, Mr Black sat as an appellate judge in all areas of the Court’s jurisdiction and was closely involved in the Court’s administration and in its reforms of practice and procedure. Mr Black is a former Co-President of the Paris-based International Association of Supreme Administrative Jurisdictions. Since 2012 he has been the inaugural Chair of the Australian Law Schools Standards Committee, an independent committee established by the Council of Australian Law Deans.



Ms Fiona Bennett

Fiona Bennett is a non-executive director of a number of entities including BWX Limited, Select Harvests Limited and Hills Limited. She has been a director of the Victorian Legal Services Board since 2008 and Chairperson since 2013. She is Chair of the Legal Services Council’s Audit and Risk Committee.

Ms Bennett is a Chartered Accountant and has previously held senior executive positions at BHP Ltd and Coles Group Ltd. Ms Bennett has also been the Chief Financial Officer of several organisations in the health sector and is Chair of the Audit Committee of the Department of Education and Training (Victoria).



Ms Kim Boettcher

Kim Boettcher is a barrister at Frederick Jordan Chambers in Sydney. She was previously a solicitor practising in commercial and civil litigation law in England and Wales, New South Wales and Queensland. From 2010–2017, Ms Boettcher was a solicitor at the Seniors Rights Service, an independent legal centre in Sydney, which forms part of an Australian network of community legal centres.

Ms Boettcher has attended the United Nations in New York as a civil society delegate and regularly presents papers at international conferences.

Ms Boettcher was appointed to the NSW Minister for Fair Trading’s Retirement Villages Advisory Council in 2013 and also to the Minister’s Expert Committee on Retirement Villages Standard Contract Terms and Disclosure Documents in 2011. She is a Director of the International Network on the Prevention of Elder Abuse (INPEA), Treasurer of the International Commission of Jurists Australia and a member of the NSW Bar Association.



Mr Steven Stevens

Steven Stevens is a tax practitioner and principal of Stenas Legal in Melbourne. He has represented the legal profession as an elected member of the Victorian Legal Services Board from 2013–2018.

Mr Stevens practised as an economist before being admitted to legal practice in 1988. Between 1993 and 2011, Mr Stevens was a tax partner at Herbert Smith Freehills. In addition, he has held a number of positions within the legal profession, including President of the Law Institute of Victoria (2010) and Director of the Law Council of Australia (2010–2011).

He is currently the Chair of the Professional Ethics Committee of the Law Council of Australia and a member and former Co-Chair of the Professional Ethics Committee of the International Bar Association. Mr Stevens has represented the profession on a number of external bodies, including Australian Taxation Office consultative bodies and the Australasian Institute of Judicial Administration.



Mr Bret Walker SC

Bret Walker is a barrister at Fifth Floor St James' Hall in Sydney. He was admitted to the NSW Bar in 1979 and was appointed Senior Counsel in 1993 and Queen's Counsel in Western Australia in 1994. Mr Walker has held several senior positions including President of the NSW Bar Association (2001–2003), President of the Law Council of Australia (1997–1998), and Governor of the Law Foundation of NSW (1996–2007).

Mr Walker was Australia's first Independent National Security Legislation Monitor from 2011 to 2014. He prepared the 1993 NSW Barristers' Rules, which provided the basis for the Uniform Rules relating to advocacy. He is a member of the National Criminal Law Committee of the Law Council of Australia.

LEGAL SERVICES COUNCIL OBSERVER



Mr Joshua Thomson SC

During the year, Western Australian Solicitor General, Joshua Thomson SC, attended Council meetings as an observer ahead of Western Australia's entry into the Uniform Law scheme. The Council has appreciated his perspectives and contributions to its consideration of issues.

Joshua Thomson SC is a door tenant at Francis Burt Chambers. He does not presently accept private briefs as he was appointed Solicitor General for Western Australia on 4 October 2018.

OUR FRAMEWORK

THE STANDING COMMITTEE

The Standing Committee comprises the Attorneys General of NSW and Victoria and, for the purposes of decisions under the Intergovernmental Agreement dated 28 February 2019, Western Australia. It makes the Uniform Regulations, and considers and approves the Uniform Rules proposed by the Council, the Law Council of Australia, the Australian Bar Association and the LSC's Admissions Committee. The Standing Committee has a 'general supervisory role' over the Council, the Commissioner and local regulatory authorities, which includes overseeing the finances of the Council and approving its budget.



The Hon Mark Speakman SC MP
NSW Attorney General



The Hon Jill Hennessy MP
Victorian Attorney-General



The Hon John Quigley MLA
WA Attorney General

OUR ORGANISATION

The Legal Services Council and the Commissioner for Uniform Legal Services Regulation oversee the operation of the Uniform Law scheme. The Council as a statutory corporation, is separate from Government and may do what is necessary or appropriate to perform its functions.

The Council's objectives under the Uniform Law are to:

- monitor the implementation of the Uniform Law and ensure its consistent application across participating jurisdictions
- ensure the Uniform Law scheme remains targeted and effective, and promotes the maintenance of high professional standards
- ensure that the Uniform Law scheme promotes the efficient delivery of legal services to meet the community's legal needs and balances the interests of the profession with the protection of clients of law practices.

The Council formally makes all the Uniform Rules and to achieve a consistent approach, can issue guidelines and/or directions to local regulatory authorities, except in relation to complaints and professional discipline (which are matters for the Commissioner).

The current Council has five members including the Chair, drawn from participating jurisdictions. The host jurisdiction for the Uniform Law is Victoria, and its Attorney-General appoints Council members as follows:

- one member appointed as Chair on the recommendation of the Standing Committee with the concurrence of the Presidents of the Law Council of Australia and the Australian Bar Association
- two members – one each recommended by the Law Council of Australia and Australian Bar Association respectively
- two members recommended by the Standing Committee on the basis of their expertise in legal practice, consumer protection, legal professional regulation or financial management.

Council appointments are for three years. Members may be re-appointed and can hold office for a total of six years.

During the year, the Council met three times in Melbourne and once by teleconference due to the COVID-19 restrictions.

OUR CHIEF EXECUTIVE OFFICER AND COMMISSIONER

Since October 2017, Megan Pitt has occupied the dual role of Council's CEO and Commissioner for Uniform Legal Services Regulation. As a lawyer for 37 years, Ms Pitt has a strong background in Commonwealth litigation and legal practice management leading the Sydney office of the Australian Government Solicitor as its Director for over 20 years.

THE RELATIONSHIP BETWEEN THE COUNCIL AND THE COMMISSIONER, AS CEO OF THE COUNCIL

The person appointed as Commissioner must also exercise the functions of CEO of the Council.

In a formal sense, the Council administers all Chapters of the Uniform Law except Chapter 5, and oversees the Commissioner exercising Chapter 5 functions. In practice, the day-to-day operations of the Council are carried out by the CEO and by the staff of the Secretariat, in consultation with the Chair.

THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer manages the day-to-day affairs of the Council in accordance with its policies and directions.

THE COMMISSIONER

The Commissioner for Uniform Legal Services Regulation is a statutory office holder, responsible for raising awareness of and promoting compliance with the Uniform Law and Rules. The Commissioner monitors and reviews the dispute resolution and professional discipline functions set out in Chapter 5 of the Uniform Law.

The Commissioner may issue guidelines and directions to local regulatory authorities concerning the exercise of their complaints and professional discipline functions, in order to ensure consistency across participating jurisdictions.

The Commissioner's Report is at page 31.

THE ADMISSIONS COMMITTEE

The Council appoints the Admissions Committee, following nominations in accordance with Schedule 1 clause 21(1) of the Uniform Law. The Committee is responsible for developing Admission Rules. These rules set out the qualifications prerequisites for admission; the procedural requirements for admission; and the process for accrediting law courses and practical legal training providers. The Committee also has a broader role providing advice to the Council about admissions matters.

The Committee has seven members as follows:

- The Hon Acting Justice Arthur R Emmett AO, Chair, nominee of the Standing Committee of Attorneys General of NSW and Victoria and appointed to 30 June 2022
- The Hon Justice Patricia Henry, nominee of the Chief Justice of Victoria in concurrence with the Chief Justice of NSW and appointed to 30 June 2022
- The Hon Justice Emiliios Kyrou, nominee of the Chief Justice of Victoria in concurrence with the Chief Justice of NSW and resigned on 25 February 2020
- The Hon David Habersberger QC, nominee of the Chief Justice of Victoria in concurrence with the Chief Justice of NSW and appointed from 25 February 2020 to 30 June 2022
- Dr Elizabeth Boros, nominee of the Australian Bar Association and appointed to 30 June 2021
- Stuart Clark AM, nominee of the Law Council of Australia and appointed to 30 June 2021
- Professor Lesley Hitchens, nominee of a Faculty of Law and appointed to 30 June 2023
- Professor Bronwyn Naylor, nominee of a Faculty of Law and appointed to 30 June 2020.

The Hon Justice Rene Le Miere, Senior Judge of the Supreme Court of Western Australia, joined the Admissions Committee as an observer on 19 March 2020.



The Hon Acting Justice Arthur Emmett AO
Chair of the LSC Admissions Committee.

THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (ARC) is established by the Council. Under approved terms of reference, the ARC monitors and reviews the effectiveness and efficiency of the processes of the Council and the Commissioner.

The ARC's key area of focus is the oversight of financial management, budget reporting and risk management. Its three meetings per calendar year are scheduled to accommodate the legislative and policy compliance timeframes set by the NSW Audit Office and end of year financial statements. The ARC also considers audit and risk matters throughout the year and consults with the NSW Department of Communities and Justice's Finance Services team.

The ARC members are Fiona Bennett (Chair), Steven Stevens (LSC member) and Geoffrey Applebee (independent member).



LSC Audit and Risk Committee (L-R): Steven Stevens, Fiona Bennett and Geoffrey Applebee.

THE SECRETARIAT

A small Secretariat administers the day-to-day work of the Council and CEO. It comprises a Senior Executive Officer, a Senior Principal Policy Officer (from 1 October 2019), a Principal Policy Officer, a part-time Communications Officer (to 29 February 2020) and an Executive Assistant.

The Secretariat has extensive experience in legal practice, policy development, and in supporting advisory bodies, governments and committees.



LSC Secretariat (L-R): Cora Groenewegen (Principal Policy Officer), Chelly Milliken (Senior Principal Policy Officer), Megan Pitt (CEO and Commissioner for Uniform Legal Services Regulation), Tina O'Brien (Executive Assistant), Julia Langham (Senior Project Officer - Communications) and Bridget Sordo (Senior Executive Officer).

HOSTING ARRANGEMENTS

The NSW Government 'hosts' the LSC and Commissioner which are based in Sydney. The Secretariat (apart from the Commissioner) comprises public service employees under the *Government Sector Employment Act 2013* (NSW). The NSW Department of Communities and Justice supports the operation of the LSC and Commissioner by providing corporate services.

Oversight legislation that commonly applies to NSW Government agencies including the *Privacy and Personal Information Protection Act 1998* (NSW) and the *Government Information (Public Access) Act 2009* (NSW) applies to the LSC and to the Commissioner.

"I look forward to the future expansion across jurisdictions of the Legal Profession Uniform Law, enacted in 2014. I would like to thank the CEO/Commissioner for Uniform Legal Services Regulation and the Secretariat for their unwavering commitment to professional standards, the result of which can only benefit our reputation in the wider Australian community."

Kim Boettcher, Council Member

FUNDING ARRANGEMENTS

The LSC's and Commissioner's funding is provided pursuant to an Intergovernmental Agreement (IGA) between the two participating jurisdictions and Western Australia. The LSC is jointly funded by the jurisdictions participating in the Uniform Law scheme (currently NSW and Victoria) and its triennial budget was approved by the Standing Committee to 30 June 2021.

The *Legal Profession Uniform Law Application Act 2014* (Vic) provides that the Victorian Legal Services Board is to pay an amount determined by the Victorian Attorney-General. In practice, that amount is determined by reference to the IGA and is paid from the Victorian Public Purpose Fund. The NSW contribution is funded by admission fees prescribed by the *Legal Profession Uniform Law Application Regulation 2015* (NSW). Each admission fee of \$950 is allocated as follows:

- \$550 to the Legal Profession Admission Board (NSW)
- \$400 to the NSW Department of Communities and Justice.

The LSC's operating budget

The LSC and the Commissioner operate on a triennial budget (2019–2021). The Standing Committee approved the budget and provided assurance of continued funding for the purpose of the 2019–2020 financial statements.

The operating budget of \$1,721,539 was approved for the 2019–2020 financial year. Audited financial statements are presented in this report from page 60.



L-R: Warrick Mitchell (Victorian Department of Justice and Community Safety), Kajhal McIntyre and Phillipa Hetherton (NSW Department of Communities and Justice).

Financial operations

During the year, the LSC continued to operate as a cost centre of the NSW Department of Communities and Justice. The Department provided corporate services under a Services Provider Agreement to the LSC on a fee for service basis. The Agreement covers Human Resources, Finance, Procurement, and Information and Digital Services. The Agreement was updated on 11 July 2019 and was renewed on 16 June 2020.

The current budget is shared between participating jurisdictions. The notional cost of a national regulatory scheme covering all practitioners in Australia remains under \$30 per legal practitioner per year.

“For those of us who were involved in the national legal profession reform process, 30 June 2020 marks a significant milestone – five years since the introduction of the Legal Profession Uniform Law. During this time, we have seen strong relationships entrenched between the New South Wales and Victorian regulators and with the Legal Services Council. We look forward to welcoming Western Australia to the Uniform Law scheme in the coming months, with its expansion beyond the east coast marking the next significant milestone as we continue to move towards a national legal services market for Australia.”



Michael Tidball, Chief Executive Officer, Law Society of NSW

THE UNIFORM LAW SCHEME

STANDING COMMITTEE – NSW, VICTORIAN AND WA ATTORNEYS GENERAL

Supervises the Legal Services Council, Commissioner for Uniform Legal Services Regulation and local regulatory authorities to ensure they fulfil their duties consistently with the Uniform Law's objectives.

Makes regulations and approves Uniform Rules.



LOCAL REGULATORY AUTHORITIES FOR FUNCTIONS AND REGULATION OF THE LEGAL PROFESSION

ADMISSION TO THE LEGAL PROFESSION	AUSTRALIAN PRACTISING AND REGISTRATION CERTIFICATES	TRUST MONEY AND TRUST ACCOUNTING	COMPLIANCE AUDITS AND MANAGEMENT SYSTEM DIRECTIONS	CONSUMER COMPLAINTS, DISPUTE RESOLUTION AND PROFESSIONAL DISCIPLINE
Legal Profession Admission Board (NSW) Victorian Legal Admissions Board	Bar Council (NSW) Law Society Council (NSW) Victorian Legal Services Board	Bar Council (NSW) Law Society Council (NSW) Victorian Legal Services Board	NSW Legal Services Commissioner Law Society and Bar Councils (NSW) Victorian Legal Services Board	NSW Legal Services Commissioner Law Society and Bar Councils (NSW) Victorian Legal Services Commissioner

COURTS AND TRIBUNALS



ADMISSIONS COMMITTEE REPORT

The Legal Services Council's Admissions Committee (Committee) develops the Admission Rules and advises the Council about matters relating to admissions. To that end, it negotiates and co-operates with Australian and foreign authorities, courts and professional associations to gather information relevant to any of their functions under the Uniform Law scheme, and for the mutual recognition for admission purposes of academic and practical legal training courses.

CONSTITUTION OF THE COMMITTEE

On 30 June 2019, the term of the Hon Ruth McColl AO as the NSW judicial member of the Committee ended. Ms McColl made a valuable contribution to the Committee prior to retiring as a judge and taking

up the position as Chair of the Australian Dispute Resolution Advisory Council.

From 1 July until 25 February, the Committee comprised the Hon Acting Justice Emmett AO, the Hon Justice Kyrou, new appointee the Hon Justice Henry, Dr Boros, Mr Clark AM, Professor Hitchens and Professor Naylor.

On 25 February Justice Kyrou, the Committee's longest serving member, resigned. The Council was unanimous in expressing its acknowledgement and gratitude to Justice Kyrou for his long and outstanding contribution to the Committee. On the same day, the Hon David Habersberger QC was appointed to the Committee.



**Hon Acting Justice
Arthur Emmett AO QC**



Hon Justice Patricia Henry



Hon Justice Emilius Kyrou



Hon David Habersberger QC



Hon Justice Rene Le Miere



Dr Elizabeth Boros



Mr Stuart Clark AM



Professor Lesley Hitchens



Professor Bronwyn Naylor

In the lead up to Western Australia adopting the Uniform Law, in March the Committee welcomed the Hon Justice Rene Le Miere, Senior Judge of the Supreme Court of Western Australia, as its observer, and contributor of the Western Australian perspective on admissions.

“I appreciate the opportunity to be involved in the Admissions Committee’s work. It is vital to the development of the legal profession, and I find it interesting to learn from and engage with the perspectives of members from different spheres of the profession.”

Professor Bronwyn Naylor, member of the Admissions Committee

ADMISSION OF FOREIGN LAWYERS

Since late 2017, the Committee has been hearing and attempting to remedy expressed concerns about the difficulties experienced foreign lawyers face acquiring a compliance certificate for admission in NSW and Victoria. The applicants describe the main area of discontent as the failure of their skills and experience to manifest as broad exemptions from further study under section 18 of the Uniform Law. A separate but related issue is the meaning and application of the conditional admission provisions of section 20(1)(b).

In June, the Committee established a working group to map a path forward that balances the needs of the legal profession to attract experienced foreign lawyers to facilitate Australia’s participation in a global legal market, with meeting the concerns of admitting authorities to maintain the high ethical and professional standards demanded of local lawyers.

THE LAW ADMISSIONS CONSULTATIVE COMMITTEE (LACC)

In October, the Council of Chief Justices of Australia and New Zealand resolved that in the interests of uniformity, a Chair and as many people in common as possible should carry out the admissions advisory functions in the participating and non-participating jurisdictions.

In response, appointments to the Committee and LACC resulted in the Hon Acting Justice Emmett AO as Chair and the Hon Justice Henry, the Hon David Habersberger QC, Professor Hitchens

and the Hon Justice Le Miere as participants on both Committees.

The Council provides secretariat services to LACC. Both Committees meet three times per year on the same day, and inform themselves of the other’s issues and business, working cooperatively to maximise uniformity in admissions matters between all Australian jurisdictions.

THE EFFECT OF COVID-19 ON ADMISSIONS MATTERS

In the COVID-19 containment commencing in mid-March, admission ceremonies could not be held, students were experiencing difficulty completing the workplace experience component of their practical legal training, and universities transitioning to teaching remotely were concerned that they would be unable to meet the face to face teaching requirements of their accreditation.

With the agreement of the Committee and LACC, the Secretariat assisted admitting authorities to share information about matters such as admissions taking place on the papers, aspects of practical legal training undertaken as an online module and the temporary modification of requirements for accreditation.

RELATIONSHIP WITH STAKEHOLDERS

The Committee is grateful for the input of all of its stakeholders and particularly the Legal Profession Admission Board (NSW) and the Victorian Legal Admissions Board for their valuable contributions to its work, and to the Law Society of NSW for IT assistance on admissions data.

“We in the Northern Territory were delighted with the way the LACC Chair encouraged representatives from all Australian admitting authorities to share their approaches and strategies in engaging with law schools and PLT providers, to maximise uniformity in the face of COVID-19 disruptions to legal teaching and assessments, PLT work place supervision and admissions.”



Associate Justice Vince Luppino, Supreme Court of the Northern Territory, and member of LACC

HIGHLIGHTS OF 2019–2020

Over the last 12 months, the Council has brought together NSW, Victorian and Western Australian regulators to discuss Uniform Law matters, to develop positive working relationships with stakeholders and to address any regulatory issues of concern.

Specifically, the Council has continued to support Western Australia’s adoption of the Uniform Law scheme, launched the Australian Legal Profession Register in the Uniform Law States and consulted widely on a range of matters, including amendments to the Uniform Law and Rules, to ensure the effective operation of the Uniform Law.

“The establishment this year of the Australian Legal Profession Register is another step forward for the Uniform Law. The Register provides an easy search function by which consumers can check whether a person offering services as a lawyer holds a valid practising certificate and gives straightforward guidance to the local regulator’s website for more detailed information. The Register is also symbolically important for a national profession.”

The Hon Michael Black, Chair, Legal Services Council



L-R: Steven Stevens (LSC), Michael Tidball (LSNSW CEO) and Michael Black (LSC Chair).

AUSTRALIAN LEGAL PROFESSION REGISTER

On 5 December, the LSC Chair launched the Australian Legal Profession Register and it now appears on the LSC website. The Register contains publically available data about NSW and Victorian legal practitioners and links to the NSW and Victorian Registers of Disciplinary Action.

The LSC acknowledges the Law Society of NSW for its ongoing technical support, and the NSW Department of Communities and Justice for its IT oversight. The LSC is also grateful to the Victorian Legal Services Board and Commissioner, the NSW Bar Association and the Law Society of NSW for providing the data for the ALPR on a weekly basis.

The screenshot shows the website for the Australian Legal Profession Register. It includes a search bar, navigation menu, and a search form with fields for Last Name, Middle Name (if known), First Name, and State or Territory (if known). Below the form is a table of local regulatory authorities and a section for Registers of Disciplinary Action.

JURISDICTION	LEGAL PRACTITIONER TYPE	LOCAL REGULATORY AUTHORITY	WEBSITE	CONTACT NUMBER
NSW	Solicitor	The Law Society of NSW	lawsociety.com.au	(02) 9926 0156
NSW	Barrister	The NSW Bar Association	nswbar.asn.au	(02) 9232 4055
Victoria	Solicitor	Victorian Legal Services Board + Commissioner	lsbc.vic.gov.au	(03) 9679 8001
Victoria	Barrister	Victorian Legal Services Board + Commissioner	lsbc.vic.gov.au	(03) 9679 8001

UNIFORM LAW SUMMIT

On 5 December, the LSC hosted its second annual Uniform Law Summit in Sydney attended by all agencies involved in the regulation of the legal profession in Victoria, NSW and WA, and the NSW Department of Communities and Justice, and Victorian Department of Justice and Community Safety.

