

LEGAL PRACTICES

AUSTRALIA

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- For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or Bruce Fraser on Melbourne 03 9615 7471.

NOTES

INTRODUCTION

This publication presents results from an Australian Bureau of Statistics (ABS) survey of legal services practices and organisations. The survey was conducted in respect of the 2001–02 financial year.

The 2001–02 Legal Services Survey is the fifth ABS survey on this topic, with previous collections being conducted in respect of the 1998–99, 1995–96, 1992–93 and 1987–88 financial years.

COMPARISONS WITH PREVIOUS SURVEY RESULTS

This survey has been designed to provide a measure of the financial and business structure of legal services practices and organisations operating in Australia. While comparisons are made between 2001–02 survey results and earlier iterations of the Legal Practices Survey, the survey has not been designed to provide highly accurate estimates of change, so any comparisons made to previous surveys should be used with caution. For further information, see paragraphs 11–12 and 23–24 of the Explanatory Notes.

MORE INFORMATION ON ABS SERVICE INDUSTRIES STATISTICS

Information about ABS activities in the field of service industries statistics is available from the Service Industries Statistics theme page on the ABS web site <<http://www.abs.gov.au>>. To access the theme page, select 'Themes' from the menu on the home page.

COMMENTS

The ABS welcomes comments and suggestions from users regarding future surveys of Service Industries. These comments should be addressed to the Director, Service Industries Business Statistics Centre, Australian Bureau of Statistics, GPO Box 2796Y, Melbourne, Vic. 3001.

ROUNDING

Where figures have been rounded, discrepancies may occur between the sum of component items and the total.

R.W. Edwards
Acting Australian Statistician

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CHAPTER 1

SUMMARY OF FINDINGS

INTRODUCTION

This publication presents the results of the 2001–02 Legal Practices Survey. This survey is conducted periodically by the ABS to provide a detailed description of the financial and business structure of legal practices. For the purpose of the survey, legal practices included private solicitor and barrister practices, and other legal services organisations operating in Australia, whose primary activity was the provision of legal services. Other legal services organisations included patent attorneys, legal aid authorities, community legal centres, government solicitors and public prosecutors. The main focus of the survey was on understanding aspects such as the composition of the income earned by legal services practices and organisations, details of the expenses incurred and the characteristics of the workforce.

Chapter 1 contains summary information about legal services practices and other legal services organisations. Chapter 2 presents statistics on private solicitor practices, while chapter 3 presents statistics on barrister practices. Definitions of what constitutes a solicitor or barrister practice can be found in paragraphs 3–4 of the Explanatory Notes. Chapter 4 presents statistics on legal aid authorities and community legal centres.

SIZE OF PROFESSION

At the end of June 2002, there were 7,566 solicitor practices, 3,670 barrister practices and 258 other legal services organisations operating in Australia, with a total employment of 36,124 solicitors and barristers, and 57,628 other staff. These practices and organisations generated \$10,636.1m in income, including \$598.9m in government funding for government solicitor and public prosecutor offices, legal aid authorities and community legal centres.

Industry value added (IVA) quantifies the contribution that businesses make to gross domestic product (GDP). The derivation of IVA differs for businesses in the market and non-market sectors therefore caution should be used when making comparisons between businesses in these two sectors. Further information can be found in the Glossary.

The total IVA contribution to the Australian economy by legal practices and other organisations was \$7,776.7m, contributing 1.1% to Australian GDP for 2001–02. IVA for private solicitor practices was \$6,316.7m (81.2%), for barrister practices \$896.8m (11.5%), and for other legal services organisations \$563.2m (7.2%).

SIZE OF PROFESSION

*continued***T1.1** INDUSTRY VALUE ADDED

	Industry value added
	\$m
Solicitor practices	6 316.7
Barrister practices	896.8
Patent attorney businesses	147.8
Government solicitors/Public prosecutors	246.3
Legal aid authorities	114.2
Community legal centres	54.9
Total	7 776.7

G1.1 CONTRIBUTIONS TO INDUSTRY VALUE ADDED AND EMPLOYMENT TOTALSCOMPARISONS TO
ACCOUNTING PRACTICES

Both the Legal Practices Survey and the Accounting Practices Survey were conducted in respect of the 2001–02 financial year, providing an opportunity for the results of the two surveys to be compared.

The legal profession contributed more to the Australian GDP than the accounting profession in 2001–02, 1.1% (\$7,776.7m) compared to 0.8% (\$5,753.2m) for accounting. The legal profession also generated a greater return per professional than the accounting profession, with barristers generating the highest return at \$206,900 per barrister, followed by solicitors with \$129,500. Accounting practices generated \$73,100 return per practising accountant.

Solicitor and barrister practices reported higher operating profit margins (OPM) than were reported for accounting practices. In 2001–02, solicitor practices had an OPM of 29.7%, and barrister practices 66.5%, compared to 18.8% for accounting practices. The operating profit margin was influenced not just by the underlying profitability of the practice, but also by the employment profile and structure of a practice. If the practice was incorporated, then the principals would be paid a wage or salary, which in turn reduced the overall profit. If a practice were unincorporated and had no employees, then no wages and salaries were required to be paid and the full value of work done by the practice was paid as profit.

COMPARISONS TO
ACCOUNTING PRACTICES
continued

In 2001–02, barrister practices had an employment of, on average, 1.6 persons per principal (the barrister, and an additional 0.6 persons), and solicitor practices had an average employment of 5.4 persons per principal. Accounting practices had an average employment of 4.8 persons per principal.

INCOME

Solicitor practices generated \$8,378.6m in income in 2001–02; barrister practices generated \$1,146m in income.

Government solicitor and public prosecutor organisations were the next highest income earners with \$413.6m, followed by legal aid authorities (\$325.5m), patent attorney practices (\$287.6m) and community legal centres (\$84.8m).

EXPENDITURE

During 2001–02 solicitor practices accounted for \$5,913.9m in expenditure. Barrister practices accounted for \$386.8m, while expenditure by other legal organisations amounted to \$1,000.6m.

Labour costs accounted for 65.9% of the total expenditure of community legal centres in 2001–02, 54.7% for solicitor practices, 34.4% for legal aid authorities, and 19.7% for barrister practices.

The low contribution of labour costs to the total expenses of barrister practices is partially explained by their lower rates of employees per working principal/partner compared to solicitor practices. The rate for barrister practices was 0.6 employees per working principal/partner compared to 4.4 employees for solicitor practices.

EMPLOYMENT

The total employment of legal services practices and organisations at the end of June 2002 was 93,753. This consisted of 36,124 solicitors/barristers and 57,628 other staff. Solicitor practices accounted for 84.5% of the total employment in the legal profession, and barrister practices 6.3%. The remaining employment was accounted for by government solicitor and public prosecutor offices (3.8%), community legal centres (1.8%), legal aid authorities (2.0%) and patent attorney practices (1.6%).

Barrister practices and the offices of government solicitors and public prosecutors had notably higher rates of employment of solicitors and barristers than solicitor practices or other types of legal services organisations. Solicitors/barristers comprised 62.6% of total employment in barrister practices, and 53.8% in government solicitors/public prosecutors offices.

Government solicitors and public prosecutors had an employment of, on average, 0.9 other staff for each solicitor/barrister, while barristers had an average employment of 0.6 other staff. Solicitor practices had higher rates of support staff, averaging 1.7 other persons for each solicitor/barrister.

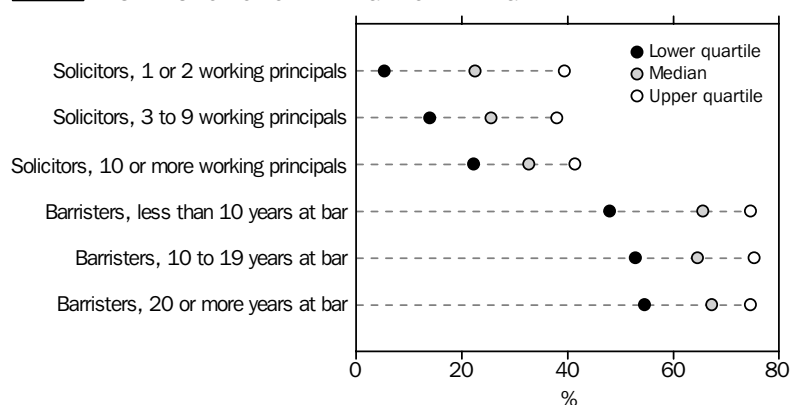
Females accounted for 33.6% of the employment of solicitors/barristers by solicitor practices at the end of June 2002. The corresponding figure for barrister practices was 14.7%. In other occupation categories female employment was higher than male employment. Females accounted for 65% of articulated clerks, 80.2% of para legals, and 86.7% of other occupations in solicitor practices. Within barrister practices, the majority of females (75.6%) were support staff to barristers.

PROFITABILITY

Barrister practices experienced higher operating profit margins than solicitor practices in 2001–02, 66.5% and 29.7% respectively. The high operating profit margins of barrister practices reflected low employment of support staff.

Although barrister practices had a higher operating profit margin than solicitor practices, the magnitude of the variation in operating profit margin between solicitor and barrister practices was similar. The variation is illustrated in G1.2, which shows the quartiles of the distribution of operating profit margin across all practices in various size categories. For example, G1.2 shows that one quarter of solicitor practices with one or two working principals had an operating profit margin of 5.4% or less, whereas within this same lower quartile solicitor practices with 10 or more working principals had operating profit margins up to 22.2%. The upper quartile shows the higher distribution of operating profit margins. One quarter of solicitor practices in 2001–02 earned operating profit margins of 37.9% or higher in each of three broad size categories (39.4% for 1–2 working principals, 37.9% for 3–5 working principals, and 41.4% for 10 or more working principals).

G1.2 DISTRIBUTION OF OPERATING PROFIT MARGIN



STATES/TERRITORIES AND REGIONS

New South Wales had the highest number of solicitor and barrister practices as well as employment, followed by Victoria. In New South Wales, barrister practices represented 43.9% of the Australian total, and solicitor practices 38.3% of the Australian total. The margin was much closer in Victoria, 32.8% for barristers and 32.1% for solicitors. New South Wales accounted for 48.6% of total employment in barrister practices and 41.9% of total employment in solicitor practices, while Victoria accounted for 29.4% and 25.2% respectively. Tasmania had the smallest share of barrister practices and employment, both 0.4%, while the Northern Territory had the lowest share of solicitor practices (0.7%) and employment (0.6%).

The Australian Capital Territory and New South Wales recorded the highest average incomes per solicitor practice (\$1,330.1m and \$1,316.8m respectively). New South Wales also recorded the highest average barrister practice income. The New South Wales value of \$412,200 was markedly higher than the next largest average barrister practice income, \$274,100 for Western Australia. Tasmania recorded the smallest average income per barrister practice at \$161,500 as well as per solicitor practice at \$724,100.

STATES/TERRITORIES AND
REGIONS *continued*

At the end of June 2002, 79% of all solicitor practices were located in capital cities. Capital city practices averaged a return per solicitor/barrister of \$134,600 in 2001–02, compared to practices in non-metropolitan areas, with an average of \$102,900. The average operating profit margin was 30.1% for capital city practices and 27.5% for other practices.

GROWTH

Comparisons with results from earlier surveys are useful, as an indication of the extent of change over time. However, it is important to note that the survey was not designed to provide highly accurate estimates of change, so any comparisons to results from previous surveys should be made with caution. Estimates of change can be subject to high levels of sampling error, changes to coverage, and minor changes to question wording. Further information can be found in paragraphs 11–12 and 23–24 of the Explanatory Notes.

There were 7,566 solicitor practices in 2001–02, up from the 7,115 practices in 1998–99. The estimated number of barrister practices recorded a fall from 3,704 practices in 1998–99 to 3,670 in 2001–02 (–0.9%), however the size of this fall is small relative to the standard error of the estimate (4%).

