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LEGAL SERVICES INDUSTRY, AUSTRALIA



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**LEGAL SERVICES INDUSTRY
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INTRODUCTION

This publication presents statistics for the Legal Services industry collected in the ABS 1987-88 Service Industries Survey. This industry includes all those enterprises mainly engaged in providing legal services including barristers, solicitors, patent attorneys and legal aid services. Settlement agents, land agents and broking agents are not included in this industry. The industry is defined according to the 1983 edition of the Australian Standard Industrial Classification (ASIC) class 6371. This is the first time the ABS has surveyed the Legal Services industry in detail and so there are no comparable statistics for earlier periods available from the ABS.

In compiling these statistics, considerable difficulties were encountered by ABS in developing satisfactory statistical methods for including service enterprises in the statistics. The definition of service enterprises, and the statistical procedures adopted in relation to them, are outlined in the Explanatory Notes (pages 9 to 11) which users of these statistics are urged to read. There are, however, still some deficiencies in the statistics concerning service enterprises which have not been possible to resolve for this first ABS survey of the industry.

All the statistics in this publication have been compiled in respect of *enterprises* (particularly companies, sole proprietorships, partnerships and trusts). Those enterprises operating in more than one State were treated as separate enterprises in each State in which they operated. When interpreting the statistics, allowance needs to be made for sampling error. Details of relative standard errors are given in Table 9, and sampling error is explained in the Explanatory Notes.

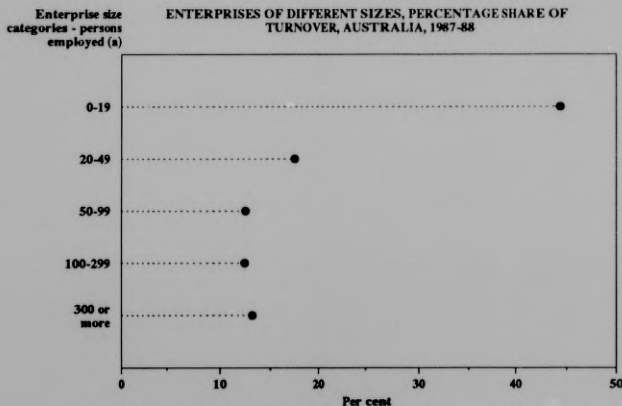
NOTE: More detailed statistics for the Legal Services industry are being prepared for release later in 1990. These statistics will provide a more detailed picture of the characteristics of particular components of the industry. (See paragraph 19 of the Explanatory Notes). Please advise ABS on the form at the end of this publication if you wish to be notified when these more detailed statistics become available.

SUMMARY OF FINDINGS

Some of the significant findings of the 1987-88 survey are—

- The Legal Services industry is estimated to comprise about 6,500 enterprises, employing over 55,000 people and generating turnover (mostly fees for professional services) of \$3,069 million in 1987-88.
- Over 4,500 solicitor enterprises employed almost 50,000 persons, with turnover of over \$2,560 million. Some 1,750 barristers operated as sole proprietors with turnover of about \$265 million and they directly employed about 1,370 persons, but a further number were employed by service enterprises which serviced more than one barrister "practice". (There are no statistics available on these additional numbers.)
- For solicitor enterprises operating as sole proprietorships or partnerships, net operating surplus (operating profit before interest) represents about 28 per cent of turnover. For barrister enterprises, this ratio is about 62 per cent.
- The average net operating surplus (operating profit before interest) per principal for those enterprises operating as sole proprietorships or partnerships was about \$77,000 for solicitors and \$93,000 for barristers. (Interest expenses paid directly by the sole proprietorships or partnerships averaged \$6,000 for solicitors and \$5,000 for barristers.) The average net operating surplus makes no allowance for the salary or other benefits a principal may receive from service enterprises. About 34 per cent of the principals of solicitor enterprises (sole proprietorships and partnerships) and about 7 per cent of barristers are also employees of service enterprises.
- 63 per cent of people working in the Legal Services industry are females. However, females comprise only about 8 per cent of the 11,000 principals of unincorporated legal enterprises.

