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The West Australian

Edited by SEAN SMITH

## Time sheets become history at Lavan Legal

AMANDA SAUNDERS

Cultural change is afoot at Lavan Legal, with the Perth firm joining a handful of smaller rivals consigning time sheets to the scrap bin by charging clients on a fixed-price basis.

Lavan deputy managing partner Dean Hely said time sheets and their infamous six-minute blocks encouraged inefficiency. "At the moment time recording rewards long hours in the cell and not necessarily coming up with the smartest idea," he said.

"There is no reward for efficiency, whereas if you fix-price or value-

price something, then lawyers are rewarded for developing systems that do the job more quickly. It will make it cheaper for the client but also increase profitability for the firm."

The change, said to be driven by client demand, is understood to have already been adopted by some boutique firms but is unusual in bigger firms. Lavan has 20 partners and 200 staff.

Since introducing the system on a voluntary basis on July 1, Lavan has had a 30 per cent take-up, mainly in banking and finance, transactional work and small to medium-sized

litigation. The firm's aim is to reach a 90 per cent take-up within two years.

Mr Hely said that if a partner chose to do a job at a fixed price, the costing was reviewed by the firm's 10-strong pricing committee.

The next step in phasing in the system was to select clients to be charged continually on a fixed-price basis.

Finance and property work was relatively simple to charge under the new system, however it would be almost impossible to completely eliminate time costing for litigation because of the number of variables.

"We are still in the learning stage

with litigation and pricing portions of it but if client still wants a fixed quote for the whole job, we have to price in a massive element of risk," Mr Hely said.

The new system would precipitate cultural change at the firm and help attract and retain staff. "A lot of people are worried as to how it will work, and you have to get your pricing right otherwise you can easily lose money," he said.

But internally there is pressure on lawyers over charge-out rates and recordings. "We would love to move to a time without time sheets because I

think they turn a lot of good people away from the law," Mr Hely said.

If jobs were done more cheaply than at the fixed-price, Lavan would split the difference with the client.

He expected it would also mean massive cost savings for the firm, on the back of fewer disputes on accounts and non-payments of bills.

Managing partner Greg Gaunt said he hoped the move would increase confidence in the industry.

"Lawyers are often accused of padding out time sheets but, if anything, they charge for far less hours than they work," he said.



Big ticket: It is estimated DeGrussa, the most advanced of Doolgunna's exploration targets, will cost up to \$300 million to turn into a mine.

## Koreans thwart OZ's Sandfire ambitions

PETER KLINGER

OZ Minerals' ambition to control Sandfire Resources suffered a bitter blow yesterday after the Perth company behind Australia's best copper discovery in a decade agreed to a \$93.9 million cash injection from Korean giant LS-Nikko Copper.

Ostensibly to fund a major exploration push at Sandfire's Doolgunna project north of Meekatharra, LS-Nikko's arrival on the Perth company's share register will be seen as another obstacle to OZ's long-mooted ambition to bid for Sandfire.

Sandfire managing director Karl Simich last night said talks with LS-Nikko had been under way long before OZ trounced his company by announcing it had secured a 19.9 per cent stake.

"You don't do a \$100 million deal at the click of your fingers," he said.

LS-Nikko's investment will dilute OZ's Sandfire stake to 17.3 per cent.

It also means two of Sandfire's three biggest investors are Korean groups, with Posco and LS-Nikko accounting for a combined 27.1 per cent.

OZ would not comment on LS-Nikko's move yesterday or on the fact the Korean group had been offered a board seat while OZ, despite being Sandfire's biggest shareholder, is yet to be allowed a director's position.

The topic is expected to come up in face-to-face talks next week between Mr Simich and OZ chief executive Terry Burgess when he visits Perth.

LS-Nikko agreed to invest in Sandfire at \$5.02 a share, compared with the company's last trade of \$4.90. The investment remains subject to both companies' final board approval.

LS-Nikko, the world's third-biggest copper smelter, will also have a right to 45 per cent of Sandfire's copper and other base metals production "at fair market prices".

The oft-taken right means about two-thirds of Sandfire's potential metals

production is assigned to its Korean backers in what could serve as a further blow to OZ's ambitions.

OZ has long been rumoured as the obvious acquirer of Sandfire, given Doolgunna's early-stage similarities to OZ's flagship Prominent Hill copper-gold project in South Australia. But ever since OZ caught Sandfire by surprise by announcing it had accumulated a 19.9 per cent stake at \$3.85, the target's stock has soared.

Helping Sandfire's share price momentum were more drilling results that led to a 43 per cent increase in resource for DeGrussa, the most advanced of Doolgunna's exploration targets. DeGrussa's resource is 533,000 tonnes of contained copper and 559,000 ounces of gold.

LS-Nikko's investment will swell Sandfire's cash coffers to \$145 million. Mr Simich said it should be enough to fund a major drilling program across Doolgunna and part-pay for DeGrussa's mine development.

THE BIG GUNS	
The shareholders	
OZ Minerals	17.3%
Posco	14.6%
LS-Nikko Copper	12.5%
Karl Simich	2.4%

SOURCE: SANDFIRE, INCLUDING LS-NIKKO'S PLACEMENT

It is estimated DeGrussa will cost up to \$300 million to turn into a mine.

Mr Simich said his purchase on Monday of \$223,600 worth of Sandfire shares at an average \$4.47, following the release of DeGrussa's resource upgrade, came before the company had entered into price-sensitive talks with LS-Nikko.

## Carnegie rides CETO wave

RACHEL DONKIN

Renewable energy hopeful Carnegie Wave Energy has secured Government cash to fund a pilot project to test the success of its CETO technology in powering desalination plants.

Carnegie, founded by one-time Fremantle inventor Alan Burns, has been testing its underwater wave-power technology for use as a zero-emissions energy source at its Fremantle facility and this year began building a 5MW pilot plant at Garden Island with \$12.5 million from the State Government.

It has also flagged the potential for the technology to be used in desalination projects. Now it has been formally given the go-ahead to prove that potential through the Rockingham-based National Centre for Excellence in Desalination, a joint State-Federal Government research institute launched by the Minister for Climate Change Penny Wong last night.

Speaking after the ribbon-cutting, Carnegie managing director Mike Ottaviano said the \$500,000 project — jointly funded by Carnegie and the NCED — was an important first step in shoring up the CETO technology.

"Having our initial project located in WA means we're well-placed to capitalise on desalination opportunities locally and then export this expertise globally," Dr Ottaviano said.

The CETO technology generates power through buoys anchored on the ocean floor that use the motion of passing waves to drive pumps to deliver pressurised water to shore. Under the desalination project, the water would be pushed into the incoming seawater being pumped into a traditionally designed desalination plant.

"There are a lot of desal plants already in operation today, and are powered by fossil fuels... and about 40 per cent of the bottom line of a desalination plant is energy (cost)," he said. "So if you can remove that, you've got massive cost savings and greenhouse gas savings as well."

Carnegie is among tenderers on a short list for the proposed Binning desalination plant.