Total employment in solicitor practices grew from 67,278 in 1998–99 to 79,258 in 2001–02. The recorded decline in barrister practices also coincided with a recorded decline in employment, from 5,908 in 1998–99 to 5,862 in 2001–02 (–0.8%), which is small relative to the standard error of the estimate (7%).

Operating profit margin was not affected by the decline in the number of barrister practices or employment for barristers. The margin of barristers was 66.5%, 1.8 percentage points higher than in 1998–99. Total income increased by 36% and had an annual average growth rate of 10.8%. Return per barrister also grew significantly, from \$146,800 in 1998–99 to \$206,900 in 2001–02.

The operating profit margin for solicitor practices dropped to 29.7%, down 1.7 percentage points since 1998–99. However, return per solicitor increased, from \$109,600 in 1998–99 to \$129,500 in 2001–02.

1.1**SUMMARY OF OPERATIONS**

		<i>Solicitor practices</i>	<i>Barrister practices</i>	<i>Patent attorney businesses</i>	<i>Government solicitors/ Public prosecutors</i>	<i>Legal aid authorities</i>	<i>Community legal centres</i>	<i>Total</i>
Practices/organisations at end June	no.	7 566	3 670	41	18	8	191	11 493
Locations at end June								
Capital city and suburbs	no.	7 077	na	np	36	34	^ 164	10 903
Other	no.	2 086	na	np	22	37	^ 240	2 590
<i>Total</i>	no.	9 163	3 670	61	58	71	^ 404	13 493
Employment at end June								
Solicitors/barristers	no.	29 159	3 670	37	1 935	770	553	36 124
Patent attorneys	no.	*98	..	324	..	..	..	421
Other(a)	no.	50 001	^ 2 193	1 142	1 664	1 107	^ 1 101	57 207
<i>Total</i>	no.	79 258	5 862	1 502	3 599	1 877	1 654	93 753
Income								
Income from legal services	\$m	7 984.2	1 136.4	277.8	155.9	..	..	9 554.3
Government funding	\$m	..	..	..	232.1	288.6	78.2	598.9
Other income	\$m	394.4	^ 9.6	9.8	25.6	36.9	*6.6	482.9
<i>Total</i>	\$m	8 378.6	1 146.0	287.6	413.6	325.5	84.8	10 636.1
Expenses								
Labour costs	\$m	3 233.2	^ 76.4	79.3	246.3	108.3	53.1	3 796.5
Rent, leasing and hiring	\$m	577.7	^ 99.5	12.3	30.4	9.6	4.4	733.8
Other expenses	\$m	2 103.1	210.9	(b) 124.1	112.3	197.4	23.1	2 770.9
<i>Total</i>	\$m	5 913.9	386.8	215.8	389.0	315.2	80.5	7 301.2
Operating profit/surplus before tax	\$m	2 485.1	759.2	71.8	24.7	10.3	^ 4.3	3 355.4
Operating profit margin	%	29.7	66.5	25.3	na	na	na	na
Return per solicitor/barrister	\$'000	129.5	206.9	..	..	..	..	..

na not available

np not available for publication but included in totals where applicable, unless otherwise indicated

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

* estimate has a relative standard error of between 25% and 50% and should be used with caution

.. not applicable

(a) Of which 85 were trade mark attorneys.

(b) Of which \$43.3m were payments of fees to local and foreign associates.

CHAPTER **2**

PRIVATE SOLICITOR PRACTICES

INTRODUCTION

This chapter presents results for the operations of private solicitor practices during 2001–02.

A solicitor practice was defined as any business entity that primarily offered solicitor legal services, and included other entities that provided services to the solicitor's entity. A solicitor practice may be conducted as a single entity (e.g. sole proprietor or partnership), or as more than one entity. A solicitor practice may be supported through a service entity used to manage the finances and/or activities of the practice. Service entities that provided services to more than one solicitor practice were excluded from the results of this survey.

SOURCES OF INCOME

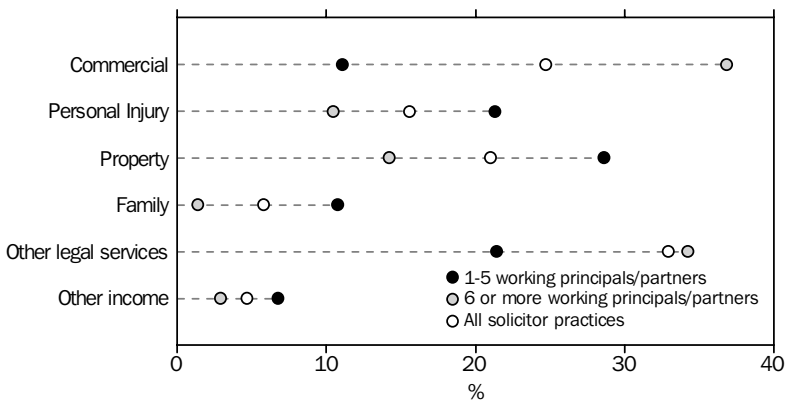
At the end of June 2001–02 there were 7,566 solicitor practices generating \$8,378.6m in income. The average return per solicitor/barrister was \$129,500.

Solicitor practices with five or fewer principals/partners accounted for 46.9% of all income earned by solicitor practices in 2001–02, and those with six or more principals/partners the remaining 53.1%.

G2.1 shows that commercial legal services work accounted for the highest proportion (36.7%) of total practice income for solicitor practices with greater than five principals/partners, while property work dominated practices with five or fewer principals/partners, accounting for 28.6% of total income.

Property work (14.2%) and personal injury work (10.6%) were the next highest contributors to total income for larger practices, while for the smaller practices, personal injury work (21.3%) and commercial legal services (11.2%) were the highest contributors. Family legal services work contributed a further 10.8% to total practice income for smaller practices, but only a further 1.3% to the income earned by larger practices.

G2.1 SOLICITOR FIELDS OF WORK, Proportion of total income



EMPLOYMENT

Solicitors and barristers accounted for 36.8% of the total employment of solicitor practices at the end of June 2002. Other employment included para legals (10.1% of all employment in solicitor practices), articulated clerks (3.6%) and patent attorneys (0.1%).

On average, solicitor practices had an employment of 1.7 other staff for each solicitor/barrister. The ratio of other occupations to solicitors/barristers was greatest for practices with 3–5 working principals/partners (2.2 other staff per solicitor/barrister), and smallest for practices with ten or more working principals/partners (1.4).

Females accounted for 33.6% of solicitors/barristers in solicitor practices at the end of June 2002. In other occupation categories there were more females than males. Females accounted for 65% of articulated clerks, 80.2% of para legals, and 86.7% of other occupations in solicitor practices.

As shown in table T2.1, females also accounted for 20.5% of all working principals/partners of solicitor practices at the end of June 2002. Practices with 6–9 working principals/partners had the lowest representation of females among working principals/partners at 9.4%. Females were most strongly represented among working principals/partners in practices with only one (23.9%) or two (28.4%) working principals/partners.

The table also shows that less than one-third (30.9%) of solicitor practices operating at the end of June 2002 had a female working principal/partner. Female single working principals/proprietors accounted for only 23.9% of all practices with a single working principal/proprietor at the end of June 2002. However 83.3% of practices with 10 or more working principals/partners had at least one female working principal/partner.

T2.1 FEMALE WORKING PRINCIPALS/PARTNERS IN SOLICITORS PRACTICES

	PROPORTION OF OPERATING PRACTICES WITH			Total
	no female working principals/ proprietors (a)	one female working principal/ proprietor (a)	two or more female working principals/ proprietors (a)	proportion of female working principals/ proprietors
	%	%	%	%
1 principal/proprietor	76.1	23.9	..	23.9
2 principals/partners	48.1	47.0	*4.9	^ 28.4
3–5 principals/partners	66.7	^ 20.3	^ 13.0	^ 13.6
6–9 principals/partners	53.7	^ 28.4	^ 17.8	*9.4
10 or more principals/partners	^ 16.7	^ 24.3	59.0	^ 16.6
All solicitor practices	69.1	27.7	3.2	20.5

.. not applicable

* estimate has a relative standard error of between 25% and 50% and should be used with caution

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

(a) Estimates of proportion of operating practices excludes the contribution of any practices that had no working principals at the end of June 2002 (e.g. practices that ceased operations during 2001–02).

EXPENDITURE

Solicitor practices recorded \$5,913.9m in expenditure during 2001–02. The average expenditure per person employed was \$74,600.

EXPENDITURE *continued*

The major expense of solicitor practices in 2001–02 was labour costs (G2.2). Wages and salaries of solicitors/barristers accounted for 21.9% of total expenses, other wages and salaries a further 26.1%, and other labour costs 6.6%, a total of 54.7%. Rent, leasing and hiring accounted for 9.8% of total expenses, professional indemnity insurance premiums 2.6%, and other insurance premiums 0.8%.

G2.2 SELECTED EXPENSE ITEMS,
Proportion of total solicitor practice expenses



PRO BONO WORK

For this survey, pro bono work was defined as the conduct of legal services, including legal advice, by solicitors and/or barristers, either free of charge or at a reduced fee. Pro bono work is undertaken either when a client has no access to the legal system or when a case raises a wider issue of public interest.

Legal practices generally did not maintain accurate records of pro bono work, and therefore needed to estimate its value. For this reason, the estimates of pro bono work should be used with caution. Further information can be found in paragraphs 12 and 24 of the Explanatory Notes.

A large number of practices (62.7%) indicated that they had undertaken pro bono work in 2001–02. Solicitor practices reported 1,690,400 hours of pro bono work out of the 2.3 million hours reported by all legal practices in 2001–02.

The average number of pro bono hours worked by each solicitor/barrister varied by size of practice. The solicitors/barristers in solicitor practices with only one working principal/proprietor worked an average of 99 pro bono hours each in 2001–02, compared with 20 hours per solicitor/barrister in solicitor practices with ten or more working principals/partners. These figures included all solicitors/barristers, not just those practices that undertook pro bono work.

STATES/TERRITORIES AND
REGIONS

New South Wales accounted for 45.5% of solicitor practice income earned in 2001–02, and Victoria 24.5%. The states/territories accounting for the smallest share were the Northern Territory (0.5%) and Tasmania (1.0%). Tasmania had the smallest income per person employed and per practice in Australia, at \$71,900 and \$724,100 respectively. The largest income per person employed was in New South Wales (\$114,900), and the largest income per practice was in the Australian Capital Territory (\$1,330.1m).

STATES/TERRITORIES AND
REGIONS *continued*

On average, 10.5 people were employed per practice (including principals and partners), ranging from 8 people per practice in the Northern Territory to 12.9 people per practice in Queensland. On average there were 1.7 other staff for each solicitor/barrister. Practices in the Northern Territory and South Australia had less support staff per solicitor/barrister (1.1 and 1.2 respectively) than the national average, while practices in Queensland had an average employment of 2.1 other staff.

Wages and salaries paid in Tasmania were \$23,700 per person employed, compared to a national average of \$35,800. Northern Territory had the highest rate of wages and salaries to employment, \$40,400.

At the end of June 2002, 79.0% of all solicitor practices were based in capital cities. Capital city practices averaged a return per solicitor/barrister of \$134,600 in 2001–02; practices located elsewhere averaged \$102,900. The average operating profit margin was 30.1% for capital city practices and 27.5% for practices elsewhere.

Capital city practices undertook an average of 48.2 hours per solicitor/barrister of pro bono work, compared to 109.4 hours by solicitors/barristers elsewhere. Capital city practices also spent slightly less time on continuing legal education, with 29.8 hours per solicitor/barrister, while solicitors/barristers elsewhere undertook 31.4 hours on this activity.