- The industry in New South Wales and Victoria derives relatively more of its turnover in those States compared to the distribution of the population : 39 per cent and 29 per cent respectively, compared to their 34 per cent and 26 per cent share of the Australian population. This probably reflects the relatively greater concentration of business activities and the work of barristers in New South Wales and Victoria and that conveyancing is undertaken by non-legal practitioners in some smaller States.
- The Legal Services industry is quite labour intensive with about 48 per cent of its operating expenses being staff costs.
- Income from conveyancing comprised about 26 per cent of the turnover of the Legal Services industry. Conveyancing was a much less important source of income in some States, particularly South Australia and Western Australia, where non-legal businesses can undertake conveyancing work.
- Using employment as the size criterion, most enterprises in the Legal Services industry are small. 92 per cent of enterprises employ less than 20 persons (including principals), but they account for 51 per cent of the industry's employment and 44 per cent of its turnover. The 11 largest enterprises in the industry (those employing 300 or more persons, including principals) employed about 8 per cent of the industry's staff but generated over 13 per cent of its turnover. Turnover for enterprises of different sizes is illustrated in the chart below.



(a) Defined on the same basis as in Table 5.

TABLE 1. LEGAL SERVICES INDUSTRY: SUMMARY OF OPERATIONS, AUSTRALIA, 1987-88

Data items		Solicitors(a)	Barristers(a)	Other	Total
Enterprises at end June	No.	4,586	1,764	109	6,459
Employment at end June					
Legal industry enterprises					
- Principals(b)	No.	9,063	1,753	146	10,962
- Employees	No.	20,233	1,006	1,971	23,210
- Total	No.	29,296	2,759	2,117	34,172
Employees of service enterprises(c)	No.	20,559	363	269	21,191
Total employment	No.	49,855	3,122	2,386	55,363
Operating expenses					
Payments to service enterprises	\$m	819.8	32.3	*14.7	866.8
Other	\$m	1,039.7	69.7	208.6	1,318.0
Total	\$m	1,859.5	102.0	223.4	2,184.8
Turnover	\$m	2,563.2	266.1	239.8	3,069.1
Gross product	\$m	1,174.8	178.9	73.6	1,427.2
Net operating surplus	\$m	703.7	164.2	16.4	884.3

(a) Includes a number of firms operating in a "merged" profession situation which have been classified as solicitors or barristers on the basis of their predominant activity. (b) Includes only the working principals and partners of unincorporated enterprises. (c) Excluding employees of service enterprises which serve more than one legal industry enterprise (eg. a barristers' chambers service enterprise serving a number of barristers). Also excludes principals employed by service enterprises (particularly for superannuation purposes). See paragraphs 9 to 12 of the Explanatory Notes for an explanation of service enterprises. * Indicates a relative standard error of more than 25 per cent (see Explanatory Notes).

TABLE 2. LEGAL SERVICES INDUSTRY: ANALYSIS OF TURNOVER, SOLICITORS AND BARRISTERS, AUSTRALIA, 1987-88

	Solicitors(a)		Barristers(a)	
	\$m	%	\$m	%
Turnover	2,456.3	100.0	264.5	100.0
From which is paid(b) —				
Staff expenses	907.3	36.9	24.1	9.1
Occupancy expenses	184.6	7.5	21.5	8.1
Vehicles and equipment expenses	139.8	5.7	17.7	6.7
Other operating expenses	538.5	21.9	37.4	14.1
Total expenses	1,770.2	72.1	100.7	38.1
Leaving —				
Net operating surplus(c)	686.1	27.9	163.8	61.9
	No.		No.	
Number of principals(d)	8,942		1,753	
	\$000		\$000	
Net operating surplus per principal(e)	77		93	

(a) Includes only firms operating as sole proprietorships or partnerships. (b) These items are as grouped in Table 1 with the payments to service enterprises allocated by broad expense category. (c) Non-operating expenses such as interest paid directly by principals have not been deducted from these surpluses. (d) Working principals and partners. See also comment in paragraph 12 of the Explanatory Notes. (e) The average net interest paid directly by principals (which has not been deducted) is \$6,000 per principal for solicitors and \$5,000 for barristers.

