



The Law Society
of the
Australian
Capital Territory

ANNUAL REPORT
2010-11

actlawsociety

The Law Society Of the Australian Capital Territory

Annual Report 2010-11

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COUNCIL

Executive

President - Athol Opas (DEEWR)

Vice President - Kay Barralet (Mazengarb Barralet
Family Lawyers)

Vice President - Martin Hockridge (ACT Legal Aid Office)

Secretary - Louise Vardanega (Australian
Government Solicitor)

Treasurer - Commander Ian Campbell (Department
of Defence)

Executive Member - Chris Donohue (Donohue & Co.)

Immediate Past President - Rod Barnett (Rod J Barnett &
Associates)

Councillors

Sarah Avery (Ben Aulich & Associates)

Greg Brackenreg (Meyer Vandenberg)

Pru Flinn (Moray & Agnew)

Andrew Freer (KJB Law)

Christine Harvey (McSpedden Harvey)

Elizabeth Lee (Australian National University)

Fred Lester (Maurice Blackburn Lawyers)

Mark Tigwell (Tetlow Tigwell Watch Lawyers)

Paul Vane-Tempest (Blake Dawson)

STAFF

Executive Director - Larry King

Professional Standards Director - Rob Reis

Accountant - Lea McLean

Professional Development Officer - Abigail Meadows

Executive Secretary - Debbie Sims

Communications Officer - Clare Butterfield

Committee Administrator - Heather Jackson

Bookkeeper - Kathleen Lui

Complaints Committee Secretary - Linda Mackay

Policy Lawyer - Chase Deans

Receptionist - Robyn Guilfoyle

NOTICE CONVENING THE ANNUAL GENERAL MEETING

The Annual General Meeting of the Society will be held on **Thursday, 22 September 2011** commencing at **12.30pm**, Legal Aid ACT, 2 Allsop Street, Canberra City

Business

1. To receive the Annual Report
2. To receive the Audited Financial Statements
3. To declare the results of the election of office-bearers for the ensuing year
4. To appoint an auditor
5. To consider general business

Members Lunch will follow the Annual General Meeting at Delhi-6 Restaurant, 14 Childers Street, Canberra City (cnr of Allsop and Childers Streets).

A handwritten signature in black ink, appearing to read 'L Vardanega', written over a light grey rectangular background.

L Vardanega
Secretary
10 August 2011

**MINUTES OF THE ANNUAL GENERAL MEETING OF
THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY**
held on Level 1, Novotel, 65 Northbourne Avenue Thursday, 23 September 2010 at 12.30pm

Present: Paul Armarego, Trevor Barker, Rod Barnett, Kay Barralet, Michaela Barlow, Mark Blumer, Nooraini Blumer, Greg Brackenreg, Emma Brown, Angus Bucknell, Greg Burnett, Ian Campbell, Hugh Chalmers, Chris Chenoweth, Robert Coen, Michael Cramsie, Chris Donohue, Emmanuel Ezekiel-Hart, Denis Farrar, Michael Flinn, Andrew Freer, Fil Giles, Christine Harvey, Brian Hatch, Walter Hawkins, Martin Hockridge, John Hyndes, Shane Jones, Ian Julien, Wal Jurkiewicz, Brian Kildea, Thena Kyprianou, Kim Lawson, John McMahon, John Mawson, David Nimmo, Athol Opas, Dennis Pearce, Rob Reis, Andrew Roberts, Mark Tigwell, Greg Walker, Ross Watch, Louise Vardanega, Loretta Zamprogno.

In attendance: Mr King and Mss Sims, McLean, Campbell, Guilfoyle, Hodge, Meadows, de Paoli and Lui.

1. APOLOGIES: Robyn Bickett, Michael Buss, Geoff Capon, Bernard Collaery, John Corker, Andrew Crockett, Mark Cunliffe, Jane Ferry, Ken Hubert, Hugh Jorgensen, Tony Kidney, Elizabeth Lee, Kathy Leigh, Fred Lester, Don Malcolmson Jill McSpedden, Allan Nelson and Simon Scott.

2. MINUTES

Members noted that the minutes of the Annual General Meeting held on 24 September 2009 were uploaded onto the Society's website. Members were emailed advising that the Minutes were available on the website.

It was **resolved** (Watch/Hatch) that the Minutes be accepted.

3. PRESIDENT'S REPORT

Members noted that the President's Report, as part of the Society's 2009-10 Annual Report, was uploaded onto the Society's website and a link emailed to members. Copies were available at the meeting.

The President reported that the last 12 months had been interesting and challenging for the Society. He said there had been a major change in the composition of the Society's Council following the 2009 elections. He thanked Councillors for their hard work and said they had dealt with challenging and difficult issues.

The President highlighted a number of matters from the preceding 12 months, including:

- **The COAG Legal Profession Regulatory Reform Project:** The President said the Society had been grappling with the proposed national profession reforms, including the establishment of an Ombudsman and a Legal Services Board. He said there has been goodwill and cooperation between all the Law Council's constituent bodies. He said the Society has made a significant contribution to the Law Council's submission to the COAG Taskforce. He said the role of the Society remains uncertain but he was hopeful that the Society would continue to have a role in the future regulation of the profession.
- **Proposed District Court:** The President said the Society had been successful in its efforts to have the Government's proposal for a District Court withdrawn, although he was unsure what the future would hold. He was hopeful that the Government would continue to tackle the issue of court resources. He noted that the Government will make changes by increasing the jurisdiction of the Magistrates Court. He said he has invited the Attorney-General to have a roundtable discussion with representatives of the Society and Bar Association. Although no response has been received, he was hopeful of continuing discussions.

-
- **Mandatory Continuing Professional Development (MCPD):** The President said the Society had improved member services with MCPD commencing on 1 July 2010. He said the Society has an outstanding array of offerings which would cater for private, government and corporate needs. He expressed his thanks to Mr Bill Coombes for his contribution to the commencement of MCPD. He said the Society will remain committed to offering such valuable services to members.
 - The President drew attention to tort law reform as one of the Society's major future challenges. The President said the government is proposing major changes particularly in the area of entitlement for injured workers and injuries sustained in motor vehicle accidents. He said the Government is proposing the imposition of a 15% whole person impairment threshold; caps on general damages for people who suffer work related injuries and motor vehicle injuries and thus limiting their access to fair compensation. He said these proposals only became known to the Society on 22 September 2010. The President said the Society and Bar Association met with advisers to Katy Gallagher MLA on 23 September to discuss the proposed reforms. He said the Society and Bar Association will work diligently on this issue, in particular expressing concern about the lack of consultation and the impact of the reforms.

The President extended his thanks to Councillors, the Executive, Executive Director and the staff of the Society for their outstanding work over the past 12 months.

It was **resolved** (Hatch/Watch) that the President's report be accepted.

4. FINANCIAL STATEMENTS

Members noted that the 2009-10 Financial Statements were uploaded on to the Society's website as part of the Annual Report. Members were notified by email.

The Treasurer said it was a pleasing result for the Society. He said the Society had budgeted for a deficit but achieved a \$20,000 surplus. He said the anticipated drop off in practising certificates from government lawyers did not occur. He said that there had been a decrease in the income of the Statutory Interest Account and grants from the Statutory Interest Account were lower than in previous years. He said this was a prudent course of action for the Society to take to ensure an appropriate buffer for the account. The Treasurer expressed his thanks to Mr Stewart MacArthur who retired as the Society's Accountant after 21 years and introduced Ms Lea McLean, the Society's new Accountant.

It was **resolved** (Hatch/Watch) that the 2009-10 Financial Statements be accepted.

5. ELECTION OF COUNCIL

The Executive Director reported that the funeral of Mr John Pola, one of the Society's longest practising certificate holders, was being held today. He said Mr Pola's family expressed their gratitude to the Society for the number of people who visited Mr Pola at the Hospice following an article in Hearsay.

The Executive Director noted that the Returning Officers appointed by Council, Mr Trevor Barker and Mr Robert Reis, had reported to the Society on the results of the 2010-11 election. He reported that there had been a decline in voting for the election of Council which may be due to a lot of the information being made available on the Society's website, rather than being mailed out as previously.

The Executive Director announced the results as follows:

1,437 members were eligible to vote – 337 votes were received with 10 being totally invalid and 329 being valid or partially valid.

President:	Mr Athol Opas
Vice Presidents:	Mr Martin Hockridge Ms Kay Barralet
Secretary:	Ms Louise Vardanega
Treasurer:	Mr Ian Campbell
Councillors:	Ms Sarah Avery Mr Mark Blumer Mr Greg Brackenreg Mr Chris Donohue Ms Christine Harvey Ms Elizabeth Lee Mr Fred Lester Mr Don Malcolmson Mr Mark Tigwell Mr Paul Vane-Tempest

It was **resolved** (Watch/Hatch) that the Returning Officers' report be accepted.

Mr Opas congratulated the successful candidates. He noted that Ms Vardanega had been returned for a successive 18th year and made a special note of her long and outstanding service to Council. He thanked Ms Pru Flinn and Mr Andrew Freer, who did not renominate, for their contribution to Council. The President welcomed the new Councillors, Messrs Mark Blumer and Don Malcolmson. He also thanked the Returning Officers, Messers Trevor Barker and Robert Reis for their work.

6. APPOINTMENT OF AN AUDITOR

Members noted that Duesburys Nexia have indicated their willingness to accept appointment for 2010-11.

It was **resolved** (Campbell/Harvey) that Duesburys Nexia be appointed as the Auditors for 2010-11.

7. DESTRUCTION OF THE 2010-2011 BALLOT PAPERS

It was also **resolved** (Hatch/Watch) that the ballot papers for the 2010-11 Annual General Election be destroyed pursuant to Clause 17 of the Society's Constitution.

8. OTHER BUSINESS

There being no other business Mr Opas closed the meeting at 12.56 pm.

President's Report 2010-11



The issue of the Law Society's 2010-11 Annual Report marks the end of my two years as President of the ACT Law Society. The past two years have held many challenges for the Society and I offer the following reflections.

Two years ago, the three priorities which I identified for the Society were (i) ensure a smooth and supportive introduction of Mandatory Continuing Professional Development (MCPD in the ACT, (ii) enhance the Society's member services offerings and (iii) represent members' interests in respect of proposed National Legal Profession Reforms. The Society, through its Council, staff and members has achieved these aims and risen to other emerging issues.

Enhancement of Law Society member services

2010 saw the successful introduction of mandatory continuing professional development (MCPD) in the ACT. In order to ensure that members are supported to comply with their MCPD obligations, the Society engaged a CPD and member services officer to ensure a wide range of high quality and inexpensive CPD offerings and to assist members to understand their MCPD requirements. Since the introduction of MCPD, the Society has substantially increased its CPD offerings to over 40 seminars per semester and across a wide range of subjects reflective of the Society's diverse membership.

A further focus has been enhancement of the Society's range of member services. The Society has secured a range of discounted commercial benefits tailored to the needs of the Society's members. More recently, the Society has secured an additional range of commercial benefits through the Frequent Values program, and around the time of publication of this Annual Report all Society members will receive complimentary membership of the Frequent Values program courtesy of the Society. I encourage members to take advantage of these great offerings. I acknowledge the outstanding efforts of the Society's MCPD and Member Services Officers, Bill Coombes and Abigail Meadows, in achieving these outstanding results.

The Society is also innovating its communication with

members through greater use of technology, including through electronic Hearsay, a revamped website (www.actlawsociety.asn.au) and even Facebook!

National Legal Profession Reforms

In February 2009 COAG announced National Legal Profession Reforms. The reforms are aimed at achieving national consistency in State and Territory laws regulating the legal profession, as well as purported changes to reduce costs of regulation, reduce compliance costs for law firms and enhance consumer protection. A COAG Taskforce chaired by Commonwealth Attorney-General's Department Secretary, Mr Roger Wilkins AO, developed draft legislation.

A central feature of the reforms is the establishment of a new national body comprising a National Legal Services Board with a National Legal Services Commissioner to handle complaints. Recurrent costs of these bodies would be funded through admission fees.

Following consultation, the draft legislation received in principle endorsement by COAG in February 2011 and was referred to National Justice CEOs to resolve remaining technical issues, with the package then being brought back to COAG for final approval. At the time of writing (August 2011), the reforms appear yet to be approved by COAG.

Throughout the consultation processes, the ACT Law Society has offered various input on the reforms via its constituent membership of the Law Council of Australia. I record my thanks to members of the Society's working group who have spent much time reviewing the proposed reforms and in drafting submissions. The ACT Law Society remains committed to getting the best outcome out of the reform package for our members.

ACT Supreme Court and Magistrate Court matters

An ongoing issue is resourcing and demand on the ACT Supreme Court to resolve delays in listings and judgments. In early 2010 a Supreme Court Working Group published its

report with various recommendations. Soon after, the ACT Government published its 2010 Access to Justice Initiative which proposed a range of measures including an increase in the civil and criminal jurisdictions of the ACT Magistrates Court and the establishment of an ACT "Virtual District Court". Whilst the Virtual District Court proposal did not proceed, the ACT Government has implemented other changes including bail amendments, increasing the civil and criminal jurisdictions of the ACT Magistrates Court and the appointment of temporary acting Supreme Court judges to help clear the backlog of cases and judgments.

At time of writing, the ACT Justice and Community Safety Directorate and the ACT Supreme Court together with a Reference Group are reviewing Supreme listing practices to identify potential reforms in listing arrangements. Changes to listing arrangements may prove beneficial in the longer term. But meanwhile long listings and reserved judgments remain a vital issue. The immediate solution to address these current and significant issues must surely be the immediate continuation of at least one additional acting Supreme Court judge until the backlog is cleared, thereby giving other reforms a better chance of success in the longer term.