2.1**SUMMARY OF OPERATIONS, Solicitor practices(a)**

		1995-96	1998-99	2001-02	Percentage change 1998-99 to 2001-02	Average annual percentage change 1998-99 to 2001-02
Practices at end June	no.	6 403	7 115	7 556	6.3	2.1
Locations at end June	no.	na	na	9 163	na	na
Employment at end June						
Solicitors/barristers	no.	23 495	25 044	29 159	16.4	5.2
Other staff	no.	37 555	42 234	50 099	18.6	5.9
Total	no.	61 051	67 278	79 258	17.8	5.6
Time spent on pro bono work	'000 h	na	1 782.0	1 690.4	-5.1	-1.7
Time spent on continuing legal education	'000 h	na	868.4	877.2	1.0	0.3
Income						
Income from legal services	\$m	4 527.7	5 827.2	7 984.2	37.0	11.1
Other income	\$m	307.9	364.3	394.4	8.3	2.7
Total	\$m	4 835.6	6 191.5	8 378.6	35.3	10.6
Expenses						
Labour costs	\$m	1 816.5	2 131.7	3 233.2	51.7	14.9
Other expenses	\$m	1 757.6	2 120.0	2 680.8	26.5	8.1
Total	\$m	3 574.1	4 251.7	5 913.9	39.1	11.6
Operating profit before tax	\$m	1 325.1	1 939.8	2 485.1	28.1	8.6
Operating profit margin	%	27.5	31.4	29.7	. .	. .
Return per solicitor/barrister	\$'000	na	109.6	129.5	18.2	5.7

na not available

. . not applicable

(a) Caution should be exercised when making comparisons across time. Refer to Explanatory Notes paragraphs 11- 12 and 23-24.

2.2

SUMMARY OF OPERATIONS BY LOCATION OF HEAD OFFICE, Solicitor practices ...

		<i>Capital city</i>	<i>Other</i>	<i>Total</i>
Practices at end June	no.	5 976	1 590	7 566
Employment at end June				
Solicitors/barristers	no.	24 513	4 647	29 159
Other staff	no.	39 383	10 715	50 099
<i>Total</i>	no.	63 896	15 362	79 258
Time spent on pro bono work	'000 h	^ 1 182.0	^ 508.4	1 690.4
Time spent on continuing legal education	'000 h	^ 731.5	^ 145.7	877.2
Income				
Income from legal services	\$m	6 859.5	1 124.7	7 984.2
Other income	\$m	305.3	^ 89.1	394.4
<i>Total</i>	\$m	7 164.8	1 213.7	8 378.6
Expenses				
Labour costs	\$m	2 738.7	494.5	3 233.2
Other	\$m	2 291.5	389.3	2 680.8
<i>Total</i>	\$m	5 030.2	883.8	5 913.9
Operating profit before tax	\$m	2 152.0	^ 333.0	2 485.1
Operating profit margin	%	30.1	27.5	29.7
Return per solicitor/barrister	\$'000	134.6	102.9	129.5

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

2.3**SOURCES OF INCOME, Solicitor practices**

	<i>Practices at end June(a)</i>	<i>Income</i>	<i>Proportion of total income</i>
	no.	\$m	%
Income from legal services(b)(c)			
Property			
Conveyancing	6 388	1 149.7	13.7
Other property work	4 048	606.4	7.2
Total	6 585	1 756.1	21.0
Wills, probate and estate activities	5 701	299.0	3.6
Banking and finance	^ 1 365	528.0	6.3
Commercial	2 975	2 074.0	24.7
Family	4 069	484.7	5.8
Criminal	3 091	^ 146.0	^ 1.7
Environmental	*537	80.2	1.0
Intellectual property	^ 652	^ 212.0	^ 2.5
Industrial relations	^ 1 297	238.8	2.9
Personal injury			
Motor vehicle	2 067	319.8	3.8
Workers compensation	^ 2 086	^ 617.5	^ 7.4
Other personal injury	^ 2 344	^ 367.5	^ 4.4
Total	3 215	1 304.8	15.6
Administrative/constitutional law	*584	^ 78.6	^ 0.9
Other fields	^ 2 564	782.0	9.3
Total	7 566	7 984.2	95.3
Disbursement recoveries from the provision of telephone, facsimile, photocopying and similar services to clients	5 651	348.7	4.2
Other operating income	^ 1 725	^ 30.9	^ 0.4
Non-operating income	^ 1 655	*14.8	*0.2
Total	7 566	8 378.6	100.0

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

* estimate has a relative standard error of between 25% and 50% and should be used with caution

(a) Practices may have more than one source of income. Hence, the counts of practices for each income source do not sum to the total.

(b) Of the total income from the provision of legal services, ^ \$68.9m was received from legal aid authority payments.

(c) Of the total income from the provision of legal services, ^ 6.3% was received from cases conducted or services provided on a contingency basis (refer to Glossary).

2.4 DISTRIBUTION OF INCOME BY FIELD OF WORK, Solicitor practices(a)(b)

PRACTICE SIZE

		1 principal/ proprietor	2 principals/ partners	3-5 principals/ partners	6-9 principals/ partners	10 or more principals/ partners	Total
Property							
Conveyancing	%	^ 26.7	^ 20.8	^ 21.0	10.8	4.8	13.7
Other property work	%	^ 4.2	^ 5.2	^ 6.9	^ 4.8	9.2	7.2
Total	%	^ 30.9	^ 26.0	27.9	15.6	14.1	21.0
Wills, probate and estate activities	%	^ 8.5	^ 5.7	^ 5.3	^ 4.3	0.5	3.6
Banking and finance	%	*0.7	*1.4	^ 2.8	^ 3.0	11.3	6.3
Commercial	%	^ 6.0	*16.1	12.9	^ 25.1	38.3	24.7
Family	%	^ 10.7	^ 11.0	^ 10.8	^ 7.0	^ 0.6	5.8
Criminal	%	^ 3.8	^ 3.9	^ 2.8	^ 1.2	**0.1	^ 1.7
Environmental	%	*0.3	*0.3	*0.4	*1.0	1.6	1.0
Intellectual property	%	*0.4	**2.8	*0.8	*1.2	4.1	^ 2.5
Industrial relations	%	*1.6	*2.5	^ 0.8	^ 2.5	4.2	2.9
Personal injury							
Motor vehicle	%	*5.6	^ 4.6	^ 6.7	^ 8.6	1.2	3.8
Workers' compensation	%	*10.2	^ 5.6	*11.4	^ 10.0	^ 4.8	^ 7.4
Other personal injury	%	*7.8	^ 4.6	^ 5.1	^ 5.3	^ 2.7	^ 4.4
Total	%	^ 23.6	^ 14.7	^ 23.2	^ 23.9	^ 8.8	15.6
Administrative/constitutional law	%	**0.7	*0.3	*0.7	**0.7	1.3	^ 0.9
Other fields	%	*5.3	*6.6	^ 6.7	*9.8	12.4	9.3
All fields of legal work	%	92.4	91.4	95.1	95.3	97.3	95.3
Income from legal services	\$m	^ 1 310.4	^ 847.0	^ 1506.6	^ 484.9	3 835.2	7 984.2
Total income	\$m	^ 1417.7	^ 926.8	^ 1584.8	^ 508.9	3 940.3	8 378.6

* estimate has a relative standard error of between 25% and 50% and should be used with caution

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

(a) Income from specified field of work as a percentage of total income.

(b) Estimates for practice size categories are subject to higher levels of sampling error than estimates for practices of all sizes. Further detail can be found in Explanatory Notes in paragraph 21.

2.5**ITEMS OF EXPENDITURE, Solicitor practices**

	<i>Expenditure</i>	<i>Proportion of total expenses</i>
	\$m	%
.....		
Labour costs		
Wages and salaries		
Solicitors/barristers	1 292.4	21.9
Other employees	1 544.3	26.1
<i>Total</i>	2 836.7	48.0
Employer contributions into superannuation(a)	255.8	4.3
Workers' compensation premiums	18.5	0.3
Fringe benefits tax	14.7	0.2
Payroll tax	107.5	1.8
<i>Total labour costs</i>	3 233.2	54.7
Insurance premiums		
Professional indemnity insurance premiums	156.7	2.6
Other insurance premiums	47.7	0.8
<i>Total insurance premiums</i>	204.4	3.5
Practising certificate fees	35.8	0.6
Interest expenses	100.8	1.7
Depreciation and amortisation	105.6	1.8
Bad and doubtful debts	150.2	2.5
Computer software expensed	45.4	0.8
Postal, mailing and courier services	51.0	0.9
Telecommunication services	140.2	2.4
Rent, leasing and hiring expenses	577.6	9.8
Payments to consultants for legal services	[^] 72.9	[^] 1.2
Advertising expenses	[^] 61.8	1.0
Paper, printing and stationery expenses	125.0	2.1
Travelling, accommodation and entertainment expenses	96.9	1.6
Professional library expenses	73.2	1.2
Other contract, sub-contract and commission expenses	[^] 85.7	[^] 1.4
Other operating expenses	754.0	12.8
Total	5 913.9	100.0
.....		

[^] estimate has a relative standard error of between 10% and 25% and should be used with caution

- (a) Employer contributions into superannuation funds include salary sacrifice that is paid as employer contributions to superannuation funds. Other salary sacrifice is included with the relevant expense item.

2.6

CHARACTERISTICS OF EMPLOYMENT, Solicitor practices

	<u>Males</u>		<u>Females</u>		<u>Persons</u>	
	no.	%	no.	%	no.	%
Working proprietors and principals/partners of the practice	11 581	42.6	^ 2 980	^ 5.7	14 561	18.4
Other employees						
Permanent full-time	12 413	45.7	35 120	67.4	47 533	60.0
Permanent part-time	^ 1 944	^ 7.2	9 266	17.8	11 210	14.1
Casuals	^ 1 220	^ 4.5	^ 4 734	9.1	5 954	7.5
<i>Total</i>	15 577	57.4	49 119	94.3	64 697	81.6
Total employment at end June 2002	27 158	100.0	52 099	100.0	79 258	100.0

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

2.7

MAIN OCCUPATION OF PERSONS EMPLOYED, Solicitor practices

	<u>Males</u>		<u>Females</u>		<u>Persons</u>	
	no.	%	no.	%	no.	%
Solicitors/barristers						
Working proprietors and principals/partners of the practice	11 508	42.4	^ 2 494	^ 4.8	14 002	17.7
Working as employees	7 859	28.9	7 299	14.0	15 157	19.1
<i>Total</i>	19 366	71.3	9 793	18.8	29 159	36.8
Articled clerks	1 008	3.7	^ 1 872	^ 3.6	^ 2 879	3.6
Para legals	^ 1 588	^ 5.8	6 442	12.4	8 029	10.1
Patent attorneys	^ 12	—	*86	*0.2	*98	*0.1
Other occupations	5 185	19.1	33 908	65.1	39 092	49.3
Total	27 158	100.0	52 099	100.0	79 258	100.0

^ estimate has a relative standard error of between 10% and 25% and should be used with caution * estimate has a relative standard error of between 25% and 50% and should be used with caution

— nil or rounded to zero (including null cells)

2.8

STATES AND TERRITORIES, Solicitor practices(a)

		<i>New South Wales</i>	<i>Victoria</i>	<i>Queensland</i>	<i>South Australia</i>	<i>Western Australia</i>	<i>Tasmania</i>	<i>Northern Territory</i>	<i>Australian Capital Territory</i>	<i>Australia</i>
Practices at end June(b)	no.	2 894	2 430	1 049	^ 413	^ 649	116	^ 56	^ 133	7 566
	%	38.3	32.1	13.9	^ 5.5	^ 8.6	1.5	^ 0.7	^ 1.8	100.0
Employment at end June										
Solicitors/barristers	no.	11 900	7 678	4 415	^ 1 752	2 104	^ 444	210	656	29 159
	%	40.8	26.3	15.1	^ 6.0	7.2	^ 1.5	0.7	2.3	100.0
Other staff	no.	21 271	12 296	9 085	^ 2 023	^ 3 440	^ 725	238	1 021	50 099
	%	42.5	24.5	18.1	^ 4.0	^ 6.9	^ 1.4	0.5	2.0	100.0
<i>Total</i>	no.	33 170	19 974	13 501	^ 3 775	^ 5 544	^ 1 169	448	1 677	79 258
	%	41.9	25.2	17.0	^ 4.8	^ 7.0	^ 1.5	0.6	2.1	100.0
Wages and salaries	\$m	1 258.6	722.3	431.4	^ 134.9	184.4	^ 27.7	18.1	59.4	2 836.7
	%	44.4	25.5	15.2	^ 4.8	6.5	^ 1.0	0.6	2.1	100.0
Total income	\$m	3 810.7	2 049.3	1 221.8	^ 394.1	599.4	^ 84.0	42.4	176.9	8 378.6
	%	45.5	24.5	14.6	^ 4.7	7.2	^ 1.0	0.5	2.1	100.0

- ^ estimate has a relative standard error of between 10% and 25% and should be used with caution
- (a) State estimates are subject to higher levels of sampling error than national estimates, and should be used with care. Further details can be found in the Explanatory Notes paragraph 20.