The purpose of the Summit was to review the LSC’s work over the last year, seek feedback from our key stakeholders and to jointly plan the LSC’s priorities for 2020. Presentations on the LSC’s work with DLRAs included:

- Expanding the Uniform Law scheme
- Electronic Data Sharing – Complaints and Admissions Data
- Foreign Lawyer Admission Provisions Review
- Managed Investment Scheme Rule Review
- First Priority Amendment Project
- Australian Legal Profession Register.

The Summit demonstrated how effectively the LSC, DLRAs and the Victorian and NSW Departments are working together on Uniform Law issues.



“The highlight of the year for me was the Summit of regulatory authorities under the Uniform Law, including those in Western Australia, held by the Council in December 2019, which exhibited a terrific co-operative spirit and goodwill in planning to facilitate rapidly evolving changes in legal practice.”

Steve Stevens, Council member

“It was not only informative but a wonderful chance to meet other regulators and discuss and hear about how others engage in ensuring the Uniform Law is at the forefront of regulation in Australia, now and moving forward.”



Maria Di Palma, Senior Adviser, Victorian Legal Admissions Board



L-R: Steve Stevens (LSC), Nadia Haddad (LSNSW), Heather Moore (LSNSW) and John McKenzie AM (NSW Legal Services Commissioner).



L-R: Fiona McLeay (Victorian Legal Services Commissioner) and Anthony Lean (LSNSW).



L-R: Michael Black AC QC FAAL (LSC Chair), Michael Tidball (LSNSW CEO), Katherine Lorenz (Victorian Bar CEO), John McKenzie AM (NSW Legal Services Commissioner), Greg Tolhurst (NSW Bar Executive Director), Megan Pitt (LSC CEO) and Fiona McLeay (Victorian Legal Services Commissioner).

WA UNIFORM LAW PROJECT

On 17 September, legislative amendments to pave the way for Western Australia to join the Uniform Law scheme received the Royal Assent. Part 2 of the *Legal Profession Uniform Law Application Amendment Act 2019* (Vic) will amend the Uniform Law to:

- Increase the number of members of the Council from five to seven
- Ensure that the Council’s membership includes at least one member from each participating jurisdiction, and
- Ensure that the Admissions Committee’s membership includes at least one current or former Supreme Court Judge from each participating jurisdiction.

Part 2 will come into operation on a day to be proclaimed to align with Western Australia’s entry into the Uniform Law scheme.

On 18 March, the Legal Profession Uniform Law Application Bill 2020 (WA) was introduced into the Western Australian Parliament. The purpose of the Bill is to apply the Uniform Law as a law in Western Australia, bringing Australia closer to a national legal profession.

On 29 and 30 January, the LSC hosted a two-day project management workshop to focus on work that needs to be undertaken by the LSC and relevant stakeholders to facilitate WA joining the Uniform Law scheme.

As project sponsor, the LSC coordinates the project overall, assisted by a team that includes WA regulators, Uniform Law regulators and Departmental representatives.

Below L-R: Chelly Milliken, Natalie Neal, Bridget Sordo, Kajhal McIntyre, Julia Langham, Cora Groenewegen, Tina O’Brien, Stuart Patch, Phillipa Hetherton, John McKenzie AM, Russell Daily, Libby Fulham and Megan Pitt.



THE FIRST PRIORITY AMENDMENT PROJECT

Over the past 12 months, the Council has continued to consult extensively with DLRAs, stakeholders and the NSW, Victorian and WA Departments of Justice to analyse areas for improvement of the Uniform Law.

In January, a consultation paper setting out 36 proposed amendments to the Uniform Law was published on the LSC website and sent to a wide range of stakeholders. The proposed amendments aim to:

- clarify the effect and operation of certain provisions
- enhance protection of consumers of legal services
- empower clients to make informed choices about costs
- remove the potential for unintended consequences and perverse outcomes to arise
- improve administrative efficiencies, and
- resolve inconsistencies and drafting anomalies.

In May, the Council sent the final 34 recommendations to the Standing Committee for its consideration.

MANAGED INVESTMENT SCHEMES RULES REVIEW

In June, the LSC commenced a review of rules 91A–91D of the Uniform General Rules relating to managed investment schemes, as requested by the Standing Committee.

Between September and November, the terms of reference were published, preliminary submissions invited and consultation meetings held with key stakeholders. In December, a consultation paper setting out recommended options was published on the LSC's website.

In March, the Council completed its review and reported its recommendations to the Standing Committee. The report recommends an amendment to Uniform General Rule 91B and revised guidance material for the legal profession. The Standing Committee has confirmed its support for the Council to progress its recommendations.

UNIFORM LAW AND RULE CHANGES

Indexation

On 1 July, Uniform General Rule 111A commenced. This rule increases the monetary thresholds relating to the powers of the Legal Services Commissioners and the Victorian Civil and Administrative Tribunal to determine costs disputes under the Uniform Law based on CPI.

Business Practice and Professional Conduct

On 13 December, the Legal Profession Uniform General Amendment (Miscellaneous) Rule 2019 commenced. This rule clarifies the usual duration of a practising certificate; amends the Uniform General Rules that support various provisions in Chapter 4 of the Uniform Law; and creates new Uniform General Rules 91E and 95A.

Continuing Professional Development (Barristers) Rule

On 13 December, a new rule to provide clarity on the content of a CPD activity for barristers commenced.

“Victoria and NSW were the first participating jurisdictions in the Uniform Law scheme. Under the LSC’s leadership, we’ve demonstrated just how well regulators from diverse jurisdictions – constituted differently and serving distinct professions – can work together under the one umbrella legislation to achieve national objectives. We are excited to welcome WA to the scheme soon.”



Fiona McLeay, Victorian Legal Services Commissioner

THE UNIFORM LAW IN ACTION

THE UNIFORM LAW

The Legal Profession Uniform Law sets out the regulatory arrangements for the legal profession, including:

- admission to the Australian legal profession
- legal practice
- business practice and professional conduct
- legal costs between a legal practitioner and their client
- dispute resolution and professional discipline
- functions and powers of the LSC, the Commissioner and local regulatory authorities.

LOCAL APPLICATION ACTS

The Uniform Law is applied in NSW and Victoria by local Application Acts. Certain jurisdiction-specific arrangements, such as the operation of local authorities and fees, are dealt with by local Application Acts and Regulations.

- *Legal Profession Uniform Law Application Act 2014 (Vic)*
- *Legal Profession Uniform Law Application Act 2014 (NSW)*
- *Legal Profession Uniform Law Application Regulation 2015 (NSW)*

THE UNIFORM RULES

The Uniform Rules provide operational detail and requirements for legal practitioners. The Council has specific responsibility for the development of the Uniform General Rules. After any necessary amendments, the Council submits the draft rule to the Standing Committee.

The Council's Admissions Committee is responsible for developing the Admission Rules.

The Law Council of Australia and the Australian Bar Association are responsible for developing Legal Practice, Legal Profession Conduct and Continuing Professional Development Rules for solicitors and barristers respectively.

The Uniform Rules are:

- Legal Profession Uniform General Rules 2015 (Uniform General Rules)
- Legal Profession Uniform Admission Rules 2015 (Admission Rules)
- Legal Profession Uniform Continuing Professional Development (Solicitors) Rules 2015 (Solicitors' CPD Rules)
- Legal Profession Uniform Law Australian Solicitors' Conduct Rules 2015 (Australian Solicitors' Conduct Rules)
- Legal Profession Uniform Legal Practice (Solicitors) Rules 2015 (Solicitors' Legal Practice Rules)
- Legal Profession Uniform Continuing Professional Development (Barristers) Rules 2015 (Barristers' CPD Rules)
- Legal Profession Uniform Conduct (Barristers) Rules 2015 (Barristers' Conduct Rules)

LSC REGISTER OF DELEGATIONS

The LSC may delegate certain functions to the Chair of the Council or the Commissioner.

The LSC maintains and annually updates a Register of Delegations as required by section 413 of the Uniform Law, and works with the DLRA's to ensure they each maintain and publish a current Register of Delegations. The LSC publishes a link to these registers on its website.

There were no delegations made during the reporting period.

FEATURES AND BENEFITS OF THE UNIFORM LAW SCHEME

BENEFITS FOR GOVERNMENTS, THE LEGAL PROFESSION AND CONSUMERS

- The Uniform Law contributes to significant micro-economic reform that benefits governments, the legal profession and consumers
- Harmonisation of the regulation of the legal profession creates a seamless national legal market
- A national legal profession furthers Australia's participation in the international demand for legal services
- The LSC is becoming an expert advisory body to governments on legal regulation
- The LSC's Admissions Committee in consultation with Admission authorities, determines consistent policies and procedures for admission of Australian and foreign lawyers; the content of academic and practical legal education and the accreditation of law courses and practical legal training providers
- The legal profession has an entrenched place in the co-regulatory scheme
- Law practices benefit from a common framework
- Consumers benefit from strengthened protections and faster resolution of disputes and complaints
- The Australian Legal Profession Register allows consumers to search for legal practitioner details

REGULATORY AUTONOMY REMAINS FOR STATES AND TERRITORIES

- Supreme Court admissions and supervisory roles remain unchanged
- Local regulatory bodies remain unchanged
- State Application Acts provide for local machinery and regulatory arrangements

A COMMON FRAMEWORK APPLIES TO REGULATION OF THE LEGAL PROFESSION

- The Standing Committee of Attorneys General oversees the framework and the LSC
- The Uniform Law is the same in all participating jurisdictions
- An Intergovernmental Agreement (IGA) provides for arrangements between participating states
- Admission Rules are broadly the same everywhere
- Common Continuing Professional Development, Practice and Conduct Rules apply in all participating jurisdictions
- Uniform General Rules replace most legal profession regulations
- The LSC and Admissions Committee can be expanded to accommodate new participating jurisdictions

LIGHT TOUCH OVERARCHING STRUCTURE

- The LSC is a high-level policy and rule making body and is not involved in individual cases
- The Commissioner for Uniform Legal Services Regulation oversees dispute resolution and discipline functions of the designated local regulatory authorities (DLRAs)

LOW COST OF GOVERNANCE AND OPERATIONS

- The cost of the LSC, Commissioner and Secretariat are low
- The notional scheme cost is \$20-\$30 annually per legal practitioner
- The LSC budget for the 2019-2020 financial year is \$1.73m

A COLLABORATIVE APPROACH PROMOTES BEST PRACTICE AND EFFICIENCIES

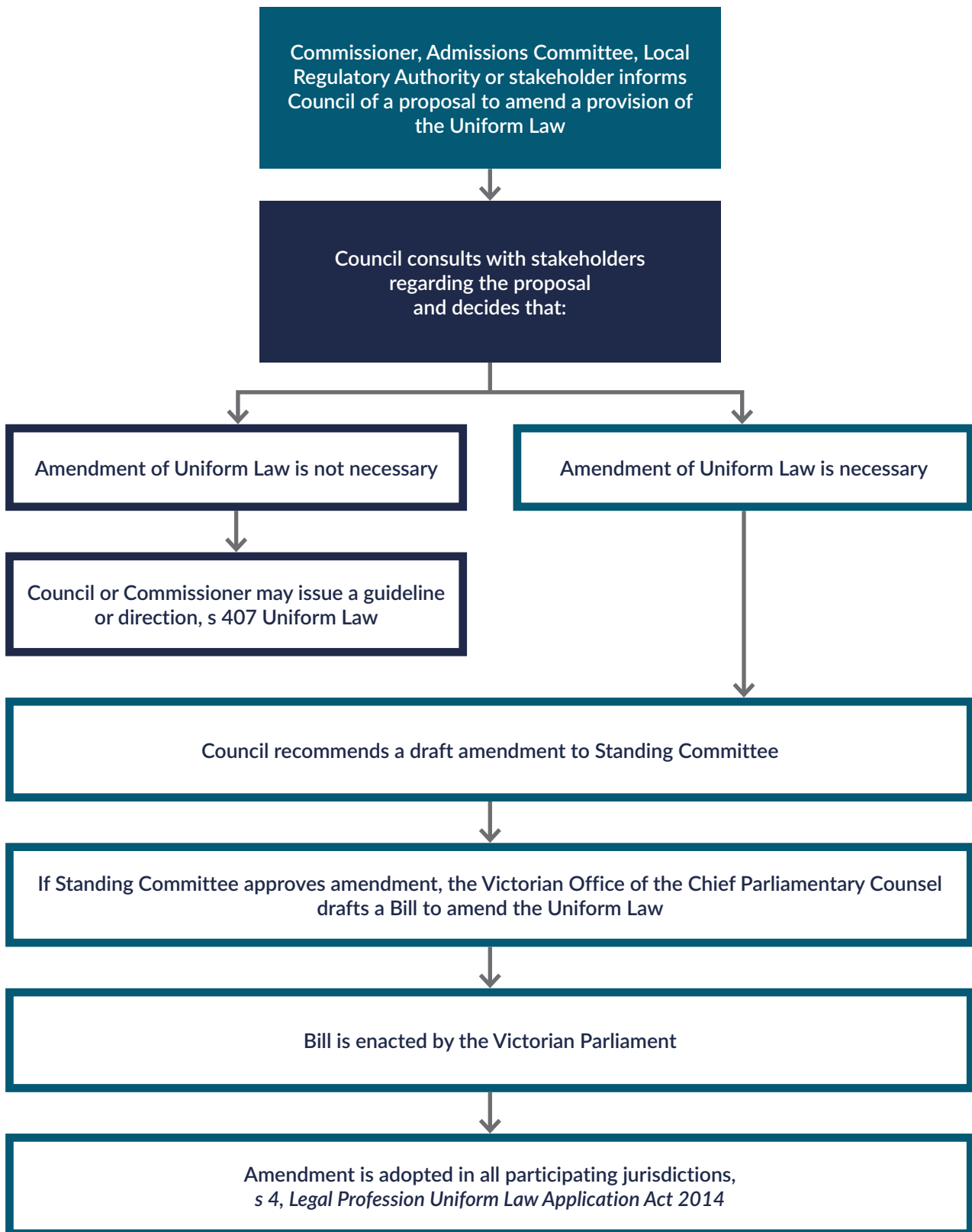
- The Uniform Law framework encourages collaboration between local regulatory authorities to identify and promote agreed best practice
- Continuous improvement saves time and costs

IN-BUILT CONSULTATION REQUIREMENTS

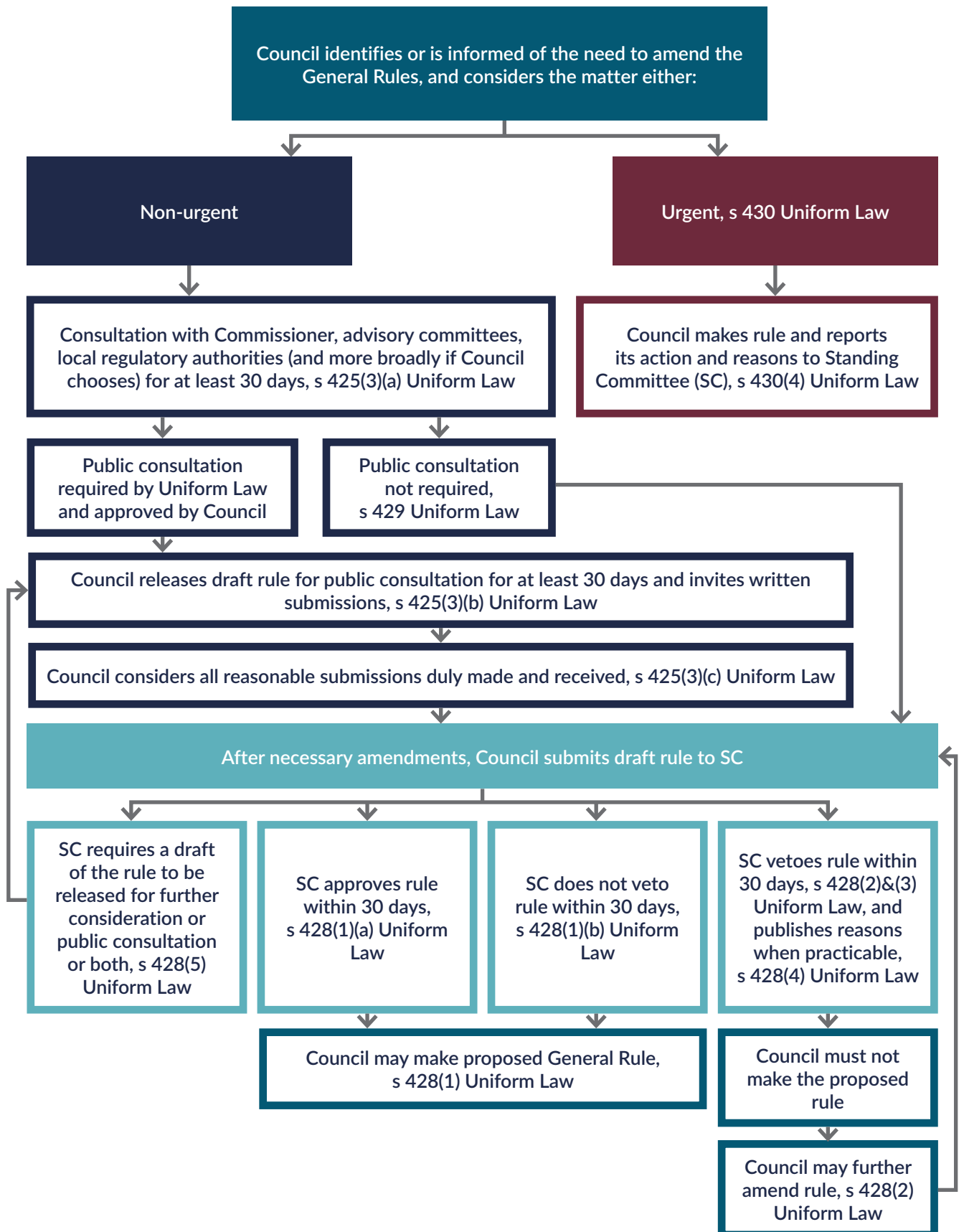
- The IGA requires consultation on Uniform Law changes
- All participating Attorneys General are members of the Standing Committee
- The LSC and Commissioner hold regular DLRA liaison meetings and an annual Uniform Law Summit
- Mandated minimum of 30 days consultation for rule changes



