

LEGAL SERVICES INDUSTRY AUSTRALIA

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- For further information about these and related statistics, contact the National Information Service on 1300 135 070 or Graham Boxsell on Canberra 02 6252 5633.

INTRODUCTION

This publication presents results, in respect of the 1998–99 financial year, from an Australian Bureau of Statistics (ABS) survey of legal practices, and other organisations in the legal services industry. It is the fourth ABS survey of the industry with previous surveys being conducted in respect of 1995–96, 1992–93 and 1987–88.

This publication is one of a series to be issued in respect of 1998–99 for a range of property and business services industries. Other publications in this series, are:

Cleaning Services Industry, Australia, 1998–99 (Cat. no. 8672.0)—issued 13 June 2000

Computing Services Industry, Australia, 1998–99 (Cat. no. 8669.0)

Employment Services, Australia, 1998–99 (Cat. no. 8558.0)

Market Research Services, Australia, 1998–99 (Cat. no. 8556.0)—issued 5 June 2000

Real Estate Services Industry, Australia, 1998–99 (Cat. no. 8663.0)—issued 24 May 2000

Security Services, Australia, 1998–99 (Cat. no. 8557.0)—issued 28 June 2000

COMMENTS ON THIS PUBLICATION

The ABS welcomes comments and suggestions from users recommending industries and data items for inclusion in future surveys. These comments should be addressed to the Director, Service Industries Surveys, Australian Bureau of Statistics, PO Box 10 Belconnen ACT 2616.

ROUNDING

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

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ABBREVIATIONS

ABS Australian Bureau of Statistics

ANZSIC Australian and New Zealand Standard Industrial Classification

Dennis Trewin
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INTRODUCTION

This publication presents results, in respect of the 1998–99 financial year, from an Australian Bureau of Statistics (ABS) survey of legal practices and other organisations in the legal services industry. For the purposes of this survey, the legal services industry included private solicitor and barrister practices and patent attorney businesses, and other organisations such as government solicitors, legal aid authorities and community legal centres, whose primary activity was the provision of legal services.

The Summary of operations table contains summary information about the legal services industry as defined above. Tables 2.1–2.10 present statistics for solicitor practices, while tables 3.1–3.6 present statistics for barrister practices. Tables 4.1–4.4 provide statistics on legal aid authorities and community legal centres.

SIZE OF INDUSTRY

At the end of June 1999, there were 11,026 organisations involved in the legal services industry. The great majority (98%) of these organisations were either solicitor practices (7,115 organisations) or barrister practices (3,704 organisations). In addition, there were 39 patent attorney businesses, 9 government solicitor organisations, 8 legal aid authorities and 152 community legal centres.

In 1998–99, the operating profit/surplus before tax for the industry was \$2,561 million. For private sector organisations, the operating profit margin varied by type of organisation with solicitor practices recording 31.4%, barrister practices recording 64.7% and patent attorney businesses recording 30.1%.

SOURCES OF INCOME

During 1998–99, the industry generated \$7,730 million in income, of which \$6,192 million (80%) was accounted for by solicitor practices and \$843 million (11%) by barrister practices. Government funding to organisations providing legal services in the industry, primarily legal aid authorities and community legal centres, was \$282 million.

The main sources of income for solicitor practices were services in the fields of commercial (\$1,821 million), property (\$1,152 million) and personal injury (\$966 million) law. In contrast the main sources of income for barrister practices were in the fields of personal injury (\$235 million), commercial (\$228 million) and criminal (\$89 million) law.

EXPENDITURE

During 1998–99, the total expenditure of the legal services industry was \$5,169 million. Labour costs of \$2,481 million was the highest single expense and represented 48% of the total expenses of the industry.

EMPLOYMENT

At the end of June 1999, employment of the industry was 79,763 persons, of whom 31,214 persons (39%) were qualified solicitors, barristers or patent attorneys.

EMPLOYMENT *continued*

The return (i.e. operating profit and salaries of qualified solicitor and barristers) per qualified solicitor in solicitor practices was \$109,600 and the return per barrister in barrister practices was \$146,800.

SUMMARY OF OPERATIONS

		<i>Private solicitors' practices</i>	<i>Barristers' practices</i>	<i>Patent attorney businesses</i>	<i>Government solicitors</i>	<i>Legal aid authorities</i>	<i>Community legal centres</i>	<i>Total</i>
Practices/ organisations at end June	no.	7 115	3 704	39	9	8	152	11 026
Employment at end June								
Qualified solicitors/ barristers	no.	25 044	3 704	58	851	747	519	30 923
Patent attorneys	no.	6	..	285	..	..	..	291
Other	no.	42 228	2 204	1 077	805	1 100	1 135	48 549
<i>Total</i>	no.	67 278	5 908	1 420	1 656	1 847	1 654	79 763
Income								
Income from legal services								
Commercial	\$m	1 820.9	228.2	..	30.4	..	..	2 079.5
Property	\$m	1 152.3	31.4	..	11.7	..	..	1 195.4
Personal injury	\$m	966.4	234.9	..	15.8	..	..	1 217.1
Intellectual property	\$m	192.3	*33.2	157.3	1.7	..	..	384.5
Other	\$m	1 695.3	309.6	..	75.5	..	..	2 080.4
<i>Total</i>	\$m	5 827.2	837.3	157.3	135.1	..	..	6 956.9
Government funding	\$m	..	..	..	34.1	201.2	80.5	315.9
Other income	\$m	364.3	5.5	29.4	4.2	45.6	7.9	456.8
<i>Total income</i>	\$m	6 191.5	842.8	186.7	173.4	246.8	88.4	7 729.6
Expenses								
Labour costs	\$m	2 131.7	49.3	58.3	99.8	89.3	52.7	2 481.1
Other expenses	\$m	2 120.0	249.8	72.7	57.5	154.8	32.8	2 687.5
<i>Total expenses</i>	\$m	4 251.7	299.2	131.0	157.2	244.1	85.5	5 168.7
Operating profit/ surplus before tax	\$m	1 939.8	543.6	55.7	16.2	2.7	2.9	2 561.0
Operating profit margin	%	31.4	64.7	30.1	na	na	na	na
Return per solicitor/ barrister	\$'000	109.6	146.8	..	..	..	..	..

.. not applicable

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

na not available

INTRODUCTION

This section of the publication presents results on the operations of private solicitor practices during 1998–99.

A solicitor practice may be conducted as a single entity (e.g. a solicitor practising as a sole practitioner or solicitors practising in partnership) or via more than one entity, i.e. a legal firm and a service entity.

For the purposes of this survey, where a practice was conducted via a legal firm and a service entity, these entities were consolidated and treated as one practice if the service entity provided resources to a single legal firm only. Where a service entity provided services to more than one legal firm, the service entity has been excluded from the data in this publication.