- (b) Multi-state practices are counted in each state in which they operate. Hence, the counts of practices for states and territories do not sum to the total for Australia.

2.9**SUMMARY OF OPERATIONS BY PRACTICE SIZE, Solicitor practices(a)**

		PRACTICE SIZE					
		1	2	3-5	6-9	10 or more	
		principal/ proprietor	principals/ partners	principals/ partners	principals/ partners	principals/ partners	Total
.....							
Practices at end June	no.	5 234	^ 1 350	^ 783	^ 108	91	7 566
	%	69.2	17.8	10.4	1.4	1.2	100.0
Employment at end June							
Solicitors/barristers	no.	7 462	^ 3 990	^ 5 458	^ 1 819	10 431	29 159
	%	25.6	13.7	18.7	6.2	35.8	100.0
Other staff	no.	^ 12 726	^ 6 791	^ 12 051	^ 3 412	15 119	50 099
	%	25.4	13.6	24.1	6.8	30.2	100.0
Total	no.	20 188	^ 10 781	^ 17 509	^ 5 231	25 550	79 258
	%	25.5	13.6	22.1	6.6	32.2	100.0
.....							
Income from legal services	\$m	^ 1 310.4	^ 847.0	^ 1 506.6	^ 484.9	3 835.2	7 984.2
	%	16.4	10.6	18.9	6.1	48.0	100.0
Total income	\$m	^ 1 417.7	^ 926.8	^ 1 584.8	^ 508.9	3 940.3	8 378.6
	%	16.9	11.1	18.9	6.1	47.0	100.0
Total expenses	\$m	^ 1 120.9	^ 690.3	^ 1 139.6	^ 373.0	2 590.2	5 913.9
	%	19.0	11.7	19.3	6.3	43.8	100.0
Operating profit before tax	\$m	^ 309.2	^ 238.8	^ 449.4	^ 137.5	1 350.2	2 485.1
	%	12.4	9.6	18.1	5.5	54.3	100.0
Operating profit margin	%	^ 21.8	^ 25.8	28.4	27.2	34.3	29.7
Return per solicitor/barrister	\$'000	63.0	93.7	121.0	122.7	196.6	129.5

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

practices of all sizes. Further detail can be found in Explanatory Notes paragraph 21.

(a) Estimates for practice size categories are subject to higher levels of sampling error than estimates for

2.10**PRO BONO WORK BY PRACTICE SIZE, Solicitor practices(a)(b)**

		PRACTICE SIZE					
		1	2	3–5	6–9	10 or more	
		principal/ proprietor	principals/ partners	principals/ partners	principals/ partners	principals/ partners	Total
Providing legal services without expectation of a fee(c)							
Practices	no.	^ 2 699	^ 937	^ 487	^ 86	^ 70	4 280
Time spent	'000 h	^ 270.2	^ 88.2	*126.8	^ 41.3	165.5	692.0
Involvement in free community legal education and/or law reform							
Practices	no.	^ 832	^ 495	^ 342	^ 45	^ 31	^ 1 745
Time spent	'000 h	^ 25.3	*19.9	*35.9	^ 7.2	5.8	^ 94.1
Legal aid cases at a reduced fee or without expectation of a fee							
Practices	no.	^ 914	*479	*261	^ 54	^ 20	^ 1 729
Time spent	'000 h	^ 266.5	*73.7	*116.6	^ 22.2	*10.0	^ 489.1
Providing other legal services at a reduced fee(c)							
Practices	no.	^ 1 816	^ 467	*270	^ 41	^ 22	^ 2 616
Time spent	'000 h	^ 174.5	*129.4	^ 71.1	^ 15.1	**25.0	^ 415.1
Total							
Practices	no.	^ 3 032	^ 1 019	^ 528	^ 90	75	4 744
Time spent	'000 h	^ 736.5	^ 311.3	^ 350.4	^ 85.8	^ 206.4	1 690.4

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

* estimate has a relative standard error of between 25% and 50% and should be used with caution

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use

(a) Relates to work done by legally qualified staff during the reporting period. Estimates of time spent on pro bono work are subject to higher levels of non-sampling error than

other estimates. Refer to Explanatory Notes paragraphs 12 and 24.

(b) Estimates for practice size categories are subject to higher levels of sampling error than estimates for practices of all sizes. Further details can be found in Explanatory Notes paragraph 21.

(c) Excludes free first consultation cases involving contingency fee arrangements, legal aid cases and incentive discounts for regular clients.

CHAPTER 3

BARRISTER PRACTICES

INTRODUCTION

This chapter presents results for the operations of barrister practices during 2001–02.

For this survey, a barrister practice was defined as the barrister business entity together with any other service entities providing support to it. A barrister practice often operates as a single entity, that is an unincorporated sole proprietor. It is also possible in some states to operate a barrister partnership. In some cases, however, a barrister practice consists of more than one entity. A barrister business entity may be supported by a separate entity providing services to it. Service entities providing services to more than one barrister practice were excluded from the results of this survey.

SOURCES OF INCOME

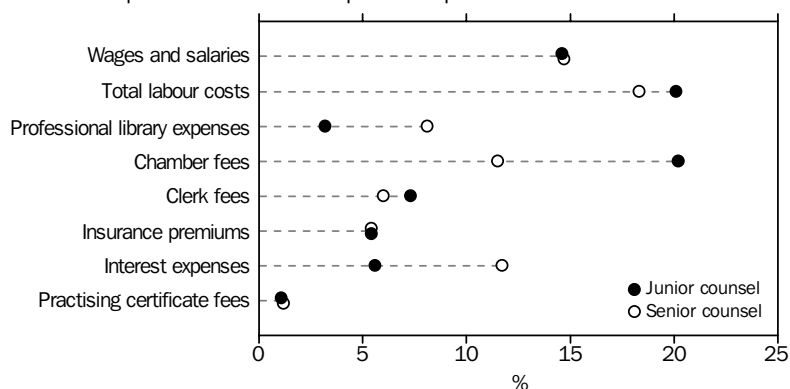
There were 3,670 barrister practices operating at the end of June 2002, 384 of which were senior counsel practices. Senior counsel earned an average return per barrister of \$519,400 in 2001–02, and junior counsel averaged a return of \$170,400. Operating profit margins were also higher for senior counsel (72.1%) than for junior counsel (64.8%).

Barrister practices generated \$1,146m in income in 2001–02. Although senior counsel accounted for only 10.5% of all barrister practices, they earned 24.2% of all barrister practice income in 2001–02.

EXPENDITURE

Labour costs accounted for 19.7% of the total expenses of barrister practices in 2001–02 (G3.1). Significant proportions of the total expenditure of barrister practices were for various fees and charges. Barrister chamber fees accounted for 18.4% of barrister practice expenditure (20.2% for junior counsel and 11.5% for senior counsel), barrister clerks fees accounted for 7.1% and practising certificate fees a further 1.1%. Other expenses included insurance premiums (5.4%) and interest expenses (6.9%). Senior counsel practices spent a greater portion of their total expenses than junior counsel practices on professional library expenses (8.1% compared to 3.2%) and interest expenses (11.8% compared to 5.6%).

G3.1 SELECTED EXPENSE ITEMS,
Proportion of total barrister practice expenses



EMPLOYMENT

Female barristers accounted for 14.7% of total barristers in barrister practices operating at the end of June 2002. The majority of females in barrister practices (75.6%) were support staff.

The greatest share of barrister practices (43.8%) had barristers with less than 10 years experience at the bar. This was followed by practices having barristers with 20 or more years (31%) and practices having barristers with 10–19 years at the bar (25.1%).

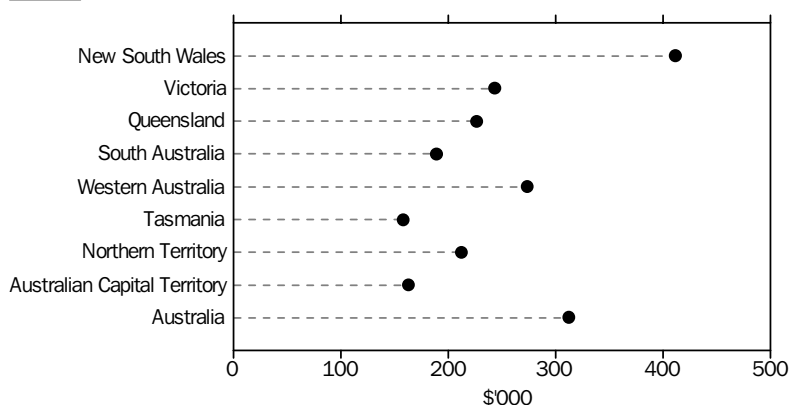
On average, barrister practices had an employment of 1.6 persons (including the barrister). The number of support staff increased with the number of years at bar, and ranged from 0.3 persons for barristers with less than ten years at bar to 0.9 for those with 20 or more years.

STATES AND TERRITORIES

New South Wales accounted for the highest proportion of barrister practices and employment in Australia, 43.9% and 48.6% respectively, followed by Victoria with 32.8% and 29.4% respectively. Tasmania recorded the lowest share of practices and employment, both 0.4%.

Graph G3.2 shows that there was significant variation in the average income earned per barrister practice across states and territories. The average income for New South Wales was \$412,200 per practice followed by average income for Western Australia, at \$274,100. The high average income for New South Wales was affected by the large proportion of very high income barrister practices based there. The states/territories with the smallest average income per practice were the Australian Capital Territory (\$163,800) and Tasmania (\$161,500). The national average was \$312,300 per practice.

G3.2 AVERAGE INCOME PER BARRISTER PRACTICE



PRO BONO WORK

For this survey, pro bono work was defined as the conduct of legal services, including legal advice, by solicitors and/or barristers, either free of charge or at a reduced fee. Pro bono work is undertaken when a client either has no access to the legal system or when a case raises a wider issue of public interest.

Legal practices generally did not maintain accurate records of pro bono work, and therefore needed to estimate its value. For this reason, the estimate of pro bono work should be used with caution. Further information can be found in paragraphs 12 and 24 of the Explanatory Notes.

PRO BONO WORK *continued*

The majority of barrister practices (78.4%) indicated that they had undertaken pro bono work in 2001–02. Barrister practices reported that they had undertaken 614,100 hours of the 2.3 million hours of pro bono work by all legal practices in 2001–02.

