



The Law
Society
OF TASMANIA

ANNUAL REPORT

2006 – 2007

**To be Presented at the
Annual General Meeting
of the
Law Society of Tasmania
on
19 October 2007**

THE LAW SOCIETY COUNCIL

2006 – 2007

President

N R Readett

Vice-President

M D Schyvens

Hon Treasurer

W M Griffiths

Council

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G B Bradfield	[S]	A E Nicholson	[NW]
C A Cunningham	[S]	N R Readett *	[S]
W M Griffiths*	[N]	L O Rheinberger*	[S]
M J Groves	[N]	M D Schyvens*	[S]
G L Jones	[N]	L S Topfer*	[NW]
R A Hart	[N]	N J Ware	[S]
P L Jackson*	[S]	D F M Zeeman*	[S]

Executive Committee Members*

Executive Director

M Hagan

Director - Law Council of Australia

P L Jackson [part year]

C A Cunningham [part year]

Committees 2006 – 2007

Regional Committees

Northern

W M Griffiths [Chairman]
P J Lebski [Secretary]
S P Bishop
M Brett
S J N Brown
J L Byrne
D P Cordell
R J Dalgleish
B R Doolan
C N Dockray
W D Edwards
C J Foon
G L Jones
J C Kitto
S B McElwaine
K A Mills
R M Murray
P R Page
D N Stewart
A Trezise
G Tucker
P A Welch
T J Whyte

Litigious Issues Committee

P L Jackson [Convenor]

Litigious Costs Standing Committee

W M Griffiths [Convenor]

Membership Services

M D Schyvens [Convenor]

Southern

N R Readett [Chairman]
G B Bradfield
C A Cunningham
P L Jackson
L O Rheinberger
M D Schyvens
N J Ware
D F M Zeeman

North-West

L S Topfer [Chairwoman]
A E Nicholson [Secretary]
C S Church

Criminal Law Committee

K L Baumeler [Convenor]

Mediation & Arbitration

J B Walker [Convenor]
W J Friend

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M M Fernando
C F McKenzie
V A J Mitchell
H V E Schnierer
A L Wiss

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D H Polden
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S P Bishop
G B G Bradfield
R T Fay
N J Flinn
R A Hart
L Johnson
A P Laning
S Larsen
P J Lebski
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J A Munnings
M J C Pawson
N R Reaburn
B F E Rheinberger
M D Schyvens
T J Tierney
J R Upcher
T J Whyte
A L Wiss
P R Worrall

Employment & Equal Opportunities Committee

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E N Archer
T J Badenach
C A Green
L K Mackey
A C Milliss
P A Salewicz

Solicitors' Accounts Rules Committee

P V Manser [Chairman]
R Byrne
M J Crisp
A N Morgan
C S Church

Investigations Committee

N R Readett [Chairman]
G B Bradfield
C A Cunningham
M F Daly
R M Grueber
D J Gunson SC
P L Jackson
L O Rheinberger
M S Schyvens
N J Ware
D F M Zeeman

Young Lawyers

Southern Committee

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E A Avery
R L Benson
G P Dolliver
R M Grech
M J Harper
R Lancaster
A C Milliss
J S Moore
R Munnings
N S Munting
C M Lee
S Nicholson
M L Sheppard

Northern Committee

J E Higgins [President]
A M Cohen
A M Gardner

North-West Committee

L J Edwards
C Henderson
A P Mihal
A E Nicholson

Representative on National Young Lawyers Committee

A E Nicholson

Notes:

1. The President is an *ex officio* member of all Law Society Committees.
2. The Legal Ombudsman is entitled to attend those parts of Council and Investigations Committee meetings dealing with conduct complaints arising under Part X of the *Legal Profession Act 1993*.