SIZE OF SOLICITOR PRACTICE OPERATIONS

At the end of June 1999, there were 7,115 solicitor practices. This was an 11% increase on the 6,403 practices operating at June 1996.

During 1998–99, solicitor practices generated \$6,192 million in income, which was a 28% increase on income generated by solicitor practices in 1995–96.

The operating profit before tax of these practices during 1998–99 was \$1,940 million. The operating profit margin in 1998–99 was 31.4%, which was a small increase on the operating profit margin of 27.5% recorded in 1995–96.

SOURCES OF INCOME

During 1998–99, solicitor practices generated \$6,192 million in income, representing an average gross income per practice of \$870,200.

The main sources of this income were legal services in the area of commercial (\$1,821 million), property (\$1,152 million) and personal injury (\$966 million) law. In total these three fields of law accounted for 64% of solicitor practice income.

The main components of personal injury law were workers compensation (\$429 million) and motor vehicle injury (\$334 million). The main component of property law was conveyancing (\$768 million), which increased by 12% since 1995–96. It should be noted that a further \$95 million of conveyancing work was generated by real estate agents during 1998–99.

Legal services associated with property was the most prevalent field of work, with 86% of solicitor practices carrying out this activity. Legal work associated with wills, probate and estates represented the second most prevalent field of work with 73% of practices involved in such work. However, this latter activity only generated \$242 million in income and accounted for 4% of practice income.



SOURCES OF INCOME

continued

Solicitor practices derived their income from a variety of clients with 39% of income being generated from incorporated companies, 33% from individuals (non-businesses), 12% from sole proprietors, partnerships and trusts and 11% from financial institutions.

EXPENDITURE

The total expenses of solicitor practices during 1998–99 was \$4,252 million, which represented a 19% increase since 1995–96.

Labour costs were the highest single expense (\$2,132 million) representing 50% of total expenses. The major components of labour costs were wages and salaries paid to solicitors and barristers of \$805 million (representing \$63,300 per employed solicitor/barrister) and wages and salaries paid to other employees of \$1,153 million, which represented \$27,300 per other employee.

Rent, leasing and hiring expenses (\$488 million) was another significant expense item and represented 12% of total expenses. Other major expenses were telecommunication expenses (\$115 million), professional indemnity insurance premiums (\$111 million), bad and doubtful debts (\$106 million), interest expense (\$91 million) and paper, printing and stationery expenses (\$85 million).

While solicitor practices paid \$23 million to other businesses for training, qualified solicitors spent 858,304 hours on continuing legal education during 1998–99, which represented 34 hours per solicitor/barrister during 1998–99.

Other operating expenses, which were not separately itemised, were \$586 million and included such expenses as computer expenses, payroll tax, bank fees, client disbursements and repair and maintenance expenses.

EMPLOYMENT

At the end of June 1999, there were 67,278 persons working in solicitor practices, which was a 10% increase since June 1996.

Working proprietors and partners of unincorporated practices accounted for 18% (12,323 persons) of total employment. Of employees, the majority (77%) worked on a permanent full-time basis. Permanent part-time employees accounted for 14% of employees and casual employees accounted for 9%.

There were 25,044 qualified solicitors and barristers working for solicitor practices at the end of June 1999. Other persons working for solicitor practices were para legals (6,383 persons), articled clerks (1,894 persons) and other staff (33,957). The ratio of other staff to qualified solicitors/barristers was 1.7.

Female staff (44,220) accounted for 66% of employment in solicitor practices at the end of June 1999, compared to 61% in June 1996. The incidence of females was highest in the area of para legals (87%) and non professional other staff where the 30,260 females represented 89% of the persons in this occupational category. In contrast, of the 25,044 qualified solicitors and barristers working in solicitor practices, only 29% were female.

STATE AND TERRITORY
DIMENSION

During 1998–99, the operations of solicitor practices were heavily concentrated in New South Wales. There were 2,912 practices operating in New South Wales (41% of all solicitor practices), which accounted for 42% of the practice employment and 46% of the

STATE AND TERRITORY
DIMENSION *continued*

solicitor practice income. In comparison, New South Wales' proportion of the Australian population is 34%.

Victoria accounted for 27% of solicitor practices, but smaller proportions of the total employment (26%) and total income (25%). Victoria's proportion of the Australian population is 25%. All other States and Territories (except for the Australian Capital Territory) had contributions to total income less than their respective proportions of the Australian population. The Australian Capital Territory's solicitor income of \$109 million was a slightly higher proportion (1.8%) of total income than its 1.6% proportion of the Australian population.

The average gross income per practice in 1998–99 was \$870,200. Solicitor practices in the Australian Capital Territory (\$977,500 per practice), New South Wales (\$968,600 per practice) and Western Australia (\$946,800 per practice) were the only States and Territories above this average. Practices in Tasmania (\$610,700) and South Australia (\$616,600) recorded the lowest average income per practice. Practices in the Australian Capital Territory (4.5 solicitors/barristers per practice) and Western Australia (4.2 solicitors/barristers per practice) had the highest average number of solicitors/barristers per practice compared with the Australian average of 3.5 solicitors/barristers.

PRACTICE SIZE

Most (92%) of solicitor practices had employment of less than 20 persons. These small practices accounted for 44% of practice employment and 33% of practice income. Practices with employment of less than five persons represented 56% of all solicitor practices and accounted for 12% of practice employment and 9% of practice income.

At the end of June 1999, there were 76 practices (1% of all practices) with employment of 100 persons or more. These large practices accounted for 30% of practice employment and 42% of practice income. The average income of these large practices during 1998–99 was \$34 million. By comparison, at the end of June 1996, there were 64 practices with employment of 100 or more persons.

The income profile of solicitor practices varied by size of practice. Large practices (i.e. those with employment of 100 or more persons) generated 44% of their income from commercial work compared to 29% of all solicitor practice income from this source. In comparison, practices with employment of less than five persons generated 30% of their income from property work (compared to 19% for all solicitor practices) and 25% from conveyancing work (compared to 12% for all solicitor practices).

During 1998–99, the operating profit margin for solicitor practices was 31.4%. The operating profit margin varied marginally by practice size with the highest profit margins recorded by practices with employment of less than five persons (34.3%) and the lowest (27.1%) by practices with employment between 50–99 persons.

The return (i.e. operating profit and salaries of qualified solicitors and barristers) per solicitor and barrister working for solicitor practices was \$109,600. This return per solicitor/barrister varied by size of practice and generally increased with size of the practice. The return was \$47,500 for practices with employment of less than five persons and \$159,700 for practices with employment of 100 persons or more.

PRACTICE SIZE *continued*

During 1998–99, solicitor practices estimated that they spent 1,782,000 hours on pro bono work, comprising 826,600 hours providing legal services without expecting a fee, 835,200 hours providing legal services at a reduced fee and 120,300 hours of involvement in free community legal education and law reform work. Of the 7,115 practices, 72% reported that they undertook pro bono work, representing 347 hours per practice. Most practices (89%) undertaking pro bono work provided some legal services without expecting a fee.