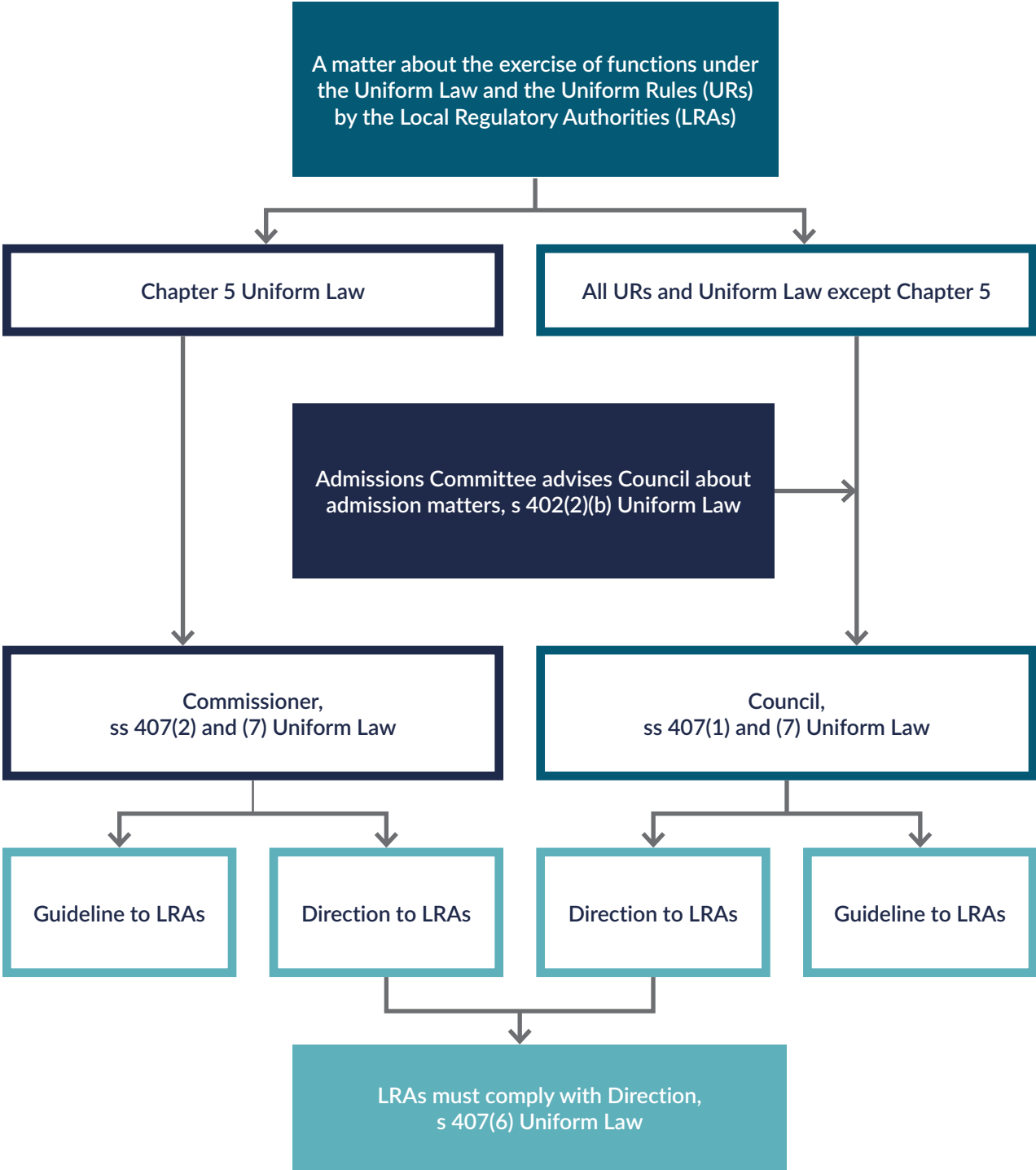
AMENDING THE UNIFORM LAW



AMENDING THE UNIFORM GENERAL RULES UNDER THE UNIFORM LAW



MAKING GUIDELINES AND DIRECTIONS UNDER THE UNIFORM LAW



PROGRESS AGAINST OUR STRATEGIC PLAN 2019–2020

GOAL 1: ACHIEVE NATIONAL IMPLEMENTATION OF THE UNIFORM LAW	
Priority actions	Work undertaken/completed
1.1 Work with the Standing Committee and Departments of Justice in Victoria, NSW and WA to achieve national implementation	
Standing Committee (SC) <ul style="list-style-type: none"> Meetings and six monthly reports Annual reports NSW and Victorian Departments of Justice <ul style="list-style-type: none"> Meetings and regular liaison about policy matters and expansion of the Uniform Law (UL) scheme 	<ul style="list-style-type: none"> The LSC sent six monthly reports to the SC in July and January The LSC Chair and CEO met with the Victorian Attorney-General on 18 September The 2018–19 Annual Reports were tabled in the NSW and Victorian Parliaments in November and distributed in December The CEO met with Department representatives on 3 October, 5 December (UL Summit), 24 February, 17 March and 5 May. The Secretariat regularly liaised with them about policy matters
1.2 Continued engagement with the participating jurisdictions to collaborate on the operation of the Uniform Law	
<ul style="list-style-type: none"> Regular liaison with designated local regulatory authorities (DLRAs) 	<ul style="list-style-type: none"> The CEO has met regularly with DLRAs and stakeholders in NSW, Victoria and WA including formal meetings on 17 October, 5 December (UL Summit), 23 March and 14 May
1.3 Continued engagement with the non-participating jurisdictions (NPJ) to understand their perspectives, address any issues and promote the Uniform Law	
<ul style="list-style-type: none"> Regular liaison with non-participating jurisdictions and stakeholders 	<ul style="list-style-type: none"> In December, the CEO approved a report on the compliance of NPJs' professional indemnity policies with the UGRs 78-79 to cover NPJ legal practitioners practising in UL jurisdictions The Council, Chair and CEO have continued to engage with NPJs to encourage their participation in the UL scheme South Australia (SA) <ul style="list-style-type: none"> In July, the Chair and CEO met the President, CEO of the Law Society of SA (LSSA) and the SA Legal Profession Conduct Commissioner In November, the Chair and CEO met with the SA Attorney-General In May, the CEO participated in the LSSA Uniform Law Forum with the SA Attorney-General, LSSA President and CEO, and SA Legal Services Commissioner Other jurisdictions <ul style="list-style-type: none"> In October, the CEO met with representatives from Queensland, Australian Capital Territory, Northern Territory and Tasmania at the CORO to discuss the UL scheme
1.4 Support WA joining the Uniform Law scheme	
<ul style="list-style-type: none"> Regular liaison with the WA Solicitor General Regular liaison with the WA, Victorian and NSW Departments Justice about WA joining the UL scheme Regular liaison with the Legal Practice Board of WA (LPBWA), the Law Society of WA (LSWA) and the WA Bar Association Convene meetings between WA, NSW and Victoria stakeholders 	<ul style="list-style-type: none"> On 17 September, the <i>Legal Profession Uniform Law Application Amendment Act 2019</i> (Vic) received Royal Assent The Chair and CEO met with members of the LPBWA and LSWA in October, December and January WA stakeholders were consulted on UL issues in accordance with the IGA and attended the UL Summit on 5 December In January, the LSC convened a WA UL Project Committee including WA, Victorian and NSW legal regulators to support and assist the process of the WA joining the UL schemes. The Committee has met and developed a project plan to be implemented in 2020/2021

GOAL 2: ENSURE THAT THE UNIFORM LAW SCHEME IS A RESPONSIVE REGULATORY REGIME FOR THE LEGAL PROFESSION IN AUSTRALIA

Priority actions	Work undertaken/completed
2.1 Ensure the Uniform Law remains an effective regulatory regime	
2.2 Recommend Uniform Law changes, as appropriate	
Managed Investment Schemes (MIS) <ul style="list-style-type: none"> Finalise the MIS Rules Review project 	<ul style="list-style-type: none"> In February, the MIS Rules final report was endorsed by the Council and forwarded to the SC in March
First Priority Amendments to the Uniform Law <ul style="list-style-type: none"> Finalise the First Priority UL Amendments project 	<ul style="list-style-type: none"> In April, the Council considered 34 amendments to the UL and recommended changes to the SC
Registration of foreign lawyers <ul style="list-style-type: none"> Review of Part 3.4 UL to include foreign lawyers working in-house and in government 	<ul style="list-style-type: none"> Proposed amendments to s 70 in Part 3.4 of the UL are included in the First Priority Amendments to the UL
2.3 Recommend Uniform Law Rules and Guidelines changes, as appropriate	
Australian Solicitors Conduct Rules <ul style="list-style-type: none"> Review the LCA's proposal to update the ASCRs and to harmonise relevant rules with the Bar Rules 	<ul style="list-style-type: none"> In May, the Council considered the LCA draft report on the ASCRs review under s 427(5)(a) and has consulted with DLRAs about the proposed changes
Indexation Uniform General Rule (UGR)	<ul style="list-style-type: none"> The FY 2020–21 indexed amounts, made pursuant to UGR 111A, came into effect on 1 July, as published on the LSC website
First Priority Amendments to UL Rules <ul style="list-style-type: none"> Finalise the First Priority Amendment Project in relation to the Uniform Rules 	<ul style="list-style-type: none"> In November, the SC approved nine amendments to the Uniform Rules recommended by the LSC pursuant s 419 of the UL <ul style="list-style-type: none"> Legal Profession Uniform General Amendment (Miscellaneous) Rule 2019 Legal Profession Uniform Continuing Professional Development (Barristers) Amendment (CPD Activity) Rule 2019
E-Conveyancing and use of the PEXA source account	<ul style="list-style-type: none"> The LSC maintains a watching brief on e-conveyancing and the work of the ARNECC
2.4 Undertake Uniform Law projects	
Uniform Law Data Sharing Project <ul style="list-style-type: none"> Monitor and review the effectiveness of reports from the UL database 	<ul style="list-style-type: none"> A three-year review of the UL database on complaints and admissions data in November, in consultation with DLRAs, led to enhancements in the reporting process
Australian Legal Profession Register (ALPR) <ul style="list-style-type: none"> Develop an electronic register of legal practitioner details in the UL States 	<ul style="list-style-type: none"> The ALPR was launched by the LSC on 5 December with legal practitioner data from NSW and Victoria Data from WA will be included after WA joins the UL
2.5 Support the Admissions Committee (AC)	
2.5.1 Assist the AC to review the Uniform Admission Rules (UARs)	
<ul style="list-style-type: none"> Admission of foreign lawyers 	<ul style="list-style-type: none"> In October, the AC considered an amendment to the UARs to guide admission authorities about admission of foreign lawyers, without necessary recourse to educational equivalence testing. Further consultation is underway

GOAL 2: ENSURE THAT THE UNIFORM LAW SCHEME IS A RESPONSIVE REGULATORY REGIME FOR THE LEGAL PROFESSION IN AUSTRALIA

Priority actions	Work undertaken/completed
2.5.2 Provide policy, technical and administrative support	
<ul style="list-style-type: none"> Manage Admission Committee (AC) appointments, meetings and support Members 	<ul style="list-style-type: none"> The Hon Emmett AJA was reappointed by the SC until 30 June 2022 Stuart Clarke AM (LCA nominee) and Dr Elizabeth Boros (ABA nominee) were re-appointed until 30 June 2021 The Hon David Habersberger QC, Deputy Chair of the Victorian Legal Admissions Board and the Hon Justice Patricia Henry NSW Supreme Court were appointed until 30 June 2022 The Hon Justice Rene Le Miere, Senior Judge of the Supreme Court of Western Australia, joined the AC as an observer from 19 March 2020
<ul style="list-style-type: none"> Provide secretarial support for Law Admissions Consultative Committee (LACC) to achieve national consistency 	<ul style="list-style-type: none"> In November, the Chair of the AC was appointed to chair LACC by the Council of Chief Justices of Australia and New Zealand The LSC provided secretarial support to two LACC meetings in 2020

GOAL 3: BUILD AWARENESS OF THE BENEFITS OF THE UNIFORM LAW

Priority actions	Work undertaken/completed
3.1 Provide stakeholders, legal practitioners and consumers with timely and accurate information about the Uniform Law scheme	
<ul style="list-style-type: none"> Regularly update the LSC website and advise stakeholders of UL developments 	<ul style="list-style-type: none"> The LSC website published 14 highlights on UL proposals, consultations and the Council's activities The LSC updated website information sheets about the UL and published new information sheets on <i>Legal Technological Innovation and the UL</i> and <i>The ALPR – getting help with a legal problem</i>
3.2 Enhance the profile of the LSC and the Admissions Committee in the legal profession	
<ul style="list-style-type: none"> Engage with the legal profession to discuss the role of the LSC and AC Regular meetings with stakeholders to discuss the LSC, AC and the UL 	<ul style="list-style-type: none"> In October, the CEO gave a presentation on the AC at the 20th meeting of Administrators of Australasian Law Admitting Authorities In April, a Notice of Revocation of External Examiner Appointment was developed in consultation with the DLRA's See 1.1, 1.2 and 1.4 above
3.3 Promote the Uniform Law Scheme in non-participating jurisdictions (NPJs)	
<ul style="list-style-type: none"> Engage and consult with stakeholders in NPJs about joining the UL scheme 	<ul style="list-style-type: none"> The CEO participated in the Australian Legal Regulators bi-monthly meetings on 9 August, 14 October and 2 April See 1.3 above
3.4 Identify, develop and realise opportunities to raise awareness of the Uniform Law scheme	
<p>Strategies include:</p> <ul style="list-style-type: none"> Use LSC website to consult and to advise of UL developments Publish a LSC quarterly newsletter Submit UL articles to publications Monitor media re UL 	<ul style="list-style-type: none"> The LSC website regularly publicises changes to the UL, Rules, current and recent consultations and other developments LSC newsletters were published quarterly in 2019 and 2020 On 5 December, a LSC media release announced the launch of the ALPR Relevant media articles are posted to the LSC's media page

GOAL 4: CONTINUE TO ADMINISTER A WELL-GOVERNED ORGANISATION

Priority actions	Work undertaken/completed
4.1 Support the Council and the Audit and Risk Committee	
4.1.1 Legal Services Council	
<ul style="list-style-type: none"> • Arrange five Council meetings • Undertake policy development and implementation • Provide administrative support 	<ul style="list-style-type: none"> • The Secretariat supported Council meetings on 18 September, 27 November, 25 February and 7 May with comprehensive briefing papers, oral presentations and invited speakers
4.1.2 Audit and Risk Committee (ARC)	
<ul style="list-style-type: none"> • Convene three meetings per year • Review the risk management framework, annual financial statements, compliance with financial management and system certification, legislative compliance • Review and recommend a triennial operating budget to the LSC 	<ul style="list-style-type: none"> • The Secretariat supported ARC meetings on 26 July, 17 September and 25 February • Draft consolidated FY2018–19 financial statements were reviewed by the ARC and forwarded to the NSW Audit Office • Prior to 30 June, the ARC reviewed all governance documents and monitored financial management in accordance with the triennial budget, as approved by the SC
4.2 Comply with statutory reporting requirements	
<ul style="list-style-type: none"> • Publish Annual Reports for the LSC and Commissioner 	<ul style="list-style-type: none"> • The 2018–2019 Annual Reports were distributed in December to key stakeholders and published on the LSC’s website
<ul style="list-style-type: none"> • Monitor and review the LSC triennial operating budgets 	<ul style="list-style-type: none"> • The LSC’s Triennial Budget FY2019–21 was approved by the SC on 10 September 2018
<ul style="list-style-type: none"> • Comply with all NSW Audit Office (NSW AO) requirements 	<ul style="list-style-type: none"> • NSW AO’s requirements for FY2018–19 were met, resulting in unqualified audits for the LSC and Commissioner
4.3 Review and implement LSC’s governance and business arrangements	
4.3.1 Annual review and update of LSC’s governance documents	
LSC’s governance documents: Governance Manual; Business Continuity Plan; Risk Register; Privacy Management Plan; Assets Register	<ul style="list-style-type: none"> • All LSC documents were reviewed in January and endorsed by the LSC Audit and Risk Committee in February • The Business Continuity Plan was amended in March due to COVID-19
4.3.2 Monitor service support arrangements	
<ul style="list-style-type: none"> • Monitor the Corporate Services Agreement (CSA) arrangements 	<ul style="list-style-type: none"> • The CSA was updated in August to reflect the new DCJ structure
4.4 Foster a productive and collegiate workplace	
4.4.1 Encourage effective teamwork and staff development	
<ul style="list-style-type: none"> • Conduct team meetings • Monitor effective work distribution • Collaborate on policy proposals • Establish a WHS Committee 	<ul style="list-style-type: none"> • Team meetings ensured effective work allocation and collaboration • The CEO and policy officers met regularly to discuss priorities • The LSC participates on the NSW Trustee and Guardian WHS Committee
4.4.2 Train and develop staff to maximise their potential	
<ul style="list-style-type: none"> • Settle performance agreements and conduct reviews • Support staff training/development 	<ul style="list-style-type: none"> • Performance agreements were settled in June and reviews conducted in December and July • Relevant staff training was identified and undertaken

REPORT OF THE COMMISSIONER FOR UNIFORM LEGAL SERVICES REGULATION 2019/2020

ANNUAL REPORT

2019/2020

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23 September 2020

The Hon Michael Black AC QC FAAL
Chair, Legal Services Council
PO Box H326
Australia Square NSW 1215

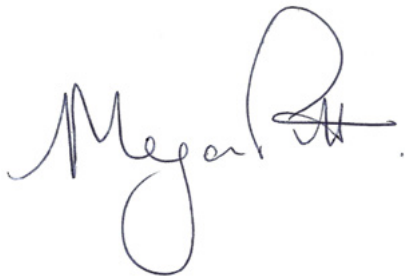
Dear Mr Black,

Annual Report for 2019-2020

I submit my Annual Report for 2019-2020 to the Legal Services Council, in accordance with clause 10 in Schedule 2 to the Legal Profession Uniform Law.

The report does not include separate financial statements for me as Commissioner, as the financial statements of the Council and for my office are consolidated with those for the Council, as one entity. The financial statements have been prepared and audited in accordance with Australian Accounting Standards.

A report from the Auditor is contained with the financial statements.



Megan Pitt

Chief Executive Officer | Legal Services Council
Commissioner for Uniform Legal Services Regulation

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COMMISSIONER'S REPORT

It is my pleasure to present my third Annual Report as the Commissioner for Uniform Legal Services Regulation. The three priorities of the Commissioner's role, as set out in s 398 of the Uniform Law, provide a useful framework for reporting on these developments.

PROMOTE COMPLIANCE WITH THE UNIFORM LAW AND UNIFORM RULES

External Examiners' Working Group

In February, I approved changes to the trust money year-end forms and to the assessment questions for the External Examiners' Course, following an annual review by the External Examiners' Working Group. This Working Group comprises representatives from the Law Society of NSW, NSW Bar Association, Law Institute of Victoria and the Victorian Legal Services Board and Commissioner.

Professional Indemnity Insurance (PII) policies

On 30 July, I reported to the Council that all PII policies of non-participating jurisdictions were approved insurance policies. Legal practitioners covered by an approved insurance policy in a non-participating jurisdiction are also insured for legal services provided within a participating jurisdiction.

Under Part 4.4 of the Uniform Law, the Council may approve a policy issued in a non-participating jurisdiction for legal practitioners providing legal services in Uniform Law States, as 'an approved insurance policy' (s 210(2)), unconditionally or with conditions (s 210(3)).

I appreciate the co-operation of all legal profession associations in providing prompt information on the compliance of their PII policies.

CONSISTENT AND EFFECTIVE IMPLEMENTATION OF CHAPTER 5 PROVISIONS

Meetings with local regulatory authorities

As Commissioner, I met quarterly with the Victorian and NSW Legal Services Commissioners, the Law Society of NSW, the NSW Bar Association and the Legal Practice Board of Western Australia who handle complaints, dispute resolution and professional discipline matters, to ensure that the law is operating effectively and to discuss any emerging issues or trends.

Proposed amendments to Chapter 5

In May, we completed our First Priority Amendment project with the valuable assistance of the DLRAs. This resulted in ten recommendations relating to Chapter 5 out of the 34 recommendations made to the Standing Committee.

Data sharing project

In November, we conducted a review of the way complaints data was being mapped and analysed over the previous three years to improve quality and consistency in the reports, in consultation with the DLRAs. The results of the review have led to enhancements to the reporting process, simpler graphs and tables, and more frequent verification of data by the DLRAs.

RAISE AWARENESS OF THE UNIFORM LAW FRAMEWORK AND ITS OBJECTIVES

Working with non-participating jurisdictions

In November, I met with the Attorney-General of South Australia, the Hon Vickie Chapman MP, to provide an update on the progress of the expansion of the Uniform Law scheme. We also provided information about the operation of the Uniform Law to the South Australian regulators, as South Australia considers its interest in joining the scheme.

During this period, we continued to engage with other non-participating jurisdictions interested in the benefits of the Uniform Law scheme.

COVID-19 RESPONSES

Since March 2020, the COVID-19 pandemic has generated challenges for our Uniform Law partners, stakeholders and our Secretariat. All responded quickly and efficiently, implementing a range of measures including remote operations; conducting admissions electronically; modifying CPD and PLT workplace experience requirements; authorising online teaching to replace accredited face to face hours; and carrying out trust account external examinations remotely.

The professionalism, responsiveness and flexibility of our Uniform Law partners in reconfiguring aspects of their operations, to ensure that legal regulation continues to operate effectively, has been impressive. We have continued to play our part, in collaboration with our partners, to encourage and facilitate a consistent approach to COVID-19 responses across Uniform Law jurisdictions.

ROLES AND RESPONSIBILITIES

ROLES AND RESPONSIBILITIES OF THE COMMISSIONER FOR UNIFORM LEGAL SERVICES REGULATION

The Office of the Commissioner is established by the Legal Profession Uniform Law. The Commissioner is appointed for a term of up to five years by the Victorian Attorney-General on the recommendation of the Standing Committee and with the concurrence of the Council.

The Commissioner, Megan Pitt, is independent of the Council in exercising functions under the Uniform Law, except as provided in Part 8.3 of the Uniform Law. The Commissioner works in close consultation with the LSC Chair and staff of the Secretariat and is also the Council's CEO.

Section 398 of the Uniform Law provides that the role of the Commissioner is to:

- promote compliance with the Uniform Law and Uniform Rules
- ensure consistent and effective implementation of Chapter 5 of the Uniform Law (Dispute Resolution and Professional Discipline) and supporting Uniform Rules, through developing and making appropriate guidelines and monitoring and reviewing whether these are being applied consistently
- raise awareness of the Uniform Law framework and its objectives.

COMMISSIONER'S REPORTING OBLIGATIONS

The Commissioner can report on matters relating to the exercise of Chapter 5 functions to the LSC for the attention of the Standing Committee.

The Commissioner can also recommend that changes to Chapter 5 functions be referred to the Standing Committee. However, no recommendation was made by the Commissioner in respect of Chapter 5 during the year, outside of the First Priority Amendments Project.

REGISTER OF DELEGATIONS

The Commissioner may delegate any of their functions (other than the power of delegation) to a member of the LSC staff. The Uniform Law requires that the Commissioner maintains a register of delegations, and that the register must be kept up to date and reviewed at least annually (s 413). There were no delegations of the Commissioner's functions during the reporting period.

COMPLIANCE FUNCTIONS

The Commissioner has complied with the requirements of clause 10 of Schedule 2 to the Uniform Law, detailed in this report, including: analysis of statistical information about complaints (pages 40–50), publication of audited information submitted by fidelity funds (pages 55–56) and audited consolidated financial statements (pages 60–84).

The functions of the Council in relation to the Commissioner and an account of how these have been executed during the year are summarised as follows:

- The Commissioner reports formally to each meeting of the Council and seeks to keep Council members informed of significant developments or issues between meetings.
- The Council examines annual and other reports of the Commissioner and reports to the Standing Committee on any matter appearing in or arising from any such report.
- This Annual Report was examined in draft by the Council in September 2020. No matters were suggested as the subject of a report to the Standing Committee.
- The Council can make recommendations to the Standing Committee on any changes to the role or functions of the Commissioner that the Council considers appropriate. No changes have been suggested since the commencement of the Uniform Law.
- The Council is required to inquire into and report on any question about the Commissioner's functions referred to it by the Standing Committee. No such questions were referred in the year.

More broadly, the Council and Commissioner regularly evaluate the Uniform Law scheme to identify whether outcomes reflect intended objectives, or whether change is needed, including in specific areas referred to them by the Standing Committee.

HIGHLIGHTS OF 2019–2020

The role of the Commissioner for Uniform Legal Services Regulation is to ensure that the dispute resolution and professional discipline provisions set out in Chapter 5 of the Uniform Law are applied consistently and effectively to promote compliance with the Uniform Law and Rules. Some highlights of the work of the Commissioner's office this year follow.

MEETING WITH NON-PARTICIPATING JURISDICTIONS

The Commissioner has continued to engage with other jurisdictions to encourage their participation in the Uniform Law scheme.

Western Australia

The Solicitor General of Western Australia, Joshua Thomson SC, has been instrumental in the adoption by Western Australia of the Uniform Law, in his role as an observer at Council meetings.

South Australia

On 15 November, the Commissioner met with the Attorney-General of South Australia, the Hon Vickie Chapman MP. Discussion ranged from the progress of the expansion of the Uniform Law scheme, the Intergovernmental Agreement with Western Australia, the features and benefits of the Uniform Law scheme, the work of the Council and engagement with the South Australian regulators.

On 4 May, the Commissioner participated in the Uniform Law Online Forum convened by the Law Society of SA (LSSA) together with the SA Attorney-General, the SA Legal Services Commissioner, Greg May and the LSSA President, Tim White.

Other jurisdictions

In October 2019, the Commissioner met with representatives from Queensland, the Australian Capital Territory, the Northern Territory and Tasmania to discuss the Uniform Law scheme. These jurisdictions maintain a neutral position in relation to joining the Uniform Law scheme; however they are monitoring the progress of the WA adoption of the Uniform Law with interest.