3.1

SUMMARY OF OPERATIONS, Barrister practices(a)

		1995-96	1998-99	2001-02	Percentage change 1998-99 to 2001-02	Average annual percentage change 1998-99 to 2001-02
.....						
Practices at end June	no.	3 350	3 704	3 670	-0.9	-0.3
Employment at end June						
Barristers	no.	3 419	3 704	3 670	-0.9	-0.3
Other staff	no.	2 360	2 204	^ 2193	-0.5	-0.2
<i>Total</i>	no.	5 779	5 908	5 862	-0.8	-0.3
Income						
Income from legal services	\$m	672.1	837.3	1 136.4	35.7	10.7
Other income	\$m	14.6	5.5	^ 9.6	73.9	20.3
<i>Total income</i>	\$m	686.7	842.8	1 146.0	36.0	10.8
Expenses						
Labour costs	\$m	66.5	49.3	^ 76.4	54.9	15.7
Other expenses	\$m	220.8	249.8	310.4	24.3	7.5
<i>Total expenses</i>	\$m	287.4	299.2	386.8	29.3	8.9
Operating profit before tax	\$m	411.7	543.6	759.2	39.7	11.8
Operating profit margin	%	60.5	64.7	66.5	..	..
Return per barrister	\$'000	na	146.8	206.9	40.9	12.1

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

.. not applicable

na not available

(a) Caution should be exercised when making comparisons across time. Refer to Explanatory Notes paragraphs 11-12 and 23-24.

3.2**SUMMARY OF OPERATIONS BY BARRISTER TYPE, Barrister practices(a)**

		BARRISTER TYPE		
		<i>Senior counsel</i>	<i>Junior counsel</i>	<i>Total</i>
.....				
Practices at end June	no.	384	3 286	3 670
Employment at end June				
Barristers	no.	384	3 286	3 670
Other staff	no.	^ 381	^ 1 812	^ 2 193
<i>Total</i>	no.	765	5 097	5 862
Income				
Income from legal services	\$m	^ 275.0	^ 861.4	1 136.4
Other income	\$m	*2.3	*7.2	^ 9.6
<i>Total</i>	\$m	^ 277.4	^ 868.6	1 146.0
Expenses				
Labour costs	\$m	^ 14.3	^ 62.1	^ 76.4
Other expenses	\$m	63.7	^ 246.7	310.4
<i>Total</i>	\$m	78.0	^ 308.8	386.8
Operating profit before tax	\$m	^ 199.4	^ 559.9	759.2
Operating profit margin	%	72.1	64.8	66.5
Return per barrister	\$'000	^ 519.4	^ 170.4	206.9

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

* estimate has a relative standard error of between 25% and 50% and should be used with caution

(a) Estimates for barrister type categories are subject to higher levels of sampling error than estimates for all barrister practices. Further details can be found in Explanatory Notes paragraph 22.

3.3

ITEMS OF EXPENDITURE BY BARRISTER TYPE, Barrister practices(a)

	BARRISTER TYPE			Proportion of total expenses
	Senior counsel	Junior counsel	Total	
	\$m	\$m	\$m	%
.....				
Labour costs				
Wages and salaries	^ 11.5	^ 45.1	^ 56.6	^ 14.6
Employer contributions into superannuation(b)	*2.7	*16.5	*19.3	*5.0
Workers' compensation premiums	np	np	np	np
Fringe benefits tax	np	np	np	np
Total labour costs	^ 14.3	^ 62.0	^ 76.4	^ 19.7
Insurance premiums				
Professional indemnity insurance premiums	^ 2.0	^ 9.8	^ 11.8	3.1
Other insurance premiums	^ 2.3	^ 6.8	^ 9.1	^ 2.3
Total insurance premiums	^ 4.2	^ 16.6	^ 20.9	5.4
Barristers' clerks fees	^ 4.7	^ 22.6	^ 27.3	^ 7.1
Practising certificate fees	^ 1.0	^ 3.3	4.2	1.1
Barristers' chambers fees	9.0	^ 62.3	^ 71.2	^ 18.4
Other rent, leasing and hiring expenses	^ 5.2	^ 23.1	^ 28.3	^ 7.3
Interest expenses	^ 9.2	^ 17.4	^ 26.5	^ 6.9
Depreciation and amortisation	^ 1.4	*4.3	^ 5.7	^ 1.5
Bad and doubtful debts	*2.1	**9.8	*11.9	*3.1
Motor vehicle running expenses	^ 2.0	^ 13.2	^ 15.2	^ 3.9
Travelling, accommodation and entertainment expenses	^ 2.9	^ 11.7	^ 14.7	^ 3.8
Professional library expenses	^ 6.3	^ 10.0	^ 16.3	^ 4.2
Subscriptions and professional association fees	^ 0.9	^ 7.7	^ 8.5	^ 2.2
Other operating expenses	^ 15.0	*44.8	^ 59.7	^ 15.4
Total	78.0	^ 308.8	386.8	100.0

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

* estimate has a relative standard error of between 25% and 50% and should be used with caution

np not available for publication but included in totals where applicable, unless otherwise indicated

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use

(a) Estimates for barrister type categories are subject to higher levels of sampling error than estimates for all barrister practices. Further details can be found in Explanatory Notes paragraph 22.

(b) Employer contributions into superannuation funds include salary sacrifice that is paid as employer contributions to superannuation funds. Other salary sacrifice is included with the relevant expense item.

3.4

CHARACTERISTICS OF EMPLOYMENT, Barrister practices

	<i>Males</i>		<i>Females</i>		<i>Persons</i>	
	no.	%	no.	%	no.	%
Barristers	3 129	85.8	^ 540	^ 24.4	3 670	62.6
Other employees						
Principals of service entities	np	np	np	np	**100	**1.7
Permanent full-time	*256	*7.0	^ 630	^ 28.4	^ 886	^ 15.1
Permanent part-time	*134	*3.7	*818	^ 36.9	*952	^ 16.2
Casuals	np	np	np	np	*255	*4.3
<i>Total</i>	*517	*14.2	^ 1 676	75.6	^ 2 193	37.4
Total employment at end June 2002	3 646	100.0	^ 2 217	100.0	5 862	100.0

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

np not available for publication but included in totals where applicable, unless otherwise indicated

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use

* estimate has a relative standard error of between 25% and 50% and should be used with caution

3.5

STATES AND TERRITORIES, Barrister practices(a)

		<i>New South Wales</i>	<i>Victoria</i>	<i>Queensland</i>	<i>South Australia</i>	<i>Western Australia</i>	<i>Tasmania</i>	<i>Northern Territory</i>	<i>Australian Capital Territory</i>	<i>Australia</i>
Practices at end June	no.	1 612	1 202	431	^ 190	147	^ 13	26	*47	3 670
	%	43.9	32.8	11.7	5.2	4.0	0.4	0.7	1.3	100.0
Employment at end June										
Barristers	no.	1 612	1 202	431	^ 190	147	^ 13	26	*47	3 670
	%	43.9	32.8	11.7	5.2	4.0	0.4	0.7	1.3	100.0
Other employees	no.	^ 1 239	*521	^ 262	**26	*106	*12	*11	*15	^ 2 193
	%	56.5	23.8	12.0	1.2	4.8	0.6	0.5	0.7	100.0
Total employment	no.	^ 2 852	^ 1 724	693	^ 216	^ 253	^ 26	^ 38	^ 62	5 862
	%	48.6	29.4	11.8	3.7	4.3	0.4	0.6	1.1	100.0
Wages and salaries	\$m	*33.6	*12.5	*5.6	**1.0	*2.4	*0.2	^ 1.2	**0.1	^ 56.6
	%	59.4	22.0	9.8	1.8	4.3	0.3	2.1	0.3	100.0
Total income	\$m	^ 664.4	^ 292.4	^ 97.5	^ 35.9	^ 40.3	^ 2.1	^ 5.6	*7.7	1 146.0
	%	58.0	25.5	8.5	3.1	3.5	0.2	0.5	0.7	100.0

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

* estimate has a relative standard error of between 25% and 50% and should be used with caution

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use

(a) State estimates are subject to higher levels of sampling error than national estimates, and should be used with care. Further details can be found in Explanatory Notes paragraph 20.

3.6**SUMMARY OF OPERATIONS BY NUMBER OF YEARS AT BAR, Barrister practices(a)**

		BARRISTER YEARS AT BAR			
		1-9 years	10-19 years	20 or more years	Total
.....					
Practices at end June	no.	^ 1 609	^ 922	^ 1 139	3 670
Employment at end June					
Barristers	no.	^ 1 609	^ 922	^ 1 139	3 670
Other staff	no.	* 437	* 728	^ 1 027	^ 2 193
Total	no.	^ 2 047	^ 1 650	^ 2 166	5 862
Income					
Income from legal services	\$m	^ 270.4	^ 333.3	^ 532.7	1 136.4
Other income	\$m	* 1.8	* 3.2	* 4.6	^ 9.6
Total	\$m	^ 272.2	^ 336.5	^ 537.2	1 146.0
Expenses					
Labour costs	\$m	* 11.9	* 23.2	* 41.2	^ 76.4
Other expenses	\$m	^ 79.5	^ 92.1	^ 138.8	310.4
Total	\$m	^ 91.5	^ 115.3	^ 180.0	386.8
Operating profit before tax	\$m	^ 180.8	^ 221.3	^ 357.2	759.2
Operating profit margin	%	66.5	66.0	66.8	66.5
Return per barrister	\$'000	^ 112.3	^ 240.1	^ 313.7	206.9

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

* estimate has a relative standard error of between 25% and 50% and should be used with caution

(a) Estimates for years at bar categories are subject to higher levels of sampling error than estimates for all barrister practices. Further details can be found in Explanatory Notes paragraph 22.

3.7**PRO BONO WORK BY BARRISTER TYPE, Barrister practices(a)(b)**

		BARRISTER TYPE		
		<i>Senior counsel</i>	<i>Junior counsel</i>	<i>Total</i>
.....				
Providing legal services without expectation of a fee(c)				
Practices	no.	^ 266	^ 1 944	2 211
Time spent	'000 h	*44.2	^ 130.1	^ 174.3
Involvement in free community legal education and/or law reform				
Practices	no.	^ 150	^ 799	^ 948
Time spent	'000 h	*8.6	^ 20.5	^ 29.0
Legal aid cases at a reduced fee or without expectation of a fee				
Practices	no.	*100	^ 871	^ 971
Time spent	'000 h	*13.0	*276.1	*289.1
Providing other legal services at a reduced fee(c)				
Practices	no.	^ 109	^ 1 154	^ 1 263
Time spent	'000 h	*13.4	^ 108.2	^ 121.6
Total pro bono work				
Practices	no.	301	2 577	2 878
Time spent	'000 h	*79.2	^ 534.9	^ 614.1

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

* estimate has a relative standard error of between 25% and 50% and should be used with caution

(a) Relates to work done by legally qualified staff during the reporting period. Estimates of time spent on pro bono work are subject to higher levels of non-sampling error than other estimates. Refer to Explanatory Notes paragraphs 12 and 24.

(b) Estimates for barrister type categories are subject to higher levels of sampling error than estimates for all barrister practices. Further detail can be found in Explanatory Notes paragraph 22.

(c) Excludes free first consultation cases involving contingency fee arrangements, legal aid cases and incentive discounts for regular clients.

CHAPTER 4

LEGAL AID AUTHORITIES AND COMMUNITY LEGAL CENTRES

INTRODUCTION

At the end of June 2002, there were 8 legal aid authorities and 191 community legal centres operating in Australia, with the majority of locations outside of capital cities. Community legal centres accounted for 59.4% of locations outside the metropolitan area, and legal aid authorities 52.1%.