2.1

KEY FIGURES, Solicitors' Practices

		1995-96	1998-99	Percentage change %
Practices at end June	no.	6 403	7 115	11.1
Employment at end June				
Qualified solicitors/barristers	no.	23 495	25 044	6.6
Other	no.	37 555	42 234	12.5
<i>Total</i>	no.	61 051	67 278	10.2
Income				
Income from legal services				
Commercial and finance	\$m	1 509.0	2 194.3	45.4
Property	\$m	1 022.2	1 152.3	12.7
Personal injury	\$m	735.8	966.4	31.3
Family	\$m	275.4	279.1	1.3
Other	\$m	985.2	1 235.1	25.4
<i>Total</i>	\$m	4 527.7	5 827.2	28.7
Other income	\$m	307.9	364.3	18.3
<i>Total income</i>	\$m	4 835.6	6 191.5	28.0
Expenses				
Labour costs	\$m	1 816.5	2 131.7	17.4
Other expenses	\$m	1 757.6	2 120.0	20.6
<i>Total expenses</i>	\$m	3 574.1	4 251.7	19.0
Operating profit before tax	\$m	1 325.1	1 939.8	46.4
Operating profit margin	%	27.5	31.4	..

.. not applicable

2.2

SOURCES OF INCOME, Solicitors' Practices

	<i>Practices at end June(a)</i>	<i>Value</i>	<i>Proportion of total income</i>
	no.	\$m	%
Sales of goods and services			
Income from legal services			
Property			
Conveyancing	6 085	768.0	12.4
Native title	*74	*14.7	0.2
Other property work	3 256	369.6	6.0
<i>Total</i>	<i>6 116</i>	<i>1 152.3</i>	<i>18.6</i>
Wills, probate and estate activities	5 194	242.1	3.9
Banking and finance	1 080	373.5	6.0
Commercial	4 686	1 820.9	29.4
Family	3 718	279.1	4.5
Criminal	3 023	131.3	2.1
Environmental	521	71.8	1.2
Intellectual property	762	192.3	3.1
Industrial relations	1 208	161.6	2.6
Personal injury			
Motor vehicle injury	2 766	333.9	5.4
Workers' compensation	1 957	429.3	6.9
Other	2 234	203.2	3.3
<i>Total</i>	<i>3 360</i>	<i>966.4</i>	<i>15.6</i>
Administrative/constitutional law	565	83.7	1.4
Other fields	2 189	352.2	5.7
<i>Total</i>	<i>7 115</i>	<i>5 827.2</i>	<i>94.1</i>
Disbursement recoveries	5 241	310.5	5.0
Other operating income	1 124	40.4	0.7
<i>Total</i>	<i>7 115</i>	<i>6 178.1</i>	<i>99.8</i>
Other income			
Interest income	1 673	8.7	0.1
Other non-operating income	898	4.7	0.1
<i>Total</i>	<i>2 174</i>	<i>13.4</i>	<i>0.2</i>
Total income	7 115	6 191.5	100.0

* 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.

2.3 LEGAL SERVICES INCOME BY TYPE OF CLIENT, Solicitors' Practices

	INCOME FROM CONVEYANCING			INCOME FROM OTHER LEGAL SERVICES			TOTAL		
	<i>Practices at end June(a)</i>			<i>Practices at end June(a)</i>			<i>Practices at end June(a)</i>		
	<i>no.</i>	<i>\$m</i>	<i>%</i>	<i>no.</i>	<i>\$m</i>	<i>%</i>	<i>no.</i>	<i>\$m</i>	<i>%</i>
Individuals (non-business)	5 973	467.7	60.9	6 529	1 449.1	28.6	6 751	1 916.7	32.9
Sole proprietors, partnerships and trusts	3 591	100.4	13.1	4 329	581.3	11.5	4 668	681.7	11.7
Non-profit organisations	902	7.5	1.0	1 398	69.2	1.4	1 552	76.7	1.3
Financial institutions	728	50.3	6.5	970	561.5	11.1	1 155	611.8	10.5
Other companies	2 899	129.2	16.8	4 016	2 134.8	42.2	4 190	2 264.0	38.9
Government departments and local government	480	12.9	1.7	833	263.2	5.2	884	276.1	4.7
Total	6 085	768.0	100.0	7 038	5 059.2	100.0	7 115	5 827.2	100.0

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

2.4

ITEMS OF EXPENDITURE, Solicitors' Practices

	<i>Value</i>	<i>Proportion of total expenses</i>
	\$m	%
.....		
Labour costs		
Wages and salaries		
Qualified solicitors/barristers	805.4	18.9
Other employees	1 152.8	27.1
<i>Total</i>	1 958.2	46.1
Employer contributions to superannuation funds	163.0	3.8
Workers' compensation costs	10.6	0.2
<i>Total</i>	2 131.7	50.1
Selected expenses		
Payments to consultants for legal services	65.8	1.5
Recruitment services provided by other businesses	29.8	0.7
Rent, leasing and hiring expenses	487.7	11.5
Practising certificate fees	24.7	0.6
Motor vehicle running expenses	31.6	0.7
Telecommunication services	114.8	2.7
Travelling, accommodation and entertainment expenses	71.4	1.7
Postal, mailing and courier services	44.4	1.0
Paper, printing and stationery expenses	85.2	2.0
Audit and other accounting expenses	31.4	0.7
Advertising expenses	45.6	1.1
Training services provided by other businesses	22.5	0.5
Professional library expenses	64.7	1.5
Other operating expenses	586.2	13.8
<i>Total</i>	1 705.8	40.1
Other costs		
Professional indemnity insurance premiums	110.8	2.6
Other insurance premiums	27.3	0.6
Interest expenses	90.6	2.1
Depreciation and amortisation	79.6	1.9
Bad and doubtful debts	105.9	2.5
<i>Total</i>	414.2	9.7
Total	4 251.7	100.0

2.5 CHARACTERISTICS OF EMPLOYMENT, Solicitors' Practices

	<i>Males.</i>		<i>Females.</i>		<i>Persons.</i>	
	no.	%	no.	%	no.	%
Working proprietors and working partners of unincorporated businesses	10 368	45.0	1 955	4.4	12 323	18.3
Employees						
Permanent full-time	10 881	47.2	31 326	70.8	42 207	62.7
Permanent part-time	708	3.1	7 034	15.9	7 742	11.5
<i>Total permanent</i>	<i>11 590</i>	<i>50.3</i>	<i>38 360</i>	<i>86.7</i>	<i>49 949</i>	<i>74.2</i>
Casuals/temporaries	1 100	4.8	3 905	8.8	5 005	7.4
<i>Total</i>	<i>12 690</i>	<i>55.0</i>	<i>42 265</i>	<i>95.6</i>	<i>54 955</i>	<i>81.7</i>
Total employment at end June 1999	23 058	100.0	44 220	100.0	67 278	100.0
Percentage of total	..	34.3	..	65.7	..	100.0