2011 has seen significant changes to court jurisdictions, with the ACT Magistrates Court's civil jurisdiction being increased from \$50,000 to \$250,000 and an election process for criminal offences (offences with a maximum term of imprisonment of greater than 2 years and not more than 5 years) aimed at more criminal proceedings being heard in the Magistrates Court than the Supreme Court.

The past two years have seen various changes in the local judiciary and magistracy, with the appointment of Chief Magistrate and later Justice John Burns, appointment of Magistrate Lorraine Walker and the retirement of Chief Magistrate Ron Cahill and Justice Malcolm Gray.

Major tort law reform hits the ACT

2010 saw the unexplained and unprecedented proposal of radical and severe reforms to Common Law compensation entitlements of workplace and motor accident victims and in February 2011 the ACT Government tabled its Road Transport (Third-Party Insurance) Amendment Bill. This Bill proposes a severe 15% whole person impairment threshold for general damages (and which would prevent over 80% of motor accident victims from being compensated for pain and suffering), an increase in the discount rate from 3% to 5%, the establishment of medical panels to impose binding assessments of permanent impairment based on American Medical Association Guidelines 5th edition and without a general right of judicial review of those assessments, and a removal of a general entitlement to

interest on damages.

On 31 March 2011 the Bill was referred to the Legislative Assembly's Standing Committee on Public Accounts which is due to report to the Legislative Assembly by the first sitting week in March 2012. The Society, in conjunction with the ACT Bar Association and ACT Branch of the Australian Lawyers Alliance has provided comprehensive submissions on all proposed changes, including a submission to the Standing Committee on Public Accounts on 26 August 2011.

My thanks to the Society's working group which has contributed greatly to the Society's response to these reforms, particularly the preparation of detailed submissions.

Other matters

The Society is now better than ever positioned to reflect its increasingly diverse membership, including over 400 government lawyer members. The Society frequently provides public comment on significant and emerging legal issues. Law Week has gone from strength to strength including the introduction of a combined launch, lunch and celebrity debate, which in 2010 contributed to a record total of \$13,000 for then Law Week charity, Galilee. The Law Society is a first point of contact for many Canberrans seeking legal assistance, including via the Pro Bono Clearing House.

Concluding remarks

The Society can be justifiably proud of its past and continuing achievements. I record my thanks to the Society's Council, staff, volunteers and all members for their support.

My best wishes and thanks to all members.

Sincerely



Athol Opas
President

actlawsociety

Committee Memberships and Reports

ACCESS TO JUSTICE

Greg Walker (Chair)
 Carol Benda
 Andrew Crockett
 Tony Foley (*from January 2011*)
 Judy Harrison (*to December 2010*)
 Martin Hockridge
 Jaleh Johannessen
 Amy Kilpatrick
 Ric Lucas (*to January 2011*)
 Don Malcolmson
 Athol Opas
 Peter Quinton
 Simon Rice
 Gary Tamsitt
 Jocelyn Campbell (Committee Administrator) (*to October 2010*)
 Heather Jackson (Committee Administrator) (*from November 2011*)

The Committee moved from being an ad hoc committee during 2010 to a standing committee with regularly scheduled meetings from early in 2011.

The Committee has dealt with a number of significant issues in the access to justice area. These include a significant amount of work by the Committee on the investigation by comparison with other states of the viability and/or need for a disbursement funding scheme for pro bono matters or matters funded outside the auspices of the Legal Aid Commission. That included contact with the organisers of such schemes in other states and territories. That consideration is ongoing.

The Committee is also currently engaged in putting together a questionnaire for the profession to obtain an evidence base from the profession's experience with unmet need and access to justice issues in the Territory.

The President has reported back on Access to Justice issues arising out of LCA Directors Meetings and I have also participated in and reported back on face to face and telephone meetings within the LCA Access to Justice Committee.

Greg Walker (Chair)

ACT LEGAL EXECUTIVES COMMITTEE

Tanya Berlis (Chair)
 Mel Abberton
 Sonya Amey (*from April 2011*)

Jacqui Bettio
 Alanna Davis (*to February 2011*)
 Sue Hayes
 Magda Kaczmarek (*from April 2011*)
 Ron Neilan
 Fran Nichols
 Michael Olive (*to February 2011*)
 Rosemary Orr
 Juliet Reeve
 Hilary Saunders (*to December 2011*)
 Yvonne Scandrett (*to February 2011*)
 Gayle Sillis
 Lucy Stramandinoli (*to April 2011*)
 Joanne Swindley
 Lyzette Tantala
 Emily Wannan (*from May 2011*)
 Di Waters
 Ruth Winchester (*to February 2011*)
 Kelly Wood (*to February 2011*)
 Jocelyn Campbell (Committee Administrator) (*to October 2010*)
 Heather Jackson (Committee Administrator) (*from November 2011*)

The ACT Legal Executives Committee's (ALEC) primary objective is to assist local law firms in best practice within their business services area. These business services provided by internal staff include services such as finance, IT, HR, Library & Knowledge management. The committee members include practice managers, office managers, human resource managers and other management staff.

In 2010/2011 the committee has been working together to organise a series of workshops that will assist law firms in best practice. We expect to commence these workshops in November 2011. ALEC has also been working on their first edition of the ALEC Newsletter. The ALEC Newsletter will have topical articles, tips and tricks and a calendar of events.

Tanya Berlis (Chair)

ACT PRO BONO CLEARING HOUSE

Larry King (Chair)
 Geoff Adams
 Andrew Crockett
 James Dunn
 Andrew Lu
 Chris Wheeler
 Steve Whybrow

Sarah Arthur
Genevieve Bolton
Katy Grimes
Anna Haynes
Amanda Graham
Rhiannon Riley
Svetlana Todoroski
Debbie Sims (Committee Administrator)

Overview

The ACT Pro Bono Clearing House (PBCH) was established in 2004 to improve access to justice through the simple aim of trying to match people and organisations who are in genuine need of pro bono legal assistance with legal practitioners who are able to provide that assistance.

Applications are received from organisations and individuals and are assessed by the PBCH Assessment Panel, a changing panel of ACT legal practitioners, that meets weekly.

As at 8 August 2011 55 applications had been received compared to 38 received at the same time in 2010. 52 were from individuals and 3 were from organisations. Of the 55 applications, 34 were successfully referred out to firms and 13 were unsuccessful because they did not have reasonable prospects of success, did not meet the means test eligibility criteria or did not have a legal issue. 4 were yet to be considered by the Assessment Panel.

The Seconded System

The panel is assisted by a rotating 'operational secondee', a lawyer from a Canberra law firm who spends approximately 3 months working with the PBCH. Their primary role is to meet with potential applicants, to assist them with preparing their PBCH application, provide a summary report to the panel and attend panel meetings.

The PBCH also benefits from a 'policy secondee' whose role is to focus on developing the strategic and policy side of the PBCH. The Policy secondee prepared a draft issues paper for consideration by the Management Committee at its meeting on 19 April 2011. The issues paper assessed the PBCH structure, stakeholder feedback, statistical data and provided recommendations for the future direction of the PBCH. Out of that meeting two sub-committees were formed: the Funding Committee – to look at ways in which the Clearing House can raise funds to employ an administrative person on a part-time basis; the Assessment and Monitoring Committee – to prioritise a number of short term matters which can be progressed quickly, e.g. a review of the application form and the means test.

2011 - a snapshot

During 2011, the Management Committee:

- Discussed the best way to handle matters from prisoners at the AMC
- Discussed the referral of criminal law matters and whether they are matters for Legal Aid
- Considered a proposal by the University of Canberra to have final year law students involved in the Clearing House
- Continued with the general day-to-day operation of the PBCH.

Debbie Sims (PBCH Administrator)

ALTERNATIVE DISPUTE RESOLUTION

Uwe Boettcher (Chair)

Graeme Blank

Greg Brackenreg

Robert Clynes

Michael Flynn

Annie Glover

Stephen Herrick

Harry Kay

Kim Lackenby

Bryan Meagher

Ian Nash

Nithya Sambasivam

Jocelyn Campbell (Committee Administrator) (*to October 2010*)

Heather Jackson (Committee Administrator) (*from November 2011*)

ADR began in Australia approximately 20 years ago. It struggled for acceptance in the early '90s and then received considerable support both from the ACT Government with the introduction of the *Mediation Act* in 1997 and from members of the Society.

Over the years mediation has become main stream and it is very pleasing to now see that most practitioners use mediation as an integral part of resolving disputes on behalf of their clients.

Since mediation has become relatively widespread, the role of the committee has largely reduced to one of assisting with continuing legal education in relation to alternative dispute resolution.

Two successful seminars were held by the Law Society for which the committee provided speakers. It was very pleasing to see the August *Mediation for Young Lawyers* seminar so well attended.

I wish to thank all members of the committee for their dedication and assistance throughout the year. This is my last report as Chairman as I have just resigned as Chair of the Committee but I am confident that with the talent and dedication of the remaining committee members that the committee will very competently perform its educational function as well as commenting on any proposed legislation.

Uwe Boettcher (Chair)

CHURCH

Ken Hubert (Chair)

Lady Lorraine Bevan (*to May 2011*)

Doug Hassall (*from July 2011*)

Clare Butterfield (Communications Officer)

The ACT Law Society has a Church Committee. Over the recent years it had been chaired by Lorraine Bevan who passed away after fighting illness earlier this year. From July each year a small group devise a celebration /event to mark the start of the new year, dedicate our work to the ultimate of Judges and receive something of significance for the coming year. In 2011 we had a message about simplicity in a complex world from Jim Wallace. At present the committee is chaired by Ken Hubert with assistance from Doug Hassall. Any other interested persons as members would be welcome.

CIVIL LITIGATION

Richard Faulks (Chair)
Graeme Blank
Mary Brennan
Jessica Bristol
Angus Bucknell
Annie Glover
Steve Hausfeld
Walter Hawkins
John Henry
Hugh Jorgensen
Harry Kay
John Little
Sarah McJannett
Athol Morris
Russell Patrick
Karl Pattenden
Jocelyn Campbell (Committee Administrator) (*to October 2010*)
Heather Jackson (Committee Administrator) (*from November 2011*)

The work of the Civil Litigation Committee has been dominated by the response to the ACT Government's proposal to change the CTP Scheme and the Workers Compensation Scheme.

The Government endeavoured to introduce and table a new CTP Bill significantly limiting the entitlements of road accident victims in the second part of 2010. At the same time, the Government introduced a Bill to amend the Workers Compensation Scheme which would have effectively removed common law rights for most injured workers.

The Law Society formed a working group with the Bar Association and the Australian Lawyers Alliance. There were a number of representatives from the Civil Litigation Committee in the working group, and I have been assisting with chairing the working group.

Two detailed submissions were made to the ACT Government pointing out the problems with the proposed Bills and suggesting some alternative improvements to both Schemes. There were also ongoing meetings with ACT Government representatives, and representatives from the Liberal Party and the Greens.

Ultimately the CTP Bill was tabled but subsequently the Greens and the Liberals jointly moved to have the Bill referred to the Public Accounts Committee which will consider the Bill over the next few months. Submissions have been called for by the Public Accounts Committee and the Civil Litigation Committee through the working group has made a detailed submission.

So far the Workers Compensation Bill has not been tabled, and it is unclear at this stage whether it will proceed.

In addition to meeting regularly and lobbying the members of the Legislative Assembly, there have been other meetings held with stakeholders and a campaign through a website namely Faircomp.com in the media and also by direct mailing to clients. This work will continue during the current financial year.

In addition to these matters, the Committee has had an ongoing role in providing feedback and assistance to the Joint Advisory Rules Committee where I continue to serve as the Law Society's

representative. There have been changes made to some of the rules which should provide a practical benefit for those in the profession. Some forms have been changed to make them more user friendly.

As a result of a submission from the Society through the Civil Litigation Committee, there has been an increase in the costs allowable under the Court Procedure Rules as from 1 July 2011.

The Civil Litigation Committee has also continued to receive monthly reports relating to the issues impacting upon the ACT Supreme Court, the Magistrates Court and the ACT Civil and Administrative Tribunal. One significant change in the past 12 months has been the increase of the civil jurisdiction of the Magistrates Court to \$250,000 with that change to be implemented before the end of July 2011. There has been input given about consequential changes to the rules to account for the change in jurisdiction.

Although Walter Hawkins has continued to serve on the Monitoring Committee reviewing court processes, the Committee has not met for some time and it appears unlikely that there will be any significant reforms suggested by that Committee in the short term. The Civil Litigation Committee remains concerned about the backlog of cases in the Supreme Court, the significant delay in obtaining hearing dates and the ongoing workload which appears to be blowing out the time for reserve judgment. These issues remain under consideration.

During the year the Committee has also considered many other issues which impact upon civil litigation in the ACT and I am very grateful for the excellent input provided by the membership of the Committee which represents a good cross section of the profession and the court administrators who deal with civil litigation on an ongoing basis.

Richard Faulks (Chair)

COMMERCIAL & BUSINESS LAW

Brian Tetlow (Chair)
Allan Bedford
Peter Garrison
Steve Gavagna
Doug Gillespie
David Hanstein
John Irvine
Sue-Anne Kong (*to April 2011*)
Richard Lewis
Chris Macphillamy
Geoff Nicoll
Peter Quinton
Geeta Ram (*from May 2011*)
Paul Salinas
Jason Wenning
John Williams (*to January 2011*)
Jocelyn Campbell (Committee Administrator) (*to October 2010*)
Heather Jackson (Committee Administrator) (*from November 2011*)

The Committee meets monthly and has tried to act pro-actively in relation to issues of significance to the profession.