AUSTRALIAN LEGAL REGULATORS MEETINGS

Regulators from all states and territories met on 9 August, 14 October and 2 April to exchange information on complaint issues relating to the

operation of their respective legal profession legislation. The Commissioner reports under a standing agenda item on developments in the Uniform Law scheme.

UNIFORM LAW DLRA MEETINGS

During the reporting period, the Commissioner hosted four meetings of DLRAs from NSW and Victoria to discuss the current work of the Council, major law reform projects and areas for future collaboration.

At these meetings, attendees included Victorian Legal Services Commissioner, Fiona McLeay; NSW Legal Services Commissioner, John McKenzie AM; Australian Bar Association CEO and NSW Bar Association Executive Director, Greg Tolhurst; NSW Law Society's (LSNSW), Heather Moore; Anthony Lean; and Legal Practice Board of Western Australia (LPBWA) Libby Fulham and Russell Daily.



L-R: Heather Moore (LSNSW), Libby Fulham (LPBWA), John McKenzie AM (NSW Legal Services Commissioner) and Greg Tolhurst (NSWBA).



L-R: Michelle Marfurt (VLSB+C), Nadia Haddad (LSNSW), Cora Groenewegen (LSC), Samantha Gulliver (OLSC), Bridget Sordo (LSC), Anthony Lean (LSNSW), Chelly Milliken (LSC), Nick Pope (Legal Profession Complaints Committee WA).

ELECTRONIC DATA SHARING PROJECTS UNDER SECTION 440 OF THE UNIFORM LAW

The Council's Uniform Law database includes data shared electronically by DLRAs in relation to their complaints and admissions functions. This data is published annually in this Annual Report.

In November with the assistance of the DLRAs, the Commissioner conducted a three year review of the data sharing program. Individual meetings with the NSW Office of the Legal Services Commissioner, the Law Society of NSW, the NSW Bar Association, the Victorian Legal Services Board and Commissioner, the Victorian Legal Admissions Board and the Legal Profession Admission Board (NSW) resulted in timely recommendations, which have led to enhancements to the reporting process and quarterly verification of data by DLRAs.

On 21 May, the Secretariat met with key LPBWA staff and the IT team of the Law Society of NSW to provide information on data exchange under the Uniform Law and to assist in the preparation for the transfer of complaints and admissions data to the Uniform Law database from LPBWA in 2021.



Data Sharing Project Team (L-R): Lee Bustin (LSNSW), Bridget Sordo (LSC), and Slavica Nikiforovska (LSNSW). Absent: Maria Wizbicki (LSNSW).

LEGAL PROFESSION UNIFORM LAW LIBRARY

The Council's online Legal Profession Uniform Law Library, housed in the Australasian Legal Information Institute (AustLII), contains Uniform Law legislation, case law, guidelines and directions made under the Uniform Law. The LPUL library is operating well, with 14,759 enquiries for the period 1 July 2019 to 30 June 2020.

The screenshot shows the homepage of the Legal Profession Uniform Law Library (Australia). At the top, there are navigation links: [Home] [Databases] [Search] [WorldLII] [Feedback] [Help] [Translate]. The main header includes the logo for the Australian Legal Profession Uniform Law Library and the text 'Legal Profession Uniform Law Library (Australia)'. Below the header, there is a search bar with a 'Search' button and a 'Search Help' link. A secondary search bar is also present with options for 'Advanced Search', 'Databases', 'Catalog & Websearch', and 'Law on Google'. The page is last updated on 14 September 2020. The 'Databases' section is expanded, showing a list of links to various legal resources, including 'Commissioner for Uniform Legal Services Regulation - Guidelines and Directions 2016', 'Commonwealth Cases Concerning the Legal Profession Uniform Law (AustLII)', and 'Supreme Court of New South Wales - Court of Appeal Cases Concerning the Legal Profession Uniform Law (AustLII)'. There are also sections for 'Victoria' and 'Law Journals and Legal Scholarship'. At the bottom, there is a link for 'Legal Practitioners' and a section titled 'About the Legal Profession Uniform Law Library' which provides contact information for suggestions.

EXTERNAL EXAMINERS' WORKING GROUP

With the technical expertise of the External Examiners' Working Group, the Secretariat facilitated an annual review of the assessment questions for the current External Examiners' Course and of the trust money year-end forms in February.



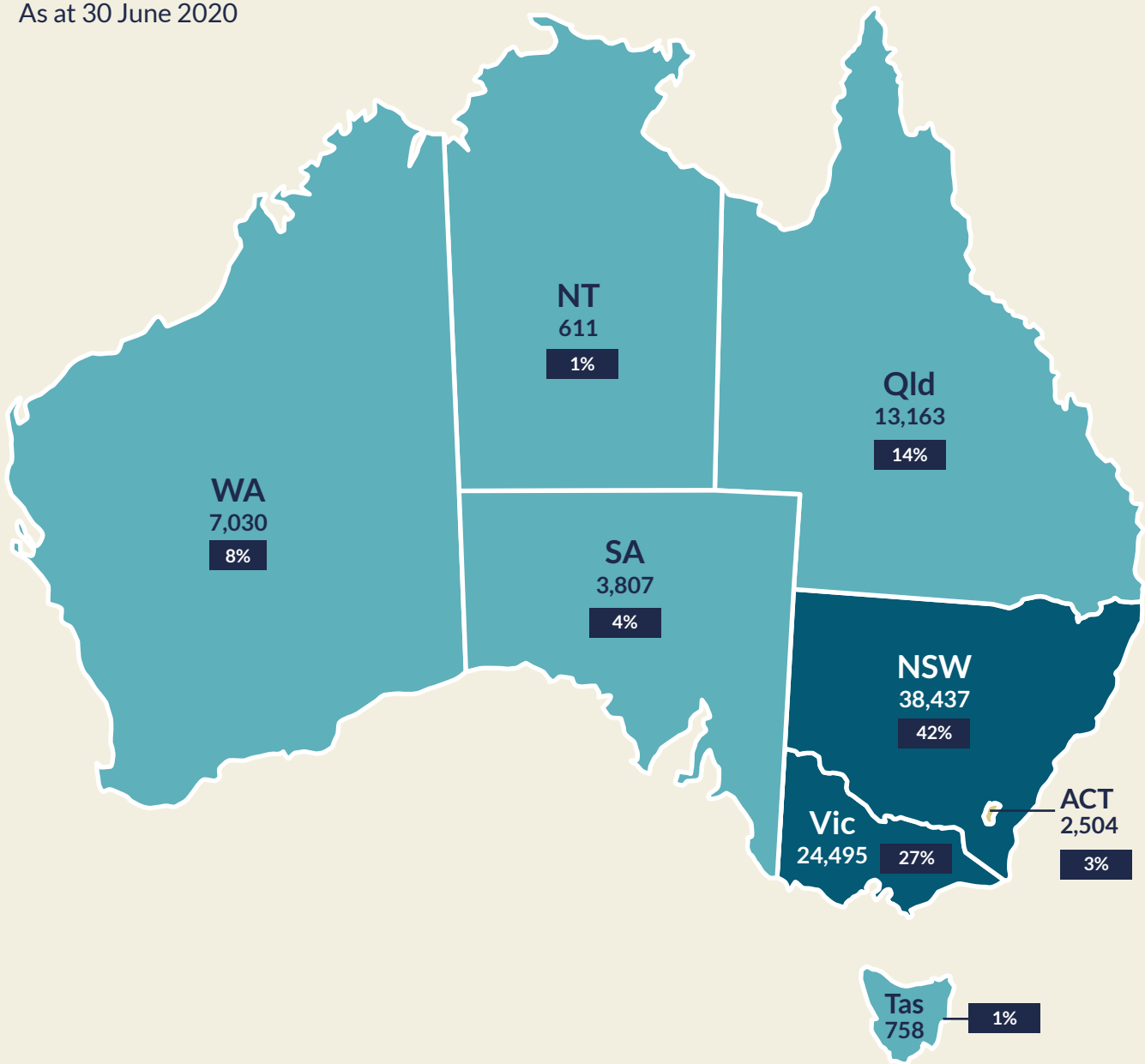
L-R: Gavin Connor (LSNSW) and Bridget Sordo (LSC).

LEGAL PROFESSION SNAPSHOT

NUMBER OF LEGAL PRACTITIONERS (SOLICITORS AND BARRISTERS)

AUSTRALIA-WIDE

As at 30 June 2020

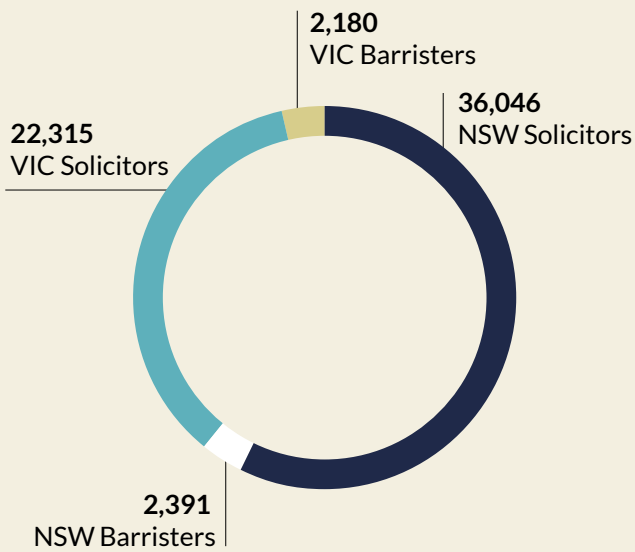


There are **84,401** solicitors Australia-wide. The largest proportion of solicitors are registered in NSW (**42.7%**) followed by Victoria (**26.4%**).

There are **90,805** legal practitioners in Australia



NUMBER OF LEGAL PRACTITIONERS UNDER THE UNIFORM LAW



The number of legal practitioners (solicitors and barristers) regulated by the Uniform Law framework is **62,932**. This figure represents 69% of all legal practitioners Australia-wide, an increase of 1% since 1 June 2019.

NSW solicitors: 36,046 barristers: 2,391
Total number of legal practitioners in NSW: 38,437

VIC solicitors: 22,309 barristers: 2,180
Total number of legal practitioners in VIC: 24,495

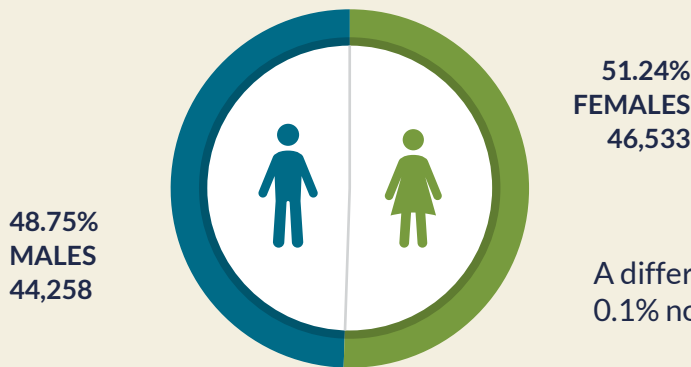
There are **90,805** legal practitioners in Australia*.

Solicitors make up 92.7% of the legal profession across the two Uniform Law States.

Solicitors in the Uniform Law States (58,355) comprise 69% of solicitors Australia-wide (84,401).

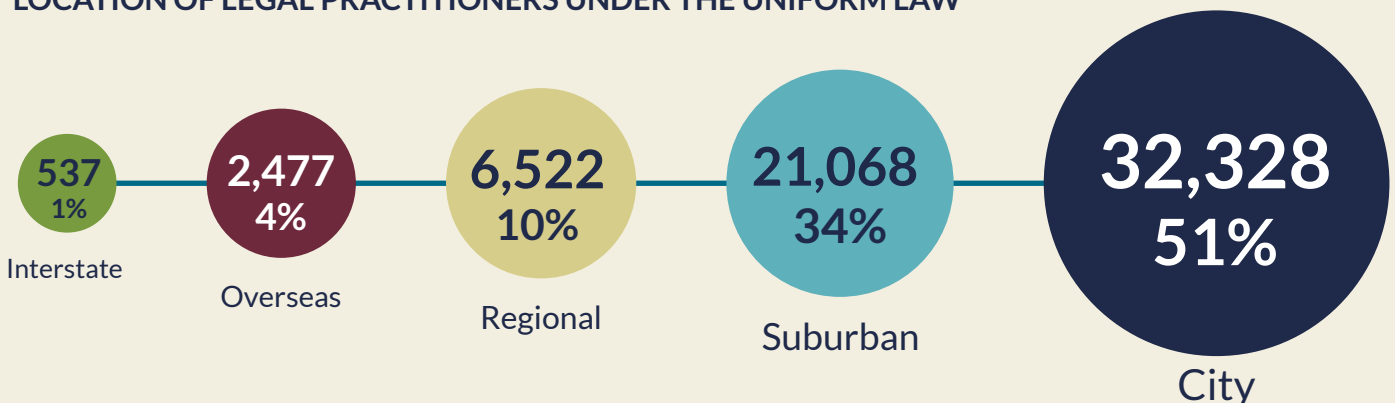
Barristers in the Uniform Law States (4,571) represent 71.3% of barristers Australia-wide (6,404).

LEGAL PRACTITIONERS UNDER THE UNIFORM LAW BY GENDER



A difference of only 1.1% between the sexes with 0.1% not identifying as male or female.

LOCATION OF LEGAL PRACTITIONERS UNDER THE UNIFORM LAW



* Figures are based on practising certificates issued by State and Territory authorities as at 30 June 2020.

UNIFORM LAW DATA ANALYSIS

PERSPECTIVE

The Commissioner has a statutory obligation under clause 10(2) of Schedule 2 to the Uniform Law to publish statistical information about complaints received, resolved and determined. The Commissioner is also required to report on compliance functions and audit information regarding fidelity funds as submitted by fidelity authorities.

Evaluation of statistical information assists the Commissioner and the Legal Services Council to monitor the operation of the Uniform Law and to ensure the achievement of its objectives.

The following report analyses the fourth full year of statistics on the operation of Chapter 5 (complaints and discipline) in NSW and Victoria. The NSW Office of the Legal Services Commissioner (OLSC), the Law Society of NSW (LSNSW), the NSW Bar Association (NSWBA) and the Victorian Legal Services Board and Commissioner (VLSB+C) provide data for this analysis. The report also includes data on Chapter 3 (admissions) received from the Legal Profession Admission Board (NSW) (LPAB) and the Victorian Legal Admissions Board (VLAB). These bodies are designated local regulatory authorities (DLRAs) under the Uniform Law.

In reading this report, it is important to note that every year, legal practitioners provide hundreds of thousands of legal services to members of the community, as well as to corporate and government clients. The vast majority of legal practitioners provide the vast majority of legal services professionally, expeditiously and to a standard that satisfies clients. These practitioners do not come to the attention of the legal profession's regulators.

This report compares Uniform Law complaints data collected from 1 July 2018 to identify developing trends. The utility of these comparisons is limited by the tail end of complaints under previous legal profession legislation being gradually closed. Comparisons are made with this qualification.

THE UNIFORM LAW DATABASE

The Uniform Law database contains complaints data provided by the DLRAs in NSW and Victoria from 1 July 2015 and admissions data from 1 July 2017. This database serves as a valuable and unique repository of information about legal practitioners, identifying trends and demonstrating progress towards uniformity in the Uniform Law States.

The DLRAs provide statistical de-identified complaints and admissions data to the database regularly. During the reporting year, Power BI replaced Oracle as the digital services platform that holds the data and generates the reports, providing the LSC with more flexibility. The Commissioner took this opportunity to undertake a three-year review of the Uniform Law data-sharing project with input from all DLRAs. The results were a jointly agreed revision of the data mapping to enhance the common reporting framework and improve consistency in reporting, together with other changes designed to enhance data integrity. The Uniform Law database housed on the new platform incorporates most of the DLRAs' recommendations.

The LSC is grateful for the DLRAs' valuable assistance in the review and for their cooperation each quarter in the necessary data verification process.

COMPLAINTS HANDLING AND PROFESSIONAL DISCIPLINE

This analysis is of data about complaints received, resolved and determined during the 2020 financial year drawn from the Uniform Law database on 4 September 2020. The reports relating to complaints handling and disciplinary procedures fall into six categories as follows:

1. Total number of new complaints by jurisdiction
2. Opened complaints by category and jurisdiction
3. Opened complaints by issue and jurisdiction
4. Opened complaints by individual and law practice type
5. Areas of practice associated with opened complaints
6. Number and outcomes of closed complaints

1. TOTAL NUMBER OF NEW COMPLAINTS BY JURISDICTION

The total number of new complaints recorded across NSW and Victoria was 4,189 – 10% less than 2019 (4,660) and 2% less than 2018 (4,259).

The Victorian Legal Services Commissioner deals with all solicitor complaints in Victoria and delegates the handling of some barrister complaints (0.3%) to the Victorian Bar.

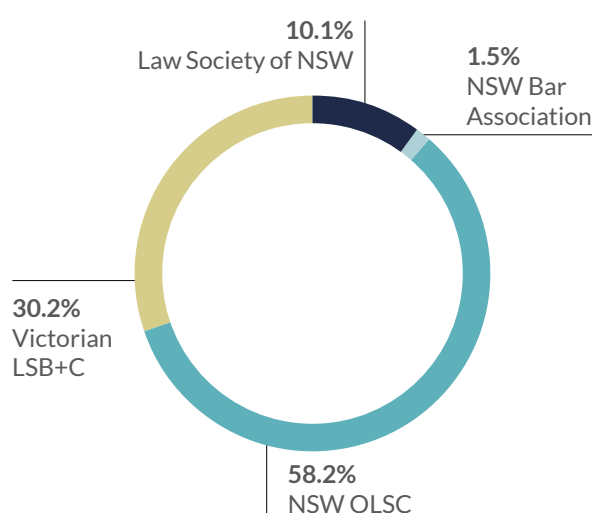
In NSW, the OLSC is the repository of all complaints. Through the Commissioner's powers of delegation, the OLSC co-regulates with the LSNSW Council and the NSWBA Council. Together, the Councils handled 486 or 12% of all NSW complaints.

The number of complaints in the two jurisdictions reflects the number of legal practitioners in each State. NSW accounts for 61% of Uniform Law legal practitioners and received almost 70% of complaints. Victoria accounts for 39% of Uniform Law legal practitioners and received just over 30% of complaints.

Almost half of the complaints (46%) were closed under s 277 of the Uniform Law after preliminary assessment and, of these closed complaints 45% were found under s 277(1)(a) to be unsubstantiated or misconceived.

1.1 Total new complaints by jurisdiction

DRLA	NSW	VIC	Total
LSNSW	423		423
NSWBA	63		63
OLSC	2,439		2,439
VLSB+C		1,264	1,264
TOTAL	2,925	1,264	4,189



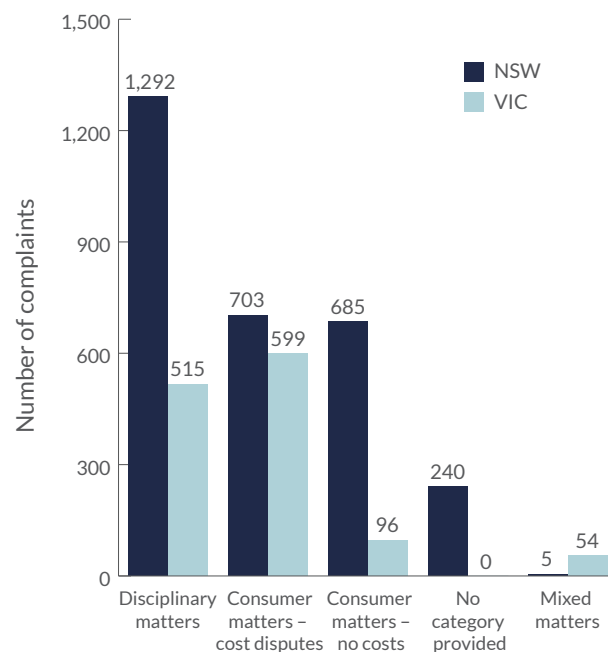
2. OPENED COMPLAINTS BY CATEGORY AND JURISDICTION

The number of opened new complaints is grouped into three categories under sections 269 to 271 of the Uniform Law: consumer, disciplinary or mixed matters.

2.1 Number of opened complaints by category and jurisdiction

Category	NSW	VIC	Total
Disciplinary matters	1,292	515	1,807
Consumer matters - costs disputes	703	599	1,302
Consumer matters - no costs	685	96	781
No category provided	240	0	240
Mixed matters	5	54	59
TOTAL	2,925	1,264	4,189

2.1.2 Graph of opened complaints by category and jurisdiction



Consumer complaints were the highest category in 2020 making up half (2,083 or 49.7%) of all new complaints. The majority (62.5%) of consumer matters included a costs dispute. Overall, costs disputes were present in 31% of all complaints compared with 29% in 2019 and 21.3% in 2018.

Consumer matters not involving a costs dispute include complaints about a lawyer or a law practice relating to the provision of legal services to the complainant, which the DLRA determines should be resolved by the exercise of functions under Part 5.3 of the Uniform Law. For added transparency, graph 2.1 records separately those consumer matters that are costs disputes.

Disciplinary matters accounted for less than half of all new complaints in 2020 (43%), similar to the proportion of complaints in 2019 (44%) and less than in 2018 (47.8%). This category is broad. It includes many minor matters that fall short of a disciplinary breach, but are categorised as disciplinary because they are not consumer matters. This category also includes s 270 complaints about a lawyer or a law practice where, if the conduct concerned were established, it would amount to unsatisfactory professional conduct or professional misconduct.

Mixed matters are complaints that include issues relating to both disciplinary and consumer matters.

3. OPENED COMPLAINTS BY ISSUE AND JURISDICTION

The OLSC, LSNSW, NSWBA and VLSB+C agreed to report on a hierarchy of common complaint types and subtypes as part of the joint mapping exercise conducted during the development of the Uniform Law database, and amended during the three year review.