The Society's Representatives on Other Bodies

Board of Legal Education

G L Jones
A B Walker

Road Safety Consultative Committee

W M Griffiths

Law Council of Australia Access to Justice Committee

S J N Brown

Legal Aid Commission

S J N Brown
M Brett

Council of Law Reporting

M J Crisp

Associated Bodies

Disciplinary Tribunal

K A M Pitt QC [Chairman]
M L Bessell
C N Dockray
G Hay
R W Pearce
M J Temple-Smith
J R Upcher

Centre for Legal Studies Ltd

P A Dixon [Chairman]
Directors:
The Hon Justice E Crawford
T G Bugg
W M Griffiths
Professor K Warner
Martyn Hagan [Company Secretary]

The Law Foundation of Tasmania

N R Readett	President, Law Society of Tasmania
M D Schyvens	Vice-President, Law Society of Tasmania
M J Crisp	Chairman, Solicitors' Trust
C Rheinberger	President, Tasmanian Bar Association
M Otlowski [part year]	Nominee, Attorney-General
L K Mackey [part year]	Nominee, Attorney-General
K M McQueeney [part year]	Nominee, Attorney-General
D Nicol [part year]	Nominee, Attorney-General
T G Bugg	Nominee, Law Society of Tasmania
Martyn Hagan	Secretary

The Women Lawyers' Association of Tasmania

M A Ryan [President]
B F E Rheinberger [Vice-President]
P J Ikedife [Secretary]
E M Anning [Treasurer]
M Ballard
K Bourke
L Howroyd
M A Nettlefold
A E Nicholson
L E Peacock
S S E Rofe
A R Mills *ex officio*

Solicitors' Trust

M J Crisp [Chairman]
J Doyle
P Kuzis

**Family Law Practitioners'
Association**

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R M Murray [Vice-President N]
T J McGuire [Vice-President N-W]
E J Gelston [Secretary]
C J Gregg [Treasurer]
L E Connelly
F G Di Giovanni
T M Eaton
P Fitzgerald
M G Foster
A E Grant
M J Harper
J E Higgins
S Hunt
Y P Kelly
A Kent
P M Mason
A E Nicholson
J A Sherriff

**Medico-Legal Society
of Tasmania**

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S Pridmore [Medical Vice-Pres]
M A Ryan [Legal Vice-Pres]
G L Johnston [Secretary/Treasurer]

Medical Committee:

B Linacre
R Pargiter
G Whyte

Legal Committee:

K L Baumeler
M Otlowski
A J Smith

President's Report to the Annual General Meeting of the Law Society of Tasmania 2007

This report largely repeats my last article published in the Law Letter. It comes at the end of what has been a challenging and eventful year as President.

Of course, the most significant event has been the passing of the *Legal Profession Act* 2007 to replace the current *Legal Profession Act* 1993. The new Act is a monstrous piece of legislation containing in the order of 800 pages; the largest Act of the Tasmanian Parliament. As the Society understands the position, the Justice Department is yet to start drafting the rules and regulations that will be needed to give effect to the framework created by the new Act. Given the amount of work involved, it would now seem unlikely that the new Act will effectively commence until March or April of next year.

Despite the new Act being some eight times the length of the old one, it is hoped that the changes that will be required in practise will not be particularly great. The Society intends to run seminars and otherwise assist in dealing with areas where changes to practice will be required. For instance, the Society intends to arrange for the preparation of a standard form costs disclosure agreement and for the holding of seminars to highlight changes required to the operation for trust accounts.

Those matters aside, from the Society's point of view, the greatest change is that the Society will be relieved of the obligations of investigating complaints and prosecuting disciplinary proceedings. That change has been actively sought by the Society for some years now.

Under the new Act, complaints will be made to the new Legal Profession Board which will be required to investigate and take disciplinary proceedings where necessary. The final make-up of the Board provided for in the new Act is as follows; there will be six members of the Board. Three will be appointed by the Attorney-General. One of the Attorney's appointments will be a legal practitioner and the other two lay persons. The Law Society will have the power to appoint two legal practitioners and the Independent Bar and Tasmanian Bar Association will have the power to jointly nominate one legal practitioner.

Again, there are procedural issues such as terms of employment and rates of remuneration for Board members that need to be determined before consideration can be given to the making of appointments.

Nevertheless, the Society looks forward to finally being relieved of the disciplinary functions and being able to concentrate on what it perceives should be its core functions as set out in the current By-Laws, including:

- (a) representing generally the views of the legal profession;
- (b) dealing with any matter affecting the professional interests of practitioners;
- (c) encouraging and promoting the study of the law;
- (d) forming and maintaining law libraries;
- (e) communicating information on the law and matters relating to the law; and
- (f) promoting the education and training of persons employed by practitioners in any area likely to promote the efficient practise of the law.

