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Vision

LEADERSHIP OF THE PROFESSION
SERVICE TO MEMBERS
A JUST LEGAL SYSTEM

Mission

Activities and services determined by the needs and welfare of members

A profession effectively represented at government and community levels

A competitive national profession

A community served by ethical, competent and independent legal practitioners

A community with reasonable and affordable access to justice

Ongoing reform of the law and the legal system
The Law Society has stood as an effective protector of justice and a sentinel of a just and properly resourced legal system in 2009/10. The past year has been a time when I have been reminded again how important it is to support and give back to the profession, and that we are all best served by having a collegiate and cohesive profession.

During this important period of consultation, it remains crucial that lawyers remain collegiately affiliated under the aegis of the Law Society of New South Wale. During the past year’s consultations on national reform of the profession, we have been able to draw on the experience of NSW solicitors, particularly through the Law Society’s policy and regulatory committees, to ensure that issues important to the NSW profession were identified.

That is especially true regarding our desire to ensure that the reforms meet the objective of simplifying regulation, rather than unnecessarily increasing the regulatory burden on the profession.

**Progress on national reform**

The national legal profession reform project has entailed a comprehensive process of consultation and scrutiny. Throughout, the Law Society has worked closely with other constituent bodies of the Law Council of Australia, including state and territory law societies. While the proposals require serious re-consideration, the project has brought the prospect of an unencumbered right to practise across all jurisdictions much closer than it has ever been.

**Memberships’ strong endorsement**

I am pleased to report that the Law Society membership remains at the high levels it has been during the past few years. In the 2009/10 financial year, 93.54% of lawyers joined or renewed their Law Society of New South Wales membership.

I believe this is a very positive endorsement of the Society’s work during a time of intense change. It is also worthy of noting that Law Society of New South Wales membership is voluntary, not compulsory as it is in some jurisdictions.

**More women in the law**

The Law Society has been working hard to improve gender equity within the profession during 2009/10. I have promoted this issue during media interviews and in general discussions within the profession throughout the year. It is noteworthy that the tipping point when gender equity will be achieved among
NSW lawyers will occur in 2013. In 2009/10, 45.52% of lawyers in NSW were women. When more than 50% of lawyers are women, the natural progression will be for equality at partnership level as well. This year was also a landmark year when it came to women on boards. The ASX released guidelines recommending that corporations achieve gender equity in the boardroom. Opportunities for all lawyers in this area have been nurtured by the Law Society.

Success of the Solicitor Referral Service

The Society remains an important first point of contact for people seeking the services of a NSW lawyer, with 22,043 referrals made by the team of two during 2009/10. This figure is on par with 2008/09, when the Society referred 23,769 people. The great majority of the 2009/10 referrals were regarding family law issues, employment law/industrial relations, administrative law and wills and estates.

Pro bono – improving access to justice

During the tail end of the global financial crisis, the Law Society’s dedicated and committed pro bono team have been diligently dealing with some of the more difficult cases in the NSW system in 2009/10.

Media engagement – talking with NSW

As an industry association, it is crucial that the Law Society of New South Wales is engaged with the public and the issues of the day by conducting print, radio, TV and new media interviews. I believe that during the past financial year, the Law Society has played an important role in public debate. To illustrate this point, the Society issued 29 media releases about a wide range of issues and was quoted in a broad spectrum of media during the year. The Australian Financial Review and The Australian newspapers’ legal pages made numerous mentions of the Society’s stance on issues, as did the Sydney Morning Herald, The Daily Telegraph, 2GB, 2UE, ABC 702 and many others. The Law Society also campaigned to have the NSW Government’s controversial Torrens Assurance Levy overturned, issuing a media release and conducting a number of media interviews on the issue.

Law in the community

Engaging hundreds of young students around the state in serious consideration of the theory and practicalities of justice, the Law Society’s Interschool Mock Trial Competition culminated for 2009 with teams from Fort Street High (above) and Loreto Kirribilli in a strongly argued case about a building company which felt it had been misled by a local council over a dead tree. Fort Street were the winners on the day.

Professional development opportunity

Sixty-eight legal practitioners were welcomed to the ranks of accredited specialists in December 2009 after passing rigorous assessment in one of the six areas of law offered during the year; many gathered at a Law Society reception, including: (l to r) Michaela Money; Michael Mantaj; Sheralee Wade; Children’s Law Advisory Committee chair Doug Humphreys, now chair of the Specialist Accreditation Board; Geraldine Daley, 2009 chair of the Board; Josephine Pignataro and Paul Fawcett.

Helping with compliance management

Since the launch of the Law Society’s Compliance Analysis Review Program, scores of practices have volunteered for a confidential, free service, which offers hands-on compliance management assistance. Talking freely and openly about compliance issues led to some simple but effective improvements at Veritas Legal: (l to r) Alysha Tyree, George Bazouni, Ramy Qutami, Laurice Elten, Toufic Bazouni, and Lauren O’Brien.
Professional standards

The 2009/10 financial year has been one of considerable activity for our Professional Standards Department, part of the regulatory arm of the Law Society.

During this period of debate on national reform, complaints opened about solicitors increased by 6% to 680. The number has steadily grown over the past four years. The number of complaints referred by the Legal Services Commissioner increased by 12% and constituted 84% of all complaints. Last year they constituted 79% of all complaints. The proportion of consumer disputes (of complaints referred by the Legal Services Commissioner) dropped this year to 13%. This proportion is falling. Last year they constituted 15% and the year before 19% of total complaints.

The hard work of the team has ensured that complaints closed increased significantly, up 20% to 713. Overall, statistics continue to evidence the very high standards of the profession.

Law Week 2010 exceeds expectations

Law Week 2010 was a fantastic success. Held nationally, Law Week succeeded in informing the general public about how the legal system works and increasing general understanding about the courts, access to justice and legal aid. In NSW, Law Week 2010 included a Legal Expo in Martin Place, legal talks and events across the state, and a Walk for Justice in which some 300 members of the profession participated to raise funds for the Public Interest Law Clearing House.

Working with the Law Council of Australia

The Law Society of New South Wales remains committed to maintaining dialogue at a national level about issues affecting the profession. In doing so, the Society has been a highly effective voice for the state’s lawyers on national reform, mostly via the Law Council of Australia. The Law Society is the largest law society in Australia, with its 22,000 members comprising the bulk of lawyers in Australia.

Lobbying the NSW Government

This year has been an extraordinary year in terms of the Law Society submissions made to the NSW Government. This was part of concerted lobbying campaigns by the Society aimed at maintaining the right balance in our judicial system.

“The Law Society of New South Wales remains committed to maintaining dialogue at a national level about issues affecting the profession.”


Our commitment to maintaining currency

A very important condition of holding a practising certificate in NSW is that lawyers attend regular continuing education, and many programs to help fulfil this requirement are conducted by the Law Society through NSW Young Lawyers as part of the Society’s ongoing commitment to furthering the education and competencies of the state’s lawyers. CLE is a core component of the Law Society’s service to members and the profession, and I am very pleased that we could deliver a quality set of courses during the past year.

The Law Society has also worked to strengthen continuing legal education resources targeted to the growing government and corporate lawyers sector.

Adding value – the Specialist Accreditation Program

More than 65 solicitors successfully gained Law Society of NSW specialist accreditation in 2009 and 90 have applied for the 2010 program. The aim of the program is to ensure recognition in the community of lawyers’ specialist skills. In 2010, accreditation was offered for the first time in dispute resolution. This year, accreditation was offered in the following areas: dispute resolution, employment and industrial law, immigration law, local government and planning law and personal injury. The ongoing popularity of Specialist Accreditation courses is a reflection of their value to practitioners and the community at large.
Splendid effort in the regions

From the Blue Mountains to Broken Hill, regional law societies across NSW continued to play active roles in their communities in 2009/10. This was particularly the case during Law Week 2010, when many regional societies put in splendid efforts to make it a great success across the regions. The Law Society of NSW has also been working hard to ensure there are enough lawyers in regional areas, following a survey that showed there was a dearth of lawyers outside metropolitan NSW.

Strong arm of the Bail Reform Alliance

The Society has played an important role in the debate about how bail laws should be applied. The NSW Government is of the belief that bail should be used sparingly by judges in order to protect the community from those who might re-offend while on bail. However, the Bail Reform Alliances has been lobbying hard to restore the presumption in favour of bail. We believe that the government’s changes have led to a removal of an accused person’s right to the presumption of innocence. The Alliance includes the NSW Law Society, NSW Young Lawyers, the Public Service Association, the NSW Council for Civil Liberties and the NSW Welfare Rights Centre.

The number of prisoners on remand has increased to more than 20% of the jail population (now around 10,200) following the changes. But there is still insufficient evidence to prove that such high numbers reduce the crime rate.

Thanks to the Law Society team – councillors, staff and CEO

Finally, I would like to thank the team of experts who have stood behind me throughout the year, including councillors and Law Society staff. Without their commitment and dedication to the profession the Law Society would not have achieved all that it did in 2009/10.

Ethics and education

A seminar arranged by the Law Society’s Corporate Lawyers Committee drew together in-house counsel to consider ethical and communications issues to help them understand the issues involved in responding to corporate crises: presenters were (l to r) Alexandra Rose, chair of the Law Society Corporate Lawyers Committee, Mallesons partner Ashley Black, PricewaterhouseCoopers partner Rob Ward, Credit Suisse chairman John O’Sullivan and AMP general counsel Brian Salter.

Law Week goes national

Law Week was held around Australia in May 2010, including a simultaneous Walk for Justice in Sydney, Melbourne, Brisbane and Adelaide. In Martin Place representatives from some 30 law-related organisations mounted booths to provide advice to members of the public.