3.1 Opened complaints by issue and jurisdiction

Complaint Type	NSW	VIC	Total
Competence and diligence	1,112	302	1,414
Ethical matters	809	400	1,209
Costs	519	493	1,012
Communication	257	40	297
Trust money and trust accounts	146	53	199
Compliance matters	42	56	98
Personal conduct	33	47	80
Complaint issue type not provided	7	0	7
TOTAL	2,925	1,391	4,316¹

¹ This figure is more than the figure for all opened complaints of 4,189 because a complaint may contain more than one issue.

As in the previous reporting period, the highest number of opened complaints across NSW and Victoria related to legal practitioners' competence and diligence (1,414 or 33%) compared with 31% in 2019 and 27% in 2018. This complaint type includes failure to supervise, delay, poor advice/case handling, client capacity, record management, and general incompetence. Poor advice/case handling was the basis of 14% of all complaints, similar to the 2019 figure of 14.7%.

Closely following are complaints falling under the broad heading of 'ethical matters' (28%), which encompasses many aspects of legal practice.

This complaint type includes allegations about settlement issues, fraud (not trust funds), misleading conduct, ceasing to act, conflict of interest, communicating with another lawyer's client, breach of undertakings, breach of confidentiality, instructions issues, advertising, failure to pay a third party, abuse of process, or a failure to comply with court orders. The proportion of complaints relating to ethical matters this year is similar to the previous two reporting periods (2019, 30% and 2018, 29%).

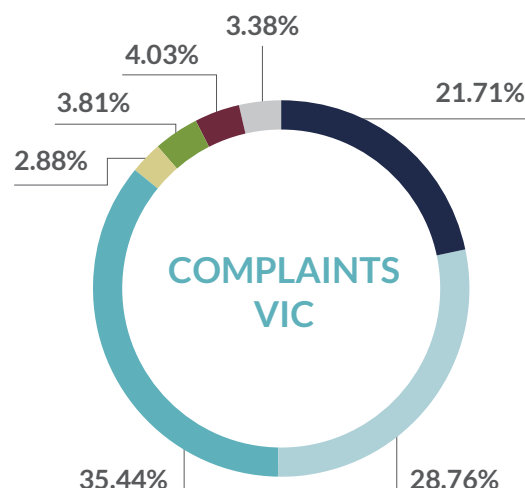
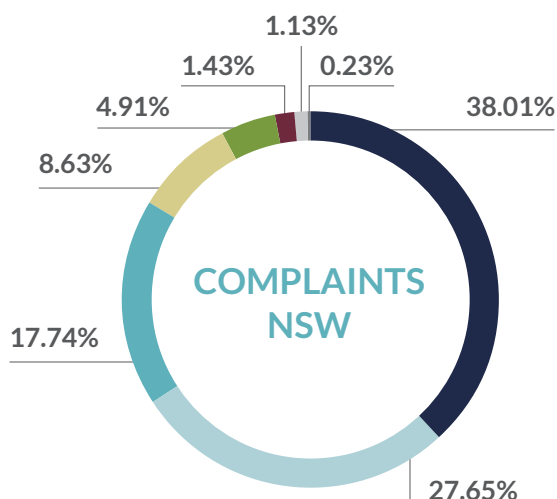
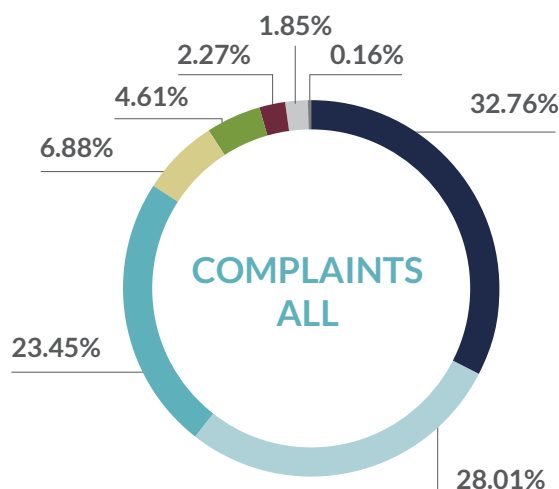
The complaints relating to trust money and trust accounts (4.6%) are consistent with the previous year 2019 (4.9%) but more than in 2018 (3.6%).

The most common sub-issue across the two jurisdictions remains alleged overcharging at 20% comparable with 15.5% in 2019 and 18.2% in 2018.

Billing issues comprised 3.2% of all complaints, a marked improvement on previous years (2019, 6.5% and 2018, 7.2%). These figures need to be read in the context of the very large number of matters conducted in which bills were issued correctly by law practices and the outcome that only a small portion of these complaints were substantiated.

3.2 Opened complaints by issue and jurisdiction

- Competence and diligence
- Ethical matters
- Costs
- Communication
- Trust money and trust accounts
- Compliance matters
- Personal conduct
- Complaint issue type not provided



4. OPENED COMPLAINTS BY INDIVIDUAL AND LAW PRACTICE TYPE

4.1 Opened complaints by individual practitioner type by jurisdiction

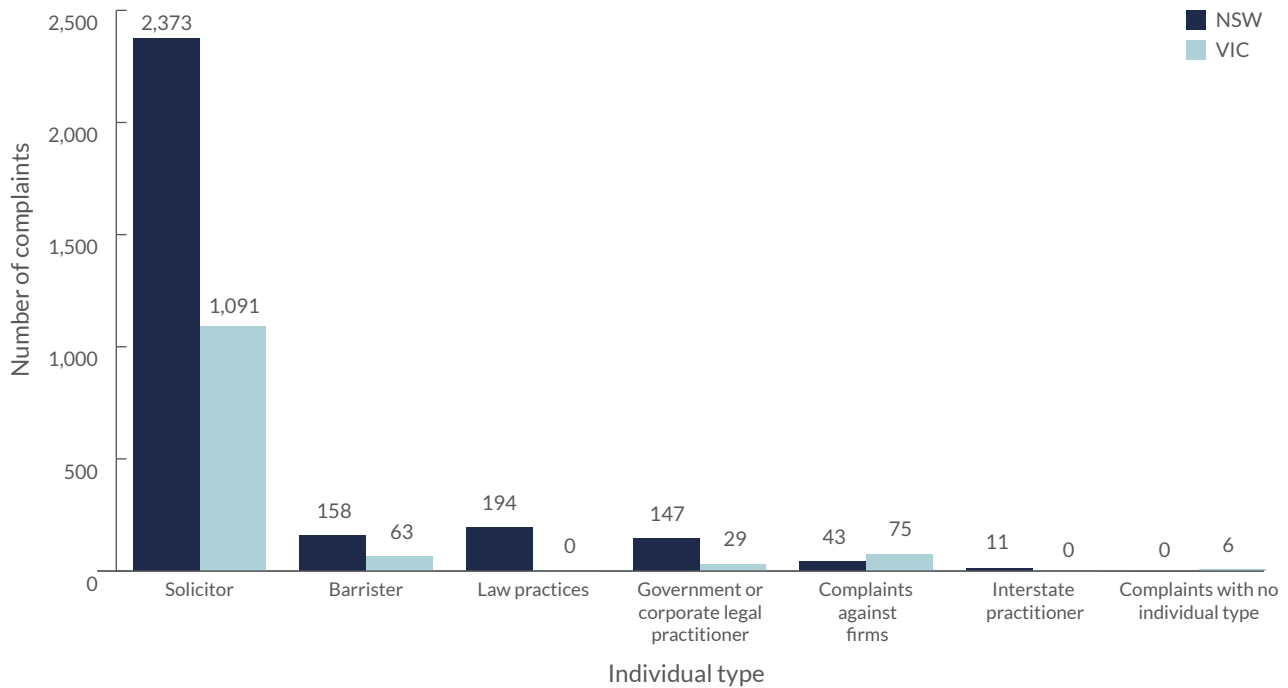
Complaints against solicitors and former solicitors ranked highest at 83%, consistent with previous years (2019, 87% and 2018, 84%). Barristers were the subject of 5.3% of all complaints, consistent with the 2019 figure of 5.5% and 2018 figure of 5.2%. The other individual practitioner types make up the remaining 11.7%.

These figures broadly reflect the proportion of solicitors (92.7%) and barristers (7.3%) that comprise the legal profession in NSW and Victoria.

4.1.1 Breakdown of individual types which were the subject of a complaint by jurisdiction

Individual Type	NSW	VIC	Total
Solicitor	2,373	1,091	3,464
Barrister	158	63	221
Law practices	194	0	194
Government or corporate legal practitioner	147	29	176
Complaints against firms	43	75	118
Interstate practitioner	11	0	11
Complaints with no individual type	0	6	6
TOTAL	2,925	1,264	4,189

4.1.2 Graph of individual types, the subject of a complaint by jurisdiction



4.2 Complaints by law practice type by jurisdiction

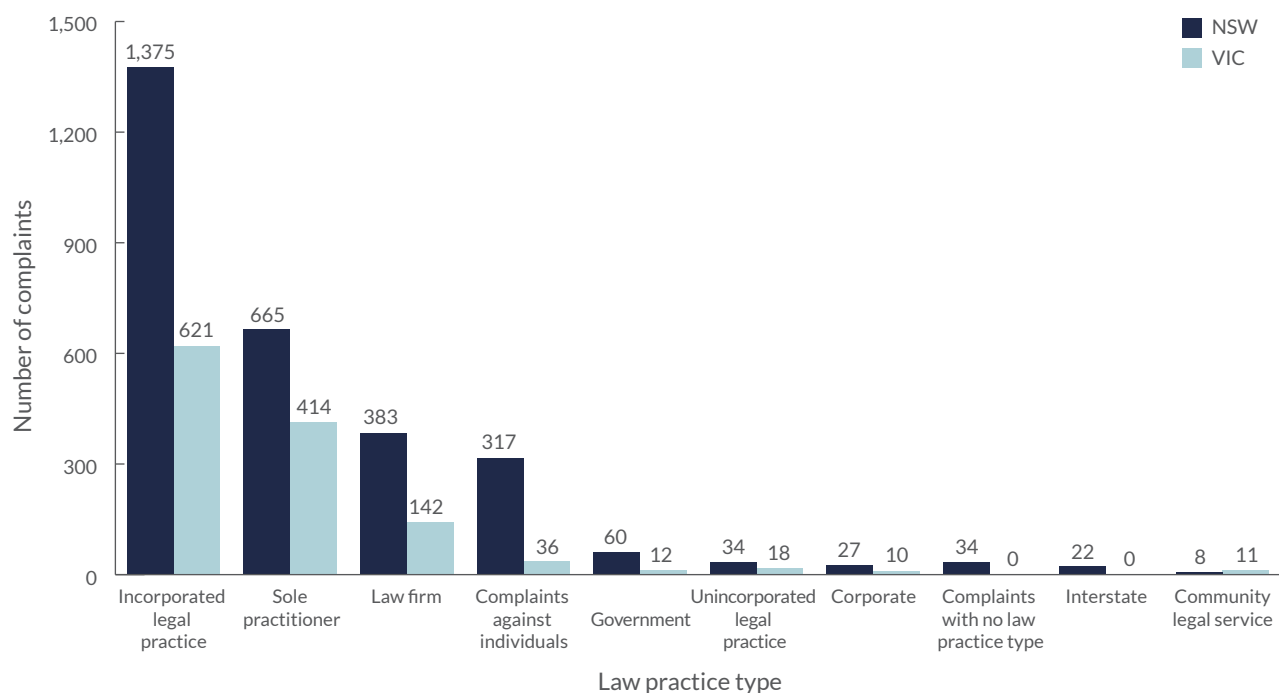
Again, complaints against incorporated legal practices (47.6% a decrease of the previous year's 47%) have overtaken complaints against sole practitioners (25.8% a decrease of the previous year's 28.5%) in both States. Complaints made against law firms comprise only 12.5% of all complaints, a decrease from the 2019 figure of 13.2%.

Complaints with 'no practice type' are captured in 'individual type' in 4.1 above.

4.2.1 Breakdown of law practice type, the subject of complaint

Law Practice Type	NSW	VIC	Total
Incorporated legal practice	1,375	621	1,996
Sole practitioner	665	414	1,079
Law firm	383	142	525
Complaints against individuals	317	36	353
Government	60	12	72
Unincorporated legal practice	34	18	52
Corporate	27	10	37
Complaints with no law practice type	34	0	34
Interstate	22		22
Community legal service	8	11	19
TOTAL	2,925	1,264	4,189

4.2.2 Graph of breakdown of law practice types, the subject of complaint by jurisdiction



5. AREAS OF PRACTICE ASSOCIATED WITH COMPLAINTS

As in the previous three years, approximately one fifth of opened complaints involved family/de facto law matters. The second highest area of law was probate/family provision claims (9.3%), followed closely by building law (9.1%), other civil (8.6%), conveyancing (7.5%) commercial/corporations/franchise (6.7%), criminal law matters (6.4%), personal injury work (5.8%), and wills/powers of attorney (4.2%).

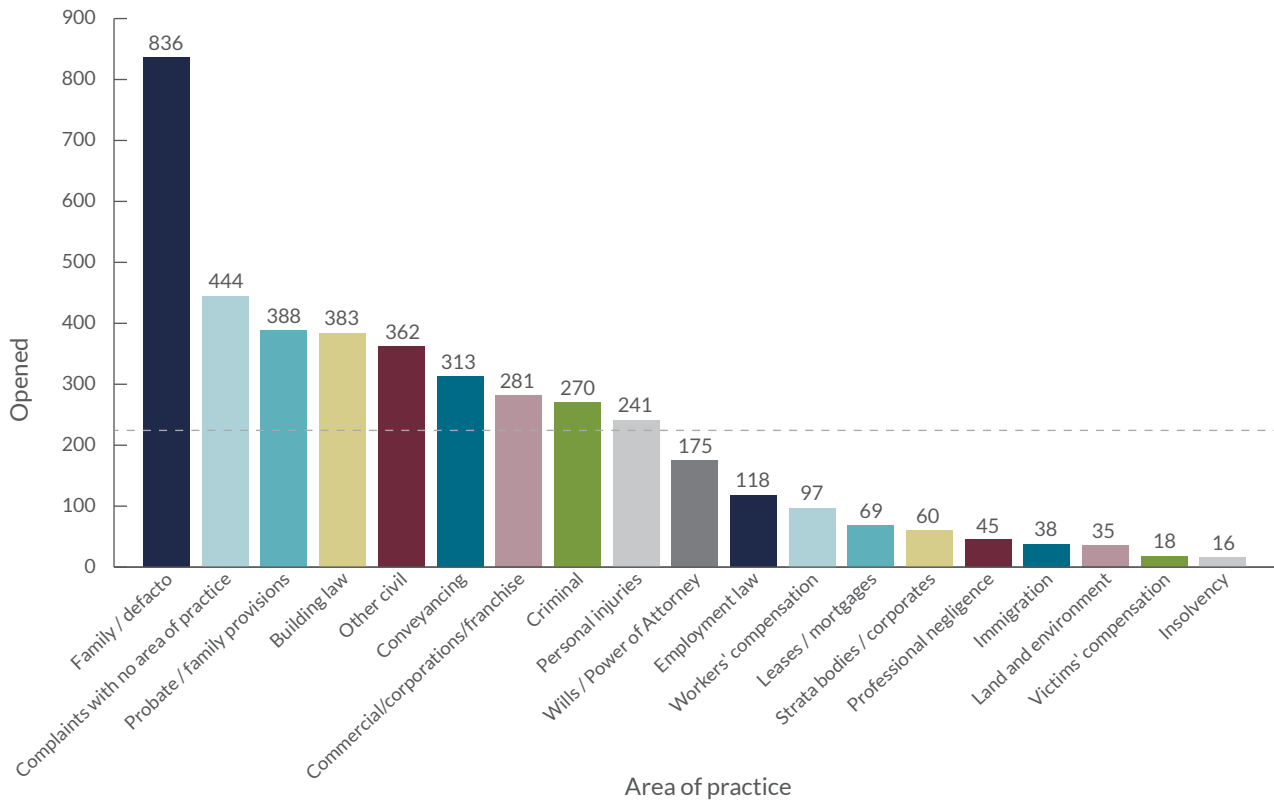
The group of complaints referred to as ‘elder law’ include the areas of probate/family provision, wills and powers of attorney, which taken together, amounted to 13.5% of all complaints.

The remaining 11.8% of complaints were in areas of practice including employment law, workers’ compensation, leases and mortgages, strata bodies, professional negligence, immigration, land and environment matters, victims’ compensation and insolvency. In 10.6% of complaints no area of practice was recorded.

5.1 Number of complaints by areas of practice

Area of Practice	Total
Family / defacto	836
Complaints with no area of practice	444
Probate / family provisions	388
Building law	383
Other civil	362
Conveyancing	313
Commercial/corporations/franchise	281
Criminal	270
Personal injuries	241
Wills / Power of Attorney	175
Employment law	118
Workers’ compensation	97
Leases / mortgages	69
Strata bodies / corporates	60
Professional negligence	45
Immigration	38
Land and environment	35
Victims’ compensation	18
Insolvency	16
TOTAL	4,189

5.2 Graph of complaints by areas of practice



6. NUMBER AND OUTCOMES OF CLOSED COMPLAINTS

6.1 Average of open and closed complaints

Slightly more complaints were opened than closed, with an average monthly ratio of 349 opened to 329 closed.

The raw number of complaints closed was 3,942. This figure includes the closure of complaints that were opened prior to 1 July 2019.

The group of complaints that was both opened and closed during the reporting period was 2,570.

During the reporting year, 61% of the complaints opened were finalised by 30 June 2020, while 34.2% remained opened.

It should be noted however that the DLRAs continued to close complaints under previous legislation, and those figures are not captured here.

6.2 Total number of closed complaints by section of the Uniform Law

Table 6.3 provides a breakdown of all closed complaints by reference to the relevant provision of the Uniform Law. The total of 3,975 includes matters commenced prior to the reporting period and excludes duplicate complaints. This figure is more than the figure for closed complaints of 3,942 above because a complaint may be closed against more than one provision. For example, in a complaint with two streams (i.e. mixed), the consumer matter component may be closed under s 277(1)(b) and the disciplinary complaint may be closed under s 299(1)(c).

6.3 Total number of closed complaints by section

Section	Outcome	2020	2019
273	Withdrawal of complaint	606	714
277	Closure of whole or part of complaint (any reason, any stage) after preliminary assessment ¹	1,838	2,001
287	Informal resolution of consumer matters	1,082	1,104
288	Mediation	9	25
289	Settlement agreements	0	0
290	Determination of consumer matters by local regulatory authority	16	13
292	Binding determinations in costs disputes	5	5
293	Cases where binding determinations are not made in costs disputes	37	38
299	Determination by local regulatory authority – unsatisfactory professional conduct	59	63
300	Initiation and prosecution of proceedings in designated tribunal	18	38
313	Decisions relating to internal reviews	263	256
None	No Uniform Law section ²	42	103
TOTAL		3,975	4,360

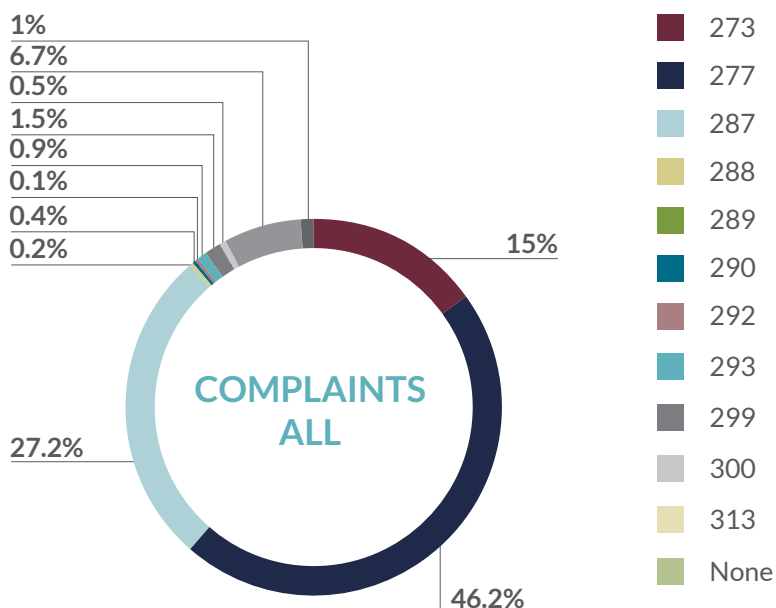
¹ This covers matters from pre-assessment stage through to matters that have been fully investigated. See breakdown of s 277 closures below. It excludes duplicate complaints, the subject matter of which has been or is being investigated (s 277(1)(d)).

² This includes closures after completion of an investigation where no finding of unsatisfactory professional conduct has been made and the regulator is not of the opinion that the conduct may amount to professional misconduct – for which there are no Uniform Law provisions.

Overall, 15% of complaints were withdrawn compared with 16% in 2019. Withdrawal of a complaint may occur at any stage of an investigation. In most of these cases, the DLRA advised that the substance of the complainant was addressed or resolved, and the complainant no longer wished to continue with the complaint.

In costs disputes where binding determinations are not made and where the DLRA is unable to finalise the case, the Uniform Law allows the parties to apply for a costs assessment or to make an application under jurisdictional legislation for the matter to be determined. In all, 18 matters were closed when a decision was taken to initiate tribunal proceedings.