What then for the Society?

What follows is not in any way intended to be an exhaustive list, but a discussion of some of the areas where I see the Society as having a significant and useful role to play.

- (i) *Continuing Legal Education.* The Society has long been involved in providing continuing legal education and opportunities for professional development. The Society's Young Lawyers' committees are to be commended and congratulated for their extensive work in putting together series after series of informative and practical seminars.

Additionally, the Society has run or been associated with numerous information sessions, an area that will continue to be a priority for the Society.

- (ii) In an earlier article in the Law Letter, I touched on the challenges facing the profession in attracting and maintaining younger practitioners. Again, the Society has a role in identifying problems and endeavouring to find solutions to those issues.

- (iii) My view is that the profession has for a long time undervalued the services that it provides. Whilst experiencing increases in compliance costs, administration expenses, wages and other overheads, the profession has been reluctant to charge out at levels that would enable it to maintain appropriate returns which reflect the high skill levels and the amount of capital and intellectual investment that is necessary to deliver those services. In my view, one of the ways that the Society can support the profession would be in publishing a recommended scale of minimum fees that properly reflect the costs of providing legal services over different levels of skill and experience. Practitioners would, of course, be free to charge above or below that recommended scale, however, it would provide a benchmark by being a statement by the profession's professional body as to what are fair and reasonable fees to charge.

- (iv) The Society has a role to play in the promotion of the services provided by legal practitioners in a general sense. Inroads continue to be made into traditional areas of legal work and it is important that the public be reminded of the special skills of lawyers and the services that they can provide. Whereas advertising by an individual practitioner or, indeed, an individual firm might not be an economical or practical alternative, a publicity campaign on a profession-wide basis could have a real effect at a realistic cost. Possible areas could include:

- Will preparation – anecdotally, homemade Wills including Will kits are the source of far more in the way of legal fees from subsequent litigation than might reasonably have been expected to be earned had the willmakers sought appropriate advice in the drafting of their Wills. Nevertheless, the promotion of the services that the legal profession can offer in the professional drafting of Wills could well be beneficial on a profession-wide basis.
- Similarly, lawyers are particularly well placed to offer executor services. The skills and infrastructure available through lawyers and legal practices mean that they are ideally positioned to provide professional and cost-effective administration of estates. If the promotion of the services available through

the legal profession was done on a profession-wide basis, that promotion could well be done effectively and economically.

- Even in conveyancing, the competitive advantages offered by practitioners could be highlighted.
- (v) The Society has already been involved in endeavours to secure advantages for members through corporate negotiations. Professional Indemnity Insurance is clearly an example of an area where the Society has been able to achieve very competitive premiums through a corporate approach.

The Society will continue to try and secure further corporate benefits and is contemplating working with the Law Institute of Victoria and possibly the Law Council of Australia to achieve greater benefits for members. The areas where the greatest market power of hundreds (or thousands) of lawyers might produce benefits include postage and delivery, telecommunication services, library and research resources, motor vehicles and so forth.

- (vi) The Society will continue to have a role in providing public comment on matters of legal principle. Again, I said in an earlier article that it is not appropriate for the Society to engage in a purely political debate but it must be prepared to express a principled position even where the topic is controversial. Examples are:

- (i) The unfair 30% whole of body impairment requirement for common law proceedings under the Workers Compensation provisions remain despite promises of a review. Hopefully, the Clayton's enquiry can be concluded shortly and the offending provision changed.
- (ii) Proposed changes to Victims of Crime legislation which, for relatively meagre savings, will deny or severely limit the already very modest compensation currently available to those members of the community actually affected by what is a public problem of violent crime.
- (iii) At some stage, we will need to give consideration as to whether this state should follow the lead of other states and establish an independent body to review public administration.

Being a smaller state, an assessment needs to be made as to whether the costs of such a body are warranted for the benefits that would be offered over and above the protections provided by current authorities including the police, the DPP, the Auditor-General and ASIC.

