



**ATTORNEY-GENERAL
HON ROBERT McCLELLAND MP**

TRANSCRIPT

**INTERVIEW
THE AUSTRALIAN ONLINE WITH CHRIS MERRITT
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Subject: National Legal Profession Reform

MERRITT: Hello I'm Chris Merritt and with me is Federal Attorney General Robert McClelland, and we're here to discuss the proposed new national regulatory system for the legal profession. Mr McClelland first up can you tell me what's in it for law firms?

McCLELLAND: Essentially we're about reducing the regulatory burden on the legal profession, which demonstrated by the legislation in some States will reduce from about 600 pages to about 200 pages, but it will also result in savings in the order of \$16.9 million to \$17.5 million for legal firms, and over a 10 year period about \$132 million in savings. And there'll also be benefits for the economy generally. But essentially, the goal is to achieve a reduction in red tape and regulatory burden faced by the profession.

MERRITT: It's been a long time coming, it's been decades that this has been a long sought goal. Was it very difficult to get to this point?

McCLELLAND: It was difficult. We've had a Taskforce working on it, and I think they've done an outstanding job over the last 12 months. It must be said that preliminary work was done about a decade ago, but to get everyone in the cart for the reform that occurred there it was necessary to add layers of shale on the base model. So essentially what we've been trying to do is peel back those layers of shale so that we have the core framework.

Ultimately, I think what has got everyone on board is that this will be truly a Federal model rather than a Federal Government model. So essentially it will be the States and Territories in combination regulating the profession across Australia rather than the Federal Government doing so.

MERRITT: How is it going to look from the perspective of law firms, from the perspective of a national firm, what will be different?

McCLELLAND: Well, there will be one professional development framework that they'll have to comply with, that is there will be a standard procedure, there won't be eight different standards across the country. They will be able to maintain a single trust account in one jurisdiction rather than eight separate trust accounts. There will also be a streamlining in the focus of regulations. So we'll be looking at broader principles rather than pedantic details, and the regulation in turn will have regard to the sophistication of their client.

MERRITT: So it sounds like there's big benefits for law firms. What's in it for consumers of legal services?

McCLELLAND: There will be an enhanced consumer focus. I've got to say some jurisdictions do that better than others, but this will be lifting the bar across the nation so that there will be consumer representation on the Board of the profession. There will also be a National Ombudsman that will have a look at costs, for instance, being fair and reasonable and looking at professional standards as well as, of course, the importance of that consumer representative on the Board of the profession influencing the development of policies and rules.

MERRITT: So that's good for consumers, it gives them a voice in the highest counsel of the profession, but what does it do to the independence of the legal profession?

McCLELLAND: This has been the subject of quite some debate and this will be the subject of consultation. The legal profession is concerned as to the method of selection. The legal profession, including the judiciary, are concerned about the method of selection of the Board both in terms of whether it's appointed, how it's appointed, but also the numbers in terms of sheer voting influence. So these are issues that we'll be discussing with them.

I've consistently said that I do think it is important for the legal profession to function at arms length from Government control. How we get there is going to be the subject of discussion. The Bill proposes a model whereby the standing committee of Attorneys-General appoint the Board, but we're certainly open to other processes.

MERRITT: This sounds pretty similar to the reasonably new arrangements that are in place in England and Wales. Were you influenced by that model?

McCLELLAND: Yes to a degree. I met with the British legal profession who are pretty well down the road on their reforms, but their experience reinforces, if you like, the measures we are taking.

The measures we are taking brings the legal profession into the 21st century and importantly, from Australia's point of view, it gives them a greater ability to launch into the rapidly emerging markets in South East Asia. British firms in particular are trying to seek a foothold here in Australia because they realise we're on the doorstep of these rapidly emerging markets. By unifying the profession we think it will be easier for Australian lawyers to take advantage of these rapidly emerging markets. So in that sense the profession is also going to benefit.

MERRITT: What's the next step, what's the way ahead?

McCLELLAND: We've got a three month consultation period which will be beneficial. Obviously all Law Societies, Bar Associations and consumer groups will have input, as will the respective Attorneys-General and indeed the Chief Justices as leaders of the court system.

So we're going to go around, if you like, with a roaming briefing and members of the Taskforce that developed the proposal will provide a briefing, answer questions and then we will receive the considered submissions from the various bodies.

MERRITT: Are there any hurdles that need to be overcome?

McCLELLAND: We think the system will ultimately save money in terms of streamlining processes and enable the States and Territories to wind back some of their processes and procedures and hence costs. But initially, I think until people become confident with the system there will be a degree of replication of those central structures that we'll need to work on over time, so at least initially there will be some duplication of costs, but again the challenge will be over time to streamline the regulation across the central system and that remaining in the States and Territories, so that we get the benefit of those savings.

MERRITT: It sounds terrific, but is it going to cost lawyers anything? Are they going to be asked to pay for it?

McCLELLAND: No, we've made it absolutely clear that this is all about reducing regulation and indeed cost. So the legal profession won't be charged any additional funds for this new system and indeed ultimately we think they will be the beneficiaries, as I said at the outset, to the extent of about \$16 million to \$17 million a year.

MERRITT: Now when that transition to the new system takes place it looks as though those savings are going to be spread right across. There'll be savings for the States, savings for law firms, and probably a better deal for consumers.

McCLELLAND: That is true and the challenge is to get to that point, for everyone to be convinced of good faith all round so that they're prepared to look at where those things can be wound back. But as I've said, the central system is costed out at about \$4 million a year which in the overall scheme of things is really quite modest given that the legal profession itself is worth about \$13 billion, not million, but \$13 billion a year in Australia. So, it's an immediate challenge and one not to be sniffed at, but equally it's not an enormous challenge given the benefits that flow.

MERRITT: Okay well that's a great point to finish on. Thank you very much for your time. We've been talking to Robert McClelland, the Federal Attorney-General about the new regulatory system for the legal profession.

McCLELLAND: It's my pleasure.

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