Outstanding pro bono effort

For his outstanding commitment to pro bono, Oleh Suchowersky was awarded the Law Society President’s Justice Award in 2009. Since signing up for the Law Society’s pro bono list, Mr Suchowersky had at the time taken on 10 cases, and refused none, practising the law of Australia’s unwritten Constitution: helping the underdog.
The 2009/10 reporting year was punctuated by important work to secure the future of the legal profession within an increasingly complex Australian economic and policy environment. As the impact of the global financial crisis peaked through this period, ensuring the viability and sustainability of practice presented a significant challenge. The critical task for the Law Society of New South Wales is to achieve balance in the reform imperatives of achieving a single Australian legal services market, with the delivery of relevant and practical support to solicitors.

The profession continues to grow at a rapid pace, with the total number of practitioners being 23,000 at the conclusion of the reporting year. Some 92.7% of these practitioners are Law Society members, which underscores the significant responsibility which the Society has to be effective in all that it does.

The Law Society group, which includes both the LawCover companies and the College of Law, again finished the financial year in good shape. The consolidated entity recorded a surplus after tax of $27.9 million, which was largely the result of LawCover insurance and the Solicitors Mutual Indemnity Fund posting surpluses of $9.5 million and $15.4 million respectively.

The Law Society of New South Wales itself also achieved its financial objectives for the period, resulting in a surplus of just over $3 million. The company, in line with its current three-year business plan, achieved a surplus of $11,077 before investment and interest income. Although the Law Society continues to operate a conservative investment policy, the uplift in the equity markets by some 30% at the reporting date from their February 2009 lows resulted in the company posting a positive investment result of just under $3 million.

With practising certificates issued increasing by 3.2% and membership take-up again remaining at high levels, the Society continues to maintain a solid financial base from which it can serve the profession in the period going forward. The Society also continues work to diversify its revenue streams to ensure that membership fees are kept at low levels and represent high value. Further information on both the company and the group’s financial results can be found in the Treasurer’s Report and concise financial statements located at the rear of the annual report.

Towards a national profession

In many aspects, the past year for the Law Society was defined by the National Legal Profession Reform Project initiated by the Council of Australian Governments. This significant reform milestone is intended to produce a uniform and simplified framework for the regulation of the legal profession. The Law Society has worked assiduously through the
The Law Society of New South Wales has been a key participant in, and supporter of, the development of the first national conduct rules for solicitors.

**Legal policy and advocacy**

The breadth of policy the Law Society has dealt with over the past year is only matched by the diversity of the profession itself, and it is this diversity, along with the knowledge and commitment of members of its committees, that enables the Society to quickly and comprehensively respond to requests for comment on draft legislation, often at short notice.

A signal example of this work involved the Court of Appeal decision in *Boyce v McIntyre*, which some interpreted as excluding GST in a cost assessment. After representations from the Law Society, the *Legal Profession Act 2004* was amended and section 302B inserted. The Act now provides that GST payable for legal services is to be taken into account in determining legal costs that are payable in relation to the provision of those services.

Once more the Law Society’s commitment to human rights is demonstrated by providing a
submission to the National Human Rights Consultation. Once the report was released the Law Society strongly endorsed the recommendations, and particularly supported that the first priority of government action in this area should be education of the community about fundamental rights and that a federal Human Rights Act should be enacted.

In dealing with appearances by the profession, the Law Society protested against the Liquor and Registered Clubs Legislation Amendment Bill 2009, as it removed the right of parties to be legally represented at a conference held by the Director-General to adjudicate a dispute. The submission stated to deny the right of legal representation in such circumstances is tantamount to a denial of procedural fairness, and the right to be heard implies that the party is to be given the opportunity to present his/her case adequately and fairly.

The Law Society continues to provide valuable input and comment to the National Electronic Conveyancing System as it works towards national harmonisation of property law and processes.

**Improving facilities**

Over the past year, in keeping with its charter to be a prudent steward of members’ assets, the Law Society has commenced work to refurbish its premises at 170 Phillip Street due to both compliance and contemporary service imperatives. The Law Society 2007–2010 Business Plan included a requirement that a review of the options for the future location and configuration of the Society’s premises would be conducted. Following a comprehensive review, which took into account the interests and service needs of the members and the comparative costs of retaining and refurbishing our existing premises relative to location, it became clear that the most economically sound approach was to retain and refurbish the building.

The work on the new premises commenced in March 2010 and is proceeding in a staged process, which ensures there will be minimal disruption to services to practitioners and to the business of the Law Society during the renovation period. That being said, management is grateful for the patience of all those affected by the temporary changes, and particularly to the staff, who have adapted well to the interim arrangements.

The architectural design aims to bring a stimulating and fresh environment to an established institution by modernising the premises to meet contemporary building and business standards. The co-location of our interface services and functions to concurrent floors will allow a more integrated interaction with solicitors, visitors and the public. There will be significant improvements to the Society’s facilities and services, including the library, restaurant and dedicated meeting rooms, creating a collaborative hub for solicitors. Further enhancements will comprise upgraded visiting solicitors rooms, more meeting rooms and dedicated training room facilities appropriately equipped to meet changing technology. One of the program objectives is also to incorporate environmentally sustainable design principles wherever practical, as well as aiming to pursue a formal NABERS Energy rating.

This major project will enhance the quality of the interaction which members, as well as the profession generally, have with the Law Society. It forms part of a broader program of maximising the effectiveness of resources to respond to the needs of the contemporary profession. In part, this relates to maximising the effectiveness of our communication and online platform capability.

**Services for the modern profession**

A year on from the launch of a new brand, website and key communications mediums, we have focused

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**COMPLAINTS** In 2009/10, 680 complaint files were opened by the Professional Standards Department

<table>
<thead>
<tr>
<th>Year</th>
<th>0</th>
<th>100</th>
<th>200</th>
<th>300</th>
<th>400</th>
<th>500</th>
<th>600</th>
<th>700</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/04</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>588</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>04/05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>610</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>05/06</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>670</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>06/07</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>540</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>07/08</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>584</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>08/09</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>643</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>09/10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>680</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Major Complaint Categories**

<table>
<thead>
<tr>
<th>Category</th>
<th>0</th>
<th>10%</th>
<th>20%</th>
<th>30%</th>
<th>40%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust Account matters</td>
<td>9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-compliance</td>
<td>10%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost Payment Issues</td>
<td>11%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Disputes</td>
<td>11%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication/Service</td>
<td>14%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Conduct</td>
<td>45%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Complaints = 680**
on consolidating these improvements in line with the stated preferences of members, who indicated they wanted the Society to adopt a more contemporary image and communicate more effectively.

The commitment to make better use of electronic mediums continued with the launch of a new-format, modernised, Monday Briefs e-newsletter. In the area of professional development, we will also be making it possible to immediately download and view videos of CLE seminars purchased through the e-Shop, as well as access an online library of past purchases. This will complement the current DVD offering, giving members a choice of formats.

Internally within the Society, departments have been given increased marketing support to assist them to promote their services and ensure members are aware of the resources available to assist them. As always, these initiatives are grounded in research. In addition to continuing to conduct segment-based, in-depth interviews with solicitors, a survey of the entire membership is planned to ensure our services stay current with the needs of a changing profession.

Our Member Connexions program continues to focus on providing commercial benefits that reflect the professional needs and personal preferences of members. We have launched new partners in the areas of IT and health and wellbeing (MBF and Fitness First), and entered into an alliance with legal consulting firm FMRC to deliver an online legal benchmarking tool – the Legal Business Monitor – to assist small- to medium-sized firms assess and improve profitability of their practices. We have also broadened our affiliations with existing partners in the area of personal finance and insurance, introducing new products for AMP, ING and American Express.

The challenges of providing powerful representation, support and regulation to the profession demands a dynamic and nimble organisation. In the six years that have passed since the introduction of voluntary membership, our success is not being determined by historic or institutionally motivated loyalty, but rather by the effectiveness of the work we undertake. This trend will only increase in the future.

**Leadership and commitment**

Against this backdrop, the past year reflects a substantial work output by councillors, committee members and staff. Importantly, this year also concluded the three-year business plan cycle of the organisation, and all of the strategies and tasks set out in that road map document have been achieved or implemented.

It is in this context appropriate that the crucial contribution made by councillors to the governance, strategy and committee leadership of the Law Society is acknowledged. This is time-consuming voluntary work, and its demands on these practitioners is immense. The many volunteers who serve on the policy and regulatory committees of the Law Society are also fundamental to our work.

It is also appropriate to thank Joe Catanzariti and Mary Macken for the stellar leadership that they have provided to the Society, and through it, to their profession. The demands on presidents in the contemporary environment, and with a 24-hour news cycle, are enormous, and the prodigious output of the two presidents during the reporting year has been greatly appreciated.

The senior staff team at the Law Society have continued to play a very important part in ensuring that the outputs of the organisation deliver for the profession. I therefore would like to thank Charles Cawley, Kenny Tickle, Anne Finet, Magdalena Malota, Claudia Bels and Andrew Wilson for their relentless efforts in supporting the work of the Society during the 2009/2010 reporting period.