TABLE 3. LEGAL SERVICES INDUSTRY: SUMMARY OF OPERATIONS BY STATE, 1987-88

	Value	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Total
Enterprises at end June	No.	2,635	1,984	1,037	323	262	86	30	102	6,459
Legal industry enterprises										
Employment at end June										
Principals(a)	No.	4,292	3,324	1,788	451	617	252	40	198	10,962
Male employees	No.	2,572	2,377	1,417	590	671	*248	63	148	8,086
Female employees	No.	5,641	4,030	2,576	1,048	1,104	*334	126	265	15,124
Total	No.	12,505	9,731	5,781	2,089	2,392	834	229	611	34,172
Wages and salaries	\$m	178.6	146.7	70.5	40.4	39.0	11.0	5.2	8.7	500.1
Service enterprise employees at end June(b)										
Males	No.	1,012	481	381	61	75	*74	—	*28	2,112
Females	No.	7,356	5,086	3,931	998	926	*372	*67	343	19,079
Total	No.	8,368	5,567	4,312	1,059	1,001	*446	*67	371	21,191
Total employment at end June	No.	20,873	15,298	10,093	3,148	3,393	1,280	296	982	55,363
Turnover	\$m	1,203.2	892.9	473.5	178.3	202.2	56.4	15.6	47.0	3,069.1
Gross product	\$m	565.5	420.9	202.1	83.4	94.5	31.1	9.8	20.0	1,427.2
Net operating surplus	\$m	370.8	261.4	126.5	39.0	53.2	19.4	4.1	9.9	884.3

(a) Working principals and partners of unincorporated enterprises. (b) Defined as per footnote (c) to Table 1.

TABLE 4. LEGAL SERVICES INDUSTRY: TYPE OF EMPLOYMENT, AUSTRALIA, END JUNE 1988
(number)

Type of employment	Males				Females				Total			
	Legal services industry enterprises			Total	Legal services industry enterprises			Total	Legal services industry enterprises			Total
	Full-time	Part-time	Service enterprise employees(a)		Full-time	Part-time	Service enterprise employees(a)		Full-time	Part-time	Service enterprise employees(a)	
Principals(b)	9,674	428	..	10,102	717	143	..	860	10,391	571	..	10,962
Employees	7,121	964	2,112	10,197	11,163	3,962	19,079	34,204	18,284	4,926	21,191	44,401
Total	16,795	1,392	2,112	20,299	11,880	4,105	19,079	35,064	28,675	5,497	21,191	55,363

(a) Defined as per footnote (c) to Table 1. Includes full-time and part-time employees. (b) Working principals and partners of unincorporated enterprises.

TABLE 5. LEGAL SERVICES INDUSTRY: DETAILS OF OPERATIONS BY SIZE OF ENTERPRISE, AUSTRALIA, 1987-88(a)

Employment size category at end June(b)	Legal services industry enterprises					Service enterprises		Gross product \$m	Net operating surplus \$m
	Enterprises at end June	Employees			Total employment	Employees at end June(c)	Turnover		
		Principals	Number at end June	Wages and salaries and other staff costs \$m					
No.	No.	No.	\$m	No.	No.	\$m	\$m		
0-4 persons	3,722	3,748	3,711	51.1	7,460	841	463.8	285.8	227.3
5-9 persons	1,480	2,173	4,356	68.9	6,529	3,273	423.8	197.6	123.1
10-19 persons	749	1,828	4,032	80.1	5,860	4,072	464.7	223.2	136.9
20-49 persons	374	1,486	4,088	88.5	5,573	5,734	529.4	218.4	122.8
50-99 persons	92	760	2,064	55.5	2,824	3,432	381.8	160.8	101.5
100-199 persons	19	272	1,426	39.1	1,698	963	189.8	68.9	27.0
200-299 persons	12	299	1,344	36.1	1,643	1,123	189.9	88.8	48.8
300 or more persons	11	396	2,189	75.4	2,585	1,753	402.6	169.1	87.8
Total	6,459	10,962	33,210	494.7	34,172	21,191	3,045.9	1,412.4	875.1

(a) Excludes enterprises not in operation at the end of the year. (b) Firms are classified on the basis of their total employment, including principals, and staff provided by service enterprises which serve only one legal industry enterprise.

