



Crackdown on opportunistic class actions

CHRIS MERRITT
LEGAL AFFAIRS WRITER

THE federal government is planning a crackdown on plaintiff law firms that it says are launching opportunistic class actions primarily for personal gain.

It will convene a high-powered advisory panel to examine conflicts of interests and moral hazards between lawyers and the litigation funding companies that finance most class actions.

The panel will be asked to examine the entire litigation funding industry, but will give particular attention to plaintiff lawyers who run class actions and finance those cases through their own corporate vehicles.

Attorney-General George Brandis said he was worried that the current arrangements were "ripe for abuse".

"The system is entirely unregulated and it ought to be," he said. The decision to convene the advisory panel comes soon after the Productivity Commission's draft report on access to justice called for licensing of litigation funders because of the risk of improper financial and ethical conduct.

Senator Brandis outlined his plan during an interview with *The Australian* in which he also:

- Indicated he wanted to move some lawyers from the Australian Government Solicitor's office to the Attorney-General's Department as part of a plan to make the department the government's primary source of legal advice (see accompanying report);
- Revealed that his final recommendation for reforming section 18C of the Racial Discrimination Act is likely to go to cabinet within weeks (see report on Page 32).

He said there was a place for class actions in the legal system, however, opportunistic litigation against public companies had be-

ONLINE VIDEO

There are now very opportunistic class actions being promoted – not out of any sense of vindication of the shareholders' interests, or the plaintiffs' interests, but merely in order to create a money-making scheme for the lawyers

ATTORNEY-GENERAL
GEORGE BRANDIS
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come so common that it had changed the risk environment for business.

"There may be occasions on which those class actions are warranted, but too often they are used in an entrepreneurial way," he said.

"They are conceived by entrepreneurial lawyers who seek out shareholders and they do it for profit. They don't do it to represent the interests of the client. They do it for profit and I think that creates profound ethical and moral problems."

Senator Brandis said he had no criticism of what he described as "genuine class actions" that were the only way in which injured plaintiffs could obtain justice.

"But there is all the difference in the world, in my view, between that and opportunist litigation — particularly opportunist commercial litigation through the class action vehicle," he said.

"Let's be under no illusions; the reason it is being promoted is to line the lawyers' pockets."

Panel members, who are yet to be named, would consist of eminent lawyers and others with experience of the litigation funding industry.

Their involvement comes soon after research by John Emmerig and Michael Legg of international law firm Jones Day found that when population differences were taken into account the number of

securities class actions threatened and filed in Australia was close to that of the US.

It also comes soon after the Productivity Commission's draft report favoured the introduction of US-style contingency fees — a move that would trigger more class actions, according to Tricia Hobson and Gerry Pecht of international firm Norton Rose Fulbright.

While Senator Brandis said he favoured regulation of the sector, he planned to examine the advisory panel's findings before deciding what form that regulation should take.

The Productivity Commission's draft report said litigation funders should be licensed as providers of financial products, subjected to explicit ethical standards, and monitored by the Australian Securities & Investments Commission and the courts.

Senator Brandis said some aspects of the industry were beyond the purview of state law societies and other aspects were entirely regulated by ASIC.

"So I think what we need to do is identify those moral hazards and conflicts of interest that exist and how they ought to be dealt with," he said.

"That may well best be done through the profession developing its own protocols or it may well be that it is appropriate to deal with it by regulation."

Gleeson appointment a 'no-brainer'



John Howard and Daryl Williams, below, were of one mind in tapping Murray Gleeson for the top judicial role

This extract from Michael Pelly's new book, *Murray Gleeson: The Smiler*, explains the unusual circumstances that led to the appointment of the High Court chief justice

MICHAEL PELLY



WHEN John Howard was elected prime minister in 1996, he knew that within two years he would have to appoint a new chief justice of the High Court. The spotlight was soon on Murray Gleeson, then chief justice of NSW.

They had been at university together, but Howard only knew Gleeson by reputation.

"I would keep hearing about Murray from people like Bob Elliott and Tom Hughes; Elliott as a colleague and Hughes as a continuing friend. And you would just hear, and it was just accepted, that he was the — like the new Barwick."

Sir Gerard Brennan had succeeded Anthony Mason as chief justice of the High Court in 1995, but in May 1998 he would turn 70 — the mandatory retirement age for federal judges in Australia. His deputy, Mary Gaudron, was not in the frame because of her deep roots in the Labor Party.

After the High Court ruled 4-3 in 1996 that pastoral leases did not extinguish native title, deputy

prime minister Tim Fischer said the government would be very careful about whom it chose to replace Brennan: "I'm attracted to the thought that it would be a capital-C Conservative lawyer/judge ... someone who's somewhat conservative on the matter of judicial activism."

The government's first two appointments made it clear the "capital C" criterion was in play.

In September 1997, Daryl Dawson — the lone dissenter in *Mabo* — was replaced by Ken Hayne, a former commercial silk who was on the Court of Appeal in Victoria. In February 1998, Brisbane QC Ian Callinan joined the court in place of John Toohey.