.. not applicable

2.6 MAIN OCCUPATION OF PERSONS EMPLOYED, Solicitors' Practices

	<i>Males.</i>		<i>Females.</i>		<i>Persons.</i>	
	no.	%	no.	%	no.	%
Qualified solicitors/barristers	17 751	77.0	7 293	16.5	25 044	37.2
Articled clerks	802	3.5	1 092	2.5	1 894	2.8
Para legals	808	3.5	5 575	12.6	6 383	9.5
Other	3 697	16.0	30 260	68.4	33 957	50.5
Total	23 058	100.0	44 220	100.0	67 278	100.0

2.7 STATES AND TERRITORIES, Solicitors' Practices

	Practices at end June		Solicitors and barristers.		Other staff. . .		Total employment. . .		Wages and salaries.		Total income. .	
	no.	%	no.	%	no.	%	no.	%	\$m	%	\$m	%
New South Wales	2 912	40.9	10 332	41.3	17 729	42.0	28 061	41.7	852.5	43.5	2 820.7	45.6
Victoria	1 944	27.3	6 536	26.1	10 682	25.3	17 219	25.6	507.9	25.9	1 565.4	25.3
Queensland	1 097	15.4	3 713	14.8	7 656	18.1	11 369	16.9	287.1	14.7	868.9	14.0
South Australia	483	6.8	1 510	6.0	1 989	4.7	3 498	5.2	99.8	5.1	297.8	4.8
Western Australia	438	6.2	1 839	7.3	2 470	5.8	4 309	6.4	129.0	6.6	414.7	6.7
Tasmania	121	1.7	435	1.7	717	1.7	1 152	1.7	27.1	1.4	73.9	1.2
Northern Territory	52	0.7	182	0.7	282	0.7	464	0.7	17.0	0.9	41.6	0.7
Australian Capital Territory	111	1.6	497	2.0	710	1.7	1 207	1.8	37.7	1.9	108.5	1.8
Australia	(a) 7 115	100.0	25 044	100.0	42 234	100.0	67 278	100.0	1 958.2	100.0	6 191.5	100.0

(a) 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.

2.8 PRACTICE SIZE, Solicitors' Practices

		EMPLOYMENT SIZE						Total
		0-4 persons	5-9 persons	10-19 persons	20-49 persons	50-99 persons	100 or more persons	
Practices at end June	no.	4 004	1 808	739	407	81	76	7 115
	%	56.3	25.4	10.4	5.7	1.1	1.1	100.0
Solicitors and barristers	no.	4 452	3 860	3 136	3 904	1 813	7 878	25 044
	%	17.8	15.4	12.5	15.6	7.2	31.5	100.0
Other staff	no.	3 847	8 291	6 198	8 433	3 421	12 045	42 234
	%	9.1	19.6	14.7	20.0	8.1	28.5	100.0
Total employment	no.	8 299	12 151	9 334	12 337	5 234	19 923	67 278
	%	12.3	18.1	13.9	18.3	7.8	29.6	100.0
Total income	\$m	533.4	814.1	691.1	1 068.4	485.2	2 599.4	6 191.5
	%	8.6	13.1	11.2	17.3	7.8	42.0	100.0
Operating profit before tax	\$m	182.1	230.3	201.2	318.4	131.5	876.4	1 939.8
	%	9.4	11.9	10.4	16.4	6.8	45.2	100.0

2.9

PRO BONO WORK(a), Solicitors' Practices

EMPLOYMENT SIZE

		0-4 persons	5-9 persons	10-19 persons	20-49 persons	50-99 persons	100 or more persons	Total
.....								
Providing legal services without expectation of a fee								
Number of practices	no.	2 423	1 321	494	243	55	55	4 591
Number of hours	'000	272.4	*208.4	*131.1	70.3	42.9	101.5	826.6
Providing legal services at a reduced fee								
Number of practices	no.	1 690	1 062	322	209	43	31	3 356
Number of hours	'000	302.3	265.5	68.0	114.0	40.0	45.4	835.2
Involvement in free community legal education and/or law reform								
Number of practices	no.	751	634	355	193	*35	31	2 001
Number of hours	'000	21.5	30.6	*22.4	20.8	*14.3	10.7	120.3
Total								
Number of practices	no.	2 775	1 420	522	301	57	58	5 134
Number of hours	'000	596.2	504.5	221.5	205.0	97.2	157.6	1 782.0

* 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.

2.10

SELECTED PERFORMANCE RATIOS, Solicitors' Practices

		EMPLOYMENT SIZE						Total
		0-4 persons	5-9 persons	10-19 persons	20-49 persons	50-99 persons	100 or more persons	
Total income per person employed	\$'000	64.3	67.0	74.0	86.6	92.7	130.5	92.0
Conveyancing to total income	%	25.4	20.1	23.5	13.9	9.8	4.3	12.4
Property to total income	%	30.1	25.7	28.8	19.8	14.8	11.6	18.6
Commercial to total income	%	17.1	13.3	15.8	21.7	26.7	44.3	29.4
Banking and finance to total income	%	*2.0	*0.5	*2.3	2.1	5.6	11.3	6.0
Family to total income	%	7.7	10.0	8.2	5.8	4.0	0.7	4.5
Legal services income per solicitor/barrister	\$'000	111.2	190.5	209.1	254.9	253.3	315.6	232.7
Total expenses per person employed	\$'000	42.3	48.0	52.5	60.8	67.6	86.5	63.2
Labour costs per employee	\$'000	29.4	29.9	33.2	37.2	39.2	49.4	38.8
Labour costs to total expenses	%	36.8	50.1	52.6	53.1	51.3	50.6	50.1
Wages and salaries per support staff	\$'000	22.8	21.1	23.9	25.7	27.9	35.7	27.3
Return per solicitor/barrister	\$'000	47.5	82.5	92.3	118.9	112.0	159.7	109.6
Pro bono hours per practice	hours	147.9	279.0	299.9	503.3	1 204.5	2 086.0	249.5
Support staff to solicitors/barristers	no.	0.9	2.2	2.0	2.2	1.9	1.5	1.7
Operating profit before tax per person employed	\$'000	21.9	19.0	21.6	25.8	25.1	44.0	28.8
Operating profit before tax per qualified solicitor/barrister	\$'000	40.9	59.7	64.1	81.5	72.5	111.3	77.5
Operating profit margin	%	34.3	28.3	29.2	29.9	27.1	33.8	31.4

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

INTRODUCTION

This section of the publication presents results on the operations of barrister practices during 1998–99.

Most barrister practices operated as a single entity (i.e. an entity practising as a sole practitioner). However, there were some practices which operated via more than one entity, i.e. a legal firm and a service entity.