(c) Defined as per footnote (c) to Table 1.

TABLE 6. LEGAL SERVICES INDUSTRY: TYPE OF ORGANISATION, AUSTRALIA, 1987-88(a)

Type of organisation	Enterprises at end June	Employment at end June(b)	Turnover	Gross product	Net operating surplus
	No.	No.	\$m	\$m	\$m
Partnership, sole proprietorship	6,251	51,634	2,777.9	1,319.2	861.3
Company	115	1,464	69.7	37.4	9.2
Other	93	2,265	198.3	55.7	4.7
Total	6,459	55,363	3,045.9	1,412.4	875.1

(a) Excludes enterprises not in operation at the end of the year. (b) Includes legal services industry employment and service enterprise employees.

TABLE 7. LEGAL SERVICES INDUSTRY: COMPONENTS OF TURNOVER AND INTEREST INCOME BY STATE, 1987-88

Activity	State	Enterprises	Value	State's percentage share of each activity		Percentage of each State's turnover	
				\$m	%	%	%
Income from conveyancing		No.	\$m				
	New South Wales	1,829	329.2	40.6		27.4	
	Victoria	1,293	210.8	26.0		23.6	
	Queensland	739	189.0	23.3		39.9	
	South Australia	237	*18.4	2.3		10.3	
	Western Australia	166	24.6	3.0		12.2	
	Tasmania	80	25.9	3.2		45.9	
	Northern Territory	*22	*2.6	0.3		16.7	
	Australian Capital Territory	69	10.1	1.2		21.5	
	Australia	4,435	810.6	100.0		26.4	
Income from other legal services	New South Wales	2,569	822.0	39.3		68.3	
	Victoria	1,929	630.2	30.1		70.6	
	Queensland	1,012	257.0	12.3		54.3	
	South Australia	329	146.9	7.0		82.4	
	Western Australia	269	160.5	7.7		79.4	
	Tasmania	86	29.4	1.4		52.1	
	Northern Territory	27	10.6	0.5		67.9	
	Australian Capital Territory	102	34.5	1.6		73.4	
	Australia	6,322	2,091.1	100.0		68.1	
	Other income	New South Wales	301	52.0	31.0		4.3
Victoria		329	51.8	30.9		5.8	
Queensland		153	27.5	16.4		5.8	
South Australia		104	13.1	7.8		7.3	
Western Australia		*40	17.1	10.2		8.5	
Tasmania		*24	*1.1	0.7		2.0	
Northern Territory		*3	*2.5	1.5		16.0	
Australian Capital Territory		*8	2.4	1.4		5.1	
Australia		962	167.5	100.0		5.5	
Total turnover		New South Wales	2,675	1203.2	39.2		100.0
	Victoria	2,013	892.9	29.1		100.0	
	Queensland	1,049	473.5	15.4		100.0	
	South Australia	345	178.3	5.8		100.0	
	Western Australia	269	202.2	6.6		100.0	
	Tasmania	92	56.4	1.8		100.0	
	Northern Territory	30	15.6	0.5		100.0	
	Australian Capital Territory	102	47.0	1.5		100.0	
	Australia	6,575	3,069.1	100.0		100.0	
	Interest income	New South Wales	537	3.1	31.0		
Victoria		403	2.9	29.0			
Queensland		221	2.5	25.0			
South Australia		*61	0.6	6.0			
Western Australia		*45	0.3	3.0			
Tasmania		*22	*0.2	2.0			
Northern Territory		*12	—	—			
Australian Capital Territory		*46	*0.3	3.0			
Australia		1,348	10.0	100.0			