Callinan had been a trenchant critic of the High Court in the Mason and Brennan years. In 1994, his address to the conservative Samuel Griffith Society — "An Over Mighty Court?" — received wide attention, in particular for its criticism of "judicial activism".

Howard's attorney-general, West Australian QC Daryl Williams, had suggested the South Australian Supreme Court judge John von Doussa QC for the seat filled by Callinan but was overruled in cabinet.

The PM and his attorney, though, were of one mind when it came to the next chief justice. "Whenever I thought about it, it just seemed to me a no-brainer



that we would make Gleeson chief justice of the High Court."

In early 1998, Williams started the formal process of consultation. He wrote to all state governments, bar association and law societies, then collated the names and invited further comment.

Williams had known Gleeson from his days at the Bar and had appeared against him in a contractual dispute that reached the High Court in 1984. "Murray mesmerised the trial judge, but we took it on appeal and won."

Williams said the next step he took was "possibly unique" for an attorney-general.

He personally contacted those who were potentially interested and arranged appointments with them. One staff member also attended.

"I would say: 'I want your views on who you think ought to be considered and I want your views on those people.' I would also ask them, 'Do you want to be considered?' If they said yes I would say, 'Okay, let's do this consultation in two parts. One, we will leave you out of it and you can tell me about other people, and

then I want you to tell me about yourself.' I took notes and my staff member took notes, but we said the notes would not be shown to anybody else."

In 2013, Gleeson said that when he agreed to see Williams he had been under the impression — clearly mistaken — that the attorney-general was obliged to consult him as chief justice of the largest court in the country.

He declined to comment on what he told Williams, but said he was opposed to any interview process: "Beyond simply asking whether someone is available, it is never appropriate."

This was the traditional view and one preferred by Williams's successor as attorney-general, Philip Ruddock. The rumours concerning Williams's approach even forced Ruddock in 2005 to deny that he was interviewing prospective appointees.

Williams finalised a small list of candidates that included Justice John Winneke, the president of the Victorian Court of Appeal who had conducted a royal commission into the Builders Labourers Federation.

Howard said the discussion was very short. "Daryl Williams came to see me to talk about it and he said, 'I think we ought to appoint Murray Gleeson,' and I said, 'I don't think there's any argument.'"

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MORE

Online video: About the book
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Appeal to clarify religious standing

KATHERINE TOWERS

THE extent of religious freedom in modern Australia will be tested by the High Court after a Christian group last week launched an appeal against a landmark Victorian court decision which, for the first time, elevated anti-discrimination laws over the right to religious freedom.

The appeal will be closely watched by human rights, religious, academic and minority groups across the country, as it will have wide-ranging ramifications on the extent of religious freedom in Australia and the operation of religiously



Neil Foster

motivated groups in the community. Associate professor in law and religion at the University of Newcastle Neil Foster welcomed the appeal, warning that without High Court clarification of the issue, religious groups — which often provide care to the most vulnerable people in society — might be forced out of the community.

"That will be bad, not just for religious people, but also for those vulnerable persons in our community who are cared for by religious groups, often when others will not do so," he said.

Describing the case, *Christian Youth Camps v Cobaw*, as one of the most important law and religion decisions handed down in Australia in recent years, Associate Professor Foster said the High Court needed to clarify the extent of religious freedom in Australia and how those freedoms sat within the framework of an individual's right to be free from discrimination.

"We should not be elevating freedom from discrimination above all other human rights as the most important," he warned.

The original appeal decision last month by a majority full bench of the Victorian Court of Appeal narrowed religious rights in the state after it ruled that a camp site run by Christian Youth Camps had breached anti-discrimination laws by refusing to allow a support group for same-sex youth to use the site.

Christian Youth Camp argued that it did not discriminate against the group because of the sexual orientation of the individual members but because the group was advocating homosexual behaviour, which was contrary to its beliefs and doctrine.

It argued that under religious exemptions in the state's Equal Opportunity Act, it was within its rights to discriminate against something contrary to its beliefs.

But the court ruled that discriminating against homosexual behaviour was the same as discriminating against individual homosexuals, which is illegal under the act.

Professor Foster said while the details of the Victorian Court of Appeal decision involved an anti-discrimination spat between a Christian group and a

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Public advice: a one-stop shop

CHRIS MERRITT

THE federal government is considering a major overhaul of public sector legal services that would make the Attorney-General's Department its primary source of legal advice.

If implemented, the plan would have significant implications for the government's publicly owned law firm, the Australian Government Solicitor, as well as law offices in government departments and agencies that last year cost taxpayers \$363.7 million.

Attorney-General George Brandis said he believed his department should be the principal legal adviser to government and he recognised that this would affect other departments that provide legal advice.

"Our overarching objective is to get the cost of legal advice to government down as far as possible — consistent with protecting the quality of the advice," he said.

"I would like to see a greater opportunity for the private firms to provide advice to government."

"Within government, I would

like to see a greater concentration of the legal advice by government lawyers within the Attorney-General's Department."