These 199 organisations had an employment of 3,531 persons at the end of June 2002, of whom 1,323 were solicitors or barristers. In addition, community legal centres used the services of 1,325 volunteer solicitors/barristers and 2,235 other volunteers during the month of June 2002, an average of 2.2 volunteer staff per person employed. Legal aid authorities had an average employment of 1.4 other staff for each solicitor/barrister, and community legal centres an average of 2.0.

The primary source of income for legal aid authorities and community legal centres in 2001–02 was funding from government of \$366.8m, which accounted for 88.7% of the total income of legal aid authorities and 92.2% of the income of community legal centres. Client contributions accounted for a further 3.3% of legal aid authority income.

The major expense for legal aid authorities in 2001–02 was payments to private practitioners/consultants for legal services, accounting for 42.0% of total expenditure. These payments accounted for only 2.7% of the expenses of community legal centres. Legal aid authorities also paid \$20.9m of funding from government directly to community legal centres. This accounted for 6.6% of total legal aid authority expenditure for 2001–02.

4.1**ORGANISATIONS AND EMPLOYMENT, Legal aid authorities and Community legal centres**

		<i>Legal aid authorities</i>	<i>Community legal centres</i>	<i>Total</i>
Organisations at end June	no.	8	191	199
Locations at end June				
Capital city and suburbs	no.	34	^ 164	^ 198
Other	no.	37	^ 240	^ 277
<i>Total</i>	no.	71	^ 404	^ 475
Time spent on continuing legal education	'000 h	19.6	^ 15.8	35.4
Employment at end June				
Permanent full-time	no.	1 452	802	2 254
Permanent part-time	no.	279	^ 637	^ 916
Casual	no.	146	*216	^ 362
<i>Total</i>	no.	1 877	1 654	3 531
Main occupation of employees				
Solicitors/barristers	no.	770	553	1 323
Articled clerks	no.	19	**6	^ 25
Para legals	no.	102	^ 234	^ 336
Other occupations	no.	986	^ 861	1 847
<i>Total</i>	no.	1 877	1 654	3 531
Volunteer staff during the month of June(a)				
Solicitors/barristers	no.	. .	^ 1 325	^ 1 325
Other volunteer staff	no.	. .	^ 2 235	^ 2 235
<i>Total</i>	no.	. .	^ 3 560	^ 3 560

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

* estimate has a relative standard error of between 25% and 50% and should be used with caution

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use

. . not applicable

(a) For community legal centres, volunteer staff worked a total of 127,000 hours during the month of June 2002.

4.2

INCOME AND EXPENDITURE, Legal aid authorities and Community legal centres . .

	<i>Legal aid authorities</i>		<i>Community legal centres</i>		<i>Total</i>	
	\$m	%	\$m	%	\$m	%
Sources of income						
Funding from Government	288.6	88.7	78.2	92.2	366.8	89.4
Funding from non-Government organisations	np	np	np	np	18.6	4.5
Client contributions	10.7	3.3	^ 0.9	^ 1.0	11.5	2.8
Interest income	5.9	1.8	^ 0.7	^ 0.8	6.6	1.6
Other sources of income	np	np	np	np	6.7	1.6
Total income	325.5	100.0	84.8	100.0	410.3	100.0
Items of expenditure						
Labour costs						
Wages and salaries						
Solicitors/barristers	50.8	16.1	21.9	27.2	72.7	18.4
Other employees	42.8	13.6	25.8	32.1	68.6	17.3
Total	93.6	29.7	47.7	59.3	141.3	35.7
Employer contributions into superannuation(a)	13.9	4.4	4.4	5.4	18.3	4.6
Workers' compensation premiums	np	np	np	np	1.2	0.3
Fringe benefits tax	np	np	np	np	0.6	0.1
Total labour costs	108.3	34.4	53.1	65.9	161.4	40.8
Payments to private practitioners/consultants for legal services	132.4	42.0	2.2	2.7	134.6	34.0
Payments to community legal centres	20.9	6.6	. .	. .	20.9	5.3
Insurance premiums	0.4	0.1	0.9	1.1	1.4	0.3
Depreciation and amortisation	5.6	1.8	1.7	2.2	7.4	1.9
Postal, mailing and courier services	0.9	0.3	^ 0.4	0.5	1.3	0.3
Telecommunication services	3.0	0.9	2.4	2.9	5.3	1.3
Rent, leasing and hiring expenses	9.6	3.0	4.4	5.4	13.9	3.5
Motor vehicle running expenses	0.5	0.1	^ 1.1	^ 1.3	1.5	0.4
Paper, printing and stationery expenses	2.3	0.7	^ 1.4	^ 1.8	3.7	0.9
Travelling and accommodation expenses	1.3	0.4	1.9	2.3	3.2	0.8
Professional library expenses	1.4	0.5	1.1	^ 1.4	2.5	0.6
Other operating expenses	28.6	9.1	^ 10.0	12.5	38.6	9.8
Total expenses	315.2	100.0	80.5	100.0	395.7	100.0

np not available for publication but included in totals where applicable, unless otherwise indicated

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

. . not applicable

(a) Employer contributions into superannuation funds include salary sacrifice that is paid as employer contributions to superannuation funds. Other salary sacrifice is included with the relevant expense item.

EXPLANATORY NOTES

- INTRODUCTION**
- 1** This publication presents results from a survey of legal practices and other legal organisations for the reference year 2001–02. This is the fifth time the Australian Bureau of Statistics (ABS) has conducted this survey. Previous statistics were released for 1987–88, 1992–93, 1995–96 and 1998–99.
- SCOPE**
- 2** The scope of the survey was all units on the Australian Legal Directory (ALD), that would be classified to class 7841 – LEGAL SERVICES of the Australian and New Zealand Standard Industrial Classification (ANZSIC). ANZSIC class 7841 consists of businesses mainly engaged in providing legal services. The scope was then broadened to capture other legal services organisations, such as legal aid authorities, government solicitors and public prosecutors and community legal centres which may have been drawn from other ANZSIC classes.
- STATISTICAL UNIT**
- 3** The statistical unit used to represent private legal businesses, and for which statistics are reported, was the legal practice. Many legal practices consist of a single entity. Other practices consist of more than one entity (e.g. legal firm and a service entity, such as an administration or service company or trust).
- 4** For the purposes of this survey, where a practice was conducted through a legal firm and a separate service or other entity, these entities were consolidated and treated as one practice if the service entity provided resources to a single legal practice. Where a service entity provided services to more than one legal practice, the service entity was excluded from the results presented in this publication.
- 5** The concept of the legal practice is not commonly used for legal aid authorities, community legal centres, government solicitors or public prosecutors. The term organisation is used to describe these business entities, and the organisation was the statistical unit for these business types.
- COVERAGE**
- 6** The frame used for the Legal Practices Survey was taken from the Australian Legal Directory (ALD). The ALD is primarily based on registrations of solicitors and barristers to the relevant state regulatory bodies. The directory is updated annually to take account of new registrations.
- COMPARISON WITH OTHER ABS STATISTICS**
- 7** Annual data for the legal services industry is published in *Australian Industry* (cat. no. 8155.0). There are important differences between the statistics published in the *Australian Industry* and *Legal Practices* publications and users should use caution when making comparisons between the two sets of estimates. The estimates in the *Australian Industry* publication provide a consistent annual measure of economic activity by industry (as defined by the ANZSIC), which allows the analysis of year on year change in key data items in the legal services industry.
- 8** The *Australian Industry* publication presents summary statistics for detailed ANZSIC industry classes. The aims of the publication are to show the relative importance of each industry class to the Australian economy, and to allow patterns of change or growth to be analysed across detailed segments of the Australian economy. The industry estimates presented in *Australian Industry* are used in the compilation of the National Accounts, and in the derivation of economy-wide indicators such as gross domestic product (GDP).

COMPARISON WITH OTHER
ABS STATISTICS *continued*

9 The *Legal Practices* publication complements the annual series of key data items for the industry with a detailed examination of the structure of legal practices and other organisations involved in legal services for the reference year of the survey. For private legal businesses, *Legal Practices* had a focus on the legal practice, rather than the business *entity* that is used to compile ABS industry statistics. The practice was used as the statistical unit in order to provide a more complete description of the structure of businesses involved in legal services and the economic activity generated by legal practices. This is done by including administrative service units and other practice entities in the survey although they might be coded to ANZSIC classes other than LEGAL SERVICES (ANZSIC Class 7841).

10 The main differences in estimates between the two surveys are:

- the statistical unit for private legal businesses used in *Legal Practices* was the legal practice, hence consequent inclusion of non ANZSIC class 7841 entities, such as administrative service units that related to a legal practice; and
- the inclusion of government legal organisations that may be outside ANZSIC class 7841.

HISTORICAL COMPARISONS

11 While comparisons are made between 2001–02 survey results and earlier iterations of the Legal Practices Survey, the reader should bear in mind that the survey was not designed to support accurate estimates of change, and should exercise caution when comparing 2001–02 results to earlier surveys. The effect of sampling variability on historical comparisons is discussed in paragraph 23.

12 Investigations into data quality for the 1998–99 survey revealed that not all respondents were using as strict a definition of pro bono work as was intended. The questionnaire wording was improved for 2001–02 to make it clearer that free first consultations, cases involving contingency fee arrangements, and incentive discounts for regular clients should not be included. A new category of legal aid cases, at a reduced fee or without expectation of a fee, was also introduced to prevent some legal aid cases being reported in other categories of pro bono work. The 2001–02 survey estimates showed a lower level of pro bono work than in 1998–99, but this is thought to reflect the methodological changes made to the collection of the data as well as non-sampling error. For an explanation of non-sampling error refer to paragraph 24. The estimates of pro bono work should be used with caution.

RELIABILITY OF THE DATA

13 When interpreting the results of a survey it is important to take into account factors that may affect the reliability of estimates. Such factors can be classified as either sampling or non-sampling error.

14 The estimates in this publication are based on information obtained from a randomly selected stratified sample of legal services practices and organisations in the Australian business population. Consequently, the estimates in this publication are subject to sampling variability, that is, they may differ from the figures that would have been obtained if all units had been included in the survey. One measure of the likely difference is given by the standard error (SE), which indicates the extent to which an estimate might have varied by chance because only a sample of units was included.

15 There are about two chances in three that a sample estimate will differ by less than one SE from the figure that would have been obtained if all practices in Australia had been surveyed, and approximately 19 chances in 20 that the difference will be less than two SEs.

RELIABILITY OF THE DATA

continued

16 Sampling variability can also be measured by the relative standard error (RSE), which is obtained by expressing the SE as a percentage of the estimate to which it refers. The RSE is a useful measure in that it provides an immediate indication of the percentage errors likely to have occurred due to the effects of random sampling, and this avoids the need to refer also to the size of the estimate.

17 The following table contains estimates of RSEs for a selection of the statistics presented in this publication.

RELATIVE STANDARD ERRORS FOR TABLE 1.1 SUMMARY OF OPERATIONS

	<i>Solicitor practices</i>	<i>Barrister practices</i>	<i>Patent attorney practices</i>	<i>Government solicitors/ Public prosecutors</i>	<i>Legal aid authorities</i>	<i>Community legal centres</i>	<i>Total</i>
	%	%	%	%	%	%	%
Practices at end June	3	4	—	—	—	2	2
Locations at end June							
Capital city and suburbs	5	4	1	—	—	20	3
Other	9	48	20	—	—	21	8
Total	4	4	1	—	—	12	3
Employment at end June							
Solicitors/barristers	2	4	1	—	—	10	2
Patent attorneys	39	..	1	..	..	..	9
Other	4	15	1	—	—	11	3
Total	3	7	1	—	—	9	2
Income							
Income from legal services	2	9	1	—	..	..	2
Government funding	..	..	..	—	—	6	1
Other income	8	24	8	—	—	26	7
Total	2	9	1	—	—	6	2
Expenses							
Labour costs	3	20	1	—	—	7	2
Rent, leasing and hiring	3	13	2	—	—	8	3
Other expenses	3	10	2	—	—	6	3
Total	3	9	1	—	—	6	2
Operating profit/surplus before tax	3	10	1	—	—	28	3
Operating profit margin	2	3	1	na	na	na	na
Return per solicitor/barrister	2	9	..	..	..	..	..