TABLE 8. LEGAL SERVICES INDUSTRY: COMPONENTS OF TOTAL EXPENSES, AUSTRALIA, 1987-88

Type of expense(a)	Legal industry enterprise expenses		Adjusted to allocate payments to service enterprises by broad expense category(b)	
	Value	Percentage of total operating expenses	Value	Percentage of total operating expenses
	\$m	%	\$m	%
Operating expenses				
Wages and salaries	500.1	22.9	..	..
Workers' compensation insurance	5.6	0.3	..	..
Employer contributions to superannuation and pension schemes	11.2	0.5	..	..
Payroll tax	14.3	0.7	..	..
Fringe benefits tax	1.3	0.1	..	..
<i>Total staff expenses</i>	<i>532.4</i>	<i>24.4</i>	<i>1,048.9</i>	<i>48.0</i>
Rent, leasing of land and buildings	92.5	4.2	..	..
Rates and land taxes	1.3	0.1	..	..
Depreciation on buildings	0.9	—	..	..
<i>Total occupancy expenses</i>	<i>94.7</i>	<i>4.3</i>	<i>222.2</i>	<i>10.2</i>
Depreciation on fixed assets (not buildings)	25.1	1.1	..	..
Motor vehicle running expenses	21.2	1.0	..	..
Rent, leasing of motor vehicles	15.6	0.7	..	..
Rent, leasing of other equipment	35.4	1.6	..	..
<i>Total vehicles and equipment expenses</i>	<i>97.3</i>	<i>4.5</i>	<i>167.9</i>	<i>7.7</i>
Payments to service enterprises	866.8	39.7	—	—
Payments to agents	164.7	7.5	..	..
Repair and maintenance expenses, electricity and fuel	23.9	1.1	..	..
Insurance (not workers' compensation)	49.1	2.2	..	..
Other operating expenses(c)	355.9	16.3	745.8	34.1
<i>Total operating expenses</i>	<i>2,184.8</i>	<i>100.0</i>	<i>2,184.8</i>	<i>100.0</i>
Interest expenses	68.5			

(a) Definitions of some of these items are shown in the Explanatory Notes. (b) See paragraphs 9 to 12 of the Explanatory Notes for an explanation of service enterprises. (c) Includes telecommunications expenses, accounting costs, office supplies etc.

TABLE 9. LEGAL SERVICES INDUSTRY: RELATIVE STANDARD ERRORS, MAJOR VARIABLES, BY STATE,
EMPLOYMENT SIZE AND TYPE OF LEGAL FIRM, 1987-88(a)
(per cent)

	<i>Enterprises at end June</i>	<i>Employment at end June(b)</i>	<i>Turnover</i>	<i>Gross product</i>	<i>Net operating surplus</i>
<i>State</i>					
New South Wales	1	3	3	3	5
Victoria	2	4	4	4	5
Queensland	2	7	8	7	9
South Australia	4	7	8	8	11
Western Australia	4	5	7	7	10
Tasmania	9	24	24	19	23
Northern Territory	20	18	15	16	16
Australian Capital Territory	13	11	10	12	13
<i>Australia</i>	<i>1</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>3</i>
<i>Employment size category(c)</i>					
0-4 persons	2	3	4	5	5
5-9 persons	4	5	6	7	8
10-19 persons	7	7	7	8	10
20-49 persons	9	9	9	9	11
50-99 persons	16	15	14	13	17
100-199 persons	—	—	—	—	—
200-299 persons	—	—	—	—	—
300 or more persons	—	—	—	—	—
<i>Total</i>	<i>1</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>3</i>
<i>Type of legal firm</i>					
Solicitors	2	3	3	3	4
Barristers	4	5	7	7	8
Other	21	7	4	5	11
<i>Total</i>	<i>1</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>3</i>

(a) Explanation of sampling errors is given in the Explanatory Notes. (b) Including staff provided by service enterprises serving only one legal industry enterprise.
(c) This classification is based on total employment, including staff provided by service enterprises which serve only one legal industry enterprise.