For the purposes of this survey, where a practice was conducted via a legal firm and a service entity, these entities were consolidated and treated as one practice if the service entity provided resources to a single legal firm only. Where a service entity provided services to more than one legal firm, the service entity is considered to be part of Property and Business Services industry and has been excluded from the data in this publication.

SIZE OF BARRISTER PRACTICE OPERATIONS

At the end of June 1999, there were 3,704 barrister practices, which was an 11% increase in the number of practices since June 1996.

These 3,704 barrister practices generated \$843 million in income during 1998–99. This was a 23% increase on the \$687 million generated by barrister practices in 1995–96.

The operating profit before tax of these practices was \$544 million which represented an operating profit margin of 64.7%. This compares with an operating profit margin of 60.5% in 1995–96.

SOURCES OF INCOME

During 1998–99, barrister practices generated \$843 million in income, representing a gross income of \$227,500 per practice.

The main sources of income for barrister practices in 1998–99 were in the fields of personal injury (\$235 million), commercial (\$228 million) and criminal (\$89 million) law. While these three fields of law accounted for 66% of practice income, significant income was also sourced from administrative and constitutional law (\$54 million), family (\$43 million), banking and finance (\$38 million), intellectual property (\$33 million), and property (\$31 million).

EXPENDITURE

Total expenses of barrister practices during 1998–99 were \$299 million.

The two major expenses of barrister practices were chamber fees of \$54 million and labour costs of \$49 million. In addition to chamber fees, practices paid \$23 million in clerk fees and \$30 million in other rent leasing and hiring expenses. Other major expenses included interest expenses (\$24 million), professional library expenses (\$18 million), motor vehicle running expenses (\$14 million) and travelling, accommodation and entertainment expenses (\$13 million).

EXPENDITURE *continued*

Other operating expenses, which were not separately itemised, were \$42 million and included such expenses as telecommunication expenses, administrative expenses, accounting fees, repair and maintenance and subscriptions.

During 1998–99, barristers spent 177,779 hours on continuing legal education which represented 48 hours per barrister.

EMPLOYMENT

At the end of June 1999, there were 5,908 persons working for barrister practices. In terms of employment, all barrister practices were small businesses with the average employment per practice being 1.6 persons.

Practice employment comprised 3,704 qualified barristers and 2,204 support staff representing 0.6 support staff per qualified barrister. In total, 89% of barristers were males. In contrast, only 9% of support staff were males.

PERFORMANCE RATIOS

Of the 3,704 barristers at the end of June 1999, 1,232 had less than 10 years at the bar, 1,677 had 10–19 years at the bar while 795 had 20 or more years at the bar.

The return per barrister was \$146,800 during 1998–99, which varied by the experience of the barrister. Barristers with 20 or more years at the bar had a return per barrister of \$227,600 compared to \$153,100 for barristers with 10–19 years at the bar and \$86,000 for barristers with less than 10 years at the bar.

Barristers estimated that they undertook 489,000 hours of pro bono work during 1998–99, comprising 217,600 hours providing legal services without expectation of a fee, 221,800 hours of legal services at a reduced fee and 49,600 hours of involvement in free community legal education and law reform work. In total, 74% of barristers provided pro bono work at an average of 179 hours per barrister per annum.

3.1

KEY FIGURES, Barristers' Practices

		1995-96	1998-99	Percentage change %
Practices at end June	no.	3 350	3 704	10.6
Employment at end June	no.	5 779	5 908	2.2
Income				
Income from legal services				
Personal Injury	\$m	161.1	234.9	45.8
Commercial and finance	\$m	273.1	266.4	-2.5
Criminal	\$m	63.0	89.0	41.3
Other	\$m	120.9	247.0	104.3
Total	\$m	672.1	837.3	24.6
Other income	\$m	14.6	5.5	-62.3
Total income	\$m	686.7	842.8	22.7
Expenses				
Labour costs	\$m	66.5	49.3	-25.9
Other expenses	\$m	199.2	249.8	25.4
Total expenses	\$m	287.4	299.2	4.1
Operating profit before tax	\$m	411.7	543.6	32.0
Operating profit margin	%	60.5	64.7	..
.. not applicable				

3.2 SOURCES OF INCOME, Barristers' Practices

	Practices at end June(a)	Value	Proportion of total income
	no.	\$m	%
Sales of goods and services			
Income from legal services			
Property			
Native title	*103	*3.3	0.4
Other property work	707	28.1	3.3
<i>Total</i>	<i>777</i>	<i>31.4</i>	<i>3.7</i>
Wills, probate and estate activities	684	16.2	1.9
Banking and finance	705	38.2	4.5
Commercial	2 200	228.2	27.1
Family	726	*43.3	5.1
Criminal	1 513	89.0	10.6
Environmental	194	*5.2	0.6
Intellectual property	405	*33.2	3.9
Industrial relations	427	*25.3	3.0
Personal injury			
Motor vehicle injury	1 258	76.0	9.0
Workers' compensation	984	81.5	9.7
Other	1 279	77.4	9.2
<i>Total</i>	<i>1 718</i>	<i>234.9</i>	<i>27.9</i>
Administrative/constitutional law	772	*54.3	6.4
Other fields	883	38.0	4.5
<i>Total</i>	<i>3 704</i>	<i>837.3</i>	<i>99.3</i>
Other operating income	514	*3.6	0.4
<i>Total</i>	<i>3 704</i>	<i>840.9</i>	<i>99.8</i>
Non-operating income	1 278	*1.9	0.2
Total income	3 704	842.8	100.0

* 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.

3.3

ITEMS OF EXPENDITURE, Barristers' Practices

	<i>Value</i>	<i>Proportion of total expenses</i>
	\$m	%
.....		
Labour costs		
Wages and salaries	42.4	14.2
Employer contributions to superannuation funds	6.6	2.2
Workers' compensation costs	0.4	0.1
<i>Total</i>	49.3	16.5
Selected expenses		
Barristers' clerk fees	23.3	7.8
Barristers' chambers fees	54.1	18.1
Other rent, leasing and hiring expenses	29.9	10.0
Practising certificate fees	4.4	1.5
Motor vehicle running expenses	14.0	4.7
Travelling, accommodation and entertainment expenses	13.4	4.5
Professional library expenses	18.0	6.0
Other operating expenses	41.7	13.9
<i>Total</i>	198.8	66.4
Other costs		
Professional indemnity insurance premiums	3.7	1.2
Other insurance premiums	5.8	1.9
Interest expenses	24.4	8.2
Depreciation and amortisation	8.6	2.9
Bad and doubtful debts	8.5	2.8
<i>Total</i>	51.0	17.0
Total	299.2	100.0
.....		