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### Areas of Law (Most Common)

<table>
<thead>
<tr>
<th>Area of Law</th>
<th>Complaints Opened</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Law</td>
<td>15</td>
</tr>
<tr>
<td>Workers’ Compensation</td>
<td>16</td>
</tr>
<tr>
<td>Criminal Law</td>
<td>30</td>
</tr>
<tr>
<td>Estate / Wills</td>
<td>33</td>
</tr>
<tr>
<td>Family Law</td>
<td>74</td>
</tr>
<tr>
<td>Property/Conveyancing</td>
<td>86</td>
</tr>
<tr>
<td>Commercial</td>
<td>133</td>
</tr>
</tbody>
</table>

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### Complaints Opened, by Solicitor type

<table>
<thead>
<tr>
<th>Solicitor type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Legal</td>
<td>0.4%</td>
</tr>
<tr>
<td>Government Legal</td>
<td>1%</td>
</tr>
<tr>
<td>Not Practising</td>
<td>1.6%</td>
</tr>
<tr>
<td>Firms Only</td>
<td>3%</td>
</tr>
<tr>
<td>Principal</td>
<td>18.5%</td>
</tr>
<tr>
<td>Non Principal</td>
<td>27.5%</td>
</tr>
<tr>
<td>Sole Principal</td>
<td>48%</td>
</tr>
</tbody>
</table>

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**Annu Al RepoR t 2010**

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**Total Complaints** = 680

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**11**
In another successful year, LawCover increased the Compulsory PII limit of cover from $1.5 million to $2 million per claim, subsidised 2009/10 premiums by 4.5 per cent overall, increased the insurance company’s net assets by $9.53 million to $65.81 million and oversaw an increase in the surplus in the Solicitors’ Mutual Indemnity Fund.

The LawCover Group of Companies (LawCover), consisting of LawCover Pty Limited and LawCover Insurance Pty Limited:
- underwrites compulsory professional indemnity insurance (PII) for solicitors;
- underwrites optional top up insurance in addition to the compulsory layer;
- manages the Solicitors’ Mutual Indemnity Fund (SMIF);
- handles claims and potential claims made against insured solicitors; and
- helps solicitors minimise the risk of claims being made against them.

Compulsory Professional Indemnity Insurance

LawCover Insurance, as an APRA-regulated insurer, continues to build its capital reserves to meet regulatory requirements and to provide a buffer that can be used to soften the impact on the profession of future premium increases. The company held net assets of $65.81 million as at 30 June 2010, up from $56.3 million as at 30 June 2009. Average premiums paid by firms have remained stable since 2004 and the increased capital reserves have allowed LawCover to keep the profession’s overall premiums at the same level in 2010/11 as for the 2009/10 insurance year.

Each firm’s premium is based on a combination of gross fee income, risk profile and, for most, choice of excess. Discounts of up to 25 per cent are available for no-claim bonuses and risk management credits, with further discounts for higher excesses. Loadings are applied for poor claims histories.

Top Up Insurance

LawCover offers Top Up insurance as an optional extension to the compulsory PII policy, with the benefit of LawCover continuing to act on behalf of an insured solicitor if the claim exceeds the compulsory limit, up to the chosen limit of indemnity.

Solicitors’ Mutual Indemnity Fund

SMIF continues to run off the claims liabilities for the coverage years from 1 July 1987 to 30 June 2001. Outstanding claim numbers have reduced from 28 at the end of June 2009 to 17 at the end of June 2010. SMIF finished the year with a surplus in members’ funds of $21.32 million, compared to a surplus of $5.89 million at 30 June 2009.
The significant improvement in SMIF’s financial position was due to further recoveries from the liquidation of HIH ($5.94 million) and the receipt of $9.04 million from American Reinsurance by way of a claims experience discount (CED) negotiated by LawCover for the 2002/03 policy year. The CED was payable as a result of claims being finalised for significantly lower costs than expected by American Reinsurance when it underwrote the 2002/03 policy year.

**Claims Management**

LawCover’s claims management philosophy is based upon:
- the early and proactive identification of the issues and the merits of the claim;
- the early and proactive resolution of those claims that should be resolved; and
- the strong defence of those claims that should be defended.

**NUMBER OF CLAIMS FINALISED**

<table>
<thead>
<tr>
<th>Policy Year</th>
<th>Percentage of finalisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008/09</td>
<td>70%</td>
</tr>
<tr>
<td>2007/08</td>
<td>86%</td>
</tr>
<tr>
<td>2006/07</td>
<td>94%</td>
</tr>
</tbody>
</table>

**Updated notifications**

The claims environment remains stable with only a slight upward trend: 624 notifications have been received for the 2009/10 insurance year as at 30/6/10, compared to 620 for 2008/09 as at 30/6/09, 607 for 2007/08 as at 30/6/08 and 596 for 2006/07 as at 30/06/07.

**Risk Management Services**

LawCover delivers services and advice to assist solicitors in minimising the risks inherent in legal practice. We have updated our complete package of risk management education workshops for principals, solicitors and support staff to present the major claims risk issues pertinent to all firms, and doubled attendances at our annual One Day Claims Prevention programs.

LawCover also provides advice to solicitors, both on the phone and in person, on claims-prone situations, and offers risk management assistance to those firms whose claims history is markedly different to similar sized firms.

LawCover continues to produce the Schedule of Civil Limitation Periods and articles on topical issues in the Law Society Journal.

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**PERCENTAGE OF TOTAL INCURRED CLAIMS COSTS AS AT 30 JUNE 2010**

<table>
<thead>
<tr>
<th>Area of Practice</th>
<th>2009/10</th>
<th>2008/09</th>
<th>2007/08</th>
<th>2006/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Commercial</td>
<td>8</td>
<td>11</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Sale and Purchase of Business</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Conveyancing</td>
<td>22</td>
<td>18</td>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td>Leases</td>
<td>8</td>
<td>5</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Mortgages and Commercial Borrowing</td>
<td>18</td>
<td>28</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>Tort and Workers’ Compensation</td>
<td>6</td>
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<tr>
<td>Out of Time *</td>
<td>8</td>
<td>11</td>
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<td>Other Litigation</td>
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<td>Probate and Wills</td>
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<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

*Percentages are rounded to the nearest complete number

# Percentage is less than 1%

* Includes out of time personal injury and out of time other
** Includes defamation, criminal, revenue and immigration.
2010 was a landmark year for the College with the development of a new constitution to support its newly national and regional framework of operations. It was a year in which business activity outside NSW exceeded 50% of total revenue for the first time, with all five Colleges now market leaders in their home jurisdictions. The year also saw the Master of Applied Law Program surpass its establishment target of 1,000 student enrolments, and the CPE directorate win the College’s first international award, Outstanding Achievement (Best Program) at the annual ACLEA Conference in New York in July.

New constitution

On 7 December 2009, following many years of uncertainty around the education-purpose trusts impressed on the St Leonards property, the College and the Law Society with the support of the Attorney General obtained orders in the Supreme Court of NSW approving an administrative scheme. The scheme clears the way for transmission of the College enterprise into a new corporate entity, a company limited by guarantee with a membership structure involving nominees of the Law Society and other stakeholder groups including alumni. Formal adoption of the new constitution awaits expiry of the last of fifteen Parliamentary sitting days needed to finalise Ministerial Consent to the new arrangements under the Higher Education Support Act 2003 (C’th). As at the time of this report, the expected completion date is 1 October 2010.

Practical legal training (PLT)

Enrolments in practical legal training programs decreased for the first time in a decade reflecting national and international trends associated with the global financial crisis. Total Australian enrolments were 2,496 equivalent full-time student units (EFTSU), a 2.9% decrease from last year. New Zealand enrolments decreased by 6% to 485 EFTSU. The slowing enrolments were mainly noticeable in the longer established programs in NSW (12%) and Queensland (14%). The College Victoria continued to grow strongly during its establishment phase (24%) as did the College Western Australia, now in its second year of full accreditation (43%).

A major achievement for PLT this year was the Resilience@Law initiative, a joint undertaking of the College and five of the large national law firms. Resilience@Law is a program to promote awareness, resources and strategies to support mental health and wellbeing in the legal profession, particularly among young practitioners. The program has been embedded in the College’s PLT curriculum Australia-wide.
Continuing professional education (CPE)
The College's award winning CPE directorate continued to support the learning needs of practitioners through an extensive program of seminars and other professional development activities, delivering more than 28,000 practitioner-hours of training throughout the year. Podcast and other online offerings grew significantly, now representing around 25% of all College CPE activities.
The Centre for Best Practice, which conducts training in business and quality management, was integrated into the CPE directorate with expanded terms of reference to enhance its role as a forum and resource centre promoting practical research into the dynamics of legal practice.

Applied Law Programs (ALP)
The ALP directorate achieved all establishment phase targets, transitioning to ordinary operations as an independent business unit with 651 subject enrolments from 471 students in the year. Since inception, there have been 1,166 student enrollees in 1,608 subjects.
There are now four Masters level programs accredited, namely Family Law, Commercial Litigation, Wills and Estates and In-House Practice, the last conducted in collaboration with the Australian Corporate Lawyers Association.

Regulatory change
Major regulatory change in both the legal profession and the higher education sector continued to influence the College's operations and planning during 2009/10. Initiatives with implications for the future included COAG's National Legal Profession Reform project and work by the Law Admissions Consultative Committee toward a new national PLT prescription.
In New Zealand, a long-awaited review of the tertiary education sector commenced, expected to address current differential regulation of the College and its local competitor. In the Australian higher education sector, work continued to implement recommendations of the Bradley Committee Report and to establish the Tertiary Education Quality & Standards Agency (TEQSA). Associated reforms have created an opportunity for the College to apply for accreditation as a Self Accrediting Institution (SAI), a project being advanced in parallel with the new constitution.

