Dear Mr Coley

Inquiry into Local Economic Development Initiatives in Victoria

The Centre for Rural Regional Law and Justice at Deakin University (the Centre) welcomes the opportunity to make this submission to the inquiry into local economic development initiatives in Victoria (Inquiry) by the Economic Development and Infrastructure Committee (Committee). This submission has been prepared by Richard Coverdale (Centre Director), Dr Lucinda Jordan (Research Fellow), Professor Jean du Plessis (Member of the Centre Board) and James Farrell (Centre Fellow). We would welcome the opportunity to discuss the issues raised in this submission with the Committee.

The Centre’s submission specifically addresses item (d) in the Inquiry’s terms of reference, which asks the Committee to ‘identify the barriers to local economic development, including compliance costs for business and planning delays, in operating in local municipalities and develop solutions to address these barriers’.

Providing legal services to small business in regional Victoria

In March 2012, the Centre released a research report entitled Providing Legal Services to Small Business in Regional Victoria (the Report), which examined the legal needs of rural and regional small business in Victoria and identified a number of areas in which law firms must change if they are to adapt to the

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1 More information about the Centre is attached.
changing needs of small business in regional Victoria. A copy of the Report is attached, and forms the substance of the Centre’s submission.

The research, which was funded by the Legal Services Board and examined the experiences of 207 small businesses operating in rural/regional Victoria and 68 rural/regional lawyers, reveals a disconnect between law firms and small business which limits the opportunities for law firms to actively add value to those businesses.

The Report also raises concerns around the availability of legal services in rural/regional areas with a third of lawyer participants indicating that the legal needs of local small businesses are not currently met. Small business using the services of a law firm indicated a high level of satisfaction. However when the skills, services and availability of local legal practitioners was analysed by remoteness, a consistent trend emerged, with a lower level of satisfaction in outer regional and remote areas compared to inner regional areas.

We recommend that the Committee recognise the Report’s findings that access to legal services can be a key enabler, or barrier, to small businesses’ success in regional and rural Victoria, and to the effectiveness of any location-based economic development initiatives.

Opportunities to improve legal services

The Report highlights the significant potential for rural/regional law firms to expand the scope of their services. While recent studies have raised concerns around the continuing viability of law firms in regional Australia, the Report highlights unique opportunities for rural regional practitioners to firmly establish themselves as local specialists, particularly in relation to areas such as carbon trading, water trading, and succession planning. The Report further suggests that the local expertise of regional law firms places them in a distinctive position to be able to assist rural regional small business to optimise the commercial opportunities arising as a result of these evolving areas.

The Report makes a number of recommendations to improve access to legal services to better enable small business, including:

1. developing and supporting more structured referral systems that acknowledge and encourages referral between regional lawyers to support generalist practice, maintain and foster local specialised practices, and in so doing encourage a ‘best fit’ between practice skills, expertise and client needs.
2. undertaking further research to examine the most effective ways of assisting regional firms to harness the potential of providing localised specialist advice on complex and emerging areas of law that have specific relevance for regional small businesses such as water trading, carbon trading, succession planning and planning law. This may include ensuring that university law schools which have a regional presence prioritise these emerging areas of law within their curriculum, and that bodies such as the Law Institute of Victoria explore training and professional development opportunities for regional firms to focus their practice expertise.
3. investigating the potential for the greater utilisation by regional legal practices of communication technologies, particularly as a result of the roll-out of the National Broadband Network, and that such an investigation assesses its potential for enhancing regional collaborative practice and referral processes, utilising ‘freelance’ legal expertise, and communicating with courts, regulators and remote clients.
4. identifying and promoting to regional small business the breadth of skills of regional lawyers, including the value of localised expertise and business knowledge and the importance of

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2 Richard Coverdale, Lucinda Jordan and Jean du Plessis, Providing Legal Services to Small Business in Regional Victoria (Centre for Rural Regional Law and Justice, Deakin University, March 2012) 30.
3 Ibid.
5 Ibid.
6 Ibid, 37.
7 Ibid, 3-4.
proactive business structure and succession planning advice, to redress the limited understanding by regional small businesses of the benefits of accessing timely local legal advice around these issues.

5. establishing collaborations with the accountancy profession, in order to build strategic alliances and opportunities for both professions and to foster a continuity of quality professional services to regional small business.

6. undertaking independent research to examine and make recommendations on the prevalence and implications of conflict of interest issues and strategies for regional legal practices to ensure regional small businesses and legal practices are not disadvantaged (the Victoria Law Foundation has funded the Centre to complete this research).

7. promoting within regional communities the importance placed by the legal profession on client confidentiality and ethical legal practice, and promote the complaint mechanisms available to small businesses where they perceive a breach has occurred.

8. strengthening the Law Institute of Victoria’s specialist accreditation program and encouraging regional firms to participate, so that regional small business clients are able to make a more informed choice in relation to the expertise of prospective law firms.

We recommend that the Committee recognise that the Report’s recommendations will increase accessible, quality legal services in parts of regional Victoria and reduce barriers to local economic development, and incorporate the Report’s recommendations into the final Inquiry report.

We would welcome the opportunity to discuss these issues further. Please direct contact to Richard Coverdale on [contact information] or [contact information]

Yours sincerely,

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Attachment: About the Centre for Rural and Regional Law and Justice

The Centre for Rural and Regional Law and Justice (the Centre) is a unique centre of the Faculty of Business and Law at Deakin University, which draws on cross disciplinary knowledge and expertise, and provides an opportunity to engage meaningfully with regional communities, services, industry and government.

The Centre aims to enhance access to improved justice systems and services for rural and regional Australians through research, education, engagement and advocacy.

The Centre operates within the context of:

- The need for a forum of regional organisations dealing with or representing clients experiencing justice system services and those within relevant academic disciplines, to articulate and share a coherent voice.
- The need for informed research which is practical, relevant and applicable which focuses on improving access to and the delivery of equitable law and justice system services to rural and regional Australia.
- A growing acknowledgment by government and policy makers of the need to better respond to the social, economic, environmental and natural resource management issues for regional Australia - all of which hinge on the delivery of an effective system of law and justice to those communities.
- The Centre’s alignment with and advancement of the Deakin University Strategic Plan, with particular reference to the University’s Mission to be 'a catalyst for positive change for the individuals and the communities it serves' and the Core Commitments to 'rural and regional engagement' and 'research that makes a difference'.

The role of the Centre for Rural Regional Law and Justice is to:

- **Undertake applied research** which draws on a breadth of academic disciplines in priority areas identified through consultation with rural and regional communities, services, industry and government.
- **Act as a forum** to inform and share knowledge with communities and key organisations and provide an effective regional voice on law and justice issues to government.
- **Deliver services** to inform, advise and support government, communities and industry in the development and provision of ‘best practice’ law and justice related services, programs and policies, impacting on rural and regional Victoria.