



THE IMPACT OF THE COVID-19 OUTBREAK ON THE LEGAL PROFESSION

A SURVEY CONDUCTED BY THE
CHAMBER OF ADVOCATES
BETWEEN 27 AND 30 MARCH 2020

INTRODUCTION

COMMENTARY

The COVID-19 outbreak is primarily a human tragedy. The rapid global spread of the virus has taken us all by storm and has left entire countries grappling with the aftermath of the cost to human life and health. Not only has the spread of COVID-19 challenged the medical institutions and public health services, but it continues to challenge all that we have learnt and taken for granted in our lives.

The outlook for businesses is changing on a daily basis, with clear potential for further escalation, resulting in a number of implications across multiple lines: health, life, workers compensation, professional practices, travel and tourism to name but a few. Malta, and our profession are not immune to the economic impact that this will inevitably have on our practices whether we practice as sole practitioners or within firms, large or small. We depend on our clients – and our clients are all facing significant challenges, in some cases overwhelming challenges, that will have a direct impact on our practices.

Over the weekend of the 27th – 30th March the Chamber launched a survey for all lawyers to let us know of their situation and forecasts for the year on a number of important topics aimed at gauging their ability to cope with the situation as it evolves.

These are the results of that survey.

Profile of Respondents

Out of the 282 respondents 56% were male and 44% were female. The majority are married (57%) with the balance being single (43%). Most respondents (96%) own their residence with a very low 4% who rent their residence. The lawyers that carry bank loans are at the 67% level and only the balance (33%) have responded that they do not have bank loans (this does not include consumer credit such as credit cards). Respondents were asked to declare their earnings over a year and from the responses it transpires that around 46% earn more than €40K; around 13% earn less than €20K, and the balance (10%) earns between €21K and €40K.

The survey was then divided into two parts:

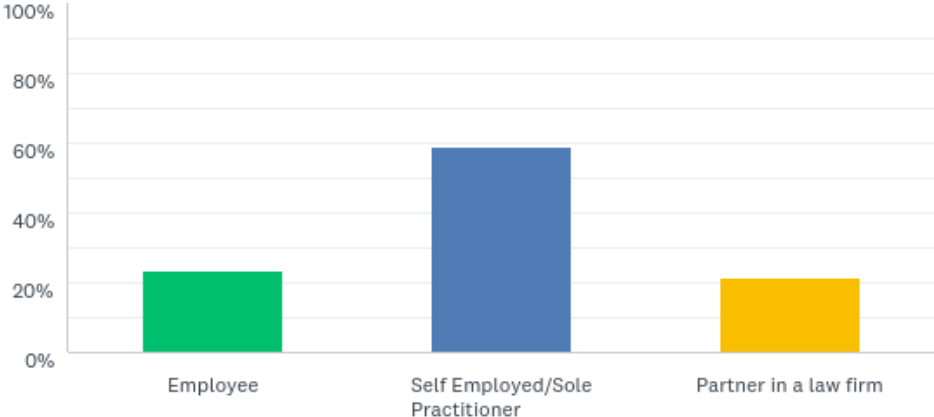
Part One: to be answered by those who are sole-practitioners (including those who employ less than 5 persons; and

Part Two: to be replied by law-firms including sole practitioners employing 5 or more – but where only one response would be made for the firm.

Work Status

Answered: 282 Skipped: 2

The respondents of the survey reflect the composition of the profession. With *circa* 60% of respondents being sole practitioners employing less than 5 people; and the remaining 40% working in law firms that employ 5 or more lawyers and support staff.