— nil or rounded to zero (including null cells)

na not available

.. not applicable

18 As an example of the above, the estimate of total income for legal practices in 2001–02 was \$10,636.1m and the RSE was estimated to be 2%, giving a SE of approximately \$212.7m. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure in the range of \$10,423.4m to \$10,848.8m would have been obtained, and 19 chances in 20 (i.e. a confidence interval of 95%) that the figure would have been within the range of \$10,210.7m to \$11,061.5m.

19 The estimates presented in the main tables of this publication are recorded to a high degree of accuracy, to enable estimates to be accurately added together, or otherwise used to derive new statistics or indicators. This precise recording is not meant to imply a high degree of accuracy in the estimates. RSEs should be used as a guide to determine the appropriate degree of precision to use when working with the estimates to draw conclusions. For example, if the estimate of total income of \$10,636.1m has a SE of \$212.7m and there are two chances in three of the true value lying between \$10,423.4m and \$10,848.8m, then an appropriate precision to use when citing the estimate is \$10,600m. Most of the estimates presented in this publication are only

RELIABILITY OF THE DATA

continued

accurate to two significant figures (estimates in thousands should be rounded to the nearest hundred, estimates in hundreds should be rounded to the nearest ten, and so on).

20 The sampling variability for estimates at the state/territory level was higher than for Australian level aggregates. Within states/territories, the sampling variability, and therefore the RSEs of estimates for smaller states and territories were higher than for the largest states. Survey estimates for the smaller states and territories should therefore be viewed with more caution than those for other states. RSEs for Queensland, South Australia, Western Australia, Tasmania, Northern Territory and Australian Capital Territory were typically 2 to 5 times higher than the corresponding national estimate RSEs. RSEs for New South Wales and Victoria were typically 1.5 to 2 times greater than the corresponding national figure.

21 The sampling variability for estimates for solicitor practices at the smaller size category level was also higher than for all practice aggregates. Survey estimates for the size categories with fewer than 10 principals/partners should therefore be viewed with more caution than those for all practices. RSEs for estimates relating to practices with one principal/proprietor were typically 2 to 3 times higher than the corresponding all practice estimate RSEs. RSEs for the size categories 2 principals/partners, 3–5 principals/partners, and 6–9 principals/partners were typically 3 to 6 times greater than the corresponding all practice figure. RSEs for the 10 or more principals/partners category were typically fairly similar to the corresponding all practice estimate RSE, due to the large proportion of these practices selected in the survey sample.

22 The sampling variability for estimates for barrister practices by barrister type or years at bar were also higher than for all practice aggregates. RSEs for estimates by barrister type were typically 1.2 to 1.5 times greater than the corresponding all practice estimate RSE, and RSEs for estimates by years at bar were typically 2 to 5 times greater.

23 The sampling variability for estimates of movement or change that are obtained by comparing 2001–02 survey results with previous results are also subject to high levels of sampling variability. The standard error (SE) of the estimate of change is approximately 1.4 times the standard error of the 2001–02 estimate. For example, the survey estimated that total solicitor practice income increased from \$6,191.5m in 1998–99 to \$8,378.6m in 2001–02, an increase of \$2,187.1m. The standard error of the 2001–02 estimate of total income is \$167.6m. The standard error of the estimate of change was estimated to be 1.4 times \$167.6m, or \$234.6m. This can also be expressed as a relative standard error of 10.7% of the estimate of change in total income.

24 Errors other than those due to sampling may occur in any type of collection and are referred to as non-sampling error. For this survey, non-sampling error may result from such things as deficiencies in the register of businesses from which the sample was drawn, non-response, imperfections in reporting and/or errors made in compiling results. The extent to which non-sampling error affects the results of the survey is not precisely quantifiable, but its impacts can be broadly identified. One such example is in relation to pro bono work. Many legal practices, particularly large practices, did not keep records on the number of pro bono hours worked by solicitors/barristers, hence they provided an estimate of its value. Every effort was made to minimise non-sampling error by careful design and testing of the questionnaire, efficient operating procedures and systems and the use of appropriate methodology. Survey estimates subject to a high level of non-sampling error have been suppressed or provided with relevant cautions.

25 Estimates that have an estimated relative standard error between 10% and 25% are annotated with the symbol '^', estimates with an RSE between 25% and 50% are annotated '*', whilst estimates with an RSE greater than 50% are annotated '*'. Caution should be exercised when using these estimates.

RELIABILITY OF THE DATA

continued

26 Where figures have been rounded, discrepancies may occur between the sum of the components and the total. Similar discrepancies may occur between a proportion or ratio, and the ratio of the separate components.

REFERENCE PERIOD

27 Data contained in the tables in this publication relate to all operations of legal services practices and organisations in Australia during the year ended June 2002. Financial estimates included the activity of any legal practices or organisations that ceased or commenced operations during the year. Counts of practices included only those practices that were operating at 30 June 2002. Employment included only those persons working for a legal practice or organisation during the last pay period ending in June 2002.

ACKNOWLEDGMENT

28 ABS publications draw extensively on information provided freely by individuals, businesses, governments and other organisations. Their continued cooperation is very much appreciated; without it, the wide range of statistics published by the ABS would not be available. Information received by the ABS is treated in strict confidence as required by the *Census and Statistics Act 1905*.

DATA AVAILABLE ON
REQUEST

29 Inquiries about these statistics and more detailed statistics than those presented in this publication should be made by telephoning the contact shown on the front page.

ABBREVIATIONS

'000 h	thousand hours
\$'000	thousand dollars
\$m	million dollars
ABS	Australian Bureau of Statistics
ALD	Australian Legal Directory
ANZSIC	Australian and New Zealand Standard Industrial Classification
CLC	community legal centre
CLE	continuing legal education
GDP	gross domestic product
IVA	industry value added
OPBT	operating profit before tax
OPM	operating profit margin
RSE	relative standard error
SE	standard error

GLOSSARY

Administrative/constitutional law	This involves legal work concerned with tribunals, government administration, the constitution of Australia, and other matters covered by federal government legislation.
Advertising expenses	This item includes costs incurred by the practice for promotional and publicity campaigns aimed at bringing the activities of the practice to the attention of consumers for the purpose of increasing sales.
Articled clerks	Articled clerks are those employees of a law practice who, having completed a law degree, are undertaking the training necessary for them to qualify for a practising certificate.
Average annual percentage change	<p>A percentage change, p%, from 1998–99 to 2001–02 is converted into an average annual change, a%, as follows.</p> $a = 100 \times \{ (1 + 0.01 \times p)^{1/3} - 1 \}$ <p>The average annual percentage change is not an arithmetic average of the actual percentage changes from year to year. It is labelled the 'average' change because if any value increases by a% every year for three years, then at the end of the three years it will have grown by a total p%.</p>
Bad and doubtful debts	Bad and doubtful debts is the amount of accounts receivable that are either written off, or estimated to be uncollectible during an accounting period, that are expensed in a period's profit calculations.
Banking and finance	This involves legal work concerned with financial transactions and matters, and the banking industry.
Barrister years at bar	This is the number of years a barrister has been practising since qualifying for a practising certificate as a barrister.
Barristers' chambers fees	This item refers to the payment made by a barrister for the use of an office ('chambers') and facilities. Except in Victoria and New South Wales, where barristers' clerks fees are paid in addition to chambers fees, this payment generally covers administrative services provided to the barrister.
Barristers' clerks fees	This item refers to the payment made by a barrister for administrative services by an accredited barristers' clerk.
Barrister practice	A barrister practice generally consists of a single barrister (i.e. the sole proprietor of the barrister's firm) and any support staff employed by this barrister. A service entity providing administrative support in addition to that provided by the chambers or the barristers' clerk may also form part of the practice.
Capital city	Capital city refers to the greater metropolitan area (including suburbs) of the capital of each state and territory in Australia.
Casual employees	Casual employees are those persons employed by the business who are not entitled to paid leave.
Client contributions	This item includes payments that clients of legal aid authorities and community legal centres make to fully or partially cover their legal costs. It also includes any tribunal fees income that may be allocated to the organisation.
Commercial	This involves legal work concerned with commercial transactions between businesses, and the fulfilment of contracts.

Community legal centres (CLC)	This refers to not-for-profit organisations, funded through the relevant state or territory legal aid authority, and established to provide subsidised legal services to the community.
Computer software expensed	Computer software expensed is the cost of computer software that has been fully charged to profit as an expense in the current accounting period.
Contingency basis	Cases conducted on a contingency basis are cases taken on the basis that if the client does not win the case, no solicitors' fees will be payable by the client. Other fees such as barristers' fees or statutory charges may still be payable.
Continuing legal education (CLE)	Continuing legal education (CLE) includes study aimed at keeping the legal knowledge of solicitors and barristers of the practice or organisation current. In some states and territories, a minimum number of CLE hours per year are required in order to retain a practising certificate. Case research for billable matters and the provision of legal education are excluded.
Criminal	This involves legal work related to the <i>Crimes Act</i> and associated legislation, and the laws of criminal investigation, procedures and evidence outlined in the <i>Criminal Procedures Act</i> .
Depreciation and amortisation	Depreciation and amortisation are financial charges made in the accounts to reflect that part of the value of the asset which may be regarded as having been used up in producing revenue in a particular accounting period. Depreciation generally refers to physical (tangible) non-current assets, and amortisation generally refers to intangible non-current assets.
Disbursement recoveries	This item refers to those amounts expended by a practice on behalf of clients and recovered from them. It includes recoveries of expenses for the provision of telephone, facsimile, photocopying and similar services to clients. It excludes recoveries of such expenses as stamp duty and other statutory fees.
Employer contributions into superannuation	Employer contributions to superannuation funds are the cost of the employer's contributions during the reference period made on behalf of employees including salary sacrificed amounts.
Employment at end June	Employment represents all employees and working proprietors and partners on the payroll for the last pay period ending in June 2002. Employees absent on paid or prepaid leave are included. Non salaried directors, subcontractors and persons solely paid by commission without a retainer are excluded.
Environmental	This involves legal work concerned with use and protection of the natural environment.
Family	This involves legal work concerned with matters dealt with through the Family Court, e.g. divorce, legal guardianship and child support.
Fees to local and foreign associates	This item refers to payments made by a patent attorney practice to other associated practices, both in Australia and overseas, relating to patents and trade marks managed by these practices.
Fringe benefits tax	Fringe benefits tax is payable by employers when certain benefits in excess of normal wages or salaries (e.g. free or discounted goods or services) are received by their employees (or associates of employees) in connection with their employment.
Funding from government	This item encompasses all forms of government funding, including funding from federal, state and local government.
Funding from non-government organisations	This item refers to income and donations from non-government organisations such as corporations and philanthropic trusts.
Government solicitors	These organisations are the Office of the Solicitor General for each state and territory, and the Australian Government Solicitor.

