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NSW reviews agencies' external spending

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The NSW government is preparing to follow the federal government's lead and rein in external legal spending, with a major review of legal services to be announced in coming weeks.

The review will be conducted by the NSW Attorney-General's Department and Treasury as part of a "Better Services and Value Taskforce" announced with the state budget.

"In the current budgetary environment, it is important for all agencies to control their spending

on legal services," a spokesman for Attorney-General John Hatzistergos said. The NSW government does not collate information now on how much each government department spends on legal services.

The NSW review follows an announcement in March by federal Attorney-General Robert McClelland that government departments and agencies would for the first time report their legal spending in the 2009 financial year, as part of a bid to slash the \$510 million spent on lawyers by commonwealth agencies in the 2008 financial year – an

increase of 25 per cent on the previous year.

The federal government will determine by November whether the Attorney-General's Department or another government body should tender directly with private law firms on behalf of government agencies.

The NSW Roads and Traffic Authority, one of the government's largest consumers of legal services, announced its new panel appointments for at least the next three years last week, drawing criticism for favouring larger firms.

The RTA, which typically spends

up to \$16 million each year on legal fees, appointed 13 firms from 42 tender proposals.

Blake Dawson, Clayton Utz, Corrs Chambers Westgarth, Freehills, Mallesons Stephen Jaques and Minter Ellison were chosen to do its lucrative commercial, construction and statutory advice, with large national firms also doing environment and property work, along with Henry Davis York.

Linda Julian, managing partner of professional services consultancy Julian Midwinter & Associates, said the RTA's panel appointments were

"an example of where increasingly better quality work, particularly in commercial and property, keeps being drawn into large and more expensive law firms even in the face of other good options".

A NSW RTA spokeswoman defended the panel appointments, saying there had been a "rigorous procurement process", open to all legal providers regardless of size or locality. Mr Hatzistergos's spokesman said government agencies, such as the NSW Trustee and Guardian and the Department of Community Services, commonly used smaller law firms.