EXPLANATORY NOTES

Introduction

This publication presents statistics for the Legal Services industry obtained from the Service Industries Survey conducted by the ABS in respect of 1987-88. More detailed statistics for the Legal Services industry will be released later in 1990 (see paragraph 19 below). Please complete the form with this publication if you wish to be advised when they are available. The Legal Services industry is one of a number of professional and business services industries covered by the 1987-88 Service Industries Survey. Details of the other industries included in the survey are shown in the form at the end of the publication. The 1987-88 Service Industries Survey was the first ABS survey of its type to cover these industries.

2. These statistics continue the series of service industries surveys which began with the publication of statistics for a number of personal and travel related service industries in respect of 1986-87. (Details are shown in paragraph 22 below.)

3. The 1987-88 Service Industries Survey was conducted as a component of the ABS's program of integrated industry surveys. This program has been developed so that data from each industry within the program conform to the same basic conceptual standards. The Service Industries Survey is therefore conceptually comparable (at the *enterprise* level) with periodic collections undertaken for the mining, manufacturing, electricity, gas, construction, transport, wholesale trade and retail industries.

Statistical Unit

4. The statistical unit for which statistics are reported in the 1987-88 Service Industries Survey is the enterprise. The enterprise is normally defined in ABS statistics as a unit covering all the operations in Australia of a single operating entity (sole proprietorship, partnership, company, trust, etc) which is in effect a single "business" or "firm". However, in the Legal Services industry, some partnerships operated in more than one State and were generally able to supply all data on a State basis, so separate statistical enterprises were formed for each State or Territory in which they operated.

5. The enterprise is defined differently from the "professional practice" which may include, for example, a professional partnership or sole proprietorship and a related service enterprise (typically a company or trust) providing services to the professional partnership or sole proprietorship. In this example, the legal industry enterprise is typically the sole proprietorship or partnership (see also paragraphs 9 to 12 of the Explanatory Notes for further details). Except for numbers of staff employed, the statistics in this publication do not include details for any such related service enterprise.

6. The statistics contain data for enterprises *mainly* engaged in providing legal services. Where they are also providing some other services, the data for those activities are also included in the statistics.

Scope

7. The Legal Services industry is defined according to the 1983 edition of the Australian Standard Industrial Classification (ASIC), class 6371. The statistics provide estimates relating to all those enterprises mainly engaged in providing legal services, including barristers, solicitors and patent attorneys. Settlement agents, land agents, and broking agents enterprises which undertake conveyancing work in some States using non-legally qualified staff are excluded from this industry. (They are included in ASIC class 6310, Real Estate Agents.) Enterprises mainly providing legal aid services have been included in the statistics for the Legal Services industry, but the industry does not otherwise include public sector enterprises, which are normally classified to industries such as "public administration". Examples of public sector enterprises not included in the statistics are State and Commonwealth Legal Departments.

Methodology

8. The survey was conducted by a mail enumeration of all the larger enterprises and a sample of the smaller enterprises classified to the Legal Services industry. Enterprises included in the 1987-88 Service Industries survey were selected from the ABS's register of businesses which was supplemented by lists derived from directories of legal firms operating in Australia.

Technical note regarding Service Enterprises

9. For the purposes of these statistics, a *service enterprise* has been defined as a company, trust or other entity established by the principals of one or more legal practices to provide professional, administrative, secretarial or similar services to these practices. *Legal Services industry enterprises* are most commonly the sole proprietorships or partnerships within the "practice".

10. The statistics in this publication do not include data relating to service enterprises, except for the numbers of persons they employ. Estimates of the number of such persons are shown separately in several of the tables in this publication, but exclude —

- (a) the staff employed by service enterprises which serve more than one legal industry enterprise. These situations are not common, except for "barristers' chambers-type" service enterprises which provide services to a number of barristers (which are usually sole proprietorships).
- (b) the principals of Legal Services industry enterprises (sole proprietors or partners normally) who are also employed, and paid a salary and/or other benefits, by a service enterprise. (About 29 per cent of the principals of unincorporated enterprises are also employed by service enterprises.)