3.4 CHARACTERISTICS OF EMPLOYMENT, Barristers' Practices

	Males.....		Females....		Persons.....	
	no.	%	no.	%	no.	%
Barristers	3 309	94.1	394	16.5	3 704	62.7
Other staff						
Permanent full-time	*54	1.5	698	29.2	752	12.7
Permanent part-time	*96	2.7	1 028	43.0	1 124	19.0
<i>Total permanent</i>	<i>*150</i>	<i>4.3</i>	<i>1 726</i>	<i>72.1</i>	<i>1 876</i>	<i>31.8</i>
Casuals/temporaries	**56	1.6	273	11.4	328	5.6
<i>Total</i>	<i>205</i>	<i>5.8</i>	<i>1 999</i>	<i>83.5</i>	<i>2 204</i>	<i>37.3</i>
Total employment at end June 1999	3 515	100.0	2 393	100.0	5 908	100.0
Percentage of total	..	59.5	..	40.5	..	100.0

* 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

3.5 PRO BONO WORK(a), Barristers' Practices

BARRISTER YEARS AT BAR ...

		BARRISTER YEARS AT BAR ...			<i>All barristers</i>
		1-9	10-19	20 or more	
Providing legal services without expectation of a fee					
Number of barristers	no.	883	1 137	487	2 506
Number of hours	'000	75.8	88.8	53.0	217.6
Providing legal services at a reduced fee					
Number of barristers	no.	622	811	253	1 686
Number of hours	'000	*87.4	99.3	*35.0	221.8
Involvement in free community legal education and/or law reform					
Number of barristers	no.	324	417	*122	864
Number of hours	'000	*25.5	19.6	*4.5	49.6
Total					
Number of barristers	no.	976	1 249	513	2 737
Number of hours	'000	188.7	207.7	92.5	489.0

* 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.

3.6

SELECTED PERFORMANCE RATIOS, Barristers' Practices

		BARRISTER YEARS AT BAR . . .			
		1-9	10-19	20 or more	All barristers
Total income per person employed	\$'000	97.3	148.4	182.8	142.7
Property to total income	%	*5.7	3.6	*2.7	3.7
Commercial to total income	%	34.7	21.6	30.4	27.1
Banking and finance to total income	%	*5.7	*4.6	**3.7	4.5
Family to total income	%	*5.9	*8.0	**0.7	*5.1
Legal services income per barrister	\$'000	133.0	235.2	351.2	226.1
Labour costs per employee	\$'000	13.1	21.9	28.8	22.4
Return per barrister	\$'000	86.0	153.1	227.6	146.8
Pro bono hours per barrister	hours	153.2	123.3	116.4	131.7
Support staff to barristers	no.	0.4	0.6	0.9	0.6
Operating profit before tax per person employed	\$'000	62.6	95.7	118.1	92.0
Operating profit margin	%	64.5	64.7	64.7	64.7

* 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

CHAPTER 4

LEGAL AID AUTHORITIES AND COMMUNITY LEGAL CENTRES

INTRODUCTION

At the end of June 1999, there were 8 legal aid authorities and 152 community legal centres operating in Australia.

These 160 organisations employed 3,501 persons, of whom 1,266 were qualified solicitors or barristers. Government funding of \$282 million represented 86% of these organisations' sources of income.

PERSONS WORKING

The 3,501 employees working for these organisations, comprised 1,847 working for legal aid authorities and 1,654 working for community legal centres. Most employees (67%) worked on a permanent full-time basis. The remaining employees were permanent part-time (20%) and casuals (13%).

Of these employees 1,266 (36%) were qualified solicitors or barristers with 747 employed by legal aid authorities and 519 employed by community legal centres.

In addition, there were 3,075 volunteers working for community legal centres during June 1999. Qualified solicitors and barristers comprised 45% of these volunteers.

INCOME AND EXPENSES

During 1998–99, the total income of legal aid authorities was \$247 million and community legal centres was \$88 million. Both types of organisations were heavily reliant on government funding for their income with government funding representing 82% of income for legal aid authorities and 91% for community legal centres. Other sources of income for these organisations were funding from private organisations (\$19 million), client payments (\$15 million) and interest income (\$14 million).

The total expenses for these organisations for 1998–99 was \$330 million, but the expense profile differed between the organisations. The main components of the total expenses of \$244 million for legal aid authorities were payments to private practitioners for legal services (47%) and labour costs (37%). In contrast, the total expenses of \$86 million for community legal centres mainly comprised labour costs (62%), rent leasing and hiring expenses (6%) and payments to consultants for legal services (4%).

The average wage paid to qualified solicitors/barristers employed by legal aid authorities and community legal centres was \$58,200 and \$39,100 respectively. Qualified solicitors/barristers of legal aid authorities and community legal centres spent 36,118 hours on continuing legal education during 1998–99, representing 29 hours per solicitor/barrister.

LEGAL SERVICES

During 1998–99, legal aid authorities approved 111,681 legal aid applications, of which 37% were processed in-house and 63% were referred to private practice. Of those approved applications, 62% were criminal matters and 28% were family matters.

LEGAL SERVICES *continued*

Legal aid authorities processed 384,009 legal advice services, of which 99% were processed in-house.

Community legal centres opened 97,199 cases during 1998–99, of which 52,828 (54%) related to criminal matters, 23,866 (25%) related to civil matters and 12,294 (13%) related to family matters. A further 260,768 legal advice services were processed by community legal centres, of which 44% was accounted for by civil matters.

4.1 ORGANISATIONS AND PERSONS WORKING, Legal Aid Authorities and Community Legal Centres

	<i>Legal aid authorities</i>	<i>Community legal centres</i>	<i>Total</i>
	no.	no.	no.
Organisations at end June	8	152	160
Employees at end June			
Permanent full-time	1 330	1 004	2 334
Permanent part-time	271	440	711
<i>Total permanent</i>	<i>1 601</i>	<i>1 444</i>	<i>3 045</i>
Casuals/temporaries	246	210	456
<i>Total</i>	<i>1 847</i>	<i>1 654</i>	<i>3 501</i>
Main activity of persons employed:			
Qualified solicitors/barristers	747	519	1 266
Articled clerks and para legals	249	186	435
Other employees	851	949	1 800
<i>Total</i>	<i>1 847</i>	<i>1 654</i>	<i>3 501</i>
Volunteer staff during month of June(a)			
Qualified solicitors/barristers	..	1 381	1 381
Other	..	1 694	1 694
<i>Total</i>	<i>..</i>	<i>3 075</i>	<i>3 075</i>

.. not applicable

(a) For community legal centres, volunteer staff worked 30,556 hours during the month of June.