At the end of the day the conclusion may well be that we are well covered by the existing institutions, but the debate is inevitable and the Society should not hesitate to engage in that debate to express principled views on matters that affect the law and the legal profession.

As I near the end of my term as President, I take this opportunity to record my very great appreciation for the efforts of Martyn Hagan and the staff of the Law Society.

N R Readett
President

Treasurer's Report to the Annual General Meeting of the Law Society of Tasmania 2007

When I prepared the Treasurer's Report last year I indicated that the prospect of the new legislation to govern the profession being proclaimed by the beginning of 2007 was a little optimistic and I indicated that the Society may need to cope with the funding of disciplinary proceedings for longer than was then hoped.

I also indicated a year ago that there may need to be a modest increase in Practising Certificate fees for the purposes of funding the Society in its various statutory obligations and I noted that the Society had managed without an increase in those fees since about the end of 1999.

I am pleased to say that whilst the forecast was correct and the new legislation is now unlikely to come into force before the beginning of 2008, the Society has fulfilled its functions without the need to impose an increase in the Practising Certificate fees and indeed has managed its finances to provide at the end of the current accounting period a profit - although admittedly a very small one!

Such a result however could not have been obtained without the continued effort of those members of the profession who provide their time and their expertise in the administration of the Society generally, and specifically in relation to matters relevant to investigating complaints and in the various and numerous tasks associated with the disciplinary function with which the Society has continued to be blessed.

That volunteered work and work subsidised by those members has also avoided the prospect of the Society needing to apply its capital to meet recurrent expenses. That in turn will now result in the Society looking forward to the commencement of a role where those resources will be freed to provide fresh advantages to the profession and to the community which the profession serves, with the Society being able to use its resources in that manner while discipline will be dealt with by a system which will be separately funded and unarguably transparent.

The fact that the Society can face these new challenges in a sound financial position despite the interference which has been suffered by its traditional funding arrangements for about the last 7 years and while at the same time for that period having been able to avoid seeking increases in fees provides for members of the Society a legacy of which the profession should be proud.

W M Griffiths
Honorary Treasurer

The Private Legal Profession in Tasmania

As at 21 September 2007

Legal practitioners in private practice	South	North	North West	Total
Partners				
12	1	0	0	
11	1	0	0	
10	1	0	0	
9	2	0	0	
7	1	0	0	
5	0	1	0	
4	3	0	1	
3	1	3	1	
2	11	5	8	
Total partners	95	24	23	142
Total sole principals	57	12	17	86
Total principals (includes 3 Senior Counsels)	152	36	40	228
Employed practitioners	155	41	26	222
Community legal services	12	1	3	16
Total practitioners	319	78	69	466
Firms				
Total partnerships	21	9	10	40
Sole principals	57	12	17	86
Legal practitioner corporations	2	1	1	4
Total	80	22	28	130
Barristers in private practice				
Queen's and Senior Counsel	7			7
Juniors	22	4	2	28
Total	29	4	2	35
Associate members				84

The Law Society of Tasmania
ABN 79 607 763 856

Financial Statements
For the year ended 30 June 2007

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Independent Audit Report to the Members

The Law Society of Tasmania

Income and Expenditure Statement For the year ended 30 June 2007

	Note	2007 \$	2006 \$
Income			
Insurance recoveries		2,282	-
Interest received		130,254	109,623
Administration Fees – Solicitors’ Trust		10,487	11,139
Administration Fees – Other		350	1,000
Advertising		10,456	4,975
Brochure distribution		150	1,375
Certificate of fitness		2,210	3,000
Continuing legal education		26,422	29,597
Dinners & functions		20,830	22,674
Disciplinary action - costs recovered		46,332	30,244
Hire of council rooms		4,211	3,481
Membership benefits		9,005	4,298
Practising certificate fees		387,761	386,838
Professional indemnity insurance funding		2,325,021	1,734,689
Sales – forms		1,316	1,987
Sponsorship		41,264	3,364
Subscriptions		14,211	8,662
Sundry Income		67	177
Rent received		<u>46,500</u>	<u>30,455</u>
Total income		<u>3,079,129</u>	<u>2,387,578</u>
Expenses			
Accountancy & audit fees		8,646	10,330
Advertising & public relations		3,377	12,764
Bad debts		1,050	-
Bank fees & charges		2,336	2,066
Computer supplies and services		14,243	4,279
Consulting fees		8,665	14,125
Depreciation – Furnishing & Equipment		23,031	20,475
Depreciation – Buildings		8,259	14,125
Motor vehicle depreciation		4,082	-
Honorarium		46,550	49,050
Business insurance		4,790	4,793
Workers compensation		1,659	1,797
Professional indemnity		5,955	15,868
Lease Payments		4,976	885
Library review expenses		3,012	-
Light & power – Murray St		4,999	6,820
Light & power – Charles St		4,374	4,703
Meetings, travel & accom, prof devm’t	17	34,606	31,965