11. Statistics of the operating expenses of Legal Services industry enterprises include payments made to service enterprises for services provided. In Table 8, these expenses have been shown separately in columns 1 and 2 and also allocated by broad expense category in columns 3 and 4. Note that the "total staff expenses"

component of "payments to service enterprises" includes amounts payable to employees of the types described in points (a) and (b) of the preceding paragraph (and for which employment statistics are not included in this publication). This needs to be considered when relating staff costs in Tables 2 and 8 to staff numbers in other tables. Barristers enterprises are particularly affected by this.

12. Table 2 shows average net operating surplus (operating profit) for each principal of unincorporated solicitor and barrister enterprises. These averages make no allowance for the salary or other benefits a principal receives from service enterprises.

Reliability of the Data

13. Inaccuracies may occur because of insufficient coverage, inadequacies in the source of information, imperfections in answers provided by respondents and errors made in the coding and processing of data. Inaccuracies of this kind are referred to as non-sampling error and may occur in any statistical collection. It is not possible to accurately estimate the size of non-sampling error, however, every effort is made to minimise non-sampling error by employing careful questionnaire design, trying to obtain responses from all selected enterprises and employing efficient operating procedures. Note, however, the comments made in the introduction to this publication regarding service enterprises.

14. The estimates for the Legal Services industry are derived from information obtained from a sample of enterprises and as such are subject to sampling error; that is, they may differ from the statistics that would have been produced if information had been obtained from all enterprises. A measure of the likely difference is given by the relative standard error, which indicates the extent to which an estimate might have varied by chance because only a sample of units was included. Relative standard errors for the major data items are shown in Table 9. There are about two chances in three that a sample estimate will vary by less than one standard error from the figure that would have been obtained if a complete census was taken and about 19 chances in 20 that the difference will be less than two standard errors. For example, net operating surplus for the Legal Services industry for 1987-88 is estimated to be \$884.3 million with a relative standard error of 3 per cent (or \$26.5 million). This means there are two chances in three that a comparable complete collection of the industry would have given a figure within the range of \$857.8 million to \$910.8 million, and 19 chances in 20 that the figure would have been within the range of \$831.3 million to \$937.3 million.

15. Some of the standard errors associated with the estimates contained in this publication are high, ie. greater than 25 per cent. These estimates are indicated by '*'. In this situation it is important for users to exercise the necessary caution in using estimates in this publication.

Survey Disclosure Rules

16. In accordance with the *Census and Statistics Act 1905* under which the information has been collected, no data are published that would disclose the operations of an individual enterprise. For this reason some data items have been aggregated, or the data are not available for publication, but are included in totals where applicable.

Accruals Basis

17. Respondents were asked to report all data if possible on an accruals, rather than a cash basis of accounting; that is, to report data relating to income earned during the year, whether received or not, and to expenditure incurred during the year, whether paid or not. However, some legal firms were only able to provide data on a cash basis.

Definitions

18. The financial data in the Tables 1, 2, 3, 7 and 8 relate to enterprises which operated at any time during 1987-88 and in Tables 5 and 6 relate to enterprises which were in operation at the end of the year.

Enterprises at end June 1988 is the number of enterprises in operation at end June 1988, excluding those which only operated earlier in the 1987-88 year.

Employment at end June 1988 refers to full or part-time employees, and the principals and partners of unincorporated enterprises (see paragraphs 9 and 10 regarding the treatment of service enterprise employment).

Turnover is gross income from legal and other services provided, and all other operating revenue. Income relating to disbursements is excluded, eg stamp duty and other government charges and amounts paid by solicitors to barristers in other practices. Receipts from interest, dividends and sales of fixed tangible assets are excluded. In Table 7, turnover is subdivided into several broad categories.