4.2**INCOME AND EXPENDITURE, Legal Aid Authorities and Community Legal Centres**

	Legal aid authorities. . . .		Community legal centres.		Total.	
	\$m	%	\$m	%	\$m	%
Sources of income						
Funding from Government(a)	201.2	81.5	80.5	91.1	281.7	84.0
Funding from non-government organisations	np	np	np	np	18.6	5.5
Client contributions	14.3	5.8	0.9	1.0	15.2	4.5
Interest income	12.9	5.2	0.6	0.7	13.5	4.0
Other income	np	np	np	np	6.1	1.8
Total(a)	246.8	100.0	88.4	100.0	335.2	100.0
Type of expense						
Labour costs						
Wages and salaries						
Qualified solicitors/barristers	43.5	17.8	20.3	23.7	63.8	19.4
Other employees	38.7	15.9	28.8	33.7	67.5	20.5
<i>Total</i>	<i>82.1</i>	<i>33.6</i>	<i>49.2</i>	<i>57.5</i>	<i>131.3</i>	<i>39.8</i>
Employer contributions to superannuation funds						
	6.6	2.7	3.2	3.7	9.8	3.0
Workers' compensation costs						
	0.5	0.2	0.4	0.5	0.9	0.3
<i>Total</i>	<i>89.3</i>	<i>36.6</i>	<i>52.7</i>	<i>61.6</i>	<i>142.0</i>	<i>43.1</i>
Other costs						
Payments to private practitioners/consultants for legal services						
	114.3	46.8	3.8	4.4	118.1	35.8
Practising certificate fees						
	0.3	0.1	0.3	0.4	0.6	0.2
Professional indemnity insurance premiums						
	0.1	—	0.3	0.4	0.5	0.2
Other insurance premiums						
	0.2	0.1	0.4	0.5	0.6	0.2
Depreciation and amortisation						
	4.9	2.0	1.7	2.0	6.5	2.0
Bad and doubtful debts						
	0.2	0.1	0.1	0.1	0.2	0.1
Motor vehicle running expenses						
	0.4	0.2	1.1	1.3	1.5	0.5
Rent, leasing and hiring expenses						
	8.5	3.5	4.9	5.7	13.4	4.1
Telecommunications services						
	2.7	1.1	2.3	2.7	5.1	1.5
Travelling and accommodation expenses						
	1.0	0.4	2.9	3.4	4.0	1.2
Postal, mailing and courier services						
	0.8	0.3	0.5	0.6	1.3	0.4
Paper, printing and stationery expenses						
	1.5	0.6	1.5	1.8	3.0	0.9
Audit and other accounting expenses						
	0.3	0.1	0.6	0.7	0.9	0.3
Training services provided by other businesses						
	0.6	0.2	0.5	0.6	1.0	0.3
Professional library expenses						
	1.6	0.7	1.0	1.2	2.5	0.8
Other operating expenses						
	17.3	7.1	11.0	12.9	28.3	8.6
<i>Total</i>	<i>154.8</i>	<i>63.4</i>	<i>32.8</i>	<i>38.4</i>	<i>187.6</i>	<i>56.9</i>
Total	244.1	100.0	85.5	100.0	329.6	100.0

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

— nil or rounded to zero (including null cells)

(a) In addition to the amount reported above, legal aid authorities allocated \$20.2m of government funding to community legal centres.

4.3 LEGAL SERVICES, Legal Aid Authorities

	<i>Number processed in-house</i>	<i>Number referred to private practice</i>	<i>Total</i>
	no.	no.	no.
.....			
Legal aid applications approved:			
Family	9 104	22 115	31 219
Criminal	27 156	41 757	68 913
Civil	np	np	9 533
Other fields	np	np	2 016
<i>Total</i>	<i>41 417</i>	<i>70 264</i>	<i>111 681</i>
Legal advice services:			
Family	np	np	146 536
Criminal	98 627	np	np
Civil	np	np	127 402
Other fields	np	—	np
<i>Total</i>	<i>378 560</i>	<i>5 449</i>	<i>384 009</i>
Community legal education projects (including law reform)	4 491	..	4 491
Duty lawyer services	146 013	97 744	243 757

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

4.4 LEGAL SERVICES, Community Legal Centres

	<i>no.</i>
.....	
Cases opened:	
Family	12 294
Criminal	52 828
Civil	23 866
Other fields	8 211
<i>Total</i>	<i>97 199</i>
Legal advice services:	
Family	61 502
Criminal	42 467
Civil	114 661
Other fields	42 138
<i>Total</i>	<i>260 768</i>
Community legal education projects (including law reform)	4 727
Duty lawyer services	13 244

EXPLANATORY NOTES

- INTRODUCTION** **1** This publication presents results, in respect of 1998–99, from an Australian Bureau of Statistics (ABS) survey of 1,531 practices and organisations mainly engaged in providing legal services.
- SCOPE** **2** The scope of the survey was organisations classified to Class 7841, LEGAL SERVICES, of the *Australian and New Zealand Standard Industrial Classification* (ANZSIC), which consists of private solicitor and barrister practices and patent attorney businesses. Also included in the survey were the solicitor general departments, legal aid authorities and community legal centres in each State and Territory. Businesses mainly engaged in providing real estate title transfer services (performed other than by qualified legal practitioners) were excluded from the survey.
- STATISTICAL UNIT** **3** The main unit for which statistics were reported in the survey was the legal practice. Many legal practices were conducted via a single entity (e.g. a solicitor, a barrister, or solicitors practising in partnership). Other practices are conducted via more than one entity (e.g. a partnership 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 via a legal firm and a service entity, these entities were consolidated and treated as one practice if the service entity provided resources to a single legal firm only. Where a service entity provided services to more than one legal firm, the service entity has been excluded from the data in this publication.
- 5** For Government solicitors, legal aid authorities and community legal centres, the statistical unit generally equated to the department or authority whose main activity was the provision of legal services.
- REFERENCE PERIOD** **6** Data contained in the tables in this publication relate to all legal services businesses which operated in Australia at any time during the year ended June 1999. Counts of businesses include only those businesses that were operating at 30 June 1999.
- RELIABILITY OF THE DATA** **7** The estimates in this publication are subject to sampling and non-sampling error.
- 8** The estimates in this publication are based on information obtained from a sample of businesses in the surveyed 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.
- 9** 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 a census had been conducted, and approximately 19 chances in 20 that the difference will be less than two SEs.

RELIABILITY OF THE DATA

continued

10 Sampling variability can 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 sampling, and this avoids the need to refer also to the size of the estimate.