This year the Committee has:

- made continuing representations to the ACT Government

regarding reforms to the Power of Attorney Act and the revision of the approved forms;

- considered the laws relating to Guardianship and capacity;
- liaised with the Business Law Section of the Law Council;
- considered the reforms being introduced in the area of personal property security;
- met with the President of the Law Society to consider matters of mutual interest;
- considered issues associated with money laundering, especially in the context of how that will impact on solicitor's practices;
- considered issues associated with adjustments relating to staff in the sale of a business and arranged a seminar on this topic;
- had discussions with staff from the University of Canberra regarding their Masters in Tax programme; and
- considered issues associated with the National Regulatory Scheme for lawyers.

As well as these issues a broad range of matters have come before the Committee and my thanks go to the Committee members for the time and effort they have put into the Committee's work.

Brian Tetlow (Chair)

COMPLAINTS

Karen Fogarty, Chair

Allan Bedford

Lois Clifford (*until September 2011*)

Michael Deasey

Jim Dunn

Sally Fleming

Tony Foley

Ken Hubert

Fred Lester (*until May 2011*)

Jeanine Lloyd (*until March 2011*)

Tracey Mylecharane

John Solomon

Ross Reid

Mark Tigwell

Gillian Yeend (*since March 2011*)

The Complaints Committee has completed another busy year which has included a number of changes in membership. After many years of valued contribution, Jeanine Lloyd stepped down from the Committee. The Committee also lost Lois Clifford, who has taken on another role with the Society, and Fred Lester who has moved to Tasmania to establish his own practice. Jeanine, Lois and Fred provided excellent service to the Committee and their wealth of experience in conduct matters, coupled with their ability to identify the issues, will be missed. In their place the Committee welcomed Ken Hubert (Capon & Hubert), John Solomon (Moray Agnew) and Sally Fleming (Bradley Allen) all of whom will continue the high standard of work produced by the committee.

The Committee dealt with 124 formal complaints received during the reporting year, twenty more than the previous year. In addition to the handling of the formal complaints received, our Professional Standards Director, Robert Reis, and Complaints Secretary, Linda Mackay, have dealt with approximately 230 enquiries received from practitioners and 360 from members of the public.

To assist practitioners, an analysis of the complaints received has been carried out. This analysis indicates the type of conduct raised

in the complaints. In relation to the type of the complaints, the major areas of law and concern were:

Areas of Law	2010-11
Family Law	28
Conveyancing	27
Civil Litigation	26
Criminal Law	23
Personal Injuries / Medical Negligence / Workers Compensation	7
Wills and Probate	7
Other	6

Type of Matter	2010-11
Costs	22
Failure to communicate	12
Failure to follow instructions / acting without instructions	23
Possible negligence	8
Discourtesy / bullying and intimidatory behaviour	20
Conflict of interest	12
Breach of confidentiality	2
Delay	19
Trust account irregularities	14
Quality of service / lack of competence and diligence	26
General conduct	28

Complaints warranting further investigation are referred to the Council of the Law Society which has the discretion to either dismiss, summarily conclude or prosecute the complaint. Prosecution of complaints under section 419 of the *Legal Profession Act 2006* are referred to the ACT Civil and Administrative Tribunal (ACAT).

There are currently 14 disciplinary matters filed in ACAT of which 8 have been heard. Three of these decisions are still reserved and the balance are subject to appeal. In the matters decided there were six findings of professional misconduct and three findings of unsatisfactory conduct. Some of those decisions have been appealed.

The Council of the Law Society summarily concluded complaints against four practitioners under the provisions of section 413 of the *Legal Profession Act 2006*.

My gratitude is extended to Robert Reis and Linda Mackay and all members of the Committee for their hard work and dedication over the past year.

Karen Fogarty (Chair)

CRIMINAL LAW

Michael Kukulies-Smith (Chair)

Sarah Avery

Helen Cory

Richard Davies

Michael Edwards

Andrew Fraser

Shane Gill

Annie Glover

Hugh Jorgensen

Michael Lalor

Jerry Leyland

Brian Liddy

John Lundy

Craig Lynch

Victor Martin (*from April 2011*)

Nicole Mayo (*to March 2011*)

Siran Nyabally

Darryl Perkins

Michael Ryan

Jon White

Steve Whybrow

Anthony Williamson

Jocelyn Campbell (Committee Administrator) (*to October 2010*)

Heather Jackson (Committee Administrator) (*from November 2011*)

The last twelve months have been busy for the Criminal Law Committee, with renewed political focus on criminal law and procedure apparently aimed to toughen up the Territories criminal laws. This trend looks likely to continue with politicians of all stripes signalling that 'law and order' will be central to their 2012 election platforms.

Over the last twelve months the Committee has worked with a variety of stakeholders including the Courts, the government, the Greens and the opposition across a variety of reforms. We have seen some significant improvements in the addition of another Jury Court (situated in the Magistrates Court building) and the recent commencement of bails hearings via video link to the AMC. There has also been discussion of changes to the security arrangements to better facilitate practitioners' access. The Committee participated in the JACS security arrangements review and advanced the views of criminal practitioners including the need for passes and separate entry arrangements. However, we still await substantive change in this area.

In terms of changes to the criminal procedure the recent limitations to Judge alone trials and limitations on the access to jury trials in the form of DPP elections for summary hearings have been the biggest changes. We will start to see the impact these have over the next twelve months. We have also seen changes to bail applications restricting further the making of Supreme Court bail applications. The Society has made submissions in respect of all of these changes and in respect of DPP elections for summary hearings, at least, was able to secure some amelioration of the government's original proposals through negotiations with the other political parties.

In respect of criminal law reform we have seen a raft of new liquor law and related regulatory and street offences introduced. However, these are yet to feature prominently in the A-List. The area that has had the most impact upon the day to day practice of criminal

law is the change to drink driving laws (in particular the change to eligibility for restricted licences).

As we go forward in 2011/2012 reform proposals will be unveiled by government in respect of:

- police powers;
- consolidation of the rules of Evidence;
- double jeopardy reform, both in respect of retrials and Crown sentence appeals;
- pre-trial disclosure (including defence disclosure); and
- increasing of maximum penalties for a range of offences (in particular culpable driving).

The above list highlights both the work that will be needed on behalf of committee members but also the opportunities that exist to shape the development of key areas of the criminal justice system in the ACT.

In addition to responding to the forthcoming government reforms the Committee intends to work towards addressing some of the common concerns of criminal lawyers in the Territory. In particular focusing upon reforms to the A-List and the listing of bail applications in the Magistrates court. The Committee looks forward to working with the new Chief Magistrate in this respect.

Finally, I wish to thank all the members of the Committee, including Heather our wonderful committee administrator, for their work and input over the last twelve months - it is much appreciated. Special thanks goes to Sarah Avery, Richard Davies and Shane Gill who have shouldered a lot of responsibility in respect of drafting of submissions, chairing meetings in my absence and sharing the lighter side of criminal law reform with me.

Michael Kukulies-Smith (Chair)

ELDER LAW

Judy Morris (Chair)

Glenda Bloomfield

Mark Bradbury (*to February 2011*)

Cliff Carey

Marlene Hall

Sue Lapeyre

Toni Leiper

Barbara Maguire

Danny O'Hagan (*to January 2011*)

Dan Prail

Paul Salinas

Alex Tandy (*to December 2011*)

Phillip Thompson

David Walsh (*to October 2010*)

Loretta Zamprogno

This year we have been fortunate to have representatives from a very diverse range of organisations and law firms on the Committee. For example: the ACT Government Solicitor's Office, Department of Defence, the ACT Public Trustee's Office, Council on the Ageing, the ANU Law Faculty, COTA and private practice.

We have also been very fortunate in having various speakers come to speak to us, including:

- Mary Porter, MLA who spoke to us on the Retirement Villages

- Bill currently with the Legislative Assembly; and
- Linda Crebbin, the General President of the ACT Civil and Administrative Tribunal who spoke to us about guardianship orders and the difficulties with Powers of Attorney and how they were dealt with at the Tribunal – at this meeting we welcomed representatives of the COMB and Wills and Probate Committees.

Our concerns are always with a section of the community and some of the most vulnerable – the elderly. We are all very conscious that often elder abuse is a “hidden” form of abuse, such as:

- financial and physical abuse;
- withdrawal of care; and
- isolation – not being connected with services in the community

Sadly, often it is a family member or carer of the elderly who is handing out the abuse and members of the older generation are embarrassed in thinking, particularly that a family member could abuse them. Often the elderly are frightened and have a fear of the unknown – they have a fear of homelessness and dependency on day-to-day assistance and the loss of some, or all, of their independence.

There is still a push for a “national” Power of Attorney document and respective Attorneys General have this on their agenda, but like everything, it will take time and a commitment from all states and territories to fall into line.

I look forward to an exciting year ahead and with such a diverse group of members on the Committee, it augers well for stimulating monthly meetings.

I welcome any input from the legal and other associated professions and extend an open invitation to you to attend any of our meetings – please contact the Law Society to confirm our timetable.

I want to personally thank our Committee members for their time, support and enthusiasm in assisting our ageing population and elderly folk in the ACT.

Judy Morris (Chair)

EQUAL OPPORTUNITIES IN THE LAW

Allyson Hogan (Chair)

Rob Anderson (*to December 2010*)

Chanaka Bandarage

Lisa Barlin (*from May 2011*)

Noor Blumer (*to December 2010*)

Laura Boylan-Smith

Alice Crawford (*from January 2011*)

Louise Donohoe (*to September 2010*)

Nicole Ella (*to December 2010*)

Julia Heinze (*from April 2011*)

Margaret Hunter

Valentina Josifovski (*to May 2011*)

Leonie Kennedy (*to February 2011*)

Janean Richards (*to April 2011*)

Helen Rodriguez (*from June 2011*)

James Sabharwal (*from November 2010*)

Talah Sherif

Sara Wedgwood (*to January 2011*)

Jocelyn Campbell (Committee Administrator) (*to October 2010*)
Heather Jackson (Committee Administrator) (*from November 2010*)

Chair

Ms Noor Blumer resigned as Chair of the EOL Committee at the end of 2011 to focus on other areas of interest. Ms Blumer served as chair for a number of years and was a valued, active member of the committee. The Committee takes this opportunity to extend its sincere thanks to Ms Blumer for her dedicated service over the years, and looks forward to continuing her legacy.

Ms Margaret Hunter served as Interim Chair until May 2011 when Mrs Allyson Hogan was appointed to the position.

EOL Course Module – Practice Management Course

On 8 June 2011 the Committee conducted a CPD course, entitled “Equalising Opportunities in the Law.” In addition to being open to all members, attendance was mandatory for any member undertaking the Practice Management Course.

Mrs Hogan presented the course. Topics covered included bullying, harassment, discrimination, victimisation, adverse action and strategies for ensuring equal opportunity in the workplace. Mr Grant Paulson, Reconciliation Australia, presented briefly on the topic of Reconciliation Action Plans, a strategy available for equalising opportunities for Indigenous legal professionals.

The Committee was pleased with attendance numbers and hopes that the course will become a regular inclusion on the CPD calendar. National Indigenous Legal Conference

The 2010 National Indigenous Legal conference took place at the Australian National University on 1 & 2 October. The topic was “Legal Education: A Way Forward.” The Women Lawyers’ Association delegate to the conference was Sarah Jewell.

The speakers at the conference included the Commonwealth Attorney-General, the Honourable Justice Layton (Supreme Court of South Australia), Russell Taylor (Principal of AIATSIS) and many others. Ms Blumer reported that the session on Intimate Partner Violence Issues as related to Indigenous Communities was particularly informative.

The 2011 conference took place in Sydney on 12 & 13 August 2011 and was organised by the NSW Bar Association. The program addressed the key themes of Indigenous identity, Indigenous rights and Indigenous governance. There was also sessions on the Northern Territory Intervention, protecting culture and sentencing Indigenous offenders.

Indigenous Legal Professional of the Year Award

In 2010 the Attorney-General announced the Indigenous Legal Professional of the Year Award. Nominations are open to any Indigenous person who is currently admitted as a solicitor or barrister within Australia. Nominees must demonstrate their claims against a number of criteria including: championing the rights of Indigenous persons in a legal environment, exceptional commitment to providing legal representation, advice or assistance and demonstrated commitment to, and pursuit of, professional development. The award recipient receives \$5,000 for further professional development.

The inaugural award, awarded in October 2010, went to Tony McAvoy, a descendant of the Wiri people of central Queensland, for his pro bono work and Indigenous law student mentoring scheme. The 2011 Award recipient was Mr Nigel Browne who was recognised for his hard work on a number of Indigenous representative organisations.

The committee encourages Indigenous members of the profession to consider nomination for the 2012 award.

Reconciliation Action Plan

The Committee is currently working on a minute paper to be provided to the Executive regarding Reconciliation Action Plans (RAP) in consultation with the Access to Justice Committee (Chaired by Mr Greg Walker) and the ACT Bar Association.

Mr Grant Paulson, Reconciliation Australia, attended the EOL Committee's June 2011 meeting to explain the process and benefits to the Committee.

The Law Council of Australia launched their RAP on 22 July 2011. A copy is available for download from their website.

Depression & Anxiety in the Legal Profession

In September 2010 the Committee was invited to respond to a request from Neville Carter at the College of Law requesting feedback on the DVD, Resilience@Law, dealing with depression & anxiety in the legal profession. The Committee found the DVD to be very informative and thought provoking, and delivered a letter to the President, Mr Athol Opas, supporting Mr Carter's recommendations.