The Law Society of Tasmania

Income and Expenditure Statement For the year ended 30 June 2007

	Note	2007 \$	2006 \$
Membership benefits, dinners & functions	18	51,046	43,046
Motor vehicle expenses		14,545	18,463
Printing & stationery	16	40,191	22,773
Professional fees – disciplinary action		162,637	139,366
Professional Indemnity Insurance	13	2,194,920	1,572,720
Publications – legal forms & handbooks		490	855
Rates & taxes – Hobart		14,280	12,496
Rates & taxes – Launceston		9,726	9,246
Cleaning – Murray St		5,829	5,287
Repairs – Charles St		24,869	8,235
Repairs – Murray St		9,373	19,873
Cleaning Charles St		2,314	1,971
Salaries		283,327	278,188
Security & fire alarms		9,284	8,857
Staff training		600	-
Subscriptions		1,410	3,778
Sundry expenses		4,606	4,986
Superannuation		33,814	28,811
Telephone, video conf. & web expenses		<u>25,730</u>	<u>26,333</u>
Total expenses		<u>3,073,601</u>	<u>2,399,329</u>
Profit from ordinary activities		5,528	- 11,751
Total changes in equity of the association		<u>5,528</u>	<u>- 11,751</u>
Net profit attributable to the association		<u>5,528</u>	<u>- 11,751</u>

The accompanying notes form part of these financial statements.

The Law Society of Tasmania

Balance Sheet As At 30 June 2007

	Note	2007 \$	2006 \$
Current Assets			
Cash assets	2	819,211	55,637
Receivables	3	552,632	198,253
Inventories	4	12,210	
Current tax assets	5	13,172	2,571
Other	6	<u>2,207,166</u>	<u>1,458,907</u>
Total Current Assets		<u>3,604,391</u>	<u>1,715,368</u>
Non-Current Assets			
Property, plant and equipment	7	<u>1,596,046</u>	<u>1,528,295</u>
Total Non- Current Assets		<u>1,596,046</u>	<u>1,528,295</u>
Total Assets		<u>5,200,437</u>	<u>3,243,663</u>
Current Liabilities			
Payables	8	2,060,004	172,621
Current tax liabilities	9	8,732	7,139
Provisions	10	279,193	255,970
Other	11	<u>252,519</u>	<u>213,473</u>
Total Current Liabilities		<u>2,600,448</u>	<u>649,203</u>
Total Liabilities		<u>2,600,448</u>	<u>649,203</u>
Net Assets		<u>2,599,989</u>	<u>2,594,460</u>
Members' Funds			
Capital profit reserve		43,843	43,843
Accumulated Society Funds	12	<u>2,556,146</u>	<u>2,550,617</u>
Total Members' Funds		<u>2,599,989</u>	<u>2,594,460</u>

The accompanying notes form part of these financial statements.

The Law Society of Tasmania

Notes to the Financial Statements For the year ended 30 June 2007

Note 1: Statement of Significant Accounting Policies

(a) Basis of Preparation

This financial report is a special purpose financial report prepared specifically for distribution to members in accordance with the *Law Society By-Laws* 1994 made under the *Legal Profession Act* 1993. The Council has determined that the Society is not a reporting entity.

The Financial Report has been prepared on an accruals basis from the records of the Society. It is based on historic costs and does not take into account changing money values, or except where specifically stated, current values of non-current assets.