Current financial outcomes
Annual accounts published with this report show a break-even outcome. There was a small trading loss, offset by year-end adjustments for tax credits to record a small overall surplus. The College has done well to manage this result in a challenging business environment. Negotiations with the National Tertiary Education Union (NTEU) toward a new three-year Enterprise Agreement were ongoing for most of the year, but appear now close to finalisation.

Conclusion
On behalf of members, I thank College chair, Joe Catanzariti, and the chairs of the four subsidiary Colleges – Ian Haynes (NZ), Bill O'Shea (Vic), Glenn Ferguson (Qld) and Alison Gaines (WA) – and directors on all five boards for their efforts in the College cause this year. Thanks are also due to the College's hard-working staff and the many scores of practitioners throughout Australia and New Zealand who have assisted in our various programs.

Outstanding achievement
The College of Law won the Award for Outstanding Achievement (Best Program) from the International Association for Continuing Legal Education in 2010: Donna Read (left) and Una Doyle (centre) were part of the team who put together the award-winning Judges Series 2010 program, which involved lectures by eminent judges addressing key areas of court practice; Michelle Gavri (right) is a new member of the team. Other team members not pictured are Robyn Berenger and Dina Ziskin.
The year under review has seen great change in the operations and growth in the size of NSW Young Lawyers (NSWYL). There has been broad reform of the organisation’s structures, greater engagement with more members, and a refocusing of attention on the tenets on which the organisation is based – service, education and support.

The structure of the Executive Council of NSWYL has been changed to make it more effective in performing a leadership role in the organisation, and we have also changed internal processes on information sharing, finances and policy formulation.

A highlight of the year, in terms of reaching out to the membership, has been the “Creating Networks” initiative, which seeks to set up and maintain support networks for young regional practitioners. By linking the networks to our committees, we are able to provide services to young regional lawyers directly. Another highlight has been the creation early in 2010 of a forum to encourage law student societies to engage with NSWYL through the exchange of ideas and joint programs for the benefit of our law student members. We have also succeeded in strengthening our relationship with other young professional organisations, which indirectly benefits our members.

Efforts at reform will continue in the years ahead. At our Annual Assembly in November, we will launch long-range plans which will focus on ensuring growth in active membership and enhancement of our many services.

Committees

NSWYL now has thirteen practice committees and three working committees, which engage in a wide array of activities, including publishing, policy development, education, and engaging our membership. Our success is, in large part, a result of the efforts of committee members. This has been one of the most active years in the recent history of the organisation, with the committees releasing a number of major publications, holding many events and making numerous submissions on policy and legal matters. The committees have benefited from our internal reforms and new information-sharing initiatives, such as the creation of our Chairs Handbook and other internal publications.
Publications and Education

During the period under review, NSWYL has built on its reputation as a publisher of practical legal materials for both members of the profession and the wider community. The International Law Committee’s publication, *A Practitioner’s Guide to International Law*, launched in February 2010 by the Chief Justice of Australia, is the first of its kind in Australia. The third edition of the Civil Litigation Committee’s *A Practitioner’s Guide to Civil Litigation*, one of our flagship publications, was also launched during the period and was immediately greeted with much acclaim. Another first was the Criminal Law Committee’s “Know Your Rights Card”, which was launched by the NSW Director of Public Prosecutions. Toward the end of the period under review, the Animal Law Committee was well under way in preparation of its *Animal Law Guide*, which will be a welcome edition to the literature on an important subject matter. Career booklets for members were published by the Criminal Law, Public Law and Government and Human Rights Committees.

NSWYL also provides a comprehensive and diverse continuing legal education program sustained by the contributions of our committees and the high calibre of the experts invited to speak. During 2009/10, over 85 CLE seminars were held, and thousands of members of the profession attended.

This year NSWYL also started work on a civics campaign aimed at educating school children about the central principles of social justice, access to justice, the rule of law and fairness. We are looking forward to holding our first Justice Conference in November 2010.

Law Reform and Policy

One of the most important aspects of the work of NSWYL is its advocacy on various aspects of law and policy reform. In the year in review, NSWYL’s committees have made dozens of submissions on a variety of subjects across most of our committees’ areas of law and policy, including human rights, criminal law and environmental law. Moreover, our members’ views continue to be sought by parliamentary enquiries and law reform bodies. Through the media and its involvement in other bodies, NSWYL has also been deeply involved in addressing the important issues of mental health in the profession and our members’ concerns about practice.

International focus

Helping relieve the daunting task of marshalling information… some of the members of NSW Young Lawyers who contributed to *A Practitioner’s Guide to International Law*: (l to r) Diane Barker, Natalie Johnston, Amy Ward and Stephen Tully.
The objective of the Law Society’s governance framework is an efficient Council that is forward thinking and outcome driven in leading the profession, representing its members and addressing the public interest. This framework:

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

The Council

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

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

Councillors in office at the date of this Annual Report and his or her attendance at monthly meetings in the 2009-2010 financial year are as follows:

- M. Macken (President) (10 of 10);
- S. Westgarth (Senior Vice President) (10 of 10);
- J. Dowd (Junior Vice President) (8 of 10);
- J. Dobson (Treasurer) (10 of 10);
- J. Catanzariti (Immediate Past President) (8 of 10);
- M. Bateman (9 of 10);
- R. Bryden (7 of 8);
- G. Daley (10 of 10);
- J. Eades (9 of 10);
- R. Everett (7 of 10);
- D. Humphreys (8 of 10);
- L. Jardim (7 of 10);
- Z. Kekeff (8 of 8);
- C. Kenny (8 of 8);
- A. McMurrar (8 of 8);
- A. Rose (10 of 10);
- T. Stern (9 of 10);
- A. Sullivan (8 of 10);
- P. Suttor (9 of 10);
- P. Waters (9 of 10);
- D. Willcox (6 of 10); and
- P. Wright (9 of 10).

Councillors who retired during the 2009-2010 year and meetings attended were:

- T. Abbott (2 of 2);
- H. Macken (4 of 4);
- S. McGowan (2 of 2); and
- S. Roulstone (0 of 2).
The primary responsibilities of the Council are to:

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

**Finance Committee**

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

- Councillors J. Dobson (Chair); R. Bryden and J. Dowd;
- C. Cawley (Secretary);
- M. Tidball (Chief Executive Officer); and
- K. Tickle (Chief Financial Officer).

The primary responsibilities of the Finance Committee are to:

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

**Audit Committee**

The Council’s Audit Committee is convened annually. Its membership comprises the Treasurer and no less than two and no more than four other Councillors selected by the President. Current members are Councillors J. Dowd (Chair), R. Bryden, J. Dobson and S. Westgarth. Meetings are held quarterly but more frequently if considered necessary. A special meeting is always convened, generally in late August, to discuss the annual financial statements.

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

**Risk Management**

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

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

**Code of Conduct**

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

- to put the interests of the Society’s members ahead of personal or sectional interests;
- to act with integrity;
- to respect the confidentiality of Council business;
- to adhere diligently to the Society’s mission and the Council’s role;
- to avoid conflicts of interest as prescribed in the Manual for Councillors;
- to respect the values inherent in the Council’s statement of ethics for solicitors; and
- to meet statutory requirements.
Mary Macken
President
Chair of Environmental Planning and Development Law, and Property Law Committees.

Joe Catanzariti
Immediate Past President
Chair of Employment Law Committee; Chair of College of Law Board; Member of Specialist Accreditation Board; Member, Law Council of Australia Executive.

Margaret Bateman
Co-Chair of Government Solicitors, and Medico-Legal Liaison Committees.

Robert Bryden
Co-Chair of Medico-Legal Liaison Committee; Member of Audit and Finance Committees.

Geraldine Daley
Chair of Arbitration Liaison, and Disclosure Committees; Co-Chair of Costs Working Group; Member of Licensing Committee.

Stuart Westgarth
Senior Vice President
Chair of Ethics, and Litigation Law and Practice Committees; Member of Audit Committee; Director of Law Council of Australia.

John Eades
Chair of Fidelity Fund Management Committee; Co-Chair of Family Issues Committee; Member of Rural Issues Committee; Director of LawCover.

Roslyn Everett
Co-Chair of Juvenile Justice Committee; Co-Chair of Licensing Committee; Member of Family Issues, and Injury Compensation Committees.

Doug Humphreys
Co-Chair of Government Solicitors, and Licensing Committees; Member of Professional Conduct Committee; Chair of Specialist Accreditation Board.

Louise Jardim
Member of Criminal Law, Disclosure, and Professional Conduct Committees.

Zora Kekeff
Member of Disclosure, Family Issues, and Fidelity Fund Committees.
Justin Dowd  
Junior Vice President
Chair of Audit and Finance Committees, and Professional Conduct Sub-Committee; Co-chair of Family Issues Committee; Member of Audit Committee.

Coralie Kenny
Chair of OSR-Law Society Liaison Committee; Member of Corporate Solicitors, Ethics, and Professional Conduct Committees.

Alana MCMurran
Co-Chair of Costs Working Group; Member of Litigation Law and Practice, and Professional Conduct Committees.

Anna Sullivan
Chair of Dispute Resolution Committee; Member of Litigation Law and Practice Committee.

Terry Stern
Chair of Injury Compensation Committee; Member of Costs Working Group and Ethics, and Litigation Law and Practice Committees.

Justin Dowd
Junior Vice President
Chair of Audit and Finance Committees, and Professional Conduct Sub-Committee; Co-chair of Family Issues Committee; Member of Audit Committee.

John Dobson
Treasurer
Chair of Finance, Legal Technology, and Professional Conduct Committees; Member of Audit Committee and Costs Working Group; Member of College of Law Board.