The committee discussed a number of ways in which the DVD could be put to some use, including whether or not it could be made available through the society's website of form the basis for a CPD seminar.

Survey of Membership

The EOL Committee was again disappointed that the membership survey conducted in 2009 was not undertaken again in 2011. We will request that the Law Society undertake the survey again in 2012.

Law Council of Australia EOL Committee

Ms Blumer resigned as Chair of the Law Council of Australia EOL Committee at the end of 2010. The Committee is now chaired by Ms Fiona McLeod SC from the Victorian Bar Association. Mrs Hogan has recently accepted a position on the Committee and is due to attend her first meeting in early September.

Thank you to all Committee members for their contribution throughout the year, and also to the Law Society for its continued support. The Committee looks forward to a productive 2011/12.
Allyson Hogan (Chair)

FAMILY LAW

Pam Lyndon (Chair)
Stephen Burke
George Brzostowski
Mary Burgess
Barbara Campbell
Olivia Gesini

Gavin Howard
Alison Osmand
Rhonda Payget
Margaret Reid
David Ridge
Lessli Strong
Carlos Turini
Gillian Yeend
Jocelyn Campbell (Committee Administrator) (*to October 2010*)
Heather Jackson (Committee Administrator) (*from November 2011*)

I took over as Chair of the Family Law Committee in October 2010, replacing Olivia Gesini who had chaired the Committee for over three years. Olivia was an active and enthusiastic Chair over that period and continues to be a valued member of the Committee.

The Committee has worked diligently throughout the year considering and responding to, where appropriate, a range of legislative changes and submissions.

An important role of the Committee is liaison with the Federal Magistrates Court to ensure that Federal Magistrates are able to have matters brought to the attention of the Committee and thence to the profession.

The Committee continues to produce The Family Way, an occasional newsletter providing advice to all ACT practitioners of current issues in Family Law.

I thank all Committee members for their support during the year.

Pam Lyndon (Chair)

FUNCTIONS & LAW WEEK

Bill Redpath (Chair)
Chanaka Bandarage
Bradley Beasley
Carol Benda
Natalie Bruno
Clare Butterfield (*from November 2010*)
Ben Carmody
Yvette de Paoli (*to November 2010*)
Theresa Dowling
Joel Hiscox (*from March 2011*)
Leonie Kennedy (*to December 2010*)
Larry King
Fred Lester (*to May 2011*)
Katrina McKenzie (*to December 2010*)
Jennifer Newman (*from January 2011*)
Jane Reardon
Jamie Ronald
Geoff Stewart (*from February 2011*)
Svetlana Todoroski
Jocelyn Campbell (Committee Administrator) (*to October 2010*)
Heather Jackson (Committee Administrator) (*from November 2010*)

It seems that "conviviality" is one of the victims of these tight economic times if the general response to the activities organised by the Functions and Law Week Committee are anything to go by. It has been a difficult year.

For the second year in a row attendances at the commencement of the Legal Year church service outnumbered attendance at commencement drinks. The separation of “church” and “state” was one of the great achievements of the Enlightenment and is worthy of celebrating annually in a secular manner.

The first Members’ lunch was at Sabayon. The food and wine was uniformly excellent (as it was the year before), but attendances were well down. Perhaps it was a sign of things to come as the restaurant subsequently closed down.

An extensive program was organised for Law Week and we were fortunate to be able to persuade Justice Virginia Bell of the High Court to deliver the Blackburn Lecture.

The main area of disappointment was the Law Week Launch/Great Debate. This was an opportunity for firms to painlessly raise money for the charity and had been a wonderful event the year before. Alas, same wonderful event, same venue, same price, but attendances were down and only a few small/medium local law firms bought tables.

Once again, it was left to the fine efforts of the Young Lawyers and their quiz night to raise the bulk of the money for “Oz Harvest”.

The soccer competition was also a success with the combined Law Society/Law Council winning 4-3 against Minter Ellison to take out the trophy.

It does not appear to be a matter of price as the cheapest Members’ lunch in the last five years (the July Members’ lunch) was also poorly attended.

The Committee has developed a protocol for Functions for Welcoming and Farewelling Judicial Officers which has been approved by the Law Society Council.

The Society, in conjunction with the ACT Bar Association, had the pleasure of hosting a farewell dinner for Justice Malcolm Gray at the Ottoman on 28 July 2011. On this occasion members of the Bar exceeded those of the larger and older arm of the ACT profession.

Finally, the Annual Dinner has been held at the Lobby Restaurant for at least the last six years. It is disappointing to report that despite this their escalating corkage policy forced us to drink their inferior wine.

It appears that only the Young Lawyers are aware of the professional and personal benefits of socializing with members of their profession who may not be in their firms. I invite you to discover these benefits at the Law Society Christmas lunch at the Chairman and Yip on Thursday 1 December.

Thank you to the Committee and to Clare and Heather for their hard work and putting up with my grumpiness.

Bill Redpath (Chair)

GOVERNMENT LAWYERS

Chris Behrens (Chair)

Lindsay Aquilina

Peter Cain

Elissa Clarke

Amit Khanna

Ondina Matera

Lizzie Landford

Alice Linacre

Athol Opas

Amber Shergis

Victoria Todd

Neil Wareham

Peter Cain

Tim Lawson

Tina Webster

The Government Lawyers’ Committee aims to provide services to the more than 500 government lawyer members of the ACT Law Society and to provide a forum for government lawyers to exchange ideas and information. In 2011 the Committee continued to publish the ‘Government Lawyers Update’, a newsletter for government lawyers. The feature edition for the year focussed on the reform of procurement arrangements for Commonwealth legal services and included an article prepared by the Commonwealth Attorney-General, Robert McClelland MP. The Committee also arranged several CLE presentations during the year including discussions on advice writing and the management of liability claims against the Commonwealth.

In addition to professional development activities an important aspect of the Committee’s work is to provide opportunities for government lawyers to meet and greet and the Committee held several well-attended drinks functions during the year, including summer drinks at University House with ACT Attorney-General, Simon Corbell MLA.

A new initiative of the Committee this year was the establishment of a government lawyers’ mentoring program, involving over 70 government lawyers as either mentors or mentees. There has been a very positive response to the program and invitations for new participants in 2012 will be issued later in the year.

I thank all Committee members for their attendance at meetings and general contributions. In particular I thank our capable committee coordinator, Chase Deans (ACT Law Society) for his excellent support.

Christopher Behrens (Chair)

HUMAN RIGHTS

Greg Walker (Chair)

Mark Barrow

Hilary Charlesworth

Sean Costello

Nathan Hancock

Martin Hockridge

Jaleh Johannessen

Gabrielle McKinnon

David Mossop

Andrew Whale (*to April 2011*)

Meredith Whitten (*from May 2011*)
Jocelyn Campbell (Committee Administrator) (*to October 2010*)
Heather Jackson (Committee Administrator) (*from November 2011*)

The Human Rights Committee is an ad hoc committee which meets on an “as required” basis to consider and report to the Executive Committee on matters referred to it by that Committee.

During the past year there have been no such referral although the Committee has recently had referred to it the Report by the Human Rights Commission on Bimberi Youth Detention Centre, a significant and recent document dealing with human rights at the grass roots level in the Community.

There is also an anticipated referral on the issue of whether the ACT Human Rights Act out to be extended to embrace economic, social and cultural rights which would constitute a significant expansion of its scope.

These should ensure some important activity for the Committee in the coming year.

INDUSTRIAL RELATIONS

John Wilson (Chair)
Bradley Beasley
Alan Campbell
Ian Johnson (*to May 2011*)
Danny Kynaston
Deborah Mackenzie (*from May 2011*)
Don Malcolmson
Jamie Ronald
Neil Wareham
Jocelyn Campbell (Committee Administrator) (*to October 2010*)
Heather Jackson (Committee Administrator) (*from November 2010*)

The Industrial Relations Committee, previously an ad hoc committee, agreed in May 2011 that to focus on current industrial relations issues the Committee should move to a pattern of regular quarterly meetings.

LEGAL PROFESSION ACT & ETHICS

Michael Phelps (Chair)
Paul Armarego
Trevor Barker
Madelin Bayer (*from June 2011*)
Christine Harvey
Tom Howe QC
Rob Reis
Gerald Santucci
Gloria Wong
Jocelyn Campbell (Committee Administrator) (*to October 2010*)
Heather Jackson (Committee Administrator) (*from November 2010*)

The Committee was only called upon to meet formally on an infrequent basis throughout the year with matters otherwise being dealt with out of session.

Typically, these matters required some direction or guidance to

members in response to queries on matters of practice or ethics.

These included:

- inspection of documents involving issues of legal professional privilege;
- external examiners obligations to report trust account irregularities where examination is incomplete;
- guidance for practitioners acting under a power of attorney from a client and involvement of other family members;
- costs assessments of a matter which is subject to a concurrent complaint to the Society; and
- guidance for practitioners faced with clients or persons presenting as suicidal.

Once again, I extend my thanks to the members of the Committee and the support of the Committee Administrator.

Michael Phelps (Chair)

MENTAL HEALTH & CHILDREN'S

Darryl Perkins (Chair)
Samantha Dellamarta (*from January 2011*)
Radmila Andric
Colleen Duffy
Helen Hayunga
Matthew Kamarul
Roy Lepper (*from February 2011*)
Jerry Leyland
Brian Liddy
John Lundy
Mark McCormack (*to May 2011*)
Brianna McGill (*to December 2010*)
Katrina McKenzie (*to December 2010*)
Amanda Nuttall
Cindy Reid
Alasdair Roy
Frank Smith (*to January 2011*)
Michael Toole
Elise Waters (*from January 2011*)
Jocelyn Campbell (Committee Administrator) (*to October 2010*)
Heather Jackson (Committee Administrator) (*from November 2010*)

The Committee draws its membership from a range of government and non government agencies, and those in the private profession. Over the last year, we have dealt with a number of matters concerning children and mental health issues for both children and adults. Unfortunately, to date the paucity of resources to initiate and fund needed services in the community is lacking.

There still exists a number of standing concerns that the Committee regularly deals with- particularly the lack of accommodation for at risk and displaced children, lack of foster placements for those the subject of Care orders, lack of fair remuneration by the Legal Aid Office (ACT) to support those who are in need, Police pro arrest policies, Watchhouse issues, and the lack of out and in patient mental health facilities and programs.

Many thanks to those energetic persons who involve themselves in the Committee's work. We look forward to progressing children's and mental health matters in the following year. The comprehensive

review of the youth justice system is now before the House of Assembly, Magistrate Fryar's Children's Drug Court initiative is commencing, the discussion paper on a diversionary framework for the ACT and the opening up of the Galambany Circle Sentencing Court for those under 18 are some of the initiatives we look forward to being involved in.

Darryl Perkins (Chair)

MILITARY LAW

Don Malcolmson (Chair)

Anthony Blucher

Peter Bowers

Barbara Campbell

Natalie Cujes

Chris Coles

Max Emanuel

Emmanuel Ezekiel-Hart

Mark Fitzpatrick

James King

John Lundy

Kylie Maso

Lynette McDade

Matt O'Brien

Susan Penn

Peter Sutherland

Glenn Theakston

Catherine Wallis

Lee Warren

Paul Wilkinson

John Wilson

The newly established Military Law Committee meets four times a year at the ACT Law Society. Members include Australian Defence Force Legal Officers, both regular and reserve, private practitioners with an interest in military law and Government lawyers, including those working in the area of Defence. With a strength of 21, the Military Law Committee is one of the largest ACT Law Society committees.

Much is discussed at the meetings and at times Chatham House rules have to apply. However, the Committee has had the enormous benefit of two prestigious guest speakers at its two most recent meetings.

The March meeting was addressed by Mr Michael Lysewycz, Assistant Secretary Legal Services, Department of Defence. Michael spoke in some detail about both military compensation issues and civil claims against the Department of Defence. He well articulated his extensive experience in these areas. His emphasis on ADR in disputes with Defence was particularly welcomed.

The June meeting had as its guest Mr Alex Ward, the President of the Law Council of Australia. This was well attended by defence personnel. Alex, a Navy Reserve Legal Officer himself, spoke to the group *inter alia*, about the new Military Court, CPD Points for all lawyers, managing defence lawyers, the ethics of who would be a defence lawyer's client and how the Council managed the government's and Council's reaction to the High Court decision of *Lane v Morrison*. Air Commodore Paul Cronin, head of Defence Legal also attended the meeting and was able to provide invaluable insight into current developments in the ADF Legal Practice

Also of note, the President, Executive Director and the Chair of the Military Law Committee met with then Head of Defence Legal, Mark Cunliffe, and the then Director-General ADF Legal Services, Commodore Vicki McConachie CSC RAN on 17 August 2010 to discuss matters of mutual concern.

The Committee continues to press for the adoption by the ADF of the proposed National Conduct Rules for both permanent and reserve legal officers.

Don Malcolmson (Chair)

PRACTICE MANAGEMENT

Bill Baker (Chair)

Graeme Blank

Phillip Davey

Gary Tamsitt

Robert Reis

Paul Vane-Tempest

The Practice Management Committee has again conducted a very successful Practice Management Course for solicitors seeking to obtain an Unrestricted Practising Certificate. There were 15 attendees at this year's course, with representatives from both the private sector and Government. Again the course was well received, with positive feedback from attendees. The Committee is always looking to improve the relevance and convenience of the course for its members and is currently considering options to achieve those aims.