(b) Statement of Compliance

The Financial Report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS')

(c) Property, Furniture and Equipment

Property

Properties are included at valuation less provision for depreciation (excluding land content). Valuations have been determined from independent advice. These revaluations take no account of potential capital gains tax. Net revaluation increments, which arise, are transferred to the asset revaluation reserve, apart from those reversing previous decrements, which were charged against operating profit. Net revaluation decrements, apart from those reversing previous increments are charged against operating profit.

Furniture And Equipment

Furniture and equipment and improvements are included at cost. Assets are depreciated over their estimated useful lives commencing from the time the asset is ready for use.

(d) Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The Law Society of Tasmania
Notes to the Financial Statements
For the year ended 30 June 2007

(e) Income Tax

The provision for income tax is not necessary as the Society is exempt from income tax.

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

The Law Society of Tasmania

Notes to the Financial Statements For the year ended 30 June 2007

	2007	2006
	\$	\$
Note 2: Cash assets		
Bank accounts:		
- Westpac Cheque Ac *	655,838	49,669
- Solicitors' Trust holding Ac – CBA	162,949	5,568
Other cash items:		
- Cash on hand	424	400
	<u>819,211</u>	<u>55,637</u>
* Includes monies payable for PI Insurance		
Note 3: Receivables		
Debtors – Members (delayed PI and sundry)	288,387	34,654
Solicitors' Trust S.105/S.76(13)	259,342	153,278
Other Debtors	4,903	10,321
	<u>552,632</u>	<u>198,253</u>
Note 4: Inventories		
Book stock – Lawless Harvest	<u>12,210</u>	<u>-</u>
	12,210	-
Note 5: Current Tax Assets		
GST Receivable	<u>13,172</u>	<u>2,571</u>
	13,172	2,571
Note 6: Other		
Deposits at call		
- Perpetual Trustees – Members PD Fund	1,175,219	1,139,991
- Perpetual Trustees – Society Funds*	1,023,138	318,916
Prepayments		
- Prepaid insurance	8,809	-
	<u>2,207,166</u>	<u>1,458,907</u>

* Includes monies payable for PI Insurance.

The Law Society of Tasmania

Notes to the Financial Statements For the year ended 30 June 2007

	2007	2006
	\$	\$
Note 7: Property, Furniture and Equipment		
Land and Buildings:		
(a) Land – At Fair Value		
28 Murray Street – Hobart	360,000	360,000
56A Charles Street – Launceston	190,000	190,000
(b) Buildings – At Fair Value		
28 Murray Street – Hobart	330,000	330,000
28 Murray Street – Improvements	370,219	317,216
56A Charles Street - Launceston	235,000	235,000
Less: Accumulated Depreciation	<u>- 39,290</u>	<u>- 31,031</u>
Total Land and Buildings	<u>1,445,929</u>	<u>1,401,185</u>
Furniture and Equipment:		
- At cost	447,091	429,113
- Less: Accumulated depreciation	<u>- 325,034</u>	<u>- 302,003</u>
Total Furniture and Equipment	<u>122,057</u>	<u>127,110</u>
Motor vehicle:		
- At cost	32,142	
- Less: Accumulated depreciation	<u>- 4,082</u>	
	<u>28,060</u>	
Total Fixed Assets	<u>1,596,046</u>	<u>1,528,295</u>

- a) Valuations – the fair values of land and buildings have been determined by reference to independent valuations as at the 30th June 2004.
- b) Improvements are included at cost. Assets are depreciated over their estimated useful lives commencing from the time the asset is ready for use.

Note 8: Payables

Sundry Creditors*	1,649,055	19,343
Solicitors' Trust Liability*	<u>410,949</u>	<u>153,278</u>
	<u>2,060,004</u>	<u>172,621</u>

- * Sundry Creditors included an amount of \$1,636,360 payable to QBE for Professional Indemnity Insurance and due on 31st July 2007.
- * The Solicitors' Trust Liability represents monies paid to the Society for on-payment to the Solicitors' Trust.