6.3.1 Graph of closed complaints by section



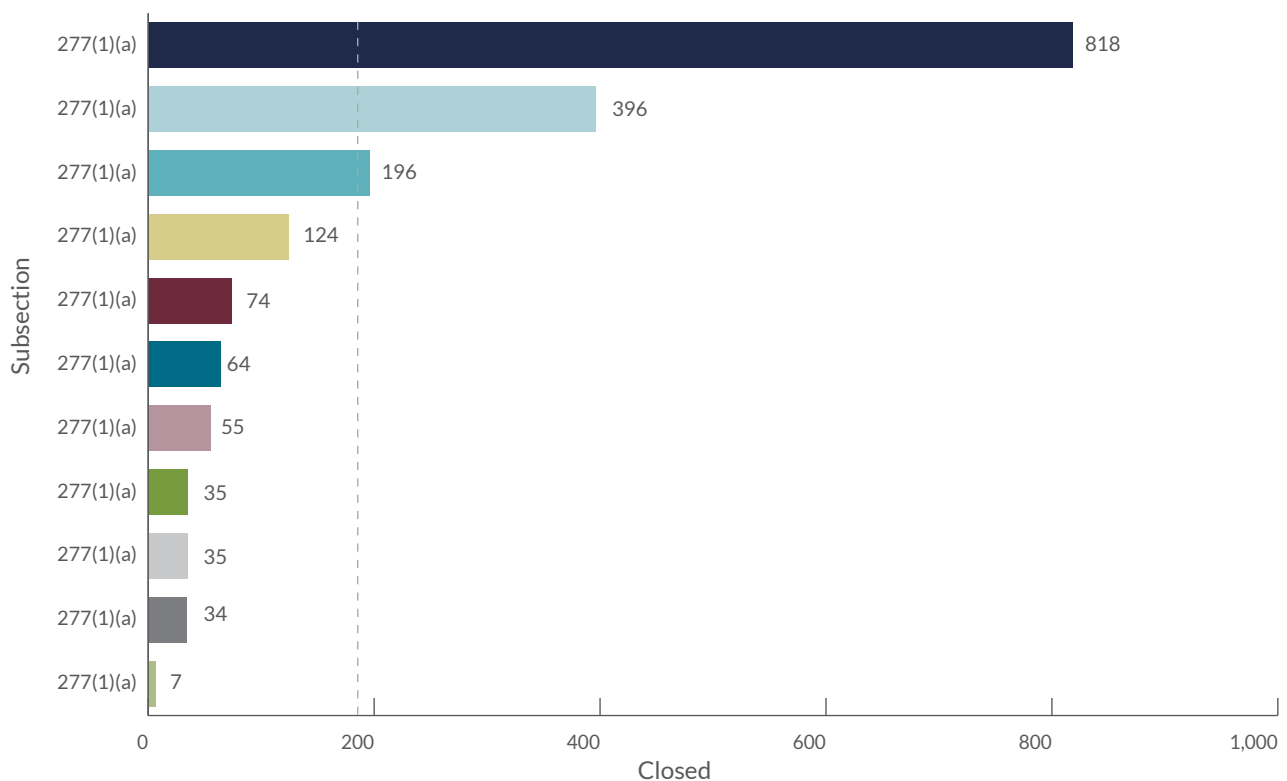
6.3.2 Table of closed complaints under s 277(1)

Almost half (46%) of the total complaints were closed under s 277, identical to the previous reporting period. For a breakdown of s 277 closures see table and graph below.

Section	Outcome	2019
277(1)(a)	Vexatious, misconceived, frivolous or lacking in substance	818
277(1)(h)	DLRA views that complaint cannot result in a disciplinary outcome	396
277(1)(c)	Complainant has not responded or responded inadequately	196
277(1)(i)	No DLRA power to deal with complaint	124
277(1)(b)	Time limit for complaint about a costs dispute not waived	74
277(1)(b)	Time limit for making complaint (not about costs) was not waived	64
277(1)(j)	DLRA is satisfied that it is in the public interest to close	55
277(1)(d)	Subject matter of the complaint has been or is being investigated	35
277(1)(g)	Subject matter is the subject of civil proceedings, except where a disciplinary matter	35
277(1)(e)	Subject matter better investigated by police or investigatory or law enforcement body	34
277(1)(f)	DLRA has made a recommendation under section 82(4)	7
TOTAL		1,838

Section 277 is used to close all complaints for which a disciplinary breach is not established after preliminary assessment. Closure of complaints in whole or in part may be due to the complaint lacking substance or being misconceived (21%), where the DLRA forms the view that the complaint cannot result in disciplinary action (10%) or when there is a failure by the complainant to provide adequate information (5%). Closure may also occur when the complaint is outside the jurisdiction of the relevant DLRA's powers (3%), or because the complaint would be better investigated by the police or other investigatory or law enforcement agency (1%).

6.3.3 Graph of closed complaints under s 277(1)



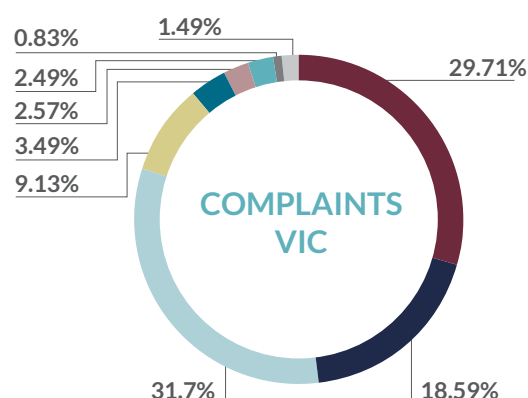
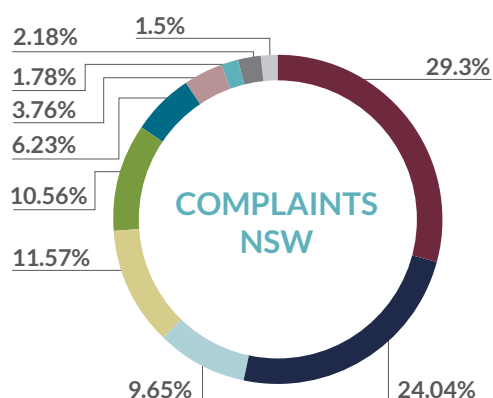
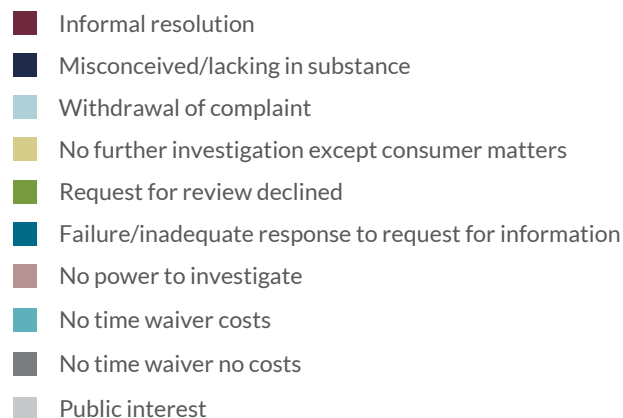
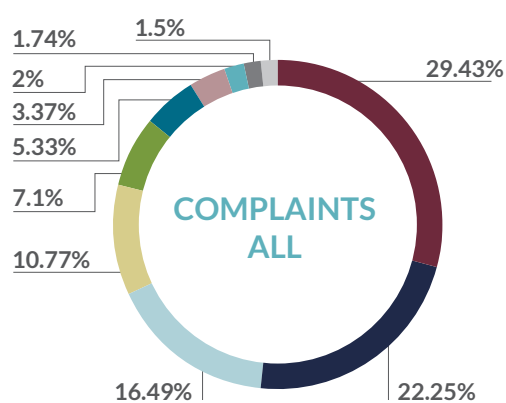
6.4 Top ten types of closed complaints by outcome and jurisdiction

In total, 29% of consumer matters were settled through informal resolution under s 287 of the Uniform Law, up from 25% in 2019. When a matter is not resolved by informal dispute resolution, an assessment of the information provided by the parties is undertaken and the complaint may be closed for any of the reasons contained in s 277(1).

Apart from those complaints closed for being misconceived/lacking in substance (22%) or withdrawn (16%), 11% of complaints consisted of non-consumer matters requiring no further investigation.

6.4.1 Top ten types of closed complaints by outcome and jurisdiction

Section	Outcome	NSW	VIC	Total
287	Informal resolution	724	358	1,082
277	Misconceived/lacking in substance	594	224	818
273	Withdrawal of complaint	224	382	606
277	No further investigation except consumer matters	286	110	396
313	Review declined	261	0	261
277	Failure/inadequate response to request for information	154	42	196
277	No power to investigate	93	31	124
277	No time waiver costs	44	30	74
277	No time waiver no costs	54	10	64
277	Public interest	37	18	55
TOTAL		2,471	1,205	3,676



6.5 Internal Reviews Under The Uniform Law

Section 313(1) of the Uniform Law provides that the DLRA may (at its absolute discretion) conduct an internal review of a decision made by the authority (or its delegate) if the authority considers it appropriate to do so. On review, the authority must consider whether the decision was dealt with appropriately and whether the decision was based on reasonable grounds. The authority may confirm the original decision, make a new decision or refer it back to the original decision maker.

Developed in 2016, the *Guideline of the Commissioner for Uniform Legal Services Regulation on internal review of decisions by DLRA's*, promotes consistency in the exercise of statutory functions by DLRA's particularly as to the time within which such requests for internal review are made (30 days).

In NSW, a total of 263 internal review requests were considered under s 313 as compared with 256 in 2019. Two internal reviews were conducted during the reporting period and 261 requests for review were declined on the basis that it was not appropriate to conduct an internal review.

In Victoria, only two requests for internal review were considered, one was declined and the other was referred back to the decision maker.

7. DETERMINATIONS

7.1 By Local Regulatory Authority

Determinations by the NSW and Victorian Commissioners are a last resort before a referral to NCAT or VCAT. As with many regulatory schemes, often the prospect of having a decision imposed from above motivates law practices to settle non-disciplinary complaints beforehand.

The Commissioners have the power under the Uniform Law to make a formal determination in both consumer and disciplinary matters. In consumer matters, they determine what is a fair and reasonable outcome. The legal practitioner may be ordered to apologise, to redo work or reduce fees, undertake further education or supervision, or pay compensation to their client. In disciplinary matters, the Commissioners may order a reprimand or caution if the practitioner is found to have engaged in unsatisfactory professional conduct. The Commissioners may also make orders including that the legal practitioner apologise, redo work, undertake further education or supervision, pay a

fine of up to \$25,000 or have a condition placed on their practising certificate.

The table below shows the number of determinations made by the Commissioners. The difference in the number of determinations in NSW and Victoria reflects the difference in the costs assessment processes under local legislation.

Determinations by Commissioner	NSW	VIC	Total
Disciplinary (including cautions & apologies)	24	19	43
Costs dispute	4	5	9
Consumer (non-costs)	16	0	16
TOTAL	44	24	68

It should be noted that any given complaint may have more than one determination (e.g. a costs determination and then later a disciplinary determination). Therefore, the above figures are not necessarily indicative of complaint numbers.

7.2 By Courts

Throughout the year, the LSC monitors and evaluates Court decisions that refer to the Uniform Law, its subordinate legislation and matters relevant to the regulation of the legal profession. Decisions that include a discussion about or an interpretation of the Uniform Law scheme are extracted to the extent that they shed light on its operation. Those considered most important appear below.

Luke Johnston v LDA Legal Pty Ltd t/as Dimos Lawyers [2019] VSC 462

A client was orally given an accurate total estimate of legal costs at the first meeting; and updated information about ongoing costs in the form of invoices and requests for money much later in the retainer.

Section 174 of the Uniform Law requires a written initial estimate of total future legal costs and a regular updating of this figure when it has significantly changed and is out of date. By virtue of s 178(1)(a) and subject to Uniform General Rule 72A, a failure to comply with any of the disclosure obligations renders the costs agreement void.

Demands for progress payments or the delivery of regular invoices for work already completed do not satisfy the disclosure obligations. The limited future estimates that were provided in writing

were insufficient to satisfy s 174(1)(b). The cost agreement is therefore void.

Bell Lawyers Pty Ltd v Pentelow [2019] HCA 29 (Bell Lawyers)

The Chorley principle operated to allow solicitors representing themselves in successful litigation to claim professional costs.

The High Court decided unanimously to refuse to extend the Chorley principle to barristers. The majority said it is no longer available to solicitors as the principle is an affront to the concept of equality before the law. The Court specifically left for the legislature the question of whether a solicitor acting for an incorporated legal practice (ILP) of which they are the only director and shareholder could recover costs for representing the ILP.

The effect of the decision is that legal practitioners who successfully act for themselves in litigation cannot recover their professional costs for doing so. The decision does not affect the continued entitlement of in-house lawyers employed by government departments or companies from recovering their professional costs when successfully acting in litigation on behalf of their employer.

United Petroleum Australia Pty Ltd v Herbert Smith Freehills [2020] VSCA 15 (United Petroleum)

The Court applied *Bell Lawyers* and held that a law firm (trading as a partnership) was precluded from recovering professional costs for the work of its employee solicitors after it had acted for itself in litigation. The firm conceded that it could not recover any professional costs for the work of its partners.

Guneser v Aitken Partners [2019] VSC 649

A question before the Court was whether *Bell Lawyers* applies to prevent an ILP from recovering the professional costs of its employed solicitor acting for the ILP.

Under ss 32 and 33 of the Uniform Law, legal services may be provided under any business structure without affecting a legal practitioner's or law practice's compliance with professional obligations.

Given the professional ethical considerations that underpin *Bell Lawyers*, the Court held that it is clear that a business structure cannot be used

as a basis to avoid the underlying rationale. As such, the employee of an ILP cannot claim costs in representing the ILP.

This decision was affirmed in *Guneser v Aitken Partners (Cross Appeal on Costs) [2020] VSC 329* (5 June 2020).

Malvina Park Pty Ltd v Johnson [2019] NSWSC 1490

Is s 174(3) a disclosure obligation for the purposes of s 178(1) of the Uniform Law?

The Court held that the expression 'disclosure obligations' is a composite phrase when used in s 178, the meaning of which cannot be ascertained by applying the ordinary meaning of the word 'disclosure'.

The provisions of s 174(4), (5) and (7) deal with circumstances that confine or limit the nature or content of the disclosure required under the main disclosure obligation in s 174(1). Similarly, s 174(3) requires that information be imparted so as to ensure the client understands and consents, consistent with the object of empowering clients to make informed choices about the services they access and the costs involved.

The legislature's intention was that the law practice's reasonable steps to satisfy itself of the client's understanding and consent is a precondition to the validity of a cost agreement such that the agreement would, pursuant to s 178, be rendered void by a failure to meet that obligation.

Section 174(3) is a disclosure obligation for the purposes of s 178(1) of the Uniform Law.

Lenehan v Powercor Australia Ltd [2020] VSC 82

The requirement for proportionality as it concerns legal costs generally is expressed in local civil procedure legislation and s 172 of the Uniform Law, such that a Court must be satisfied that the amount of costs claimed is reasonable in all of the circumstances and proportionately incurred.

The proportionality measure looks to the relationship between the costs incurred and the value and importance of the subject matter in issue. It is a forward-looking assessment that compares the cost of the work with the benefit that could reasonably be expected from the work, at the time at which the work was performed.

What is reasonable and proportionate will vary from case to case. Factors commonly considered in this assessment include:

- the reasonableness of the terms of the fee agreements and whether the costs actually charged have been calculated in accordance with those agreements
- whether any significant portion of the fees charged has been inappropriately or unnecessarily incurred
- whether the work in a particular area or in relation to a particular issue was undertaken efficiently and appropriately
- whether the work was undertaken by a person of an appropriate level of seniority and whether the charge out rates were appropriate having regard to the seniority of the practitioners and the nature of the work undertaken
- whether the tasks and associated charges were appropriate having regard to the nature of the work and the time taken to complete the work.

DLA Piper Australia v Trico's Technologies Pty Ltd [2020] VSC 93

A law practice applied out of time to have an assessment of its own bills of costs rendered to the respondent, who argued that s 198(4) of the Uniform Law makes an extension of time available only to a client, third party payer or other law practice.

In Victoria, the Supreme Court is the 'designated tribunal' and the Costs Court is the 'costs assessor' for the purposes of s 198. While it appears the application to extend time cannot be made by the law practice, it can be made by the Costs Court as costs assessor, and granted by the Supreme Court if it was satisfied about the reasons for delay, extent of delay, and whether it is fair and just to do so.

The Court noted that the LSC has recently proposed an amendment to the Uniform Law to make it clear that a law practice has the same ability as others to seek a cost assessment out of time.

Mendonca v Legal Services Commissioner [2020] NSWCA 84

A regulator closed the appellant's complaint without taking any disciplinary action. The appellant then requested the respondent to undertake an internal review of the regulator's decision. The respondent declined to do so. The appellant

sought judicial review of the respondent's decision and subsequently sought leave to appeal from that judgment.

The Court refused leave to appeal, but held that s 313 of the Uniform Law confers upon the Commissioner absolute discretion to conduct a review conditional on being persuaded that it is appropriate to do so. The Commissioner can decline to undertake a review of the decision without first reviewing that decision on the merits. The respondent's rights in the matter were either utilised by making a complaint under s 266 or exhausted by the effluxion of time.

John Ljubomir Atanaskovic & Ors t/a Atanaskovic Hartnell v Birketu Pty Ltd – Supervisory Jurisdiction [2020] NSWSC 573

A solicitor sought the recovery of fees for services rendered where his interests and those of the client were in actual and potential conflict. The work done benefitted the solicitor and was capable of being used to his advantage in a dispute with his client. The solicitor gave an undertaking not to charge fees for work done and covered by the retainer.

The Court held that if there was fully informed consent, and it was effective to constitute a defence to a breach of fiduciary duty, it was ineffective to improve the solicitor's position from the point of view of his professional ethical obligations. The fees were excessive, unfair and unreasonable: fees for work done while in a position of conflict cannot be recovered. Further, the solicitor's undertaking should be complied with.

7.3 By Tribunals

On 1 July 2020, the Uniform Law has been operating for five years. As expected, there were more decisions made by the State Tribunals relating to complaints made under the Uniform Law during this latest reporting period. The Legal Profession Uniform Law Library in AustLII reported at least 17 decisions by the NSW Civil and Administrative Tribunal and a further 15 decisions by the Victorian Civil and Administrative Tribunal.

8. EMERGING TRENDS IN COMPLAINTS

DLRAs deploy consistent practices in their consideration of complaints, with some emerging trends. DLRA staff aim to resolve complaints informally as soon as possible, but also to manage a complainant's expectations where the complaint

is without merit. Much effort is made to assist the profession to comply with its obligations, either in handling individual complaints, or through other professional development programs, outreach and media activities. The preferred strategy is to guide a lawyer on a path where they can avoid future complaints.

Impact of the Commissioner's Cost Estimate Guideline

The Commissioner for Uniform Legal Services Regulation has asked to be kept informed at quarterly intervals of the extent to which *Guideline CULSR 01/2016 – Costs Estimates (Guideline)* is applied in practice. The DLRA's are requested to comment on the extent to which the total estimated legal costs in matters are based on the appropriate exercise of the professional judgment of law practices generally or in particular matters or classes of matters. They are also asked to report on any judicial or other decisions that may come to their attention concerning the interpretation of the requirements of s 174(1)(a); and to report pursuant to s 440 at least annually.

Under the Uniform Law, legal practitioners must inform their clients in writing if costs estimates exceed \$750, and must provide full disclosure if costs estimates exceed \$3,000. Short form disclosure is available for costs estimates between these two thresholds.

Each DLRA provided the following information.

8.1 New South Wales

There were no judicial or other decisions reported in NSW concerning the interpretation of the costs disclosure requirements in s 174(1)(a) and (b) of the Uniform Law. However, the obligation outlined in s 174(3) – that a law practice take all reasonable steps to satisfy itself that the client has understood and given consent to the proposed course of action for the conduct of the matter and to the proposed costs – was confirmed in *Malvina Park Pty Ltd v Johnson* [2019] NSWSC 1490 (referred to above in Part 7.2).

Office of the Legal Services Commissioner (OLSC)

Of the complaints received by the OLSC, 41.2% were about costs, as compared with 38% in 2019.

The OLSC records a maximum of five issues for each complaint. Accordingly, 1,114 complaints about costs raised a total of 1,590 issues. Of these issues,

17.4% related to costs disclosure and 7.9% related to failure to disclose costs increases.

CULSR's Cost Estimate Guideline

The OLSC advised that there were 29 complaints in matters where the total estimated costs were less than \$750; five complaints where the total estimated costs were between \$750 and \$1,000; 10 complaints where the estimate was between \$1,001 and \$1,500; and 59 complaints where the estimate was between \$1,501 and \$5,000.

Compliance Audits

The OLSC conducted fewer compliance audits during the reporting period due to the social distancing requirements of the COVID-19 pandemic. Instead, resources were diverted to dealing with the increased number of complaints lodged with the OLSC.

Between July 2019 and February 2020, the Practice Compliance Manager conducted three on-site compliance audits. These audits comprised an initial visit and two follow-up audits. Two further audits were initiated. The on-site stage of one audit was postponed until July 2020. The other audit was conducted, in part, remotely by reviewing file data provided by the principal of the law practice. The NSW Legal Services Commissioner issued one management system direction in the reporting year. The direction required the principal to develop appropriate management systems to facilitate supervision of staff, particularly employed solicitors, and also related to costs disclosure, notification of clients' rights to dispute invoices, and records management.

Periodic reports continued to be submitted and reviewed each month from law practices where management system directions had been issued both in the current reporting year and the previous year.

The provision of costs disclosure that complies with the legislation and notification of clients' rights in invoices continue to be a significant concern. Where a management system direction is issued in relation to this objective the law practice is required to provide examples of recent costs disclosure and invoices with its monthly periodic reports. By reviewing this information the Commissioner is in a position to ascertain compliance.

The supervision objective is clearly more nuanced and difficult to evaluate remotely or 'on the papers'.

However, in the subject audit, the law practice was able to provide documents setting out the details of weekly reviews between the principal and the employed solicitor and copy file notes prepared by the employee. This information together with updated file registers provided each month, enabled the Practice Compliance Manager to ascertain that work was being carried out each month by the employed solicitor under the supervision of the principal.

NSW Bar Association

There have been no judicial decisions involving the NSWBA concerning the interpretation of s 174.

Generally, when a barrister is retained by a solicitor, the barrister makes a disclosure under s 175. There have been no complaints in this regard.

Nevertheless, all complaints involving the type of issues raised by the Guideline in the relevant period were reviewed by the NSWBA. At the time of reporting, three were ongoing and did not relate directly to the issue of disclosure under s 174.

Seven complaints related to the costs category. These were broken down as follows:

Costs issues	Number
Overcharging/over-servicing	2
Other	5
TOTAL	7

One of the matters in the 'overcharging' category was identified as a pure consumer matter and will be returned to the OLSC. The other matter was ongoing and related to agency issues.

Of the five complaints in the 'other' group, two were returned to the OLSC (by agreement), as the alleged conduct occurred in another jurisdiction.