In addition to the Practice Management Course, the committee again organised seminars covering Risk Management for Solicitors, Risk Management for Support Staff, and Trust Accounting seminars for support staff. The presenters were Rob Reis, Maureen Miller, Phil Davey, Tanya Berlis and myself. I thank all of those folk for their efforts and particularly those of my colleagues who have given up their time on a voluntary basis.

I also thank the other members of my committee, namely Graeme Blank, Phil Davey, Robert Reis, Gary Tamsitt and Paul Vane-Tempest.

Bill Baker (Chair)

PROPERTY LAW

Michael James (Chair)

John Chamberlain

Maggie Chapman

Tony Cibiras

Alfonso del Rio

Michael Flynn

Ruth Harris

Geoff Hay

Jayson Hinder

John Irvine

Susan McCarthy

Roberta McCrae

Jill McSpedden

Richard Nesbitt

Mark Poretti

Tony Thew
Mark Tigwell
David Toole
Peter Waight
Chris Wheeler
Jocelyn Campbell (Committee Administrator) (*to October 2010*)
Heather Jackson (Committee Administrator) (*from November 2011*)

2010/2011 continued to be a very busy year for one of the largest and busiest of the Law Society's committees.

It continued its work in relation to acting as an advocate for the profession and for the community in relation to dealings with government, submissions in relation to existing and proposed legislation, and dealings with the different government departments dealing with, or involved in, property transactions or property law.

It included a detailed review between the Society and ACTPLA in relation to the review of concessional leases and that work continues in the development of some guidelines which hoped to assist the authority, the profession and most importantly the community in the years to come. There have been a number of meetings with the ACT Revenue Office in relation to stamp duty issues associated with property transactions, and in particular, dealing with the issue of the assessment of duty on the transfer of a sublease with an associated sale of business.

There have been a number of meetings with the Land Titles Office in relation to practice and procedure issues, the recognition of trusts on registrable instruments, and other service delivery issues.

A meeting with the Office of Regulatory Services in relation to stigmatised housing was done as a joint consultation with the Real Estate Institute of the ACT. The committee also had a number of meetings with the then Land and Property Services in relation to the policy and practice in relation to first home owner assistance programs developed by the government, including the own place initiative and the home buyer concession stamp duty scheme.

The Committee, thanks to the hard work by Mr Peter Waight, produced a number of brochures on behalf of the Society which will be widely released shortly, and will be a great benefit to the community and to members.

The year ahead sees the Committee dealing with issues as diverse as the effect of native title upon due diligence investigations within the ACT, the effect of the government's new lease variation charge, the changes to unit title management, electronic stamping and the national e-conveyancing initiatives.

The Committee also continues to monitor the standard contract for sale of residential property, and consider the effect of recent judicial precedent within the property law arena.

As always, the work of this Committee is done cheerfully and effectively by its hardworking members. I extend my warmest appreciation and deepest thanks to them all.

Michael James (Chair)

YOUNG LAWYERS

Natalie Bruno (Chair)
Jennifer Newman (Vice Chair)
Sophie Knipe (Secretary)
Phil Schubert (Treasurer)
Theresa Dowling (Immediate Past Chair)
Fred Lester
Ben Shaw
Dean Thompson
Elizabeth Landford
Hannah Albarece
John Salinas
Laura Boylan-Smith
Nithya Sambasivam
Numira Kuruppu
Rachael Wakely
Rory Markham
Sally Hiles
Shelley Miller
Sophie Knipe
Numira Kuruppu
Lucinda Bordignon
Adam Bak
Hassan Ehsan
Chris Gribble
Nicole Ingram
Tony Pick
Amy Eager
Janukshi Perera
Kari Griffiths
Sam Tierney
Amy Eager

The ACT Golden Gavel was held in August 2010 at the Lobby, in conjunction with the Law Society Annual Dinner. Ms Sarah Avery won the competition and Mr Adam Bak was the people's choice award. Both were sent to the National competition as it was held in Canberra this year.

The National Golden Gavel was a roaring success this year. Our very own ACT committee hosted this delightful evening at the National Press Club on 29 October 2010. A very big thank you is extended to Justices Refshauge, Penfold and Mr Athol Opas for adjudicating on the night, as well as Mr Larry King for his flair and talent as MC. The event fortuitously fell on National Bandanna day, the committee utilised this as an opportunity to assist cancer affected teens and families in our community and we sold many a bandanna leading up to, and on the night.

"A Spring Affair" was again held at Long Rail Gully's winery on a stunning day in November 2010 overlooking the vineyards. The committee would like to extend a thank you to Gary and Barbara Parker for their ongoing and very generous hospitality. It was a delightful day enjoyed by all. Thank you must also extend to Mr Fred Lester and Mr Athol Opas for their wonderful chef-ing skills on the day.

Christmas celebrations took a change this year and the committee hosted drinks at Teatro Vivaldi.

The ANU law information day was held early in the year. The Law Society was represented by members of the Young Lawyers' committee

and we were joined by members of the ACT Bar Association. It was a great afternoon and an opportunity to share some knowledge with the soon-to-be new lawyers of the territory.

Law firm drinks hosted throughout the year by Slater and Gordon, this was a great evening and very very big thank you is extended to them for hosting us. The next drinks will be held by Dobinson Davey Clifford Simpson on 1 September 2011.

Also, the YLC has run a roster throughout the year to ensure that those aspiring practitioners who are not fortunate enough to know somebody to act as their moving Counsel upon their admission to the ACT Supreme Court are put in contact with a volunteer committee member on the roster. This service has been in high demand and we have moved over 100 admissions throughout the year.

For 24 consecutive hours between 6pm Friday 2 April and 6pm Saturday 3 April, a team of ACT Lawyers participated in the Cancer Council's Relay for Life at the Australian Institute of Sport. With the generous support of their friends, family and colleagues, these intrepid relayers walked and ran throughout the night and day to raised over \$3,000.00 in support of community members who have been affected by cancer.

The committee hosted a Touch football afternoon in April 2011. This was a well attended and supported event. Another day is planned so stay tuned.

Law Week 2011 was one of the highlights of the year for the YLC. Our annual quiz night 19 May 2011, was again a sell-out event and eager participants were unfortunately turned away. The razor sharp minds of the young profession (along with quite a few eager and competitive participants of a more experienced ilk) were put through their paces by the questions which were carefully formulated by Rory Markham – many thanks to Rory and his wife for giving up their precious time to provide ensure that the night was a great success. The Quiz Night this year raised money for our nominated law week charity, Ozharvest. This money was very gratefully received and will be well spent within our community. Thank you to all who attended and gave generously. We also thank our very generous sponsors, as the night would not have been a success without you.

The social event of the year was the annual winter ball. Held at the Hyatt this year on 29 July 2011. The ball was attended by many and enjoyed by all.

A big congratulations and thank you must go to the energetic and generous committee members whose time and efforts make events and services like these possible.

Thank you also to Heather, Kathleen, Robyn and the rest of the team at the Law Society for their abundant assistance throughout the year.

Natalie Bruno (Chair)

AD HOC COMMITTEES

The Society also has a number of ad hoc committees which consider issues as they arise. A number of these committees have not been required to meet during the past year, including the Professional Indemnity Insurance Committee and the Wills and Probate Committee.



Treasurer's Report 2010-11

Financial Statements

actlawsociety

I am pleased to present the Annual Report on the Society's Accounts for 2010-11.

Overview of accounts

1. General Account

This account covers the income and expenditure relating to the general operations of the Society.

2. Statutory Deposits Trust Account

This account comprises deposits of solicitors' trust moneys lodged with the Society to earn interest which is paid into the Statutory Interest Account.

3. Statutory Interest Account

This account accumulates the interest earned on funds deposited in the Statutory Deposits Trust Account together with interest earned on the balances in solicitors' trust accounts. The Society makes grants from this account to the Legal Aid Commission and other community legal aid centres. The costs of disciplinary proceedings are also funded from this account.

4. Solicitors' Fidelity Fund

The Fidelity Fund exists to meet any claims by clients for compensation in respect of loss arising from a solicitor's failure to account for trust funds or other valuable property. The costs of random inspections, investigations and the appointment of managers are met from this Fund.

General Account

The General Account recorded a surplus of \$59,312 which increased the Society's accumulated funds to \$1,015,889 as at 30 June 2011.

This was a pleasing result, as the Society had budgeted for a small deficit of \$17,000 in 2010/11. The favourable result was largely due to the income from the mandatory CPD programme along with better than expected interest rates and consolidation of practising certificate fee revenue which at one stage had been expected to decrease.

The Council will continue to closely monitor all expenditure. At this stage it appears that the Society is likely to record a small surplus for the 2011/12 financial year.

Statutory Deposits Trust Account

Total deposits at 30 June 2011 amounted to over \$17 million, an increase of 29% on the previous year.

It will be noted from the statement of cash flows that this increase was due to additional deposits totalling \$6,201,315 less repayments of deposits amounting to \$2,369,808.

Statutory Interest Account

The Statutory Interest Account derives its income from interest on solicitors' statutory deposits, interest on the balance in solicitors' trust accounts, and from the investment of the funds held in the Statutory Interest Account itself.

The revenue received of \$2,802,985 was an increase of 56.6% on the previous year, due to a number of factors including higher interest rates and the steady increase of the amount in the Statutory Deposit Account. Included in the revenue is approximately \$144,000 which was recovered from two of the major banks. This amount represented the interest earned in a number of solicitors' statutory deposits over the past seven years which should have been, but was not, paid to the Society. This amount was recovered following a reconciliation conducted by the Society's accountant. The Society continues to negotiate favourable interest rates we receive on balances held in solicitors' trust accounts.

There has been a steady increase in disciplinary legal costs incurred by the Society however the recovery of those costs continues to be pursued diligently.

Noting the current uncertainty in global financial markets it is difficult to predict which way interest rates might go in the next 12 months so there is still the need for a cautious approach with regard to grants to the Community legal aid organisations. For the 2011/12 financial year Council has agreed that an amount of \$1,700,000 will be made available for grants to the Legal Aid Commission and other community legal aid organisations. This is approximately 13.1% more than the 2010/11 grants total of \$1,503,000.

Solicitors' Fidelity Fund

The accumulated funds of the Fidelity Fund decreased by \$17,352 to a total of \$4,782,152 as at 30 June 2011.

Although revenue increased due to slightly higher interest received, it was not enough to cover expenses on the Fidelity Fund. The reoccurring expenses paid from the Fidelity Fund are those relating to random inspection costs. In addition to these reoccurring expenses there were expenses incurred relating to the appointment of managers for two firms. The amount paid for managers' costs was \$195,495.

It is again pleasing to note that the Society has not been required to pay any compensation from this fund since 1999.



Ian Campbell
Treasurer



The Law Society of the
Australian Capital Territory

Financial Statements

30 June 2011

actlawsociety

**THE LAW SOCIETY OF THE
AUSTRALIAN CAPITAL TERRITORY**

ABN 60 181 327 029

**FINANCIAL STATEMENTS
30 JUNE 2011**

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

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LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Revenue	2	1,894,914	1,588,408
Employee benefits expense		(875,871)	(829,824)
Rent and related expense		(135,839)	(123,882)
Functions and seminars		(139,515)	(114,046)
President's allowance		(87,487)	(82,609)
Capitation fees		(145,045)	(136,329)
Depreciation expense	8	(62,122)	(61,698)
Postage and couriers		(36,424)	(38,255)
Printing and stationery		(19,484)	(22,540)
Insurances		(20,805)	(16,437)
Travel and accommodation		(4,804)	(7,356)
Committee and executive working lunches		(18,752)	(22,101)
Fair Comp Campaign		(131,221)	-
Other expenses		<u>(158,233)</u>	<u>(113,737)</u>
Profit for the year		<u>59,312</u>	<u>19,594</u>
Total comprehensive income		<u><u>59,312</u></u>	<u><u>19,594</u></u>

LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Current assets			
Cash and cash equivalents	4	1,182,449	1,032,428
Investments	5	642,549	605,549
Trade and other receivables	6	278,968	258,617
Inventory	7	<u>8,505</u>	<u>8,935</u>
Total current assets		<u>2,112,471</u>	<u>1,905,529</u>
Non-current assets			
Office furniture and equipment	8	176,803	224,327
Rental bond		<u>35,532</u>	<u>33,062</u>
Total non-current assets		<u>212,335</u>	<u>257,389</u>
Total assets		<u>2,324,806</u>	<u>2,162,918</u>
Current liabilities			
Trade and other payables	9	1,100,951	959,259
Provisions	10	<u>207,966</u>	<u>237,233</u>
Total current liabilities		<u>1,308,917</u>	<u>1,196,492</u>
Non-current liabilities			
Provisions		<u>-</u>	<u>9,849</u>
Total non-current liabilities		<u>-</u>	<u>9,849</u>
Total liabilities		<u>1,308,917</u>	<u>1,206,341</u>
Net assets		<u>1,015,889</u>	<u>956,577</u>
Equity			
Accumulated funds		<u>1,015,889</u>	<u>956,577</u>
Total equity		<u>1,015,889</u>	<u>956,577</u>

LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
Accumulated Funds		
Balance at the beginning of the financial year	956,577	936,983
Total comprehensive income for the year	<u>59,312</u>	<u>19,594</u>
Balance at the end of the financial year	<u>1,015,889</u>	<u>956,577</u>

LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Cash flows from operating activities			
Receipts from members and others		2,022,004	1,626,689
Payments to suppliers and employees		(1,887,372)	(1,588,730)
Interest received		<u>69,636</u>	<u>41,280</u>
Net cash inflow/(outflow) from operating activities		<u>204,268</u>	<u>109,239</u>
Cash flows from investing activities			
Payments for investments		(37,000)	(20,708)
Payments for office furniture and equipment		<u>(17,247)</u>	<u>(21,327)</u>
Net cash inflow/(outflow) from investing activities		<u>(54,247)</u>	<u>(42,035)</u>
Net increase/(decrease) in cash held		150,021	67,204
Cash at the beginning of the financial year		<u>1,032,428</u>	<u>965,224</u>
Cash at the end of the financial year	4	<u>1,182,449</u>	<u>1,032,428</u>

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Law Society of the Australian Capital Territory (the Society) is a statutory body incorporated in the Australian Capital Territory under the Legal Profession Act 2006.