The Law Society of Tasmania

Notes to the Financial Statements For the year ended 30 June 2007

	2007	2006
	\$	\$
Note 9: Current Tax and Payroll Liabilities		
PAYG Tax payable	4,328	7,139
Other Payroll payables	<u>4,404</u>	<u>7,139</u>
	<u>8,732</u>	<u>7,139</u>
 Note 10: Provisions		
Provision for annual leave	22,096	21,554
Provision for long service	15,493	13,550
Provision for payment of library services	206,604	185,366
Provision for disciplinary action – fees	<u>35,000</u>	<u>35,500</u>
	<u>279,193</u>	<u>255,970</u>
 Note 11: Other liabilities		
Membership fees in advance	8,024	3,642
CLE payments in advance	421	7,218
Practising certificates in advance	189,668	191,192
PII premium in advance *	49,920	
Accrued expenses	4,000	10,791
Sundry	<u>486</u>	<u>630</u>
	<u>252,519</u>	<u>213,473</u>
 * Professional Indemnity Insurance collected and paid on behalf of legal practitioners was organized in the 2007 calendar year over an 18 month period to bring future payments into line with the financial year. As the surplus represented an 18 month amount, one third has been treated as income in advance and transferred to the 2007/2008 financial year.		
 Note 12: Accumulated Society Funds		
Accumulated funds – beginning of year	2,550,617	2,562,368
Surplus (deficit) for year	<u>5,529</u>	<u>- 11,751</u>
Accumulated funds – end of year	2,556,146	2,550,617
Add Capital profit reserve	<u>43,843</u>	<u>43,843</u>
Total Society Funds	<u>2,599,989</u>	<u>2,594,460</u>
 Note 13: Professional indemnity insurance funding		
See Note 11. As the next collection of PI Insurance will not take place until July 2008, the only income from the PII that will be shown in the 2007/2008 year will be the amount of \$49,920 transferred across.		

The Law Society of Tasmania

Notes to the Financial Statements For the year ended 30 June 2007

	2007 \$	2006 \$
Note 14: Honorarium		
Total payments	<u>46,550</u>	<u>49,050</u>
Additional benefits to Council members including occasional meals and accommodation in relation to meetings in various parts of the State, were funded by the Law Society.		
Note 15: Insurance		
Business and general insurance	4,790	4,793
Workers compensation	1,659	1,797
Professional indemnity and directors liability	<u>14,764</u>	<u>15,868</u>
	21,213	22,458
Less PI relating to the 2007-2008 year	<u>- 8,809</u>	<u>-</u>
	<u>12,404</u>	<u>22,458</u>
For consistency in relation to timing of income and expenditure, accruals and prepayments, this adjustment has been recognized for the first time in the 2006-2007 year. The Society's Indemnity Insurance was paid in March and covers the Society until March 2008.		
Note 16: Printing & Stationery		
The increase in the printing and stationery expenses is a result of the printing costs associated with the Law Letter which aims overall to be revenue neutral.		
Note 17: Meetings, travel & accommodation, professional development		
Travel and accommodation including		
Law Council of Australia Travel	26,971	26,368
Groceries and catering	<u>7,635</u>	<u>5,597</u>
	<u>34,606</u>	<u>31,965</u>
Note 18: Membership Benefits		
Dinners and functions	37,243	31,622
Gifts	1,670	-
Young lawyers' expenses	6,431	5,744
Cost of books sold – Lawless Harvest	2,790	-
Society Diary	1,908	1,078
Other	<u>1,004</u>	<u>4,602</u>
	<u>51,046</u>	<u>43,046</u>

The Law Society of Tasmania

Statement of Cash Flows For the year ended 30 June 2007

	2007	2008
	\$	\$
Cash Flow from Operating Activities		
Receipts from customers	2,565,591	2,298,097
Payments to suppliers and employees	-1,158,106	-2,347,731
Payments for improvements, furniture, equipment and motor vehicle	- 32,379	- 316,457
Interest received	130,254	109,623
Interest and other costs of finance	- 2,336	- 2,064
Net cash provided by (used in) operating activities (Note 2)	<u>1,503,024</u>	<u>- 258,532</u>
Net increase (decrease) in cash held	1,503,024	- 258,532
Cash at the beginning of the year	<u>1,514,544</u>	<u>1,773,076</u>
Cash at the end of the year (Note 1)	<u>3,017,568</u>	<u>1,514,544</u>