Coralie Kenny
Chair of OSR-Law Society Liaison Committee; Member of Corporate Solicitors, Ethics, and Professional Conduct Committees.

Pamela Sutter
Chair of Elder Law and Succession Committee; Member of Fidelity Fund Management Committee.

Penelope Waters
Chair of Rural Issues Committee; Member of Ethics Committee.

Alexandra Rose
Chair of Business Law, and Corporate Solicitors Committees; Director of Law Cover.

Deborah Wilcox
Chair of Human Rights Committee; Member of Government Solicitors Committee.

Pauline Wright
Chair of Criminal Law Committee; Member of Environmental Planning and Development Law Committee.
In addition to submissions on various reform proposals for the Legal Profession Act and Regulations, the Law Society developed some 100 submissions to government, government agencies and the courts in 2008/09, making a significant contribution to the development of the law in New South Wales and Australia.

Business Law
- Directors and officers liability insurance cover
- ATO notices in favour of the Commissioner which create a statutory charge similar to a garnishee order

Costs Working Group
- Legal costs aspects of the National Legal Profession Reform

Criminal Law
- Crimes Amendment (Working With Children – Criminal History) Bill 2009
- Spent convictions for juvenile offenders
- NSW Law Reform Commission Inquiry into Family Violence
- Model Uniform Evidence Bill
- Qualification periods under the Road Transport (General) Act 2005

Dispute Resolution
- Draft Uniform Commercial Arbitration Bills

Elder Law & Succession
- Guardianship Regulations 2010
- Older people and the law inquiry
- Section 93(t)(b) of the Succession Act 2006
- Substitute decision-making for people lacking capacity
- Review of the Powers of Attorney Act 2003

Environmental Planning and Development
- NSW Planning Reforms
- Heritage Amendment Act 2009
- Draft Guidelines for Assessment of Development Applications under Part 4 of the Environmental Planning and Assessment Act 1979
- Implementation of changes to section 149 planning certificates

Family Law
- Submission in support of the Semple Report recommendations
- Appointment of additional Family Court Judge to the Sydney Registry
- Uniformity of registry practices
- Changes to applications for grants in care matters

Employment Law
- Cashing out of annual leave under Fair Work Act 2009
- Submissions to Fair Work Australia in relation to several issues including:
  - Out of time applications
  - Mediation
  - Legal representation
  - Final listing
  - Providing a practice note for greater clarity in relation to the situations in which orders requiring production of documents would be issued in unfair dismissal proceedings
  - Right to legal representation in proceedings before Fair Work Australia
- Model Act for Occupational Health and Safety

Human Rights
- National human rights consultation
- National security legislation review
- National Security Legislation Amendment Bill 2010
- Torture allegations and Australia’s intelligence and security operations
- National Security and Legislation Monitor Bill 2009
- Dual regulation of migration lawyers
- Suspension of processing of Sri Lankan and Afghan asylum seekers
- Northern Territory Emergency Response legislation package
- Public interest and the rule of law discussion paper
- Mental health inquiries
- The nine-year detention of Ms X

**Injury Compensation**
- WorkCover Scheme agents’ review of whole-person impairment assessments
- Claims for work injury damages in respect of psychiatric injury received before 1 January 2002
- Legal Costs Schedule 6 and 7, Workers Compensation Regulation 2003
- MAA proposed publication of Claims Assessment and Resolution Service decisions
- MAA proposal amendments to claims assessment guidelines
- Complex cases in the Claims Assessment and Resolution Service
- MAA form section 85A statement of particulars
- WorkCover fact sheets for injured workers
- Motor accidents costs – 2010 CPI increase

**Juvenile Justice**
- High level of involvement of Indigenous juveniles and young adults in the criminal justice system

**Litigation Law & Practice**
- Amendment to UCPR 7.4 (representation of concurrent interests)
- Court Information Bill 2009/2010, in particular special access regime for media organisations
- Proposed amendments to Civil Liability Rules
- Harmonisation of suppression orders
- Access to personal information
- Support for solicitor’s fees being revised annually in line with the CPI
- Strategic framework for access to justice
- Pre-action protocols and alternative dispute resolution
- Draft Australian Solicitors Conduct Rules
- Importance of leadership role for NSW in national legal profession reform

**Property Law**
- Trade Practices Amendment (Australian Consumer Law) Bill 2009
- Section 92B of the Home Building Act 1989
- Real Property Amendment (Land Transactions) Bill 2009
- Retirement Villages Regulation 2009
- Residential Tenancies Bill 2009
- Mining and Petroleum Legislation Amendment (Land Access) Bill 2010
- Conveyancing (Sale of Land) Regulation 2005
- Coastal Protection and Other Legislation Amendment Bill 2010
- State Revenue Legislation Amendment Bill 2010
- Draft guidelines for Assessment of Development Applications under Par 4 of the Environmental Planning and Assessment Act 1979
- Treasury consultation paper on review of the margin scheme
- LPMA consultation paper on confirmation of identity
- Review of the section 149 planning certificate process
- Re-write of the Home Building Act 1989
- Australian Consumer Law – a Guide to Unfair Contracts
The Law Society of New South Wales Council has adopted a three-year business plan to direct the organisation’s servicing, leadership and representation of the profession.

**OBJECTIVE 1:** Provide high value membership through dynamic support and services to members

**Strategy 1:** Deliver relevant and highly-valued services for members

**Tasks:**
1. Enhance the relevance of our member communications and take-up of our services through the further development of targeted strategies focusing on the specific needs of the legal profession’s key segments.
2. Regularly survey practitioners to inform the development of member services and monitor member satisfaction.
3. Develop on-line and electronic tools to further facilitate the interaction between the Law Society and the profession.
4. Develop on-line processes for application for and renewal of practising certificates and membership and monitoring of CPD requirements.
5. Develop and implement an integrated professional development strategy across segments, regions, areas of practice and career stages.
6. Design new methods for delivering more widely accessible CPD using multi-media technology.
7. Enhance member experience by improving facilities, member relations and technology, including through the refurbishment of Law Society premises.
8. Enhance services for sole practitioners and small firms through regular and relevant communications and practice resources including benchmarking tools and low cost access to a dynamic CPD program.
9. Develop a dynamic events schedule for members which facilitates networking and promotes collegiality, thought leadership and sharing of knowledge across the profession and the broader community.
10. Establish and evaluate mentoring programs in key segments and cohorts of the profession.
11. Achieve the alignment of a new professional standards scheme with identical cover throughout the eastern seaboard.
12. Partner with the College of Law where there are opportunities to maximise services to members.
13. Reconfigure and modernise the Law Society’s precedent and electronic subscription service for members.
14. Identify and promote workplace policies which advance flexibility and diversity throughout the profession, including policies which deal with any impediments or disincentives to the advancement of women to senior positions in the profession.

**Strategy 2:** Strengthen and expand personal support services

**Tasks:**
1. Establish a member assistance program to provide triage and referral for personal support services.
2. Further develop the roll-out of mental health, depression and financial information training seminars throughout metropolitan and regional NSW.
3. Implement an integrated and appropriately funded practitioner support system to ensure effective and efficient coordination of services such as the Lawyers Assistance Program, Law Care and the Member Assistance Program.

**OBJECTIVE 2:** Promote the rule of law and access to justice and advocate effectively on behalf of the profession

**Strategy 1:** Actively participate in the formulation of legal policy and law reform proposals

**Tasks:**
1. Develop a strategic legal policy agenda for the Law Society as a pre-eminent legal thought leader.
2. Empower members to help shape legislation and legal policy across all areas of practice through a dynamic and well-resourced Committee process.
3. Monitor Parliamentary and political cycles, including State and Federal Elections and Budgets, to identify opportunities to promote the Law Society’s policy agenda and influence debate on law reform and legal policy issues.

**Strategy 2:** Provide services for the community which improve access to justice

**Tasks:**
1. Provide leadership and coordinate with other stakeholders in the delivery of high-quality pro bono legal services, which complement legal aid availability across NSW.
2 Continue to deliver referral services which recognise the importance of timely access to legal advice for members of the public.
3 Develop capacity for the Law Society to act as a support hub for Sydney as a focal point for commercial arbitration in the Asia Pacific region.

Strategy 3:
Maximise the effectiveness of the Law Council of Australia to respond to the needs of its constituent members

Tasks:
1 Further advance the attainment of a unified Australian legal profession by contributing to and influencing the formulation of the LCA’s national legal policy agenda.
2 Deploy Law Society resources to enable the LCA to undertake national legal policy projects, particularly in areas of importance to the NSW profession.
3 Work with the LCA to identify and extract the maximum benefit from opportunities to promote the interests of the Australian profession in the international legal services market.

OBJECTIVE 3: Deliver efficient and high quality coregulation within a unified Australian legal services market

Strategy 1:
Maximise the ongoing role of the Law Society in regulation during and following implementation of the COAG national legal profession reforms

Tasks:
1 Review proposed COAG national legal profession reforms and, if legislated, work to ensure that they are implemented effectively and efficiently in NSW.
2 Review governance framework to achieve alignment with re-allocated regulatory functions following implementation of the COAG national legal profession reforms.

Strategy 2:
Promote ethics and efficiency in the profession by providing relevant services and compliance tools

Tasks:
1 Provide a continuing program of CPD which addresses the required areas of regulatory compliance (for example, costs, ethics and practice structures).
2 Strengthen and enhance programs and tools to assist sole practitioners and small firms to comply with trust account and other existing and developing regulatory reporting requirements.
3 Enhance understanding of ethical responsibilities by providing advice and assistance through a program of field visits and responses to telephone inquiries.