These financial statements cover the Society as an individual entity, domiciled in Australia. Its registered office and principal place of business is 11 London Circuit, Canberra City, ACT, 2601.

Basis of Preparation

The Society has elected to early adopt AASB 1053: 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2: 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements' to the annual reporting period beginning 1 July 2010.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (Reduced Disclosure Requirements of the Australian Accounting Standards Board), including Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the Legal Profession Act 2006.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Accounting Policies

(a) Income Tax

The Society is exempt from income tax under section 50-25 of the Income Tax Assessment Act.

(b) Inventory

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a specific identification basis and include direct costs and appropriate overheads, if any. Costs are assigned on the basis of the First In First Out (FIFO) Method.

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) **Office Furniture and Equipment**

Each class of office furniture and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Where a revaluation has been performed, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The carrying amount of office furniture and equipment is reviewed at the end of the reporting period to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. All other costs (eg. repairs and maintenance) are charged to the statement of comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) **Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Society commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The expected useful lives are as follows:

Office furniture and equipment	3-15 years.
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THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) **Financial Instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the intention to hold these investments to maturity. Any held-to-maturity investments held are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, an assessment is made whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(f) **Investments**

Interests in bank bills and deposits are brought to account at cost and interest income is recognised in the statement of comprehensive income when receivable.

(g) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Trade and Other Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 120 days from the date of recognition. Collectability of trade debtors is reviewed on an ongoing basis.

(i) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Society prior to the end of the financial year and which were unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Revenue from practicing certificates is recognised in the year to which the fees relate.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of the GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Employee Benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to balance date. The benefits due to be settled within one year to employees for their entitlements have been measured at the amounts expected to be paid including on-costs and are disclosed as current liabilities. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made in respect of those benefits. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

(m) Provisions

Provisions are recognised when the Society has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will result and that the outflow can be reliably measured.

(n) Comparative Figures

Comparative figures have been adjusted, where necessary, to conform to changes in presentation for the current financial year.

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical Accounting Estimates and Judgements

The Councillors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Society.

The Councillors do not believe that there were any key estimates or key judgements used in the development of the financial statements that give rise to a significant risk of material adjustment in the future.

	2011	2010
	\$	\$
NOTE 2 REVENUE		
Revenue from operating activities		
Practising certificate fees	811,862	765,900
Members' subscriptions	15,809	15,492
Capitation fees	144,250	138,150
Reimbursement of expenses		
- Statutory Interest Account – administration*	63,229	66,208
- Statutory Interest Account – Legal Advice Bureau*	32,558	29,616
- Statutory Interest Account – professional standards*	120,581	119,755
- Solicitors' Fidelity Fund of the Australian Capital Territory – administration*	34,539	38,442
Profit on standard forms	64,311	70,477
Income from functions	49,553	65,762
Ethos advertising and subscriptions	16,903	16,378
Subscriptions from seminars	156,549	45,356
Project Officer contributions	43,246	41,506
Certificates of good standing	12,780	10,700
Settlements Office contributions	59,072	55,840
Practice management courses	21,060	14,310
	<u>1,646,302</u>	<u>1,493,892</u>
Revenue from outside the operating activities		
Sponsorship	36,335	39,665
Interest	71,069	48,429
Miscellaneous income	10,448	6,422
Fair Comp Campaign	130,760	-
	<u>248,612</u>	<u>94,516</u>
	<u>1,894,914</u>	<u>1,588,408</u>

* These amounts are received from entities managed and administered by the Society under the Legal Profession Act 2006.

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
NOTE 3 PROFIT FOR THE YEAR		
Included in the profit for the year are the following specific items of expenditure:		
Rental payments on operating lease	(124,290)	(112,281)
Depreciation	(62,122)	(61,698)
Superannuation contributions	(68,972)	(65,542)
Loss on disposal of assets	<u>(2,649)</u>	<u>-</u>
NOTE 4 CASH AND CASH EQUIVALENTS		
Cash on hand	300	300
Cash at bank	<u>1,182,149</u>	<u>1,032,128</u>
	<u>1,182,449</u>	<u>1,032,428</u>
NOTE 5 INVESTMENTS		
<i>Held-to-Maturity Investments</i>		
St George Bank term deposits	<u>642,549</u>	<u>605,549</u>
These deposits have an average maturity of 6 – 7 months from the date of their deposit.		
NOTE 6 TRADE AND OTHER RECEIVABLES		
Trade debtors	116,162	149,438
Prepayments and deposits	43,135	27,763
Accrued interest receivable	15,692	14,258
Other accrued income	99,309	62,024
GST refund receivable	4,670	3,336
Undeposited funds	<u>-</u>	<u>1,798</u>
	<u>278,968</u>	<u>258,617</u>
NOTE 7 INVENTORY		
Contracts for sale	8,459	8,871
Tenancy agreements	<u>46</u>	<u>64</u>
	<u>8,505</u>	<u>8,935</u>

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 8 OFFICE FURNITURE AND EQUIPMENT		
Office furniture and equipment		
At cost	525,238	517,706
Less: accumulated depreciation	<u>(348,435)</u>	<u>(293,379)</u>
Total office furniture and equipment	<u>176,803</u>	<u>224,327</u>
Reconciliation		
A reconciliation of the carrying amount at the beginning and end of the current financial year is set out below.		
	Office furniture and equipment	
Carrying amount at the beginning of the year	224,327	264,698
Additions	17,247	21,327
Disposals	(2,649)	-
Depreciation expense	<u>(62,122)</u>	<u>(61,698)</u>
Carrying amount at the end of the year	<u>176,803</u>	<u>224,327</u>
NOTE 9 TRADE AND OTHER PAYABLES		
Other liabilities		
Subscriptions in advance	985,255	902,842
Accruals	18,704	23,055
Payable – Solicitors’ Fidelity Fund of the Australian Capital Territory	38,046	4,420
Fair Comp Campaign Fund	<u>12,877</u>	<u>1,572</u>
Total other liabilities	1,054,882	931,889
Trade creditors	<u>46,069</u>	<u>27,370</u>
	<u>1,100,951</u>	<u>959,259</u>
NOTE 10 PROVISIONS		
<i>Current</i>		
Provision for annual leave	132,821	137,371
Provision for long service leave	<u>75,145</u>	<u>99,862</u>
	<u>207,966</u>	<u>237,233</u>
<i>Non-Current</i>		
Provision for long service leave	<u>-</u>	<u>9,849</u>

The amount of current long service leave expected to be settled within 12 months of the end of the financial year is nil (2010: \$34,733).

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 11 FINANCIAL RISK MANAGEMENT

The accounting policies and terms and conditions of each class of financial asset and financial liability at the end of the reporting period are consistent with those regularly adopted by businesses in Australia.

The Society's financial instruments consist mainly of deposits with banks, accounts receivable and payables.

The entity is not subject to any significant liquidity, credit or interest rate risk.

The totals for each category of financial instrument, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		2011 \$	2010 \$
	Note		
Financial Assets			
Cash and cash equivalents	4	1,182,449	1,032,428
Held-to-maturity investments	5	642,549	605,549
Loans and receivables	6	<u>236,541</u>	<u>228,298</u>
Total Financial Assets		<u>2,061,539</u>	<u>1,866,275</u>
Financial Liabilities			
Trade and other payables	9	<u>1,100,951</u>	<u>959,259</u>
Total Financial Liabilities		<u>1,100,951</u>	<u>959,259</u>

Net Fair Values

Financial assets and liabilities are carried at their net fair value at the end of the reporting period. The carrying values of financial assets and financial liabilities approximate their net fair values due to their short terms of maturity or market interest rates. No financial assets or financial liabilities are traded on organised markets in standard form.

NOTE 12 REMUNERATION OF AUDITORS

Audit of the Society's financial statements	8,500	7,975
Audit of Statutory Deposits Trust Account	1,330	1,240
Audit of Statutory Interest Account	2,335	2,185
Audit of Solicitors' Fidelity Fund	2,335	2,185
Accounting assistance and advice	<u>591</u>	<u>-</u>
	<u>15,091</u>	<u>13,585</u>

No other benefits were received by the auditors.

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
NOTE 13 LEASING COMMITMENTS		
<i>Lease commitments</i>		
Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	124,719	121,864
Later than one year but not later than 5 years	<u>354,426</u>	<u>477,424</u>
	<u>479,145</u>	<u>599,288</u>

The total amount of rental expense recognised in the reporting period was \$124,290 (2010: \$112,281).

NOTE 14 LEGISLATION

The Society is constituted under the Legal Profession Act 2006. Pursuant to that Act the Society is responsible for operating and maintaining the following fund and accounts:

- The Solicitors' Fidelity Fund of the Australian Capital Territory;
- The Statutory Deposits Trust Account; and
- The Statutory Interest Account.

NOTE 15 RELATED PARTIES

The names of persons who were members of the Council of the Law Society of the Australian Capital Territory for any part of the year are as follow:

Mr A Opas	President
Ms K Barralet	Vice President
Mr M Hockridge	Vice President
Mr R J Barnett	Immediate Past President
Mr I Campbell	Treasurer
Ms L E Vardanega PSM	Secretary
Ms S Avery	
Mr G Brackenreg	
Mr C Donohue	
Ms P Flinn	Up to 22 September 2010
Mr A Freer	Up to 22 September 2010
Ms C Harvey	
Ms E Lee	
Mr F Lester	Up to 17 May 2011
Mr D Malcolmson	From 23 September 2010
Mr M Tigwell	
Mr P Vane-Tempest	
Mr M Blumer	From 23 September 2010

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 15 RELATED PARTIES (CONT'D)

Councillors and their related entities transact with the Society from time to time on normal terms and conditions that are no more favourable than those available to others. The types of transactions include practicing certificate fees, capitation fees, subscriptions, functions, seminars, courses and the sale of standard forms.

During the year the Society paid professional fees to Councillors or their Councillor-related entities within a normal client-solicitor relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the Councillors or their Councillor-related entities at arm's length in the same circumstances.

The president receives an allowance for the services he provides to the Society. This allowance is included in key management personnel compensation below. No other member of council receives any remuneration from the Law Society of the Australian Capital Territory or a related entity.

During the year the Society paid \$1,996 (2010: \$1,987) in premiums for Councillors and Officers liability insurance.

NOTE 16 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Society, directly or indirectly, including any Councillor (whether executive or otherwise) of the Society.

	2011 \$	2010 \$
Total key management personnel compensation	<u>233,305</u>	<u>221,774</u>

NOTE 17 EVENTS AFTER THE BALANCE DATE

These financial statements were authorised for issue by the Councillors on the date of signing the attached Councillors' Declaration. The Councillors have the power to amend the financial statements after they are issued.

There are no other events after the balance date which require amendment of, or further disclosure in, the financial statements.

NOTE 18 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at the end of the financial year.

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2011**

The Councillors declare that the financial statements and notes set out on pages 1 to 14:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and other mandatory professional reporting requirements; and
- (b) present fairly the Society's financial position as at 30 June 2011 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors' opinion:

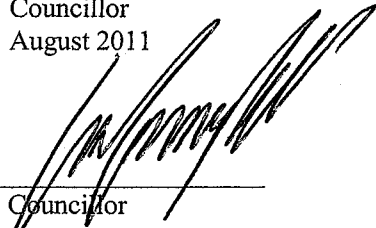
- (a) the financial statements and notes are in accordance with the requirements of the Legal Profession Act 2006; and
- (b) there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable.

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



Councillor

17 August 2011



Councillor

17 August 2011

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY**

We have audited the accompanying financial statements of the Law Society of the Australian Capital Territory (the Society) which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and for such internal control as the Council determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

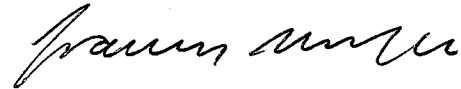
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the Law Society of the Australian Capital Territory as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.