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

RELATIVE STANDARD ERRORS FOR SUMMARY OF OPERATIONS

	<i>Private solicitors' practices</i>	<i>Barristers' practices</i>	<i>Patent attorneys</i>	<i>Government solicitors</i>	<i>Legal aid authorities</i>	<i>Community legal centres</i>	<i>Total</i>
	%	%	%	%	%	%	%
Practices/organisations at end June	2	1	2	—	—	—	2
Employment at end June							
Qualified solicitors/barristers	1	1	10	—	—	—	1
Patent attorneys	7	..	5	..	..	..	5
Other	3	7	6	—	—	—	2
<i>Total</i>	2	3	6	—	—	—	2
Income							
Income from legal services							
Commercial	3	10	..	—	..	..	3
Property	4	17	..	—	..	..	4
Personal injury	6	11	..	—	..	..	5
Intellectual property	10	44	6	—	..	..	7
Other	3	9	..	—	..	..	3
<i>Total</i>	2	5	6	—	..	..	2
Government funding	..	..	..	—	—	—	—
Other income	5	24	8	—	—	—	4
<i>Total income</i>	2	5	6	—	—	—	2
Expenses							
Labour costs	2	11	6	—	—	—	2
Other expenses	2	4	5	—	—	—	2
<i>Total expenses</i>	2	5	5	—	—	—	1
Operating profit/surplus before tax	3	6	8	—	—	—	2
Operating profit margin	2	2	3	na	na	na	na
Return per solicitor/barrister	2	6	..	..	..	..	..

— nil or rounded to zero (including null cells)

.. not applicable

na not available

12 As an example of the above, an estimate of total income for the legal services industry is \$7,729.6 million and the RSE is 2%, giving a SE of \$154.6 million. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure in the range of \$7,575.0 million to \$7,884.2 million 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 \$7,420.4 million to \$8,038.8 million.

13 Errors other than those due to sampling may occur because of deficiencies in the register of units from which the sample was selected, non-response, and imperfections in reporting by respondents. Inaccuracies of this kind are referred to as non-sampling errors and they may occur in any collection, whether it be a census or a sample. Every effort has been made to reduce non-sampling error to a minimum by careful design and testing of questionnaires, efficient operating procedures and systems, and appropriate methodology.

ACKNOWLEDGMENT

14 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*.

GLOSSARY

Articled clerks	Articled clerks are those employees of a law firm who, having completed a law degree, are undertaking the training necessary for them to qualify for a practising certificate.
Bad and doubtful debts	Bad and doubtful debts are 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.
Barrister's 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 barrister's clerks fees are paid in addition to chambers fees, this payment generally covers administrative services provided to the barrister.
Barrister's clerk's fees	This item refers to the payment made by a barrister for administrative services by an accredited barristers' clerk.
Casual employees	This item refers to employees not entitled to take paid holidays.
Depreciation and amortisation	This item refers to the financial charges made to 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.
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.
Employees	This item refers to employees working for a practice during the last pay period in June, including those working proprietors or partners who received salary or director's fees as an employee of an incorporated practice or of a service entity. Employees absent on paid or prepaid leave are included. This item excludes working proprietors and partners of unincorporated practices who are not employees or paid directors of a service entity.
Employer contributions to superannuation funds	This item includes all employer contributions, (including the employer productivity contribution), to superannuation schemes for employees. It excludes payments made by working proprietors and partners of unincorporated practices to superannuation schemes on their own behalf.
Employment at end June	This item includes working proprietors and partners, working directors, and other employees working for a business during the last pay period in June. Employees absent on paid or prepaid leave are included.
Income from legal services	This item consists of income derived from services provided by a qualified 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 trademark attorney services. It excludes disbursement recoveries from the provision of telephone, facsimile, photocopying and similar services to clients. Income received by solicitors on behalf of barristers of another practice is also excluded.
Interest expenses	This item includes interest on bank loans, loans made from related as well as unrelated businesses/organisations, and interest in respect of finance leases,

Interest expenses <i>continued</i>	interest paid to loans from partners, interest equivalents, such as hedging costs, and expenses associated with discounted bills. It excludes bank charges and capital repayments.
Interest income	This item includes interest from deposits in banks and non-bank financial institutions, loans and advances made to other businesses, interest on finance leases, and earnings on discounted bills. It excludes capital repayments received.
Labour costs	These include wages and salaries, provision expenses for employee entitlements, employer contributions to superannuation and workers' compensation costs.
Motor vehicle running expenses	This item includes the costs incurred using "on-road" motor vehicles owned by the practice for business purposes.
Operating profit before tax (OPBT)	This item refers to a measure of profit before extraordinary items are brought into account and prior to the deduction of income tax and appropriations to owners (e.g. dividends paid, drawings).
Operating profit margin	This item refers to the percentage of sales of goods and services available as operating profit, i.e. OPBT times 100 divided by sales of goods and services.
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 operating expenses	This item includes payments for computer software expensed, payroll tax, repairs and maintenance, light and power and bank fees. In the case of barristers, it also includes telephone and facsimile expenses, accountancy and secretarial expenses. For legal aid authorities and community legal centres, this item includes client disbursements and consultancy expenses.
Other operating income	This item includes income from rent and commissions.
Other 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.
Para legal	Para legals are those employees who perform certain specialist functions in a law practice for which a law degree is not required.
Permanent full-time employees	Permanent full-time employees are those who are entitled to take paid holidays and who work 35 hours or more a week.
Permanent part-time employees	Permanent part-time employees are those who are entitled to take paid holidays and who are not full-time as defined above, i.e. ordinarily work less than 35 hours per week.
Practice	A practice is the legal firm or legal practitioner and, where applicable, the service entity that provides the firm or practitioner with exclusive support.
Practices at end June	This is a count of practices operating as at 30 June 1999.
Pro bono work	For the purposes of this survey, the definition of pro bono work is that formulated by the Law Council of Australia. "Pro bono work is defined to include situations where: A lawyer, without fee or without expectation of a fee or at a reduced fee, advises and/or represents a client in cases where (i) a client has no other access to the courts and the legal system; and/or (ii) the client's case raises a wider issue of public interest; or, the lawyer is involved in free community legal education and/or law reform; or

Pro bono work <i>continued</i>	the lawyer is involved in the giving of free legal advice and/or representation to charitable and community organisations." This item excludes legal aid cases and cases involving contingency fee arrangements.
Rent, leasing and hiring (expenses)	This item includes the costs for the rent, leasing (excluding finance leases) and hiring from other businesses or individuals of vehicles, land, buildings, machinery, equipment and any other property used by a practice.
Return per solicitor/barrister	For private solicitors' practices this item is the sum of operating profit before tax and wages and salaries of qualified legal practitioners, divided by the number of qualified solicitors/barristers.
Return per barrister	For barristers' practices this item is the operating profit before tax divided by the number of qualified barristers.
Service entity	A service entity is a company, trust or other entity established by a legal firm or legal practitioner to provide administrative, secretarial or similar services exclusively to that firm or to that practitioner.
Telecommunication services	This item includes all payments (of a non-capital nature) for telecommunication services which engage wire, cable or radio transmission.
Wages and salaries	This item refers to payments accruing to all employees during the financial year including provisions for employee entitlements, severance, termination and redundancy payments.
Workers' compensation costs	This item refers to 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 partners of unincorporated businesses	This item includes working proprietors and partners who own/operate their own business in a profession or trade (a sole proprietorship) or who, with one or more other partners, operate a partnership. Working proprietors and working partners as owners are not considered to be employees of the business.

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