The other three are unresolved. One arose from a direct access matter and therefore involved clause 15 of the Legal Profession Uniform Law Application Regulation 2015 (NSW), although not specifically costs disclosures. The other two, following investigation, were possibly mischaracterised on receipt and would have been more accurately identified as having a non-costs emphasis.

Law Society of NSW

The LSNSW referred three practitioners to the NCAT in respect of six complaints. In addition to these actions, during the reporting period the Professional Conduct Committee issued reprimands to eight practitioners in respect of 10 complaints, cautioned one practitioner and directed another to successfully complete education.

Reviews were sought in relation to 11 matters under s 313 of the Uniform Law: seven were resolved during the period with the decision upheld by the OLSC in all cases.

8.2 Victoria

The VLSB+C advised the LSC of only one decision by the Costs Court of the Supreme Court of Victoria relating to the interpretation of s 174 of the Uniform Law: *Johnston v Dimos Lawyers* [2019] VSC 462, referred to above in Part 7.2.

Victorian Legal Services Board and Commissioner

The VLSB+C received 736 complaints that raised a consumer grievance, significantly fewer than in the previous year. Not all of these consumer complaints involved a costs dispute.

The number of consumer matter complaints were broken down into costs disputes (588); non-costs disputes (96) and mixed (52).

CULSR's Cost Estimate Guideline

The table below shows the number of complaints in Victoria about costs disclosure in the past two years.

Issue	2019-20	2018-19
Fail to give initial disclosure	6	4
Fail to give revised disclosure	4	7
Delay in providing disclosure	2	3
No informed consent given	6	14
No disclosure given	6	3
TOTAL	24	31

Although in decreasing numbers, the VLSB+C continued to receive a number of complaints about costs agreements and disclosure statements with varying levels of Guideline compliance.

The VLSB+C was concerned about failures in disclosure statements to provide the scope of the retainer or clarity about what legal services the estimate of costs covered. There were also more complaints involving a client disputing the 'value' of the work that was carried out, rather than the amount of the costs incurred.

Throughout the complaint handling process and as part of best practice principles, file handlers encouraged practitioners to ensure that the scope of the work was detailed and was explained to the client.

In summary, the VLSB+C continued to see complaints in which:

- costs disclosure was not provided
- an initial estimate of costs had increased without explanation; and
- costs disclosure was not provided in a timely manner.

Informal resolution

The most frequent outcome in Victorian consumer matter disputes was informal resolution. The VLSB+C made two binding costs determinations. Each of the determinations involved findings in relation to failures to disclose. These failures came about from the absence of disclosure in one instance and the inadequate updating of an estimate in the other. Both determinations found that a reduction in legal costs was warranted. Where appropriate, orders were made relating to education around costs disclosure.

Interestingly, there was a decreasing number of complaints relating to non-compliance with the obligations of s 174(1)(a) of the Uniform Law. However, some law practices continued to fail to provide compliant costs estimate updates. Often these updates were either not provided, or provided verbally without any written confirmation. These complaints were largely settled through informal resolution with a warning or a recommendation of continuing professional development for the lawyer.

Final legal costs higher than disclosed estimate

Complaints where the final legal costs were higher than the disclosed estimate continued to form the majority of VLSB+C costs disputes. These disputes could highlight a failure to adequately disclose costs or a failure to update costs estimates.

Ambiguous costs disclosure results from law practices disclosing cost estimates for 'stages' or for certain tasks or items that will be completed under the retainer, in addition to disclosing a single figure estimate for total legal costs. These 'stage' estimates are often presented as a range. The amounts allocated for each 'stage', task or item may exceed the total single figure estimate provided.

While this approach allows a law practice to inform their clients in greater detail, the VLSB+C view is that it must be done correctly to ensure the disclosure is effective. Where the file handler identifies this type of costs disclosure failure, the lawyer is advised to avoid calculation errors going forward.

9. FIDELITY FUND AUDIT INFORMATION

The Fidelity Funds are statutory compensation schemes maintained by the VLSB+C for Victorian legal practitioners and by the LSNSW for NSW legal practitioners.

The Uniform Law requires that claims against the Fidelity Fund received on or after 1 July 2015 are determined independently of the legal profession. Since then, 165 claims in NSW and 107 in Victoria have been determined against the respective Fidelity Funds.

In NSW, an annual contribution to the Fidelity Fund is made by legal practitioners who wish to be granted a principal or employee practising certificate. In Victoria, the Fidelity Fund fee is charged at variable rates to both principals and employees who work in firms that carry a trust account. Corporate legal practitioners and government legal practitioners are not required to contribute.

The following information relates to all claims in the reporting period.

2019–2020 Financial Year	NSW	Victoria
Practitioners contributing to the Fidelity Fund	24,850	12,652
Balance of the Fidelity Fund as at 30 June 2020	\$53,881,000	\$70,769,000
Claims outstanding as at 1 July 2020	99	23
Claims received during the financial year	46	15
Classification of claims	All 46 are allegations regarding trust money. None relate to trust property.	Claims relate to 'limb (a)' type defaults– being alleged failure to pay or deliver trust money or property arising from an act or omission of an associate of a law practice involving fraud or dishonesty.
Value of claims received	\$6,657,7254.69	\$3,220,370.25
Number of claims allowed/partly allowed/settled	45	6
Value of payments made	\$8,497,584.37. In a financial year, not all claims allowed/partly allowed may be paid in that same period, as formal requirements may not be completed in the year.	\$0.921 million
Reasons for allowing claims	A claim is allowed or partly allowed where it satisfies the statutory requirement that a claimant has suffered pecuniary loss because of default.	Claims are allowed where it was found there had been a 'default' due to a failure to pay or deliver trust money involving fraud or dishonesty and that the claimant had suffered a pecuniary loss because of the default.
Disallowed claims	20	1
Reasons for disallowing claims	A claim is disallowed where it does not fall within the statutory requirements. The claims are disallowed for a number of different reasons, including that there was no trust money, money was not received in the course of legal practice, there was no failure to pay, illegality, and other benefits were paid or received. Most claims are disallowed for multiple reasons.	The claim is disallowed on the basis that the conduct of the transaction with the law practice in relation to which the claim is made was illegal and the claimant knew or ought reasonably to have known of the illegality, pursuant to s 240(4)(d).
Appeals made by unsuccessful claimants	1	1
Claims outstanding at end of financial year	76	28
Court proceedings commenced as a result of claim	0	Nil

10. UNIFORM LAW ADMISSIONS BOARDS

Role of the Admitting Authorities

The Legal Profession Admission Board (NSW) (LPAB) and the Victorian Legal Admissions Board (VLAB) are statutory bodies that perform functions associated with admission to the legal profession. These functions include determining the eligibility and suitability of applicants for admission in the respective States, and accrediting academic courses and practical legal training providers.

In addition, the LPAB assesses foreign lawyer applications for admission in the Australian Capital Territory and the Northern Territory, and VLAB assesses foreign lawyer applications for admission in South Australia and Tasmania.

Admissions electronic data sharing

The LPAB and VLAB have worked together and with the Commissioner for Uniform Legal Services Regulation on admissions data to ensure that a consistent and reliable approach is applied under data sharing arrangements for reporting the number and categorisation of admissions.

Each month, the LPAB and VLAB provide admissions data to LSC Uniform Law database for the purpose of sharing, monitoring and analysing admissions under the Uniform Law.

The admitting authorities and the LSC agreed that the fields to be captured in the shared data were:

- Total admissions under the Uniform Law
- Total admissions by gender
- Total admissions by age
- Admissions by gender of foreign lawyers
- Admissions by country of foreign lawyers
- Admissions by Australian university or institution.

LPAB and VLAB working together

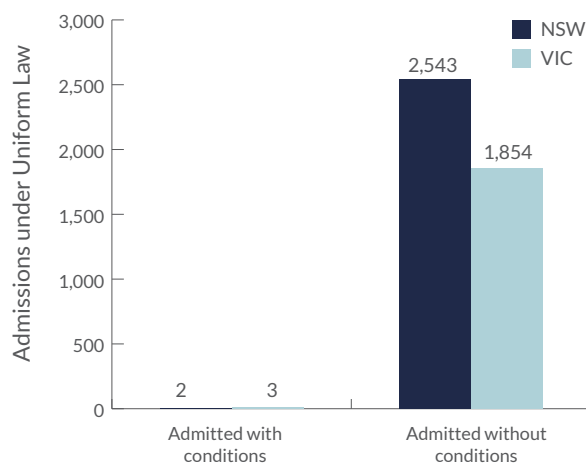
The Council is grateful to the LPAB and VLAB for their cooperation in settling the business rules for the transfer of admissions data to the Uniform Law database and for their diligence in verifying and, where necessary, reconciling the data reports during the testing phase.

10.1 Total admissions under the Uniform Law by jurisdiction

Admission Status	NSW Admissions	Victorian Admissions	Total
Admitted with conditions	2	3	5
Admitted without conditions	2,543	1,854	4,397
TOTAL	2,545	1,857	4,402

There were 257 more admissions under the Uniform Law this year, an increase of about 6% on the previous reporting period. Five per cent of admittees had previously been admitted overseas.

58% of admissions were processed in NSW and 42% were processed in Victoria.



10.2 Total admissions by gender and jurisdiction

Gender	NSW Admissions	Victorian Admissions	Total
Male	973	729	1,702
Female	1,571	1,127	2,698
Other	1	1	2
TOTAL	2,545	1,857	4,402

In NSW 5.6% of total admissions were previously admitted overseas. Of these, 84 were female and 59 were male (noting that 2 of those 59 males were admitted with conditions). 59% were female and 41% were male.

In Victoria, out of 1,857 admissions, 65 were previously admitted in a foreign jurisdiction, 3.5% of total admissions. The gender split of those previously admitted was 68% female and 32% male.

Of Uniform Law admittees who had not been previously admitted overseas, 58% identified as female, increasing to 59% for admittees who were previously foreign lawyers.



A difference of 22.63% between the sexes with 0.045% not identifying as male or female.

10.3 Admissions by age

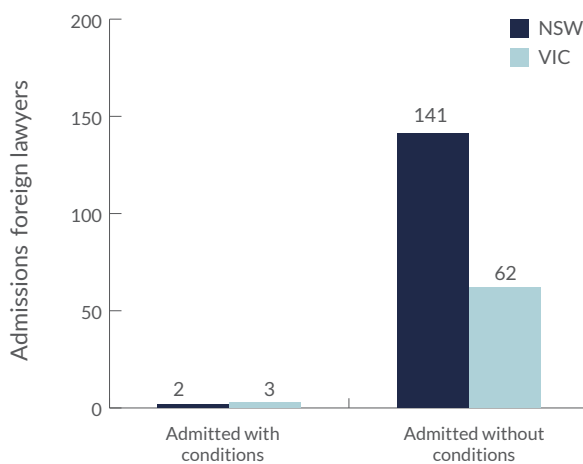
The numbers of Uniform Law admissions decreased as the age of the applicant increased, with almost 80% of admittees aged 30 years or under.

Within the cohort of foreign admittees, 23% were aged from 26 to 30 years, while 64% comprised foreign lawyers aged 31 to 45 years.

10.4 Admissions of foreign lawyers by jurisdiction

Admission Status	NSW Admissions	Victorian Admissions	Total
Admitted with Conditions	2	3	5
Admitted without conditions	141	62	203
TOTAL	143	65	208

The United Kingdom and South Africa remained the source of over 54% of foreign lawyer applications for admission.



11. ADMINISTRATORS OF AUSTRALASIAN LAW ADMITTING AUTHORITIES (AALAA)

Two objectives of the Uniform Law are to promote jurisdictional consistency in the law applying to the Australian legal profession and to ensure that lawyers are competent.

To that end, on 14 October, Megan Pitt and Cora Groenewegen participated in the 20th meeting of Administrators of Australasian Law Admitting Authorities hosted by the Victorian Legal Admissions Board (VLAB) in Melbourne. Also present were administrators from Western Australia, Tasmania, Queensland, NSW and New Zealand.

The administrators exchanged ideas regarding processes to deal with applications (including cases for appeal and re-admission), highlighting the indicators of suitability for admission, and,

in the UL jurisdictions, sharing registers for stale qualifications and conditional admission to secure consistency of practice.

The topics discussed included English language proficiency; foreign assessments; confidentiality; accreditation and re-accreditation of academic courses and PLT providers; the importance of institutions teaching law courses consistently with the terms of accreditation; and electronic admission procedures.

The meeting provided an excellent opportunity for the LSC to engage with the representatives of all admitting authorities in attendance.

Through the administrators' cooperation and collaboration, their commitment to apply prevailing law consistently to achieve the best outcomes for the legal profession and the consumers of its services, was clearly evident.



L-R: AALAA and LSC; Mary Ollivier, Director Regulatory, New Zealand Law Society; Deb MacDonald, Admissions & Registrations Coordinator, LPBWA; Lorna Starling, Admissions Officer, LPBWA; Mel Timmins, Secretary, LPAB Qld; Kristen Murray, Principal Policy Officer, VLAB; Lisa Rozanitis, VLAB; Deborah Jones, Chief Executive Officer, VLAB; Maria Di Palma, Senior Advisor, VLAB; Megan Pitt, LSC; Cora Groenewegen, LSC; Gayle Johnston, Manager Operations, LPB Tas; Chris Banks, Executive Officer, LPAB(NSW); Luke Rheinberger, Secretary, Board of Legal Education Tas; Libby Fulham, Executive Director, LPBWA.



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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FINANCIAL STATEMENT SUMMARY

The Legal Services Council is a not-for-profit entity and it has no cash generating units.

These financial statements contain the consolidated financial statements of both the Legal Services Council and the Commissioner for Uniform Legal Services Regulation as one entity.

The financial statements were authorised for issue in accordance with a resolution of the Council on 23 September 2020, upon recommendation by the Legal Services Council's Audit and Risk Committee.



Net Result for the Year

The net result for the year ended 30 June 2020 was a surplus of **\$132,187** (2019: \$260,315).

Revenue

The revenue for the Legal Services Council for the year ended 30 June 2020 was **\$1,664,148** (2019: \$1,666,147).

Expenses

The expenditure for the Legal Services Council for the year ended 30 June 2020 was **\$1,531,961** (2019: \$1,405,832).

Assets

The total assets for the Legal Services Council as at 30 June 2020 were **\$1,337,876** (2019: \$1,019,899).

Liabilities

The total liabilities for the Legal Services Council as at 30 June 2020 were **\$539,120** (2019 \$353,330) representing employee related provisions and other accrued liabilities.

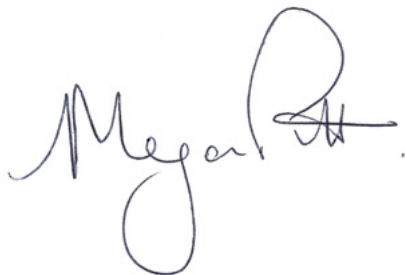
STATEMENT BY CHIEF EXECUTIVE OFFICER AND COMMISSIONER

FOR THE YEAR ENDED 30 JUNE 2020

In the opinion of the Commissioner and Chief Executive Officer:

- The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with the *Public Finance and Audit Act 1983* (NSW) (the Act), Public Finance and Audit Regulation 2015 (NSW) and applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and Reduced Disclosure Requirements issued by the Australian Accounting Standards Council (AASB) as appropriate for not-for-profit entities;
- The attached financial statements and notes give a true and fair view of the Legal Services Council's financial position, incorporating the Commissioner for Uniform Legal Services Regulation, as at 30 June 2020 and of the performance for the financial year ended on that date; and
- There are reasonable grounds to believe that the Legal Services Council, incorporating the Commissioner for Uniform Legal Services Regulation, will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the Legal Services Council made pursuant to clause 26 in Schedule 1 to the Legal Profession Uniform Law.



Megan Pitt
Chief Executive Officer | Legal Services Council and Commissioner
for Uniform Legal Services Regulation

23 September 2020
Sydney



INDEPENDENT AUDITOR'S REPORT

Legal Services Council

To Members of the New South Wales Parliament and Members of the Legal Services Council

Opinion

I have audited the accompanying financial statements of the Legal Services Council, incorporating the Commissioner for Uniform Legal Services Regulation (the Council), which comprise the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

Other Information

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Board Members of the Council, Chief Executive Officer and Commissioner of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by Chief Executive Officer and Commissioner.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Board Members of the Council, Chief Executive Officer and Commissioner's Responsibilities for the Financial Statements

The Board Members of the Council, Chief Executive Officer and Commissioner are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Board Members of the Council, Chief Executive Officer and Commissioner determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board Members of the Council, Chief Executive Officer and Commissioner are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

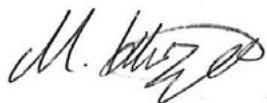
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Michael Kharzoo
A/Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 September 2020
SYDNEY

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Actual 2020 \$	Actual 2019 \$
Expenses excluding losses			
Operating expenses			
Personnel services expenses	2(a)	1,200,073	1,093,645
Other operating expenses	2(b)	203,013	276,023
Depreciation and amortisation	2(c)	125,112	36,164
Finance costs	2(d)	3,763	-
Total expenses excluding losses		1,531,961	1,405,832
Revenue			
Grants and contributions	3	1,659,176	1,661,613
Interest revenue	3	4,972	4,534
Total revenue		1,664,148	1,666,147
Net result		132,187	260,315
Other comprehensive income		-	-
Total comprehensive income		132,187	260,315

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	Actual 2020 \$	Actual 2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	947,011	622,857
Receivables	5	1,371	183,206
Total current assets		948,382	806,063
Non-current assets			
Plant and equipment	6	158,974	213,836
Right of Use Assets	7	230,520	-
Total non-current assets		389,494	213,836
Total assets		1,337,876	1,019,899
LIABILITIES			
Current liabilities			
Payables	8	307,499	353,330
Lease liabilities	9	70,141	-
Total current liabilities		377,640	353,330
Non-current liabilities			
Lease liabilities	9	161,480	-
Total non-current liabilities		161,480	-
Total liabilities		539,120	353,330
Net assets		798,756	666,569
EQUITY			
Accumulated funds		798,756	666,569
Total equity		798,756	666,569

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Accumulated funds \$	Total equity \$
Balance at 1 July 2019	666,569	666,569
Net result for the year	132,187	132,187
Other comprehensive income	-	-
Total comprehensive income for the year	132,187	132,187
Balance at 30 June 2019	798,756	798,756
Balance at 1 July 2018	406,254	406,254
Net result for the year	260,315	260,315
Other comprehensive income	-	-
Total comprehensive income for the year	260,315	260,315
Balance at 30 June 2019	666,569	666,569

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Actual 2020 \$	Actual 2019 \$
Cash flows from operating activities			
Payments			
Employee related		(1,268,629)	(896,844)
Suppliers for goods and services		(107,861)	(271,496)
Finance Cost		(3,763)	-
Total payments		(1,380,253)	(1,168,340)
Receipts			
Grants & contributions received		1,725,976	1,594,813
Interest		4,972	4,534
GST refunded		42,608	3,955
Total receipts		1,773,556	1,603,302
Net cash flows from/(used in) operating activities	10	393,303	434,962
Cash flows from investing activities			
Net cash flows from investing activities		-	-
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(69,149)	-
Total receipts		(69,149)	-
Net increase in cash		324,154	434,962
Opening cash and cash equivalents		622,857	187,895
Closing cash and cash equivalents	4	947,011	622,857

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting entity

The Legal Services Council (Council) is an incorporated statutory body, and the Commissioner for Uniform Legal Services Regulation (Commissioner) is a Statutory Office holder established under the Legal Profession Uniform Law. These entities do not represent the Crown. These financial statements are for the Council, and incorporate transactions and balances of the Commissioner. The transactions and balances of the Commissioner in isolation are considered immaterial to these financial statements. On this basis, the reporting entity is referred to as the Legal Services Council, incorporating the Commissioner for Uniform Legal Services Regulation.

The Council, incorporating the Commissioner, is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. Under clause 17(3) of Schedule 1 to the Legal Profession Uniform Law the functions of the Chief Executive Officer (CEO) of the Council are exercised by the Commissioner.

The financial statements of the Council, incorporating the Commissioner, for the year ended 30 June 2020 have been authorised for issue by the Council on 23 September 2020.

b) Basis of preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with the *Public Finance and Audit Act 1983* (NSW) (the Act), *Public Finance and Audit Regulation 2015* (NSW) and applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and Reduced Disclosure Requirements issued by the Australian Accounting Standards Council (AASB) as appropriate for not-for-profit entities.

Judgements, key assumptions and estimations that management have made are disclosed in the relevant notes to the financial statements. Costs incurred that are incremental and directly attributable to the COVID-19 pandemic have been disclosed. Refer Note 14.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

c) Goods and services tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the Australia Taxation Office (ATO). In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis in the Statement of Cash Flows. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

d) Lease expense

- Lease expense up to 30 June 2019

Operating leases

Up to 30 June 2019, operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. An operating lease is a lease other than a finance lease.

- Lease expense from 1 July 2019

AASB 16 has been adopted with effect from 1 July 2019; the Council recognises the lease payments associated with the following types of leases as an expense on a straight-line basis. Refer Note 7.

- Leases that meet the definition of short-term i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

e) Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

f) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

g) Change in accounting policy, including new or revised Australian Accounting Standards

i. Effective for the first time in 2019–20

The Council applied AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities*, and AASB 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in FY2019–20, but do not have an impact on the financial statements of the Council.

AASB 15 Revenue from Contracts with Customers (AASB 15)

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Council to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

AASB 1058 Income of Not-for-Profit Entities (AASB 1058)

AASB 1058 replaces most of the existing requirements in AASB 1004 *Contributions*. The scope of AASB 1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of contribution by owners), administrative arrangements and liabilities of government departments assumed by other entities.

AASB 1058 applies to income with a donation component, i.e. transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and volunteer services. AASB 1058 adopts a residual approach, meaning that entities first apply other applicable Australian Accounting Standards (e.g. AASB 1004, AASB 15, AASB 16, AASB 9, AASB 137) to a transaction before recognising income.

The Council needs to determine whether a transaction is/contains a donation (accounted for under AASB 1058) or a contract with customer (accounted for under AASB 15).