In order to elevate his department's role, he believed the focus of its operations needed to change. "In recent years (it) has become far too much a department whose focus is social policy rather than the provision of legal advice," he said.

"My view is that the pre-eminent function of the (department) should be to become the principal legal adviser to government."

He said certain niche areas of his department, such as the Office of International Law, were outstanding, but the government was also receiving legal advice from a range of other internal sources.

"There is advice that comes to the government not from the department but from the Solicitor-General and his staff, and then there is advice ... from in-house lawyers within various departments and agencies," he said.

The Australian Government Solicitor was also providing legal advice.

The National Commission of Audit has urged the government

to close the AGS and investigate selling its book of work — worth about \$100m last year in professional fees — to the private sector. Senator Brandis said the government had made no decision on whether to get rid of the AGS but, consistent with his views about his department's role, he believed the advisory functions of the AGS "would be better placed within the department".

The audit commission also recommended that the Office of General Counsel — which provides advice on the core activities of government — should move from AGS to the Attorney-General's Department.

But Senator Brandis believed the advisory functions that should become part of his department should go beyond those units that provide advice on the core activities of government.

He said he had been explicit about the direction he favoured for his department.

"That, I think, will have implications for the other elements of the government which provide legal advice to government outside the Attorney-General's Department," he said.

Chief Magistrate in line to be state's top judge

MICHAEL PELLY

THE Chief Magistrate of Queensland, Tim Carmody, has emerged as the frontrunner to replace Paul de Jersey as chief justice when the state's top judge becomes governor in July.

Attorney-General Jarrod Bleijie has told those he has been consulting that the former barrister is in contention for what would be an unprecedented elevation.

Mr Bleijie appointed Judge Carmody as Chief Magistrate in September last year.

He has been a favourite of the Newman government and is seen as an important ally in its hardline stance on law and order issues.

Judge Carmody is also said to have the support of the police.

In January, Judge Carmody dismayed senior judges and lawyers by defending the right of government to pass new bike laws and impose stricter conditions on bail. In a speech at the Supreme Court, with Mr Bleijie in the audience, he said the separation of powers doctrine was "a two-way street".

"In return for the unfettered independence to make decisions — regardless of whether others think they are right or wrong — judges must not meddle in the administration of enacted laws by the executive and departments of state."

A spokesman for Mr Bleijie



Tim Carmody

yesterday said the Attorney-General had been consulting widely on the replacement for Chief Justice de Jersey and described the talk around Judge Carmody as "speculation".

An announcement is expected

by the middle of next month to allow the appointee to settle in before Chief Justice De Jersey takes over from Penelope Wensley as governor when her term ends on July 29. Judge Carmody was sworn in as a member of the District Court of Queensland and his predecessor as chief magistrate, Brendan Butler, is now serving on that court.

While it is not unusual for chief magistrates to be appointed to a state Supreme Court — Derek Price in NSW is one example — it is believed no chief magistrate has been elevated directly to a state's top judicial position.

Judge Carmody joined the bar in 1982. He was counsel assisting the Fitzgerald inquiry into police

corruption and was Queensland's crime commissioner from 1998 to 2002 and then joined the Family Court as a judge in 2003. He stayed on the court for five years, after which he returned to private practice as a barrister.

Early last year, Mr Bleijie made him head of Queensland's Child Protection Commission of Inquiry and praised his work in that role when announcing his appointment as Chief Magistrate, saying: "Thanks to Mr Carmody's work, the Newman government now has a road map to make Queensland the safest place to raise a child."

"His unique blend of practical and legal experience made him the ideal choice."

Court to weigh dubious evidence

NICOLA BERKOVIC

FORENSIC experts hope the High Court will set new limits on the use of questionable scientific evidence in courtrooms in two upcoming cases.

In the first, *Honeysett v The Queen*, the High Court has been asked to consider whether "face mapping" or "body mapping" from CCTV footage constitutes "specialised knowledge" within the meaning of the NSW Evidence Act.

Anthony Charles Honeysett, an Aboriginal man, was accused of being one of three men involved in an armed robbery of a hotel in Sydney's northern beaches in 2008.

At his trial, an anatomy professor testified there were eight common features between Honeysett and the offender in CCTV footage.

The offender wore a pillowcase or T-shirt over his head, a long-sleeved top and long pants.

There was also some DNA evidence linking the accused to the crime, but he argued this was circumstantial.

Gary Edmond, a legal professor at the University of NSW, said body mapping was one of many identification techniques — including those used to match bite marks, ballistics, soil, voices and foot, shoe and tyre prints — that had never been validated.

He said such techniques were routinely used in courts in ways

that no scientific study could support. "The specialised knowledge in this case is the interpretation of images," he said.

"Yes, he's a highly qualified professor of anatomy, but the question is, how do you interpret low-quality CCTV images where the person's wearing a disguise? We don't know whether he can do it or how well he can do it."

He said such techniques could be evaluated, but that had not happened.

"We've been allowing these people in and we get the same problem in case after case," he said.

Professor Edmond said research on unfamiliar face-matching had shown it to be very

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