Duesburys Nexia
Canberra, 17 August 2011



G J Murphy
Partner

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

STATUTORY DEPOSITS TRUST ACCOUNT

FINANCIAL STATEMENTS

30 JUNE 2011

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY DEPOSITS TRUST ACCOUNT**

FINANCIAL STATEMENTS – 30 JUNE 2011

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**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY DEPOSITS TRUST ACCOUNT**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Revenue		<u>-</u>	<u>-</u>
Net surplus/ (deficit)		<u>-</u>	<u>-</u>

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY DEPOSITS TRUST ACCOUNT**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Current assets			
Cash and cash equivalents	2	9,693,158	8,512,559
Investments	3	<u>7,399,815</u>	<u>4,728,211</u>
Total current assets		<u>17,092,973</u>	<u>13,240,770</u>
Total assets		<u>17,092,973</u>	<u>13,240,770</u>
Current liabilities			
Trade and other payables	4	<u>17,092,973</u>	<u>13,240,770</u>
Total current liabilities		<u>17,092,973</u>	<u>13,240,770</u>
Total liabilities		<u>17,092,973</u>	<u>13,240,770</u>
Net assets		<u> -</u>	<u> -</u>
Equity			
Accumulated Funds		<u> -</u>	<u> -</u>
Total equity		<u> -</u>	<u> -</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Balance at the beginning of the year		-	-
Changes during the year		<u> -</u>	<u> -</u>
Balance at the end of the year		<u> -</u>	<u> -</u>

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY DEPOSITS TRUST ACCOUNT**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Cash flows from investing activities			
Interest received and to be transferred to Statutory Interest Account	4	20,696	-
Payments for investments		<u>(2,671,604)</u>	<u>(114,543)</u>
Net cash inflow/(outflow) from investing activities		<u>(2,650,908)</u>	<u>(114,543)</u>
Cash flows from financing activities			
Proceeds from deposits		6,201,315	4,903,699
Repayments of deposits		<u>(2,369,808)</u>	<u>(1,087,385)</u>
Net cash inflow/(outflow) from financing activities		<u>3,831,507</u>	<u>3,816,314</u>
Net increase/(decrease) in cash held		1,180,599	3,701,771
Cash at the beginning of the financial year		<u>8,512,559</u>	<u>4,810,788</u>
Cash at the end of the financial year	2	<u>9,693,158</u>	<u>8,512,559</u>

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY DEPOSITS TRUST ACCOUNT**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements cover The Law Society of the Australian Capital Territory Statutory Deposits Trust Account (the Trust Account) as an individual entity, domiciled in Australia. Its registered office and principal place of business is 11 London Circuit, Canberra City, ACT, 2601.

Basis of Preparation

Reporting Basis and Conventions

The Law Society of the Australian Capital Territory Statutory Deposits Trust Account (the Trust Account) has elected to early adopt AASB 1053: 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2: 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements' to the annual reporting period beginning 1 July 2010.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (Reduced Disclosure Requirements of the Australian Accounting Standards Board), including Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the Legal Profession Act 2006.

The Law Society of the Australian Capital Territory is a statutory body incorporated in the Australian Capital Territory under the Legal Profession Act 2006. The financial statements cover the Trust Account as an individual entity.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Accounting Policies

(a) Income Tax

The Trust Account is exempt from income tax under relevant provisions of the Income Tax Assessment Act.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(c) Investments

Interests in term deposits are brought to account at cost and interest income is recognised in the statement of comprehensive income when receivable.

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY DEPOSITS TRUST ACCOUNT**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Monies Deposited by Solicitors

Monies deposited by solicitors are recognised upon receipt. Amounts are repayable in accordance with the Legal Profession Act 2006.

(e) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139 Financial Instruments: Recognition and Measurement. Gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the intention to hold these investments to maturity. Any held-to-maturity investments held are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial Liabilities

Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, an assessment is made of whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY DEPOSITS TRUST ACCOUNT**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Comparatives

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical Accounting Estimates and Judgements

The Councillors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Trust Account.

The Councillors do not believe that there were any key estimates or key judgements used in the development of the financial statements that give rise to a significant risk of material adjustment in the future.

	2011	2010
	\$	\$
NOTE 2 CASH AND CASH EQUIVALENTS		
Cash at bank	<u>9,693,158</u>	<u>8,512,559</u>
NOTE 3 INVESTMENTS		
<i>Held-to-Maturity Investments</i>		
Commonwealth Bank	1,500,000	1,500,000
National Australia Bank	1,220,865	1,179,758
St George Bank	2,178,940	2,048,453
Westpac	<u>2,500,000</u>	<u>-</u>
	<u>7,399,815</u>	<u>4,728,211</u>
These deposits have maturities of 6 to 8 months from the date of their deposit.		
NOTE 4 TRADE AND OTHER PAYABLES		
Monies deposited by solicitors	17,072,277	13,240,770
Other liability*	<u>20,696</u>	<u>-</u>
	<u>17,092,973</u>	<u>13,240,770</u>

* This represents interest to be transferred to the Statutory Interest Account.

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY DEPOSITS TRUST ACCOUNT**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 5 LEGISLATION

The Statutory Deposits Trust Account is maintained by the Law Society of the Australian Capital Territory, a related entity, in accordance with section 253 of the Legal Profession Act 2006. Interest income earned on interest bearing deposits held by the Statutory Deposits Trust Account is credited as income of the Statutory Interest Account. The Trust Account has no employees.

NOTE 6 REMUNERATION OF AUDITORS

Audit fees of \$1,330 (2010:\$1,240) were paid by the Statutory Interest Account on behalf of the Statutory Deposits Trust Account.

NOTE 7 FINANCIAL RISK MANAGEMENT

The accounting policies and terms and conditions of each class of financial asset and financial liability at the end of the reporting period are consistent with those regularly adopted by businesses in Australia.

The Trust Account's financial instruments consist mainly of deposits with banks, accounts receivable and payables.

The entity is not subject to any significant liquidity, credit or interest rate risk.

The totals for each category of financial instrument, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		2011 \$	2010 \$
	Note		
Financial Assets			
Cash and cash equivalents	2	9,693,158	8,512,559
Held-to-maturity investments	3	<u>7,399,815</u>	<u>4,728,211</u>
Total Financial Assets		<u>17,092,973</u>	<u>13,240,770</u>
Financial Liabilities			
Trade and other payables	4	<u>17,072,277</u>	<u>13,240,770</u>
Total Financial Liabilities		<u>17,072,277</u>	<u>13,240,770</u>

Net Fair Values

Financial assets and financial liabilities are carried at their net fair value at the end of the reporting year. The carrying values of financial assets and financial liabilities approximate their net fair values due to their short term maturity or market interest rate. No financial assets or financial liabilities are traded on organised markets in standardised form.

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY DEPOSITS TRUST ACCOUNT**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 8 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at the end of the financial year.

NOTE 9 EVENTS AFTER THE BALANCE DATE

These financial statements were authorised for issue by the Councillors on the date of signing the attached Councillors' Declaration. The Councillors have the power to amend the financial statements after they are issued.

There are no other events after the balance date which require amendment of, or further disclosure in, the financial statements.

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY DEPOSITS TRUST ACCOUNT**

**COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2011**

The Councillors declare that the financial statements and notes set out on pages 1 to 8:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and other mandatory professional reporting requirements; and
- (b) present fairly the Trust Account's financial position as at 30 June 2011 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors' opinion:

- (a) the financial statements and notes are in accordance with the requirements of the Legal Profession Act 2006; and
- (b) there are reasonable grounds to believe that the Trust Account will be able to pay its debts as and when they become due and payable.

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



Councillor

17 August 2011



Councillor

17 August 2011

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY DEPOSITS TRUST ACCOUNT**

We have audited the accompanying financial statements of the Law Society of the Australian Capital Territory Statutory Deposits Trust Account which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and for such internal control as the Council determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

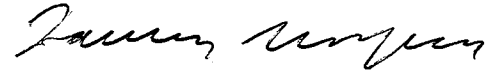
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the Law Society of the Australian Capital Territory Statutory Deposits Trust Account as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.



Duesburys Nexia
Canberra, 17 August 2011



G J Murphy
Partner

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

STATUTORY INTEREST ACCOUNT

FINANCIAL STATEMENTS

30 JUNE 2011

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT**

FINANCIAL STATEMENTS – 30 JUNE 2011

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**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Revenue	2	2,802,985	1,789,455
Expenses			
Law Society of the Australian Capital Territory - reimbursement of administration expenses		(63,229)	(66,208)
Disciplinary legal costs		(526,826)	(496,433)
Legal Advice Bureau operating costs	9	(32,709)	(30,235)
Professional Standards Office costs		<u>(121,546)</u>	<u>(120,695)</u>
Surplus before disbursements		2,058,675	1,075,884
Proposed disbursements s253		(1,700,000)	(1,338,000)
Additional disbursement s253		<u>(165,000)</u>	<u>-</u>
Surplus/(deficit) for the year		<u>193,675</u>	<u>(262,116)</u>
Total comprehensive income		<u><u>193,675</u></u>	<u><u>(262,116)</u></u>

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Current assets			
Cash and cash equivalents	3	1,833,523	1,287,799
Investments	4	1,626,135	1,587,918
Trade and other receivables	5	<u>469,469</u>	<u>425,576</u>
Total current assets		<u>3,929,127</u>	<u>3,301,293</u>
Non-current assets			
Legal advice bureau furniture and fittings	6	<u>-</u>	<u>-</u>
Total non-current assets		<u>-</u>	<u>-</u>
Total assets		<u>3,929,127</u>	<u>3,301,293</u>
Current liabilities			
Trade and other payables	7	119,705	47,546
Provisions	8	<u>1,700,000</u>	<u>1,338,000</u>
Total current liabilities		<u>1,819,705</u>	<u>1,385,546</u>
Total liabilities		<u>1,819,705</u>	<u>1,385,546</u>
Net assets		<u>2,109,422</u>	<u>1,915,747</u>
Equity			
Accumulated funds		<u>2,109,422</u>	<u>1,915,747</u>
Total equity		<u>2,109,422</u>	<u>1,915,747</u>

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
Accumulated funds		
Balance at the beginning of the financial year	1,915,747	2,177,863
Surplus/(deficit) for the year	<u>193,675</u>	<u>(262,116)</u>
Balance at the end of the financial year	<u>2,109,422</u>	<u>1,915,747</u>

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011	2010 \$
Cash flows from operating activities			
Recovered disciplinary legal costs		127,464	62,253
Miscellaneous receipts & GST refunds		274,221	147,961
Disbursements and other operating payments		(876,586)	(953,834)
Interest		<u>2,561,842</u>	<u>1,562,126</u>
Net cash inflow/(outflow) from operating activities		<u>2,086,941</u>	<u>818,506</u>
Cash flows from investing activities			
Payments for investments		<u>(38,217)</u>	<u>(161,826)</u>
Net cash inflow/(outflow) from investing activities		<u>(38,217)</u>	<u>(161,826)</u>
Cash flows from financing activities			
Section 253 disbursements	11	<u>(1,503,000)</u>	<u>(1,765,000)</u>
Net cash inflow/(outflow) from financing activities		<u>(1,503,000)</u>	<u>(1,765,000)</u>
Net increase (decrease) in cash held		545,724	(1,108,320)
Cash at the beginning of the financial year		<u>1,287,799</u>	<u>2,396,119</u>
Cash at the end of the financial year	3	<u>1,833,523</u>	<u>1,287,799</u>

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements cover The Law Society of the Australian Capital Territory Statutory Interest Account (the Account) as an individual entity, domiciled in Australia. Its registered office and principal place of business is 11 London Circuit, Canberra City, ACT, 2601.

Basis of Preparation

Reporting Basis and Conventions

The Law Society of the Australian Capital Territory Statutory Interest Account (the Account) has elected to early adopt AASB 1053: 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2: 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements' to the annual reporting period beginning 1 July 2010.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (Reduced Disclosure Requirements of the Australian Accounting Standards Board), including Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the Legal Profession Act 2006.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Accounting Policies

- (a) **Income Tax**
The Account is exempt from income tax under relevant provisions of the Income Tax Assessment Act.
- (b) **Cash and Cash Equivalents**
Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.
- (c) **Investments**
Interests in term deposits are brought to account at cost and interest income is recognised in the statement of comprehensive income when receivable.
- (d) **Revenue Recognition**
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(f) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139 Financial Instruments: Recognition and Measurement. Gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the intention to hold these investments to maturity. Any held-to-maturity investments held are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, an assessment is made of whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(g) Comparatives

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical Accounting Estimates and Judgements

The Councillors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Account.

The Councillors do not believe that there were any key estimates or key judgements used in the development of the financial statements that give rise to a significant risk of material adjustment in the future.

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

		2011		2010
		\$		\$
NOTE 2	REVENUE			
	Revenue from operating activities			
	Interest on investments by the Statutory Interest Account	149,021		132,339
	Interest on investments by the Statutory Deposits Account	662,627		373,769
	Interest on Solicitors' Trust Accounts	<u>1,863,872</u>		<u>1,221,094</u>
		2,675,520		1,727,202
	Revenue from outside the operating activities			
	Miscellaneous income	<u>127,465</u>		<u>62,253</u>
		<u>2,802,985</u>		<u>1,789,455</u>
NOTE 3	CASH AND CASH EQUIVALENTS			
	Cash at bank	<u>1,833,523</u>		<u>1,287,799</u>
NOTE 4	INVESTMENTS			
	<i>Held-to-Maturity Investments</i>			
	Commonwealth Bank of Australia	1,000,000		1,000,000
	St George Bank Australia	<u>626,135</u>		<u>587,918</u>
		<u>1,626,135</u>		<u>1,587,918</u>
	These deposits have an average maturity of 6 months from the date of their deposit.			
NOTE 5	TRADE AND OTHER RECEIVABLES			
	Accrued interest			
	-Investments	161,356		162,880
	-Solicitors' Trust Accounts	<u>288,015</u>		<u>172,813</u>
		449,371		335,693
	Debtors	5,667		-
	Prepayments	1,493		965
	GST paid to suppliers	<u>12,938</u>		<u>88,918</u>
		<u>469,469</u>		<u>425,576</u>

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
NOTE 6 LEGAL ADVICE BUREAU FURNITURE AND FITTINGS		
Legal advice bureau furniture and fittings		
At cost	6,507	6,507
Less: accumulated depreciation	<u>(6,507)</u>	<u>(6,507)</u>
	<u>-</u>	<u>-</u>
NOTE 7 TRADE AND OTHER PAYABLES		
Sundry creditors and accruals	<u>119,705</u>	<u>47,546</u>
NOTE 8 PROVISIONS – CURRENT		
Proposed disbursements	<u>1,700,000</u>	<u>1,338,000</u>
NOTE 9 LEGAL ADVICE BUREAU OPERATING COSTS		
Cleaning	639	560
Depreciation	1,359	1,381
Electricity	315	360
Insurance	307	288
Publications and subscriptions	151	619
Rental of premises	8,193	7,410
Salaries and superannuation	<u>21,745</u>	<u>19,617</u>
	<u>32,709</u>	<u>30,235</u>
NOTE 10 PROPOSED DISBURSEMENTS		
The Account will invite submissions for disbursements from the Statutory Interest Account under s253(4) of the Legal Profession Act 2006:		
Proposed disbursements	<u>1,700,000</u>	<u>1,338,000</u>

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
NOTE 11 DISBURSEMENTS		
Disbursements made from the Statutory Interest Account under s253(4) of the Legal Profession Act 2006 were:		
Environmental Defender's Office	28,931	27,883
Legal Aid Commission (ACT)	1,244,069	1,531,667
Welfare Rights and Legal Centre	150,000	133,800
Women's Legal Centre	<u>80,000</u>	<u>71,650</u>
	<u>1,503,000</u>	<u>1,765,000</u>

NOTE 12 FINANCIAL RISK MANAGEMENT

The accounting policies and terms and conditions of each class of financial asset and financial liability at the end of the reporting period are consistent with those regularly adopted by businesses in Australia.