AASB 1058 requires recognition of receipt of an asset, after the recognition of any related amounts in accordance with other Australian Accounting Standards, as income:

- When the obligations under the transfer is satisfied, for transfers to enable an entity to acquire or construct a recognisable non-financial asset that will be controlled by the entity.
- Immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Council has adopted AASB 1058 retrospectively with the cumulative effect of initially applying the standard at the date of initial application on 1 July 2019.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

AASB 16 Leases (AASB 16)

AASB 16 supersedes AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessee accounting

AASB 16 requires the Council to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, the entity recognises a lease liability and right-of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The corresponding right-of-use asset is measured at the value of the lease liability adjusted for lease payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located.

The Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 1.42%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 June 2019.

In applying AASB 16 for the first time, the entity has used the following practical expedients permitted by the standard:

- Not reassessing whether a contract is, or contains, a lease at 1 July 2019, for those contracts previously assessed under AASB 117 and Interpretation 4
- Not recognising a lease liability and right-of-use asset for short-term leases that end within 12 months of the date of initial application
- Excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Using hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The effect of adopting AASB 16 as at 1 July 2019 (increase / (decrease)) is, as follows:

	\$
Assets	
Right of use assets	300,770
Total assets	300,770
Liabilities	
Lease liabilities	300,770
Total liabilities	300,770
Equity	
Accumulated funds	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	\$
Operating lease commitments as at 30 June 2019 (GST included)	343,882
(Less): GST included in operating lease commitments	(31,262)
Operating lease commitments as at 30 June 2019 (GST excluded)	312,620
Weighted average incremental borrowing rate as at 1 July 2019	1.42%
Discounted operating lease commitments as at 1 July 2019	300,770
Lease liabilities as at 1 July 2019	300,770

ii. Issued but not effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Accounting Standards have not been applied and are not yet effective as per NSW Treasury Circular NSW TC 20/01:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-5 *Amendments to Australian Accounting Standards – Deferral of AASB 1059*
- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*
- AASB 2019-2 *Amendments to Australian Accounting Standards – Implementation of AASB 1059*
- AASB 2019-7 *Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations.*

The Council has assessed the impact of the new standards and interpretations on issue but not yet effective where relevant and considers the impact to be not material.

2. EXPENSES

a) Personnel services expenses

	2020 \$	2019 \$
Salaries and wages (including annual leave)	1,038,456	934,931
Payroll tax	62,584	62,649
Superannuation	98,557	95,664
Workers compensation insurance	476	401
Total	1,200,073	1,093,645

The Council does not directly employ staff, and therefore does not carry the employee provisions. Employees are provided by the NSW Department of Communities and Justice (Department) to carry out the Council's operating functions. While the Commissioner is a Statutory Officer, the Commissioner is for administrative purposes treated as if the Commissioner is an employee of the Department.

The Department recovers the Council's employee related expenses (including entitlement and leave accruals) from the Council. The employee related expenses paid or payable to the Department are classified as "Personnel Services" in the Statement of Comprehensive Income, and are calculated by the Department using the following recognition and measurement criteria:

- (i) Salaries and wages (including non-monetary benefits), and annual leave expenses are recognised and measured at undiscounted amounts of the benefits in the period which the employees render the service.
- (ii) Superannuation – the expense for certain superannuation schemes (Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.
- (iii) On-costs, such as payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as expenses where the employee benefits to which they relate have been recognised.

b) Other operating expenses

	2020 \$	2019 \$
Administration	72,156	45,758
Agency staff	-	1,899
Audit fees	33,200	23,700
Communications	13,433	30,417
Corporate Services – NSW Department of Communities and Justice	41,553	35,899
Legal representation	10,060	3,240
Recruitment	-	56
Rental	-	76,179
Travel	32,611	58,875
Total	203,013	276,023

The NSW Department of Communities and Justice provides corporate services to the Council including financial, HR, IT and asset management services.

c) Depreciation

	2020 \$	2019 \$
Depreciation		
Plant and equipment	54,862	36,164
Right of use asset – premises	70,250	-
Total	125,112	36,164

d) Finance costs

	2020 \$	2019 \$
Interest expense on lease liabilities	3,763	-
Total	3,763	-

Finance costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit NSW General Government Sector entities.

3. REVENUE

	2020 \$	2019 \$
Contribution from NSW Department of Communities and Justice	991,200	1,052,550
Contribution from Victorian Legal Services Board	667,976	609,063
Interest revenue	4,972	4,534
Total	1,664,148	1,666,147

Funding contributions were provided by the NSW Department of Communities and Justice and Victorian Legal Services Board (VLSB) based on the Council's operating budget that was approved by the Standing Committee (comprising the Attorneys General of NSW and Victoria). Funding is split between NSW and Victoria and calculated in accordance with clause 8.2.1 of the Intergovernmental Agreement, that is with reference to each participating jurisdiction's proportion of the total number of legal practitioners to whom practising certificates were issued over the immediately preceding year. The NSW contribution is funded by a \$400 fee charged on each legal profession admission in NSW. The fee is collected by the Legal Profession Admission Board (NSW) and is allocated to the NSW Department of Communities and Justice for the purposes of the Council. The source of the VLSB funding is prescribed by s 139 of the *Legal Profession Uniform Law Application Act 2014* (Vic) to be the Victorian Public Purpose Fund.

Until 30 June 2019, income was recognised in accordance with AASB 118 *Revenue* and AASB 1004 *Contributions*.

From 1 July 2019, income is recognised in accordance with AASB 15 *Revenue from contracts with customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*.

Grants and contribution

Grant and contribution revenue from other bodies (NSW Department of Communities and Justice and VLSB) is recognised in the year in which it is received.

Deemed appropriations

Section 4.7 of the *Government Sector Finance Act 2018* (NSW) (GSF) states that deemed appropriation money is government money that a GSF agency receives or recovers (including from the Commonwealth or another entity) of a kind prescribed by the regulations that—

- (a) forms part of the Consolidated Fund, and
- (b) is not appropriated under the authority of an Act.

The contribution from NSW Department of Communities and Justice meets the definition of deemed appropriation money as prescribed under section 13(2)(b) Government Sector Finance Regulation 2018 (NSW).

The contribution from Victorian Government is not considered deemed appropriation money as, under section 139 of the *Legal Profession Uniform Law Application Act 2014* (Vic), the VLSB must pay out of the Public Purpose Fund each financial year an amount determined by the Victorian Attorney-General as Victoria's contribution to the funding of the Council.

Section 4.7 GSF deemed appropriations:	2020	2019
	\$	\$
Opening Balance at 1 July 2019	395,170	116,079
Add: additions of deemed appropriations	1,087,350	559,277
Less: expenditure charged against deemed appropriations	915,632	280,186
Closing Balance at 30 June 2020	566,888	395,170

4. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash at bank and on hand	947,011	622,857
Total	947,011	622,857

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and cash balances. Refer to Note 11 for details regarding credit risk and market risk arising from financial instruments.

5. CURRENT ASSETS – RECEIVABLES

	2020	2019
	\$	\$
Current receivables		
Amount owed by NSW Department of Communities and Justice	1,371	183,201
Sundry debtors	-	5
Total	1,371	183,206

Details regarding credit risk of trade receivables that are neither past due nor impaired, are disclosed in Note 11.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date. There is nil allowance for expected credit losses (2019: nil).

6. PLANT AND EQUIPMENT

a) Total plant and equipment

	Plant and equipment \$	Total \$
At 1 July 2019 – fair value		
Gross carrying amount	250,000	250,000
Accumulated depreciation	(36,164)	(36,164)
Net carrying amount	213,836	213,836
At 30 June 2020 – fair value		
Gross carrying amount	250,000	250,000
Accumulated depreciation	(91,026)	(91,026)
Net carrying amount	158,974	158,974

Refer to Note 11 for details regarding credit risk and market risk arising from financial instruments.

	Plant and equipment \$	Total \$
At 1 July 2018 – fair value		
Gross carrying amount	-	-
Accumulated depreciation	-	-
Net carrying amount	-	-
At 30 June 2019 – fair value		
Gross carrying amount	250,000	250,000
Accumulated depreciation	(36,164)	(36,164)
Net carrying amount	213,836	213,836

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

	Plant and equipment \$	Total \$
Year ended 30 June 2020		
Net carrying amount at start of year	213,836	213,836
Depreciation expense (Note 2(c))	(54,862)	(54,862)
Net carrying amount at end of year	158,974	158,974
Year ended 30 June 2019		
Net carrying amount at start of year	-	-
Additions	250,000	250,000
Depreciation expense (Note 2(c))	(36,164)	(36,164)
Net carrying amount at end of year	213,836	213,836

i. Acquisition of Assets

Plant and equipment are initially measured at cost, and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable,

the amount attributed to the asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date. Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted over the period of credit.

ii. Capitalisation threshold

Plant and equipment costing \$3,000 and above individually (or forming part of a network costing more than \$3,000) are capitalised.

b) Depreciation of plant and equipment

Depreciation is calculated using the straight-line method for plant and equipment to allocate their cost, net of their residual values for all depreciable assets so each asset is consumed over its useful life. In the case of leasehold improvements the shorter lease term is applied.

The depreciation rates used for each class of assets are as follows:

Asset Class	Rate of Depreciation
Leasehold improvements	20%

c) Revaluation of plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP14-01). This policy adopts fair value in accordance with AASB 13, AASB 116 and AASB 140 Investment Property.

Non specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. The Council has assessed that any difference between fair value and depreciated replacement cost is unlikely to be material.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

d) Impairment of plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. Since property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

7. LEASES

The Council leases various minor equipment and one property. Lease contracts are typically made for fixed periods of 1 to 5 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Right-of-use assets under leases

The following tables present right-of-use assets:

	Note	Buildings \$	Total \$
Balance at 1 July 2019		300,770	300,770
Depreciation expense	Note 2(c)	(70,250)	(70,250)
Balance at 30 June 2020		230,520	230,520

Lease liabilities

The following table presents liabilities under leases:

	Lease liabilities \$
Balance at 1 July 2019	300,770
Interest expenses	3,763
Payments	(72,912)
Balance at 30 June 2020	231,621

The following amounts were recognised in the statement of comprehensive income for the year ending 30 June 2020 in respect of leases where the entity is the lessee:

	\$
Depreciation expense of right-of-use assets	70,250
Interest expense on lease liabilities	3,763
Total amount recognised in the statement of comprehensive income	74,013

The Council had total cash outflows for leases of \$72,912 in FY 2019–20.

Future minimum lease payments under non-cancellable leases as at 30 June 2019 are as follows:

	Operating lease \$
Within one year	80,203
Later than one year and not later than five years	263,679
Later than five years	–
Total (including GST)	343,882
Less: GST recoverable from the Australian Tax Office	(31,262)
Total (excluding GST)	312,620

Recognition and measurement (under AASB16 from 1 July 2019)

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer Note 7ii below), adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

Right-of-use assets are subsequently measured at cost and depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Buildings 1 to 5 years

The right-of-use assets are also subject to impairment. The Council assesses at each reporting date, whether there is an indication that the asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the same policy outlined in Note 6(d) is applied.

ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- payments of penalties for terminating the lease, if the lease term reflects the entity exercising the option to terminate.

The lease payments are discounted using the interest rate implicit in the lease.

The Council's lease liabilities are included in borrowings.

iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of plant and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Recognition and measurement (under AASB 117 until 30 June 2019)

Until 30 June 2019, operating lease payments were recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

A lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to the entity was classified as a finance lease.

An operating lease is a lease other than a finance lease.

8. CURRENT LIABILITIES - PAYABLES

	2020 \$	2019 \$
Other		
Creditors and sundry accruals	34,127	36,329
Amount owing to NSW Department of Communities and Justice	111,377	33,626
Accrued payroll expense	161,995	283,375
Total	307,499	353,330

Details regarding liquidity risk are disclosed in Note 11.

Payables represent liabilities for goods and services provided to the Council and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

9. CURRENT / NON-CURRENT LIABILITIES

	Note	2020 \$	2019 \$
Current			
Lease liability		70,141	-
		70,141	-
Non-current			
Lease liability		161,480	-
		161,480	-
Total	7	231,621	-

Details regarding liquidity risk are disclosed in Note 11.

Lease liability classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

From 1 July 2019, finance and operating lease liabilities are determined in accordance with AASB 16. Refer to Note 1(g).

10. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income is as follows:

	2020 \$	2019 \$
Net result for the year	132,187	260,315
Changes in assets and liabilities		
Decrease / (increase) in receivables and prepayments	181,835	(177,887)
Depreciation expense	125,112	36,164
(Decrease) / increase in payables	(45,831)	316,370
Net cash flows from operating activities	393,303	434,962

11. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the Council's operations or are required to finance the Council's operations. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The CEO has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and

analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Council on a continuous basis.

a) Financial instrument categories

Class	Notes	Category	Carrying amount 2020 \$	Carrying amount 2019 \$
Financial assets				
Cash and cash equivalents	4	N/A	947,011	622,857
Receivables ¹	5	Receivables at amortised cost	1,371	183,206
Financial liabilities				
Payables ²	8	Financial liabilities measured at amortised cost	307,499	353,330
Leases liability	9	Financial liabilities measured at amortised cost	231,621	-

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- the Council has transferred substantially all the risks and rewards of the asset; or
- the Council has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

d) Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Council, including cash and receivables. No collateral is held by the Council. The Council has not granted any financial guarantees.

The Council considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the entity may also consider a financial asset to be in default when internal or external information indicates that the Council is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Council.

Cash and cash equivalents

Cash comprises cash on hand and bank balances.

Receivables – trade debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments. There are no debtors which are currently past due and impaired.

The Council is not materially exposed to concentrations of credit risk to a single trade debtor as at 30 June 2020.

e) Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior year, there was no default or breach on any loans payable. No assets have been pledged as collateral. The Council's exposure to liquidity risk is deemed insignificant based on prior period data and current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in TC 11-12 Payment of Accounts. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the payment of simple interest is at the discretion of the CEO.

The table below summarises the maturity profile of the Council's financial liabilities based on contracted undiscounted payments, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted average effective interest rate	Nominal Amount \$	Interest Rate Exposure			Maturity Dates	
			Fixed Interest Rate \$	Variable Interest Rate \$	Non-interest bearing \$	< 1 year \$	1–5 years \$
2020							
Financial liabilities							
Payables	-	307,499	-	-	307,499	-	-
Lease liability	1.42%	231,621	231,621	-	-	72,912	158,709
		539,120	231,621	-	307,499	72,912	158,709

Maturity analysis and interest rate exposure of financial liabilities

	Weighted average effective interest rate	Nominal Amount \$	Interest Rate Exposure			Maturity Dates	
			Fixed Interest Rate \$	Variable Interest Rate \$	Non-interest bearing \$	< 1 year \$	1-5 years \$
2019							
Financial liabilities							
Payables	-	353,330	-	-	353,330	353,330	-
Lease liability	-	-	-	-	-	-	-
		353,330	-	-	353,330	353,330	-

f) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices and comprises interest rate risk and other price risk. The Council's only exposure to market risk is interest rate risk on cash balances.

g) Interest rate risk

The Council does not have exposure to interest rate risk through interest bearing liabilities. The Council does not account for any fixed rate financial instruments at fair value through profit or loss or at fair value through other comprehensive income. Therefore, for these financial instruments a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Council's exposure to interest rate risk is set out below.

	2020		2019	
	\$	\$	\$	\$
	-1%	+1%	-1%	+1%
Net Result	(9,470)	9,470	(6,229)	6,229
Equity	(9,470)	9,470	(6,229)	6,229

h) Fair value measurement

i. Fair value compared to carrying amount

The Council does not hold financial assets and financial liabilities where the fair value differs from the carrying amount.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

ii. Fair value recognised in the Statement of Financial Position

Management assessed that cash, trade receivables, trade payables and lease liabilities approximate their fair values, largely due to the short-term maturities of these instruments.

The Council does not hold financial assets and liabilities that are valued at fair value using valuation techniques.

12. CONTINGENT LIABILITIES

The Council is unaware of any matters that may lead to significant contingent liabilities.

13. RELATED PARTY DISCLOSURES

The Council's key management personnel compensation is as follows:

	2020 \$	2019 \$
Short-term employee benefits		
Salaries	425,000	424,380
Total remuneration	425,000	424,380

The Council did not enter into transactions on arm length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities.

The Council's key management personnel and their compensation disclosures are limited to the key decision makers, i.e. CEO and all members of the Council.

During the year, the Council received funding contributions from the VLSB. The Chairperson of the VLSB is a member of the Council appointed pursuant to Part 2 of Schedule 1 to the Legal Profession Uniform Law. The aggregate value of the material transactions and related outstanding balances as at and for the year ending 30 June 2020 are as follows:

		2020 Transaction value \$	Net receivable/ (payable) \$
Nature of transactions	Notes		
Contribution from NSW Department of Communities and Justice *	3	991,200	-
Contribution from Victorian Legal Services Board	3	667,976	-
Receivable from NSW Department of Communities and Justice	5	-	1,371
Payable to NSW Department of Communities and Justice	8	-	(273,372)
		1,659,176	(272,001)

* Contributions do not include June 2020 contribution of \$82,000 which as at balance date had not been invoiced or received by the Council.

		2019 Transaction value \$	Net receivable/ (payable) \$
Nature of transactions	Notes		
Contribution from NSW Department of Communities and Justice	3	1,052,550	-
Contribution from Victorian Legal Services Board	3	609,063	-
Receivable from NSW Department of Communities and Justice	5	-	183,201
Payable to NSW Department of Communities and Justice	8	-	(317,001)
		1,661,613	(133,800)

14. COVID-19

The pandemic may result in an interest rate change of +/-1% in future years, however such a change would have no material effect on the Council as at 30 June 2020. As at 30 June 2020, the pandemic has not prevented the Council from operating and there has not been any significant financial impact not already disclosed.

15. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Council's operations, the results of those operations, or the Council's state of affairs in future financial years.

END OF AUDITED FINANCIAL STATEMENTS

GLOSSARY

AALAA: Administrators of Australasian Law Admitting Authorities

ABA: Australian Bar Association

AC, Admissions Committee: A committee established by the Legal Services Council that develops Legal Profession Uniform Admission Rules for the legal profession and advises the Council on admissions policy

ACT: Australian Capital Territory

Admitting Authorities: Those entities responsible for the assessment of applications for admission as an Australian lawyer by the relevant Supreme Court

APLEC: Australasian Professional Legal Education Council

ARC, Audit and Risk Committee: A committee established by the Legal Services Council that deals with the financial governance responsibilities of the Council

ARNECC: Australian Registrars' National Electronic Conveyancing Council

ASCRs: Australian Solicitors' Conduct Rules

ATO: Australian Taxation Office

AustLII: The Australasian Legal Information Institute

Australian lawyer: A person admitted to the Australian legal profession in an Australian state or territory

Boards: Admitting Authorities

CALD: Council of Australian Law Deans

CCJ: Council of Chief Justices of Australia and New Zealand

CEO, Chief Executive Officer: the CEO of the LSC is the CULSR, Ms Megan Pitt

Commissioner: Commissioner for Uniform Legal Services Regulation, an office established under the Uniform Law

CORO: Conference of Regulatory Officers

Council, Legal Services Council and LSC: Five people, including the Chair, who are members of the statutory body called the Legal Services Council. References to the Legal Services Council are also references to the roles, responsibilities and work performed by the Council, the Chair, the CEO and the Secretariat

CULSR: Commissioner for Uniform Legal Services Regulation, Ms Megan Pitt

DCJ: Department of Communities and Justice NSW

DLRA: Designated Local Regulatory Authority

IGA/Inter-Governmental Agreement: Trilateral Agreement on the Legal Profession Uniform Framework dated 28 February 2019 between the States of NSW, Victoria and Western Australia

LACC: Law Admissions Consultative Committee, a committee comprising a delegate of each Australian State or Territory by the CCJ, together with a nominee of APLEC, CALD and the LCA

Law practice: Includes sole practitioners, traditional law firm structures, community legal services and incorporated and unincorporated legal practices

LCA: Law Council of Australia

Legal costs: The amount a person has been or may be charged or become liable to pay a law practice for legal services, including disbursements (or other costs) but not including interest

Legal Profession Uniform Framework, Scheme: The legislative framework or scheme for regulation of the legal profession, including the Legal Profession Uniform Law, Uniform Regulations and Uniform Rules

Legal Profession Uniform Law: That law applied in Victoria by the Legal Profession Uniform Law Application Act 2014 (Vic) and in NSW by the Legal Profession Uniform Application Act 2014 (NSW)

LPAB: Legal Profession Admission Board (NSW), the Admitting Authority for NSW

LPBWA: Legal Practice Board of Western Australia

LSC: Legal Services Council, Council

LSNSW: Law Society of New South Wales

LSSA: Law Society of South Australia

LSWA: Law Society of Western Australia

MIS: Managed Investment Scheme/s

NCAT: NSW Civil and Administrative Tribunal

Non-participating jurisdictions, NPJs: Those States and Territories that have not yet adopted the Uniform Law

NSWBA: NSW Bar Association

NT: Northern Territory

OLSC: Office of the Legal Services Commissioner, NSW

Participating jurisdiction: An Australian State or territory that has adopted the Uniform Law, currently NSW and Victoria

PEXA: Property Exchange Australia

PLT: Practical legal training

Qld: Queensland

SA: South Australia

Standing Committee or SC: A committee comprising the Attorneys General of the participating jurisdictions, but according to the terms of the IGA, for the practical purposes of changing the Uniform Law, Regulations and Rules, includes the Attorney General of WA

Trust money: Money entrusted to the law practice to hold on behalf of another in the course of or in connection with the provision of legal services

UARs: Legal Profession Uniform Admission Rules 2015

UGRs: Legal Profession Uniform General Rules 2015

Uniform General Rules: Legal Profession General Rules 2015

Uniform Law or UL: Legal Profession Uniform Law applied in each participating jurisdiction

Vic: Victoria

Vic Bar: Victorian Bar

VCAT: Victorian Civil and Administrative Tribunal

VLAB: Victorian Legal Admissions Board, the Admitting Authority for Victoria

VLSB: Victorian Legal Services Board

VLSB+C: Victorian Legal Services Board and Commissioner

VLSC: Victorian Legal Services Commissioner

WA: Western Australia

WALPCC: Legal Profession Complaints Committee of Western Australia





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