OBJECTIVE 4: Maintain and build financial strength to secure long term sustainability and service excellence

Strategy 1:
Secure and maintain the Law Society’s financial strength

Tasks:
1 Deliver operational break-even budgets whereby investment returns are not absorbed in the recurrent funding of the business.
2 Preserve and build on balance sheet strength through maximisation of investment returns within risk parameters which are prescribed in periodically reviewed investment policies.
3 Complete building refurbishment within agreed budget and time parameters and with minimal disruption to stakeholders and Law Society services.
4 Develop strategies to diversify commercial revenue streams.
5 Provide parent company support and guidance of the LawCover group of companies as the APRA-regulated provider of professional indemnity insurance for the profession.

OBJECTIVE 5: Strengthen the Law Society organisation and capability

Strategy 1:
Harness organisational strength through a culture of open communication, staffing excellence and quality servicing

Tasks:
1 Develop internal communications capability to promote a shared understanding of and commitment to corporate priorities.
2 Foster an integrated and collegiate Law Society staff team through active leadership which develops capacity to the benefit of members.

Strategy 2:
Review and enhance practices to ensure an integrated corporate governance, risk management and organisational compliance framework

Tasks:
1 Review existing practices and implement improvements to the Law Society’s corporate governance and risk management framework to ensure that it promotes the active management of corporate governance and risk in order to assist sustainability and growth.
2 Adjust organisational compliance practices to ensure they are an efficient resource in the comprehensive management of risks.
3 Develop an integrated and compliant system for the collection, accuracy, security and release of data.
It is with pleasure that I present the financial accounts for the year ended 30 June 2010. Each of the entities within the Law Society group has again performed strongly throughout 2010, with the Society itself and all of its subsidiaries reporting solid operating results.

We continue to increase our focus on cost management while at the same time ensuring that the group maintains the balance sheet strength required to continue serving the profession effectively well into the future.

Tables showing a breakdown by entity of both the consolidated surplus after tax and the net asset position for the 2010 and 2009 financial years are included to the right.

The Law Society of New South Wales reported a surplus of $3.0 million for the financial period. Despite the relatively conservative nature of the Society’s investment portfolio, the performance of equity markets following the low points seen in early 2009 has been the significant factor in reversing the prior year deficit of $1.5 million.

LawCover Insurance continues to build its capital strength with another strong underwriting result, and further recoveries received from the liquidation of HIH in addition to the receipt of $9.0 million from American Reinsurance Company following a claims experience discount relating to the 2002/2003 policy year has seen the Solicitors’ Mutual Indemnity Fund contribute the majority of the group’s net surplus for the period.

Further information relating to the performance of the group can be found in both the financial commentary section of the concise report and the CEO reports of both the LawCover group of companies and the College of Law.

For members interested in a more detailed breakdown of the Law Society’s financial position, please refer to the full financial report which is available on request or on our website.
### Consolidated Surplus after Tax

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<td>College of Law Pty Limited</td>
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<td>Surplus after tax</td>
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<td>Eliminations</td>
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<tr>
<td>Consolidated surplus after tax</td>
<td>27,899,168</td>
<td>14,333,817</td>
</tr>
</tbody>
</table>

### Consolidated Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>The Law Society of New South Wales</td>
<td>51,709,073</td>
<td>52,679,494</td>
</tr>
<tr>
<td>LawCover Pty Limited</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>LawCover Plus Pty Limited</td>
<td>1,719,021</td>
<td>1,792,482</td>
</tr>
<tr>
<td>LawCover Insurance Pty Limited</td>
<td>65,810,329</td>
<td>56,282,060</td>
</tr>
<tr>
<td>Solicitors’ Mutual Indemnity Fund</td>
<td>21,324,511</td>
<td>5,888,327</td>
</tr>
<tr>
<td>College of Law Pty Limited</td>
<td>27,396,470</td>
<td>27,376,624</td>
</tr>
<tr>
<td>Net assets before eliminations</td>
<td>167,959,406</td>
<td>144,018,989</td>
</tr>
<tr>
<td>Eliminations</td>
<td>(6,744,419)</td>
<td>(6,744,419)</td>
</tr>
<tr>
<td>Net assets after eliminations</td>
<td>161,214,987</td>
<td>137,274,570</td>
</tr>
</tbody>
</table>
Financial year ended 30 June 2010

CONCISE FINANCIAL REPORT
The concise financial report is an extract from the full financial report for the year ended 30 June 2010. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

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

The full financial report and the auditor’s report will be sent to members on request, free of charge. Alternatively, members can access both the full financial report and the concise report via the internet on The Law Society of New South Wales’ website: www.lawsociety.com.au.
COUNCILLORS’ REPORT

The Council present their report on the consolidated entity (hereafter referred to as the group) consisting of The Law Society of New South Wales (the company) and the entities it controlled at the end of, or during, the year ended 30 June 2010.

Councillors

The members of the Council in office during or since the end of the financial year were:

- Timothy James Abbott
- Margaret Anne Bateman
- Robert Stanley Bryden
- Joseph John Catanzariti
- Geraldine Anne Daley
- John Clarence Dobson
- Justin Joseph Dowd
- John Francis Eades
- Roslyn Elizabeth Everett
- Douglas John Humphreys
- Louise Anne Jardim
- Zora Kekeff
- Coralie Suzanne Kenny
- Hugh Ignatius Macken
- Mary Josephine Esther Macken
- Susan McGowan
- Alan Malcolm McMurrann
- Alexandra Elizabeth Rose
- Scott John Roulstone
- Terence Leland Stern
- Anne Caroline Sullivan
- Pamela Gaibrielle Sutor
- Penelope Jane Waters
- Stuart David Westgarth
- Deborah Lee Willcox
- Pauline Jennifer Wright

All members of the Council are practising solicitors of the Supreme Court of New South Wales.

During the year, the following Councillors were elected, re-elected or appointed to Council: Mr R Bryden (elected 22.10.09); Mr J C Dobson (re-elected 22.10.09); Mr J J Dowd (re-elected 22.10.09); Ms L A Jardim (appointed 22.10.09); Ms Z Kekeff (elected 22.10.09); Ms C S Kenny (elected 22.10.09); Mr A M McMurrann (elected 22.10.09); Ms D L Willcox (re-elected 22.10.09).

During the year, the following Councillors retired from Council: Mr T J Abbott (retired 22.10.09); Mr H I Macken (retired 31.12.09); Ms S McGowan (retired 22.10.09); Mr S J Roulstone (retired 22.10.09).

The company secretary of The Law Society of New South Wales is Mr C Cawley.

Council meetings

A table setting out the number of Council meetings held during the financial year and the number of meetings attended by each Councillor is included in the corporate governance statement.

Principal activities

The Law Society of New South Wales is the professional association for solicitors in NSW, and fulfils both a regulatory and representative function on behalf of the profession. The Law Society is also the parent company of the LawCover group of companies, which provide professional indemnity insurance to legal firms, and the College of Law, which is the academy of the practising legal profession and a provider of practical legal training. During the course of the year there was no significant change in the nature of these activities.

Review of operations

The result of group operations for the year was a surplus of $27,899,168 (2009: $14,333,817). The company’s constitution prohibits the distribution of dividends to its members.

Change in state of affairs

During the financial year there was no significant change in the state of affairs of the group other than that referred to in the financial statements or notes thereto.
Subsequent events
Subsequent to 30 June 2010, the Solicitors’ Mutual Indemnity Fund received $5,150,730 (5 cents in the dollar) from the HIH Liquidator and $11,660,818 from Great Lakes Reinsurance UK PLC. Great Lakes Reinsurance UK PLC was the approved insurer for the scheme for the year ended 30 June 2004. Part of this arrangement was that if premiums received for that year exceeded an agreed amount of claims incurred, an amount would be refunded.

Further HIH recoveries may become available as the HIH Liquidator has indicated a total distribution of up to 35 cents in the dollar in media reports.

Other than the above event, there has not arisen in the interval between the end of the financial year and the date of this report any item, event or transaction of a material or unusual nature likely, in the opinion of the Councillors, to affect significantly the operations of the group, the results of those operations or the state of affairs of the group in future financial years.

Future developments
The Councillors adopted a series of resolutions in June 2009 that authorised the transfer of all assets and liabilities of the College of Law Pty Ltd to a newly created company, TCOL Ltd. These resolutions were confirmed by orders made in the Supreme Court of NSW on 7 December 2009. At the time of preparing this report, the scheduled date for the transfer is 1 October 2010, however there exists a possibility that this may be delayed. As TCOL Ltd is not a controlled entity of The Law Society of New South Wales, the current assets and liabilities of the College of Law Pty Ltd will cease to be a part of the consolidated group from the transfer date.

Indemnification of officers and auditors
During the financial year, the company paid a premium in respect of a contract insuring the Councillors of the company (as named above) and all executive officers of the company against a liability incurred as such a Councillor or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company against a liability incurred as such an officer or auditor.

Auditor’s independence declaration
A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 32.

This report is made in accordance with a resolution of the Council.

On behalf of the Council

M Macken
Councillor

S Westgarth
Councillor

Sydney, 3 September 2010
As lead auditor for the audit of The Law Society of New South Wales for the year ended 30 June 2010, I declare that, to
the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
and
(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Law Society of New South Wales and the entities it controlled during the period.