Gross domestic product (GDP)	Gross domestic product is the total market value of goods and services produced in Australia after deducting the cost of goods and services used up in the process of production (intermediate consumption), but before deducting consumption of fixed capital.
Income from legal aid authority payments	This item refers to income received directly from a legal aid authority by a solicitor or barrister practice, for the provision of legal services for a legal aid client.
Income from legal services	This item consists of income derived from services provided by a legal practitioner in various fields of law such as conveyancing, banking and finance, family, criminal, intellectual property and personal injury (litigation, arbitration and mediation services are included in the relevant fields of law). It also includes income from patent and trade mark services. It excludes disbursement recoveries from the provision of telephone, facsimile, photocopying and similar services to clients, where these services have been invoiced separately. Income received by solicitors on behalf of barristers of another practice is also excluded.
Industrial relations	This involves legal work concerned with employment, employment conditions, and the relationship between employers and employees.
Industry value added (IVA)	Industry value added is an estimate of the difference between the market value of the output of an industry and the purchases of materials and expenses incurred in the production of that output. For market producers, it has been derived by summing operating profit before tax, labour costs, depreciation and amortisation expenses, insurance expenses, bad and doubtful debts, computer software expensed, interest expenses minus interest income, and other non-operating income. For non-market producers, IVA is derived by adding labour costs, depreciation and amortisation expenses, and other indirect taxes (land tax and land rates). The <i>System of National Accounts, 1993</i> outlines the value of production for non-market producers to be the sum of intermediate consumption, compensation of employees, consumption of fixed capital and other taxes, less subsidies, on production. IVA is then obtained by subtracting the value of intermediate consumption from the value of the output.
Insurance premiums	Insurance premiums are expenses incurred by a business in respect of different types of insurance policies but excluding workers' compensation and compulsory third party motor vehicle insurance.
Intellectual property	This involves legal work concerned with copyright, royalties, patents and trade marks.
Interest expenses	Interest expenses are outflows of funds related to the cost of borrowing money.
Interest income	Interest income is income earned through the lending out of funds owned by the entity.
Involvement in free community legal education and/or law reform	This item is pro bono work relating to providing free legal education at community fora, and/or contributing to the review and reform of current laws. See also Pro bono work.
Junior counsel	A junior counsel is a barrister who has been admitted to the relevant state bar, but has not achieved the status of Queen's or senior counsel.
Labour costs	These include staff related costs such as wages and salaries, fringe benefits tax and payroll tax, employer contributions to superannuation, workers' compensation premiums, and provision expenses for employee entitlements.
Legal aid authority	A legal aid authority is an organisation established in each state or territory, by the relevant state or territory government, to provide free legal representation to disadvantaged sectors of the community based on eligibility criteria. Legal aid authorities also administer the funding for community legal centres.
Legal aid cases at a reduced fee or without expectation of a fee	This item is pro bono work relating to the provision of legal services by a solicitor or barrister practice to a legal aid client, at a fee below the normal rate charged by the practice for that type of work. See also Pro bono work.

Legal firm	A legal firm is an entity that practices law (e.g. a solicitor or barrister practising as a sole proprietor, or solicitors practising in partnership).
Legal practice	A practice can be a legal firm whose business is conducted via a single entity or a business which is conducted via more than one entity (e.g. a legal firm and a service entity, or a number of legal partnerships operating in a single practice arrangement).
Location	A location is a physical site from which the practice or organisation provides legal services on a regular basis.
Motor vehicle running expenses	Motor vehicle running expenses are the costs incurred using 'on-road' motor vehicles owned by the business for business purposes.
Non-operating income	This item includes income net of profit (loss) on sales of non-current (fixed) assets, dividend income and net profit (loss) as a result of variation in foreign exchange rates/transactions. It excludes extraordinary profit or loss, (i.e. not associated with the normal operations of the practice and of a non-recurring nature), and income earned by practitioners in their private capacity.
Operating profit before tax (OPBT)	Operating profit is a measure of profitability of a business during the reference period, taken before extraordinary items are brought into account and prior to the deduction of income tax and appropriations to owners (i.e. dividends paid, drawings). It is generally derived by subtracting total expenses from total income, and adding the difference between closing inventory and opening inventory for the period.
Operating profit margin	This represents the percentage of a business' sales of goods and services which becomes profit after all operating expenses have been deducted. It is derived by expressing total operating profit before tax (OPBT) as a percentage of total sales of goods and services.
Other contract, sub-contract and commission expenses	These include cleaning, security and other contract expenses, and payments to persons paid by commission without a retainer. Payments to contractors and consultants for legal services are excluded, as are commissions paid to employees or persons receiving a retainer.
Other insurance premiums	This item refers to expenses incurred by a practice in respect of different types of insurance policies but excluding workers' compensation, compulsory third party motor vehicle insurance and professional indemnity insurance.
Other occupations	This includes non-legally qualified support and administrative employees of the practice.
Other operating expenses	This item includes repairs and maintenance, light and power and bank fees. In the case of barristers, it also includes payroll tax.
Other operating income	This includes income from rent and commissions.
Paper, printing and stationery expenses	Paper, printing and stationery expenses are costs incurred for office supplies and printing carried out by or for the business.
Para legal	Para legals are those employees who perform certain specialist functions in a law practice for which a law degree is not required.
Patent attorney	Patent attorneys are generally qualified in a specialist field such as science or engineering, with an additional patent attorney post-graduate qualification. They deal with patents, trade marks, intellectual property matters and other related services.
Payments to community legal centres	This item refers to payments made by legal aid authorities to the community legal centres, the funding of which they are responsible for administering.
Payments to private practitioners/consultants for legal services	These are payments to contractors and consultants for legal services. Commissions paid to employees or persons receiving a retainer are excluded.
Payroll tax	Payroll tax is a tax levied by state and territory governments upon the amount of wages and salaries paid by a business.

Permanent full-time employees	Permanent full-time employees are those who work 35 hours or more per week, and are entitled to paid leave.
Permanent part-time employees	Permanent part-time employees are those who work less than 35 hours per week, and are entitled to paid leave.
Personal injury	This involves legal work concerned with compensation claims resulting from motor vehicle accidents, workers' compensation, and other incidents causing injury and punitive loss.
Postal, mailing and courier services	Postal, mailing and courier services are the expenses incurred for the picking up, transport, and delivery (domestic or international) of addressed or unaddressed mail, packages and parcels.
Practices at end June	This is a count of practices (i.e. the consolidation of the legal firm and other associated entities) operating at the end of June. It excludes any practices that ceased operations during the financial year.
Practising certificate fees	This is the annual fee payable to the relevant regulatory body (e.g. the state Bar Association) for registration as a qualified legal practitioner.
Principals of service entities	This includes working principals of the service entity established to provide administrative services to a legal firm (in addition to those provided by the barristers' chambers or the barrister's clerk), who are not also working principals, proprietors or partners of the legal firm itself.
Pro bono work	For the purpose of this survey, pro bono work is defined as work generally in the nature of legal advice or legal representation performed free of charge or at a substantially reduced rate, for clients who cannot afford to pay full market rates or for an organisation working for disadvantaged groups or for the public good.
Professional indemnity insurance	Professional indemnity is a general insurance which covers the practice against a third party's financial loss as a result of advice provided to the third party.
Professional library expenses	These include journal subscriptions, electronic library services and licence fees for electronic databases related to the professional services provided by the practice. Wages and salaries of library staff are excluded.
Property	This involves legal work concerned with conveyancing, native title, building and construction.
Providing legal services without expectation of a fee	This item is pro bono work relating to free legal services provided to individuals and/or charitable or community organisations. It excludes legal aid cases, free first consultation for cases otherwise billed at market rates, and cases conducted on a contingency fee arrangement. See also Pro bono work.
Providing other legal services at a reduced fee	This item is pro bono work relating to legal services provided to individuals and/or charitable or community organisations at lower than market rates. It excludes legal aid cases, free first consultation for cases otherwise billed at market rates, cases conducted on a contingency fee arrangement, and incentive discounts for regular clients. See also Pro bono work.
Public prosecutors	These organisations are the Office of Public Prosecutions for each state and territory, and the federal Department of Public Prosecutions.
Rent, leasing and hiring expenses	Rent, leasing and hiring expenses are those costs for the rent, leasing (excluding finance leases) and hiring of vehicles, land, buildings, machinery, equipment and any other property from other businesses or individuals.

Return per barrister	Return per barrister is a measure of the average financial compensation that each barrister receives for their involvement in their barrister practice activities. Barristers are unincorporated business entities, and so the return per barrister is equivalent to the average operating profit before tax paid to each barrister. Return per barrister is derived by dividing the total operating profit before tax of all barrister practices by the number of barristers operating barrister practices. This derivation slightly over-estimates the return per barrister, as it does not account for the portion of operating profit before tax paid to the principals of service entities. The impact on estimates is expected to be small, as barristers account for 3,670 of the total 3,770 principals of barrister practices, and the operating profit before tax of a service entity is expected to be a small portion of the total practice operating profit before tax.
Return per solicitor/barrister	Return per solicitor/barrister is a measure of the average financial compensation that each solicitor/barrister receives for their involvement in legal practice activities. There are two ways in which solicitors or barristers can be compensated. Solicitors or barristers who are employees will receive wages and salaries. Solicitors or barristers who are principals/partners will share in the profit generated by the practice. The final return per solicitor/barrister figure is derived by adding the total practice operating profit before tax and the wages and salaries paid to solicitors and barristers, and then dividing the total by the total number of solicitors and barristers employed (employees plus other working principals/partners). This derivation slightly over-estimates the return per solicitor/barrister, as it does not account for the portion of operating profit before tax paid to the principals of the practice (e.g. principals of service entities) who are not solicitors/barristers. The impact on estimates is expected to be small, as solicitors/barristers account for 14,002 of the total 14,561 principals of solicitor practices, and the operating profit before tax of a service entity is expected to be a small portion of the total practice operating profit before tax. Superannuation has not been included in return.
Senior counsel	A senior counsel, also known as a Queen's counsel, is a barrister admitted to the highest possible level of qualification in his or her field.
Service entity	A service entity is defined as a company, trust or other entity established by a legal firm to provide administrative, secretarial or similar services to only that legal firm.
Solicitor/barrister	Solicitors and barristers are those staff who have completed a law degree and have qualified for a practising certificate.
Solicitor practice	A solicitor practice is a private legal practice consisting of one or more solicitors and any support staff, and may also employ barristers, patent attorneys, para legals and articulated clerks.
Subscriptions and professional association fees	This item includes paid subscriptions to journals or papers, and fees paid to relevant professional associations and peak bodies.
Telecommunication services	Telecommunication services are all payments (of a non-capital nature) for telecommunication services which engage wire, cable or radio transmission. They include the costs of fixed and mobile telephone services, facsimile services, Internet services and leased lines for computers.
Trade mark attorney	Trade mark attorneys are those employees of patent attorney practices who deal with the registering of trade marks, and do not have the same level of qualification as patent attorneys.
Travelling, accommodation and entertainment expenses	Travelling and accommodation expenses are costs incurred for transportation services or in providing accommodation to staff when business activities occur away from the normal place of business. Entertainment expenses are the costs incurred for the provision of entertainment activities, either for staff of the practice or clients.
Volunteer staff	Volunteers are people who provide assistance, in the form of time, labour and/or skills, and receive no payment, either monetary or in kind, in return.

Wages and salaries	This item refers to the gross wages and salaries (including capitalised wages and salaries) of all employees of the practice. The item includes severance, termination and redundancy payments, salaries and fees of directors and executives, retainers and commissions of persons who received a retainer, bonuses, and annual and other types of leave. Provision expenses for employee entitlements (e.g. provisions for annual leave and leave bonus, long service leave, sick leave, and severance, termination and redundancy payments) are also included. Payments related to salary sacrifice and payments to self-employed persons such as consultants, contractors and persons paid solely by commission without a retainer are excluded. Practices with activities in more than one state or territory were asked to report wages and salaries for each state and territory in which the practice operated.
Wills, probate and estate activities	This involves legal work concerned with the preparation and administration of wills, estates and inheritances.
Workers' compensation premiums	Workers' compensation is a compulsory insurance cover taken out by all employers, except for self-insured workers, according to legislative schemes to cover employees suffering injury or disease in the course of or arising out of employment.
Working proprietors and principals/partners of the practice	This includes working partners and proprietors of unincorporated businesses, and working principals or directors of incorporated businesses.

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