The Account's financial instruments consist mainly of deposits with banks, accounts receivable and payables.

The entity is not subject to any significant liquidity or credit risk. Interest rate risk is managed by the Account reviewing the interest rate profile, current interest rates and the market outlook, and taking action as necessary to ensure that risk levels are maintained at a satisfactory level for its own cash and investments. A 1% movement in interest rates across the Account's cash and investments, and the cash and investments of the Statutory Deposits Accounts and Solicitors' trust accounts would have a significant impact on profit and equity. Movements in the amounts held by Solicitors in their trust accounts can also have a significant impact on interest received by the Account. A number of the variables associated with interest risk are not able to be influenced by the Account.

The totals for each category of financial instrument, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note		
Financial Assets			
Cash and cash equivalents	3	1,833,523	1,287,799
Held-to-maturity investments	4	1,626,135	1,587,918
Loans and receivables	5	<u>455,038</u>	<u>335,693</u>
Total Financial Assets		<u>3,914,696</u>	<u>3,211,410</u>
Financial Liabilities			
Trade and other payables	7	<u>119,705</u>	<u>47,546</u>
Total Financial Liabilities		<u>119,705</u>	<u>47,546</u>

Net Fair Values

Financial assets and liabilities are carried at their net fair value at the end of the reporting period. The carrying values of financial assets and financial liabilities approximate their net fair values due to their short terms of maturity or market interest rates. No financial assets or financial liabilities are traded on organised markets in standard form.

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 13 CONTINGENT ASSETS

The Account is seeking to recover certain disciplinary costs. At the present time the amount of the recovery is uncertain.

NOTE 14 CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the financial year.

NOTE 15 LEGISLATION

The Statutory Interest Account is maintained by the Law Society of the Australian Capital Territory, a related party, in accordance with s253 of the Legal Profession Act 2006. Under the Act, interest on Solicitors' Trust Accounts and investments by the Statutory Deposits Trust Account are deposited into the Statutory Interest Account.

NOTE 16 REMUNERATION OF AUDITORS

Audit fees of \$2,335 (2009: \$2,185) were ultimately paid by the Statutory Interest Account.

NOTE 17 EVENTS AFTER THE BALANCE DATE

These financial statements were authorised for issue by the Councillors on the date of signing the attached Councillors' Declaration. The Councillors have the power to amend the financial statements after they are issued.

There are no other events after the balance date which require amendment of, or further disclosure in, the financial statements.

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT**

**COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2011**


The Councillors declare that the financial statements and notes set out on pages 1 to 11:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and other mandatory professional reporting requirements; and
- (b) present fairly the Account's financial position as at 30 June 2011 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors' opinion:

- (a) the financial statements and notes are in accordance with the requirements of the Legal Profession Act 2006; and
- (b) there are reasonable grounds to believe that the Account will be able to pay its debts as and when they become due and payable.

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



Councillor

17 August 2011



Councillor

17 August 2011

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY STATUTORY INTEREST
ACCOUNT**

We have audited the accompanying financial statements of the Law Society of the Australian Capital Territory Statutory Interest Account which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and for such internal control as the Council determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

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

Auditor's Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the Law Society of the Australian Capital Territory Statutory Interest Account as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.



Duesburys Nexia
Canberra, 17 August 2011



G J Murphy
Partner

**THE SOLICITORS' FIDELITY FUND
OF THE AUSTRALIAN CAPITAL TERRITORY**

FINANCIAL STATEMENTS

30 JUNE 2011

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

FINANCIAL STATEMENTS – 30 JUNE 2011

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THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 \$	2010 \$
Revenue	2	312,527	243,457
Audit fees		(2,335)	(2,185)
Administration expenses		(34,539)	(38,442)
Investigations, examinations and managers' costs		(195,495)	-
Random inspections expenses		<u>(97,510)</u>	<u>(63,348)</u>
Surplus/(deficit) for the year		<u>(17,352)</u>	<u>139,482</u>
Total comprehensive income for the year		<u>(17,352)</u>	<u>139,482</u>

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Current assets			
Cash and cash equivalents	3	59,880	196,284
Trade and other receivables	4	<u>87,278</u>	<u>29,967</u>
Total current assets		<u>147,158</u>	<u>226,251</u>
Non-current assets			
Investments	5	<u>4,695,190</u>	<u>4,617,379</u>
Total non-current assets		<u>4,695,190</u>	<u>4,617,379</u>
Total assets		<u>4,842,348</u>	<u>4,843,630</u>
Current liabilities			
Trade and other payables	6	<u>60,196</u>	<u>44,126</u>
Total current liabilities		<u>60,196</u>	<u>44,126</u>
Total liabilities		<u>60,196</u>	<u>44,126</u>
Net assets		<u>4,782,152</u>	<u>4,799,504</u>
Equity			
Accumulated funds		<u>4,782,152</u>	<u>4,799,504</u>
Total equity		<u>4,782,152</u>	<u>4,799,504</u>

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
Accumulated Funds		
Balance at the beginning of the financial year	4,799,504	4,660,022
Total comprehensive income for the year	<u>(17,352)</u>	<u>139,482</u>
Balance at the end of the financial year	<u>4,782,152</u>	<u>4,799,504</u>

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Cash flows from operating activities			
Receipts from contributions		4,539	36,292
Recoveries & GST refunds		27,151	5,945
Payments to suppliers and the Law Society of the Australian Capital Territory		(342,155)	(103,841)
Interest received		<u>251,872</u>	<u>194,927</u>
Net cash inflow/(outflow) from operating activities		<u>(58,593)</u>	<u>133,323</u>
Cash flows from investing activities			
Payments for investments		<u>(77,811)</u>	<u>(71,480)</u>
Net cash inflow/(outflow) from investing activities		<u>(77,811)</u>	<u>(71,480)</u>
Net increase/(decrease) in cash held		(136,404)	61,843
Cash at the beginning of the financial year		<u>196,284</u>	<u>134,441</u>
Cash at the end of the financial year	3	<u><u>59,880</u></u>	<u><u>196,284</u></u>

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Solicitors' Fidelity Fund (the Fund) of the Australian Capital Territory is a statutory body incorporated in the Australian Capital Territory under the Legal Profession Act 2006. The financial statements cover the Fund as an individual entity. Its registered office and principal place of business is 11 London Circuit, Canberra City, ACT, 2601.

Basis of Preparation

Reporting Basis and Conventions

The Solicitors' Fidelity Fund of the Australian Capital Territory has elected to early adopt AASB 1053: 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2: 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements' to the annual reporting period beginning 1 July 2010.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (Reduced Disclosure Requirements of the Australian Accounting Standards Board), including Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the Legal Profession Act 2006.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Accounting Policies

(a) **Income Tax**

The Fund is exempt from income tax under relevant provisions of the Income Tax Assessment Act.

(b) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(c) **Revenue Recognition**

Contributions and recovered investigation/management costs are recognised upon the receipt of funds or when they become recoverable if earlier.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(d) **Investments**

Investments in bank bills and deposits are brought to account at cost and interest income is recognised in the statement of comprehensive income when receivable. The investments are classified as non-current assets as they are held for longer terms and the deposits are expected to be rolled over upon maturity.

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) **Financial Instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139 Financial Instruments: Recognition and Measurement. Gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the intention to hold these investments to maturity. Any held-to-maturity investments held are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve.

Financial liabilities

Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At the end of the reporting period, an assessment is made of whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of the GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) Comparatives

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical Accounting Estimates and Judgements

The Councillors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Fund.

The Councillors do not believe that there were any key estimates or key judgements used in the development of the financial statements that give rise to a significant risk of material adjustment in the future.

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
NOTE 2 REVENUE		
Revenue from operating activities		
Interest on investments	273,842	204,955
Contributions	<u>38,685</u>	<u>38,502</u>
	<u>312,527</u>	<u>243,457</u>
 NOTE 3 CASH AND CASH EQUIVALENTS		
Cash at bank	<u>59,880</u>	<u>196,284</u>
 NOTE 4 TRADE AND OTHER RECEIVABLES		
Trade debtor – The Law Society of the Australian Capital Territory	38,046	4,420
Accrued interest	46,909	24,939
Other receivables	<u>2,323</u>	<u>608</u>
	<u>87,278</u>	<u>29,967</u>
 NOTE 5 INVESTMENTS		
<i>Held-to-Maturity Investments</i>		
ANZ Banking Group	-	2,300,000
Commonwealth Bank	1,000,000	-
St George Bank	635,000	673,698
National Australia Bank	<u>3,060,190</u>	<u>1,643,681</u>
	<u>4,695,190</u>	<u>4,617,379</u>
These deposits have maturities of 6 or 7 months from the date of their deposit.		
 NOTE 6 TRADE AND OTHER PAYABLES		
Trade creditors and accruals	23,276	6,686
Contributions received in advance	<u>36,920</u>	<u>37,440</u>
	<u>60,196</u>	<u>44,126</u>

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$

NOTE 7 LEGISLATION

The Solicitors' Fidelity Fund of the Australian Capital Territory is maintained by the Law Society of the Australian Capital Territory, a related party, in accordance with s320 of the Legal Profession Act 2006. The Fund has no employees.

NOTE 8 AUDITORS' REMUNERATION

Audit of the Fund's financial statements	2,335	2,185
Conduct of random inspections	<u>45,630</u>	<u>25,530</u>
	<u>47,965</u>	<u>27,715</u>

NOTE 9 FINANCIAL RISK MANAGEMENT

The accounting policies and terms and conditions of each class of financial asset and financial liability at the end of the reporting period are consistent with those regularly adopted by businesses in Australia.

The Fund's financial instruments consist mainly of deposits with banks, accounts receivable and payables.

The Fund is not subject to any significant liquidity or credit risk. Interest rate risk is managed by the Fund reviewing the interest rate profile, current rates and the market outlook and taking actions as necessary to ensure that risk levels are maintained at a satisfactory level. A 1% movement in interest rates on term deposits held at year end would have an annual effect of \$46,952 on profit and equity.

The totals for each category of financial instrument, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note		
Financial Assets			
Cash and cash equivalents	3	59,880	196,284
Held-to-maturity investments	5	4,695,190	4,617,379
Loans and receivables	4	<u>87,278</u>	<u>29,967</u>
Total Financial Assets		<u>4,842,348</u>	<u>4,843,630</u>
Financial Liabilities			
Trade and other payables	6	<u>23,276</u>	<u>6,686</u>
Total Financial Liabilities		<u>23,276</u>	<u>6,686</u>

Net Fair Values

Financial assets and liabilities are carried at their net fair value at the end of the reporting period. The carrying values of financial assets and financial liabilities approximate their net fair values due to their short terms of maturity or market interest rates. No financial assets or financial liabilities are traded on organised markets in standard form.

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 10 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at the end of the financial year.

NOTE 11 EVENTS AFTER THE REPORTING PERIOD

These financial statements were authorised for issue by the Councillors on the date of signing the attached Councillors' Declaration. The Councillors have the power to amend the financial statements after they are issued.

There are no other events after the end of the reporting period which require amendment of, or further disclosure in, the financial statements.

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

**COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2011**

The Councillors declare that the financial statements and notes set out on pages 1 to 10:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and other mandatory professional reporting requirements; and
- (b) present fairly the Fund's financial position as at 30 June 2011 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors' opinion:

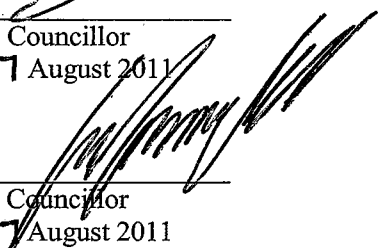
- (a) the financial statements and notes are in accordance with the requirements of the Legal Profession Act 2006; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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



Councillor

17 August 2011



Councillor

17 August 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

We have audited the accompanying financial statements of the Solicitors' Fidelity Fund of the Australian Capital Territory which comprise the statement of financial position as at 30 June 2011, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and for such internal control as the Council determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

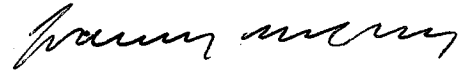
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the Solicitors' Fidelity Fund of the Australian Capital Territory as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.



Duesburys Nexia
Canberra, 17 August 2011



G J Murphy
Partner