RD Deutsch
Partner
PricewaterhouseCoopers

Sydney
3 September 2010
## CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>Consolidated 2010</th>
<th>Consolidated 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Revenue</td>
<td>3 165,642,852</td>
<td>155,543,617</td>
</tr>
<tr>
<td>Investment revenue</td>
<td>15,693,695</td>
<td>18,560,693</td>
</tr>
<tr>
<td>Other income</td>
<td>8,607,140</td>
<td>7,917,846</td>
</tr>
<tr>
<td>Consumables used</td>
<td>(1,531,267)</td>
<td>(1,559,434)</td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>(33,248,399)</td>
<td>(32,473,271)</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>(3,223,121)</td>
<td>(2,361,642)</td>
</tr>
<tr>
<td>Law Council capitation fees</td>
<td>(2,139,856)</td>
<td>(2,000,377)</td>
</tr>
<tr>
<td>Outwards reinsurance premium expense</td>
<td>(40,934,644)</td>
<td>(35,602,843)</td>
</tr>
<tr>
<td>Claims expense</td>
<td>(55,619,745)</td>
<td>(66,442,560)</td>
</tr>
<tr>
<td>Consulting and professional fees expense</td>
<td>(6,052,474)</td>
<td>(6,448,851)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(15,234,418)</td>
<td>(14,258,231)</td>
</tr>
</tbody>
</table>

Profit before income tax                      31,959,763      20,874,947
Income tax expense                            (4,060,595)      (6,541,130)

Profit for the year                           27,899,168      14,333,817

Profit is attributable to:
Members of The Law Society of New South Wales 27,935,241      14,313,456
Non-controlling interest                     (36,073)      20,361

27,899,168      14,333,817

The above income statement should be read in conjunction with the accompanying notes.
### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
#### FOR THE YEAR ENDED 30 JUNE 2010

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>27,899,168</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
</tr>
<tr>
<td>Loss on revaluation of land and buildings</td>
<td>(3,972,400)</td>
</tr>
<tr>
<td>Exchange differences arising on translation of foreign operations</td>
<td>13,649</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>23,940,417</td>
</tr>
</tbody>
</table>

Total comprehensive income for the year is attributable to:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members of The Law Society of New South Wales</td>
<td>23,976,490</td>
<td>14,305,637</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>(36,073)</td>
<td>20,361</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>23,940,417</td>
<td>14,325,998</td>
</tr>
</tbody>
</table>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.
## CONSOLIDATED BALANCE SHEET
### AS AT 30 JUNE 2010

<table>
<thead>
<tr>
<th>Current assets</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>33,481,995</td>
<td>32,505,737</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>36,850,138</td>
<td>38,050,607</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>141,865,609</td>
<td>89,357,007</td>
</tr>
<tr>
<td>Inventories</td>
<td>15,235</td>
<td>36,011</td>
</tr>
<tr>
<td>Current tax assets</td>
<td>3,552</td>
<td>20,369</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,113,883</td>
<td>904,307</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>213,330,412</td>
<td>160,874,038</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-current assets</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables</td>
<td>56,830,000</td>
<td>56,073,000</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>140,467,943</td>
<td>153,281,435</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>37,644,736</td>
<td>40,783,327</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>2,429,151</td>
<td>2,159,800</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,803,354</td>
<td>2,917,135</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>239,175,184</td>
<td>255,214,697</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>452,505,596</td>
<td>416,088,735</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current liabilities</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>17,972,421</td>
<td>13,007,840</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td>227,008</td>
<td>978,896</td>
</tr>
<tr>
<td>Provisions</td>
<td>63,231,790</td>
<td>59,938,781</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>94,616,924</td>
<td>90,360,621</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>176,048,143</td>
<td>164,286,138</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-current liabilities</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax liabilities</td>
<td>799,334</td>
<td>800,637</td>
</tr>
<tr>
<td>Provisions</td>
<td>113,648,695</td>
<td>112,630,311</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>794,437</td>
<td>1,097,079</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>115,242,466</td>
<td>114,528,027</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>291,290,609</td>
<td>278,814,165</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>161,214,987</td>
<td>137,274,570</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves</td>
<td>40,442,930</td>
<td>44,401,681</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>120,780,522</td>
<td>92,845,281</td>
</tr>
<tr>
<td><strong>Equity attributable to members of</strong></td>
<td>161,223,452</td>
<td>137,246,962</td>
</tr>
<tr>
<td>The Law Society of New South Wales</td>
<td>(8,465)</td>
<td>27,608</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>161,214,987</td>
<td>137,274,570</td>
</tr>
</tbody>
</table>

The above balance sheet should be read in conjunction with the accompanying notes.
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
### FOR THE YEAR ENDED 30 JUNE 2010

The above statement of changes in equity should be read in conjunction with the accompanying notes.
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2010

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from customers</td>
<td>53,794,022</td>
<td>50,700,500</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(58,028,504)</td>
<td>(57,687,745)</td>
</tr>
<tr>
<td>Premiums received</td>
<td>88,239,993</td>
<td>83,747,490</td>
</tr>
<tr>
<td>Outwards reinsurance premiums paid</td>
<td>(38,585,239)</td>
<td>(35,527,099)</td>
</tr>
<tr>
<td>Claims paid</td>
<td>(51,299,372)</td>
<td>(43,378,718)</td>
</tr>
<tr>
<td>Reinsurance and other recoveries received</td>
<td>38,817,508</td>
<td>25,341,466</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(5,068,587 )</td>
<td>(6,481,100 )</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>27,869,821</td>
<td>16,714,794</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to acquire financial assets</td>
<td>(115,879,936)</td>
<td>(73,227,756)</td>
</tr>
<tr>
<td>Proceeds on sale of financial assets</td>
<td>90,960,334</td>
<td>67,791,154</td>
</tr>
<tr>
<td>Interest received</td>
<td>966,332</td>
<td>1,096,532</td>
</tr>
<tr>
<td>Payments for property, plant and equipment</td>
<td>(2,704,877)</td>
<td>(2,483,068)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>–</td>
<td>2,182</td>
</tr>
<tr>
<td>Payments for intangible assets</td>
<td>(240,664)</td>
<td>(597,987)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(26,898,811)</td>
<td>(7,418,943)</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>971,010</td>
<td>9,295,851</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the beginning of the year</strong></td>
<td>32,505,737</td>
<td>23,209,645</td>
</tr>
<tr>
<td>Effects of exchange rate changes on the balance of cash held in foreign currencies</td>
<td>5,248</td>
<td>241</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the year</strong></td>
<td>33,481,995</td>
<td>32,505,737</td>
</tr>
</tbody>
</table>

The above statement of cash flows should be read in conjunction with the accompanying notes.
FINANCIAL COMMENTARY
FOR THE YEAR ENDED 30 JUNE 2010

Income statement

The Law Society of New South Wales group reported a surplus of $27.9 million for the year (2009: $14.3 million). Total revenue (including investment and other income) increased by 4.4% to $189.9 million, while operating expenses decreased 2.0% to $158.0 million.

The movement in revenue was largely the result of the following factors:

• An increase in practising certificate numbers of 3.2% which, when accompanied by a voluntary membership take-up remaining in line with 2009 levels, combined to increase membership and practising certificate revenues.
• A 22.2% increase in reinsurance and other recoveries, which was largely driven by a $9.0 million recovery received by the Solicitors’ Mutual Indemnity Fund (SMIF) from American Re-Insurance Company (Am Re). During the underwriting years from 1 July 2001 to 30 June 2004, professional indemnity insurance for the profession was provided by Am Re (2002 and 2003) and Great Lakes Reinsurance UK (2004). Part of these arrangements included an agreement that if premiums received for each year exceeded an agreed amount of claims incurred, an amount would be refunded by the respective reinsurer. A further $3.7 million recovery was also received by SMIF from the HIH liquidator.
• Investment and interest revenue decreased by 15.4%. Large reductions in interest rates experienced during the 2009 year resulted in considerable capital gains on the fixed interest securities held by LawCover Insurance during that year. This had the effect of producing an abnormally high investment result for the period ended 30 June 2009.

Several factors have contributed to the decrease in overall expenses, with major movements stemming from the following:

• A 16.3% decrease in claims expense, following a reduction in net incurred claims. Actual claim payments relating to the 2008/09 underwriting year were significantly lower than expected, and this has led to a release in the claims provision for that period.
• A 15.0% rise in outwards reinsurance expense, mainly as a result of an increase in the number of solicitors underwritten triggering clauses in the reinsurers’ contracts. In addition to this, a tightening of the reinsurance market has also put upward pressure on premiums.
• An increase in depreciation and amortisation expense, mainly as a result of the amortisation associated with the Law Society’s recently completed website and financial system upgrades.

Balance sheet

The consolidated entity’s balance sheet remains strong, with net assets increasing 17.4% to $161.2 million. Total assets increased 8.8%, the majority of which can be attributed to continued investment in and subsequent fair value gains recorded on the financial assets held by the Law Society, LawCover Insurance and the Solicitors’ Mutual Indemnity Fund.

Total liabilities have increased 4.5%, with the consolidated outstanding claims liability to increasing 2.3% to $171.2 million. Trade payables have also increased 38.2% to $18.0 million, largely as a result of expense accruals recorded for increased reinsurance expenses.

LawCover Insurance maintained a strong capital position, with a capital adequacy multiple of 2.29 times APRA’s minimum capital requirement at 30 June 2010.

Cash flow statement

The group continues to maintain strong liquidity levels, with cash and cash equivalents increasing 3.0% to $33.5 million. Operating cash flows increased 66.7% to $27.9 million following the HIH and American Re-Insurance Company recoveries received by the Solicitors’ Mutual Indemnity Fund during the year.