Gross Product is turnover (as defined above) less business expenses except for certain staff expenses (wages and salaries, employer contributions to superannuation and pension schemes, workers' compensation insurance), depreciation and interest. This item is intended to approximate as closely as possible "gross product at factor cost" as defined for the Australian National Accounts. Note, however, that payments to service enterprises has a major distorting effect on this item, as payments made to service enterprises includes amounts to cover staff expenses, depreciation and interest expenses of those service enterprises.

Net operating surplus is turnover (as defined above) less business expenses except for non-operating expenses (eg interest). This item is a basic measure of profit (before income tax and non-operating income and expenses) for an industry.

Operating Expenses refers to all business operating expenses and excludes income tax, dividends, capital losses and capital expenditure. A detailed dissection of operating expenses into seventeen separate items is given in Table 8. Note that:

Payments to service enterprises is the amount paid by Legal Industry enterprises to service enterprises (as defined in paragraph 9) for services provided. It includes payments made to service enterprises which serve more than one legal practice (eg "barristers' chambers" type service enterprises). It would also include amounts sufficient to cover interest expenses incurred by service enterprises.

Wages and salaries is gross earnings of employees before taxation and other deductions. Drawings of working proprietors, partners and principals of

unincorporated enterprises are excluded (see paragraphs 11 and 12 regarding the remuneration of service enterprise employees).

Total staff expenses In a number of tables various items separately identified as expenses of employing staff have been grouped together as *total staff expenses*. Some staff expenses have not been included here, but are included in *other operating expenses*, for example, training costs and travelling expenses.

Payments to agents includes payments to other enterprises, including self employed persons and other legal practices, for carrying out work for this enterprise.

Other operating expenses includes all other operating expenses not already enumerated in Table 8. Examples include accounting expenses, fidelity fund contributions, cost of practicing certificates, telecommunications, office supplies and consumables and cleaning expenses.

More detailed statistics for the Legal Services industry

19. More detailed statistics for the Legal Services industry for 1987-88 are presently being compiled and will be available later in 1990. These statistics in particular will be designed to examine the different operating characteristics, such as employment, turnover and net operating surplus, of:

- solicitors firms and barristers
- small, medium and large enterprises
- firms operating in different States

The statistics will also include profitability and other operating ratios, detailed business expenses items etc. The information will be formatted to allow firms to compare their operations with ABS statistics for groups of similar legal firms.

20. **Please complete and return the form enclosed with this publication and ABS will advise you when these additional statistics become available.**

Other Service Industries Survey publications

21. Summary statistics for each of the industries included in the 1987-88 Service Industries Survey have already been published in the bulletin *Professional and Business Services, Summary Statistics, Australia, 1987-88* (Cat. No. 8662.0). More detailed statistics for other Professional and Business Services industries included in the 1987-88 ABS Service Industries Survey are being released during 1990. Publications for these industries will contain similar detail to the Legal Services industry publication. Refer to the form enclosed with this publication for particulars.

22. Statistics from the 1986-87 ABS Service Industries Survey are available at \$7.50 each from ABS bookshops (quote the catalogue number). This series included:

ASIC CODE	INDUSTRY	ABS CAT. NO.
5711	Motor vehicle hire	8652.0
5741	Travel agency services	8653.0
9133	Motion picture theatres	8654.0
9231	Cafes and restaurants	8655.0
9232-3	Hotels, bars and accommodation	8656.0
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9351-2	Hairdressers and beauty salons	8659.0
9361	Photography services nec	8660.0
	Tourist attraction statistics	8661.0

Other ABS publications

23. Current publications produced by the ABS are listed in the *Catalogue of Publications and Products, Australia* (1101.0). The ABS also issues on Tuesdays and Fridays a *Publications Advice* (1105.0) which lists publications to be released in the next few days.

Symbols and other usages

- n.a. not available for publication
- nil or rounded to zero
- .. not applicable
- * estimates preceded by an asterisk indicate a relative standard error of more than 25 per cent

24. Where figures have been rounded, discrepancies may occur between the sums of the component items and totals.

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