Note 1. Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdraft.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Westpac Cheque Ac	655,838	49,669
Solicitors' Trust holding Ac – CBA	162,949	5,568
Cash on hand	424	400
Perpetual Trustees – Members PD Fund	1,175,219	1,139,991
Perpetual Trustees – Society Funds	<u>1,023,138</u>	<u>318,916</u>
	<u>3,017,568</u>	<u>1,514,544</u>

The Law Society of Tasmania

Statement of Cash Flows For the year ended 30 June 2007

	2007	2008
	\$	\$
Note 2. Reconciliation of Net Cash Provided By/Used in Operating Activities to Net Profit		
Operating profit (loss) after tax	5,528	- 11,751
Depreciation	35,372	34,600
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	- 364,980	20,606
(Increase) decrease in finished goods	- 12,210	-
(Increase) decrease in prepayments	- 8,809	-
(Increase) decrease in building improvements, Furniture, equipment and motor vehicles	- 67,751	- 316,457
Increase (decrease) in trade creditors and accruals	1,594,339	- 146,593
Increase(decrease) in other creditors	298,312	151,306
Increase (decrease) in provisions	23,223	9,757
Increase (decrease) in sundry provisions		
Net cash provided by operating activities	<u>1,503,024</u>	<u>- 258,532</u>

The accompanying notes form part of these financial statements.

Independent audit report

To the members of The Law Society of Tasmania

Scope

The financial report and Management's responsibility

We have audited the attached special purpose financial report comprising the Income Statement, Balance Sheet, Statement of Cash Flows and Notes to the financial statements, of the Law Society for the year ended 30 June 2007. The Law Society of Tasmania is responsible for the financial report and has determined that the accounting policies used are consistent with the financial reporting requirements of the organisation and are appropriate to meet the needs of members. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of The Law Society of Tasmania. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of members.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the Society's financial reporting requirements under The Law Society of Tasmania By-Laws. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the organisations reporting requirements including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of its performance as represented by the results of its operations and cash flows.

Our audit has been conducted in accordance with Australian Auditing Standards. We formed our audit opinion on the basis of these procedures, which included:

- Examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- Assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1 to the financial statements.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report presents fairly in accordance with the accounting policies described in Note 1 to the financial statements, the financial position of The Law Society of Tasmania as at 30 June 2007 and its financial performance for the year then ended.



H J GIBSON
PARTNER



D J McCARTHY
PARTNER

WISE LORD & FERGUSON
CHARTERED ACCOUNTANTS

160 Collins Street
HOBART TAS 7000

Dated: 02/10/2007

Annual Report of the Disciplinary Tribunal Established under the *Legal Profession Act 1993*

This report is provided pursuant to s.71 of the *Legal Profession Act 1993*.

Five applications have been received in the reporting period and are awaiting hearing.

Two matters were heard in the previous reporting period and the following decisions handed down in the reporting period.

Practitioner A

The Practitioner was found guilty of unprofessional conduct and professional misconduct in the carriage of an estate matter. It was found that the Practitioner:-

- Was guilty of unprofessional conduct because of a breach of the obligation of candour in responses to the Law Society by failing to raise matters that were later relied on in proceedings before the Tribunal. It was found that whilst the matters that were not raised were exculpatory in nature they were highly material to the investigation;
- Was guilty of professional misconduct by rendering an account to the estate when a no win/no fee agreement was in place.

The Practitioner was:-

- reprimanded and fined \$1,000.00 on the finding of unprofessional conduct
- reprimanded and fined \$8,000.00 on the finding of professional misconduct
- ordered to repay to the estate the sum of \$10,949.34
- ordered to pay the Society's costs of the application including the costs incurred by the Council of the Law Society in investigation of the complaint

Practitioner B

The Practitioner was found guilty of delay in a family law matter and was fined \$1,500.00 and ordered to pay the costs of the Society including the costs of investigation.

K.A.M. Pitt QC
Chairman