The Council continues to closely monitor the investment strategies that both the Law Society and its subsidiaries undertake to ensure that appropriate returns are adequately balanced against any risks assumed.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. Reporting entity

The Law Society of New South Wales is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

The Law Society of New South Wales
170 Phillip Street
Sydney NSW 2000

This concise financial report relates to the consolidated entity consisting of The Law Society of New South Wales and the entities it controlled at the end of, or during, the year ended 30 June 2010. The accounting policies adopted have been consistently applied to all years presented. The financial statements are presented in the Australian currency.

2. Changes in accounting policy

A number of Australian Accounting Standards and Interpretations are in issue but are not yet effective for the current year end. The reported results and position of the group will not change on adoption of these pronouncements as they do not result in changes to the group’s existing accounting policies. Adoption may, however, result in changes to information currently disclosed in the financial statements. The group does not intend to adopt any of these pronouncements before their effective dates.

3. Revenue

An analysis of the group’s revenue for the year is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Membership and practising certificate fees</td>
<td>12,333,580</td>
</tr>
<tr>
<td>Premium revenue</td>
<td>83,642,682</td>
</tr>
<tr>
<td>Reinsurance and other recoveries</td>
<td>39,603,591</td>
</tr>
<tr>
<td>Legal training revenue</td>
<td>22,424,553</td>
</tr>
<tr>
<td>Member services revenue</td>
<td>2,573,746</td>
</tr>
<tr>
<td>Product sale revenue</td>
<td>1,252,671</td>
</tr>
<tr>
<td>Property rental revenue</td>
<td>346,544</td>
</tr>
<tr>
<td>Other revenue</td>
<td>3,465,485</td>
</tr>
<tr>
<td></td>
<td>165,642,852</td>
</tr>
</tbody>
</table>

4. Trade and other receivables

Current

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>4,980,492</td>
</tr>
<tr>
<td>Reinsurance and other recoveries receivable</td>
<td>31,240,930</td>
</tr>
<tr>
<td>Other receivables</td>
<td>628,716</td>
</tr>
<tr>
<td></td>
<td>36,850,138</td>
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</tbody>
</table>

Non-current

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinsurance and other recoveries receivable</td>
<td>56,830,000</td>
</tr>
<tr>
<td></td>
<td>56,830,000</td>
</tr>
</tbody>
</table>
### 5. Other financial assets

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>9,081,082</td>
<td>36,435,334</td>
<td></td>
</tr>
<tr>
<td>NCD's and bank bills</td>
<td>79,079,619</td>
<td>9,703,158</td>
<td></td>
</tr>
<tr>
<td>Corporate securities</td>
<td>24,795,200</td>
<td>12,970,756</td>
<td></td>
</tr>
<tr>
<td>Managed funds</td>
<td>28,909,708</td>
<td>30,247,759</td>
<td></td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate securities</td>
<td>135,858,908</td>
<td>153,281,425</td>
<td></td>
</tr>
<tr>
<td>Equities</td>
<td>4,609,025</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Shares in other controlled entities</td>
<td>10</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>141,865,609</td>
<td>89,357,007</td>
<td></td>
</tr>
</tbody>
</table>

### 6. Provisions

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding claims liabilities</td>
<td>58,413,000</td>
<td>57,335,000</td>
</tr>
<tr>
<td>Employee benefits provision</td>
<td>4,818,790</td>
<td>2,603,781</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>63,231,790</td>
<td>59,938,781</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding claims liabilities</td>
<td>112,801,000</td>
<td>110,002,000</td>
</tr>
<tr>
<td>Employee benefits provision</td>
<td>847,695</td>
<td>2,628,311</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>113,648,695</td>
<td>112,630,311</td>
</tr>
</tbody>
</table>

### 7. Other liabilities

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership and practising certificate fees</td>
<td>11,304,520</td>
<td>11,280,230</td>
</tr>
<tr>
<td>Premiums received in advance</td>
<td>75,094,148</td>
<td>70,785,528</td>
</tr>
<tr>
<td>Course fees</td>
<td>7,351,643</td>
<td>7,346,035</td>
</tr>
<tr>
<td>Claims handling revenue</td>
<td>199,875</td>
<td>275,353</td>
</tr>
<tr>
<td>Other</td>
<td>666,738</td>
<td>673,475</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>94,616,924</td>
<td>90,360,621</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims handling revenue</td>
<td>794,437</td>
<td>1,097,079</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>794,437</td>
<td>1,097,079</td>
</tr>
</tbody>
</table>
8. Subsidiaries

<table>
<thead>
<tr>
<th>Name of entity</th>
<th>Country of incorporation</th>
<th>% Equity interest</th>
<th>Investment $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
<td>2010</td>
</tr>
<tr>
<td>LawCover Pty Ltd (i)</td>
<td>Australia</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>LawCover Plus Pty Ltd (ii)</td>
<td>Australia</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>LawCover Insurance Pty Ltd (iii)</td>
<td>Australia</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Solicitors’ Mutual Indemnity Fund (iv)</td>
<td>Australia</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>College of Law Pty Ltd (v)</td>
<td>Australia</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>College of Law Subsidiaries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>College of Law New Zealand Ltd (vi)</td>
<td>New Zealand</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>College of Law Queensland Pty Ltd (vii)</td>
<td>Australia</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>College of Law Victoria Pty Ltd (viii)</td>
<td>Australia</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>College of Law Western Australia Pty Ltd (ix)</td>
<td>Australia</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

6,744,419 6,744,419

(ii) LawCover Plus Pty Ltd. Incorporated in New South Wales on 1 June 1998. Contributed equity of 744,415 ordinary shares fully paid. The company was established to act as an agent for the sale of insurance products to the legal profession. The company is currently in the process of being liquidated, and is likely to be wound up during the period ended 30 June 2011.
(iii) LawCover Insurance Pty Ltd. Incorporated in New South Wales on 17 January 2001 and commenced operations in April 2004. Contributed equity of 6,000,000 ordinary shares fully paid. The company was established to undertake compulsory professional indemnity insurance for solicitors.
(iv) Solicitors’ Mutual Indemnity Fund. The Solicitors’ Mutual Indemnity Fund is set up under Division 3 of Part 3.3 of the Legal Profession Act 2004 to provide indemnity cover to solicitors. The Law Society of New South Wales has no investment in the Fund and all assets of the Fund can only be used for the purposes of Division 3 of Part 3.3 of the Legal Profession Act 2004.
(v) College of Law Pty Ltd. Incorporated in New South Wales on 5 September 1972. Contributed equity of 2 ordinary shares fully paid. The company was established for the purposes of legal education and training.
(vi) College of Law New Zealand Ltd. Incorporated in New Zealand on 3 March 2003. The company was established for the purposes of legal education and training.
(vii) College of Law Queensland Pty Ltd. Incorporated in New South Wales on 20 July 2004. The company was established for the purposes of legal education and training.
(viii) College of Law Victoria Pty Ltd. Incorporated in New South Wales on 6 July 2004. The company was established for the purposes of legal education and training. The company is a joint venture between the College of Law and the Law Institute of Victoria.
(ix) College of Law Western Australia Pty Ltd. Incorporated in New South Wales on 23 January 2007. The company was established for the purposes of legal education and training.

9. Members guarantee

The Law Society of New South Wales is a company limited by guarantee. In the event that The Law Society of New South Wales is wound up, the liability of members towards meeting any outstanding obligations of the group is limited to $2 per member.
10. Events occurring after the reporting date

Subsequent to 30 June 2010 the Solicitors’ Mutual Indemnity Fund received $5,150,730 (5 cents in the dollar) from the HIH Liquidator and $11,660,818 from Great Lakes Reinsurance UK PLC. Great Lakes Reinsurance UK PLC was the approved insurer for the scheme for the year ended 30 June 2004. Part of this arrangement was that if premiums received for that year exceeded an agreed amount of claims incurred, an amount would be refunded.

Further HIH recoveries may become available as the HIH Liquidator has indicated a total distribution of up to 35 cents in the dollar in media reports.

Other than the above event, there has not arisen in the interval between the end of the financial year and the date of this report any item, event or transaction of a material or unusual nature likely, in the opinion of the Councillors, to affect significantly the operations of the group, the results of those operations or the state of affairs of the group in future financial years.
COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2010

The Councillors declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 June 2010 as set out on pages 33 to 42 complies with Accounting Standard AASB 1039 Concise Financial Reports.

The concise financial report is an extract from the full financial report for the year ended 30 June 2010. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which is available on request.

This declaration is made in accordance with a resolution of the Council.

On behalf of the Council

M Macken
Councillor

S Westgarth
Councillor

Sydney, 3 September 2010
Independent auditor’s report to the members of
The Law Society of New South Wales

Report on the concise financial report

The accompanying concise financial report of The Law Society of New South Wales comprises the balance sheet as at 30 June 2010, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and related notes, derived from the audited financial report of The Law Society of New South Wales for the year ended 30 June 2010. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Councillors’ responsibility for the concise financial report

The Councillors are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 Concise Financial Reports, and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of The Law Society of New South Wales for the year ended 30 June 2010. Our audit report on the financial report for the year was signed on 3 September 2010 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 Concise Financial Reports.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the concise financial report. Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Liability limited by a scheme approved under Professional Standards Legislation
Independent auditor’s report to the members of The Law Society of New South Wales (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor’s opinion

In our opinion, the concise financial report of The Law Society of New South Wales for the year ended 30 June 2010 complies with Australian Accounting Standard AASB 1039 Concise Financial Reports.

PricewaterhouseCoopers

RD Deutsch
Partner
Sydney
3 September 2010

Liability limited by a scheme approved under Professional Standards Legislation