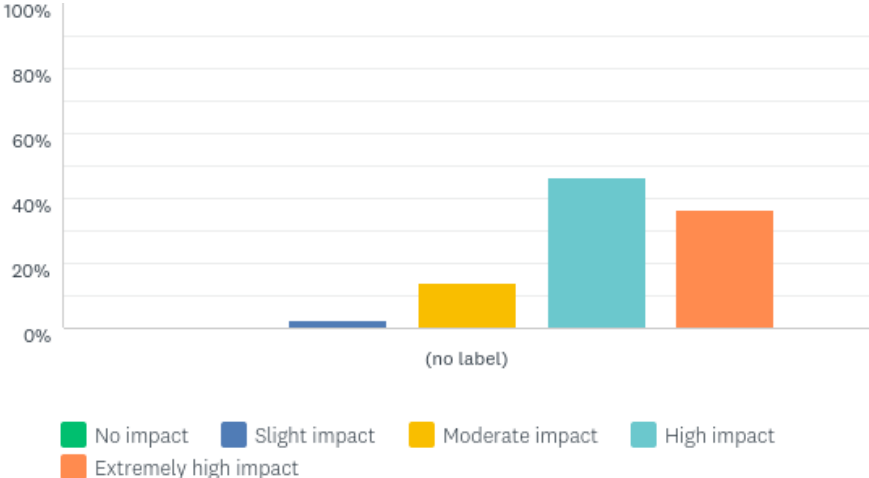
ANSWER CHOICES	RESPONSES	
Employee	23.40%	66
Self Employed/Sole Practitioner	58.87%	166
Partner in a law firm	21.28%	60
Total Respondents: 282		

Part Two – Sole Practitioners and Employees

Includes self-employed lawyers employing less than 5 people

To what extent do you feel that the COVID-19 Pandemic will impact your practice or that of your employer:

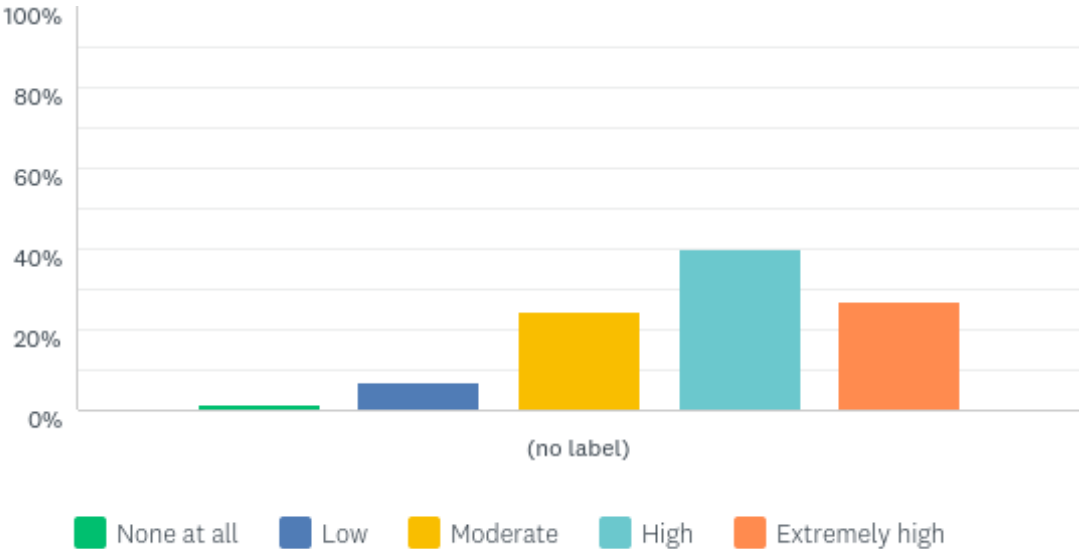
Answered: 249



Asked about the impact that they expect the COVID-19 Pandemic to have, in the case of a sole practitioner on his/her practice; and in the case of an employee on his/or her employer’s practice – the sentiment and outlook leaves very little to the imagination. Less than 1% believe that there will be no impact with more than 83% anticipating that it will have a high or extremely high impact; and 16% believing that the impact will be either slight or moderate.

To what extent do you feel that the COVID-19 Pandemic is placing your practice/employment under threat:

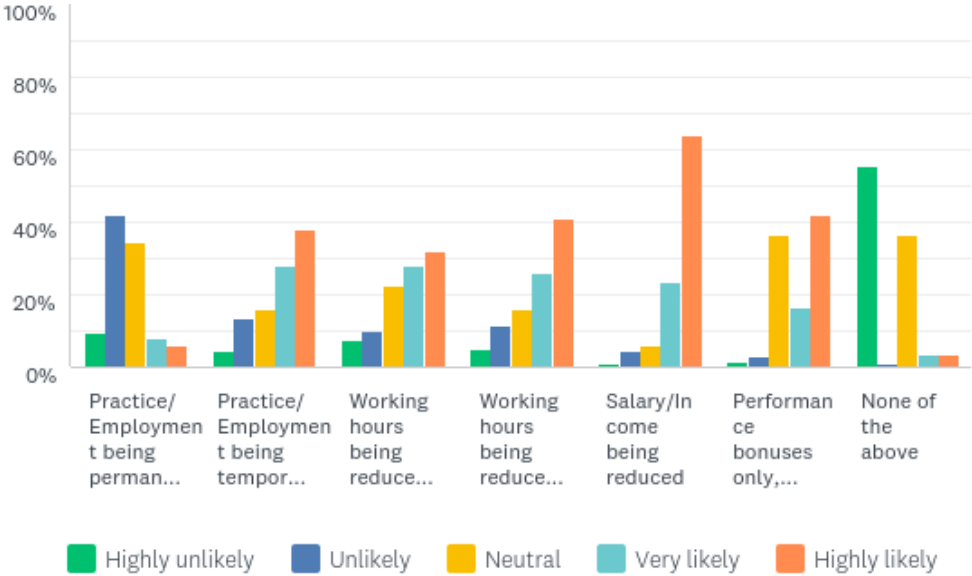
Answered: 248 Skipped: 36



We have tried to evaluate whether sole practitioners or employees within the sector consider that that impact will be such as to constitute a threat, and to gauge the level of that threat. More than 66% of respondents consider the threat to be high or extremely high, with *circa* 31% that believe there is a moderate or low threat to their practice or employment, and a negligible 1.6% that consider that the pandemic constitutes no threat at all.

To what extent are you concerned that the COVID-19 pandemic may lead to your:

Answered: 249 Skipped: 35

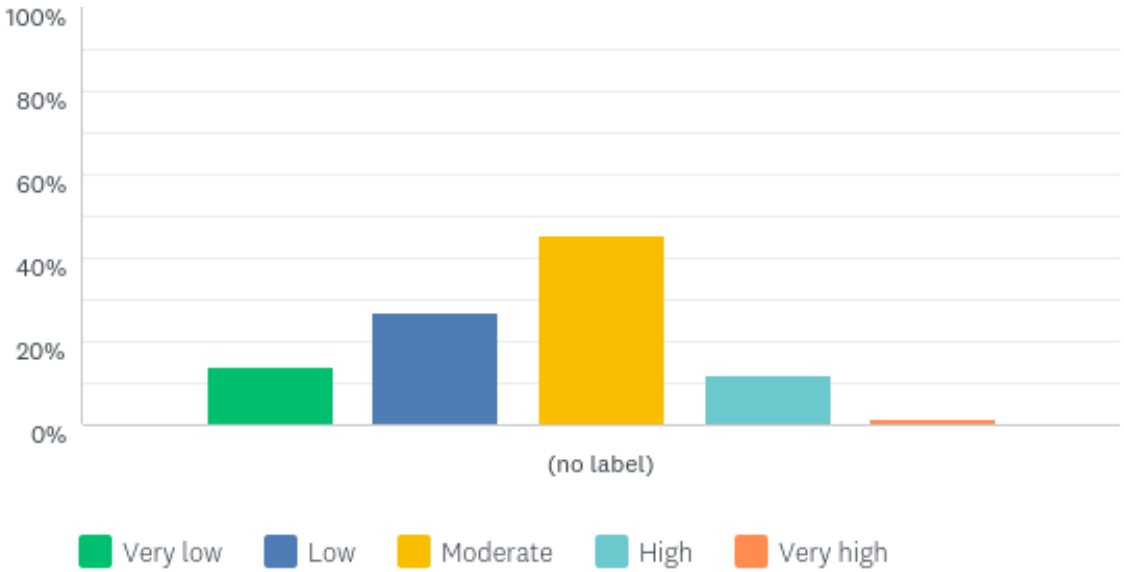


Very few lawyers consider that the situation will cause permanent difficulties for them to continue their practices, but almost 66% anticipate that there is a very likely scenario that they would have to suspend their professional activity, with 60% who consider it very, to extremely likely that they may have to reduce at least one day a week; and 67% who believe that it is more likely that they would reduce their working week by two days or more. A staggering 88% anticipate a reduction in salaries (for employees) or their income from the profession, with around 60% of employees believing that they will receive no bonuses for 2020.

Around 35 respondents considered that none of the scenarios were applicable to their situation.

Q11: If your current employment/practice were to be terminated/suspended, how do you rate your prospects of securing immediate re-employment/re-establishment of your practice?

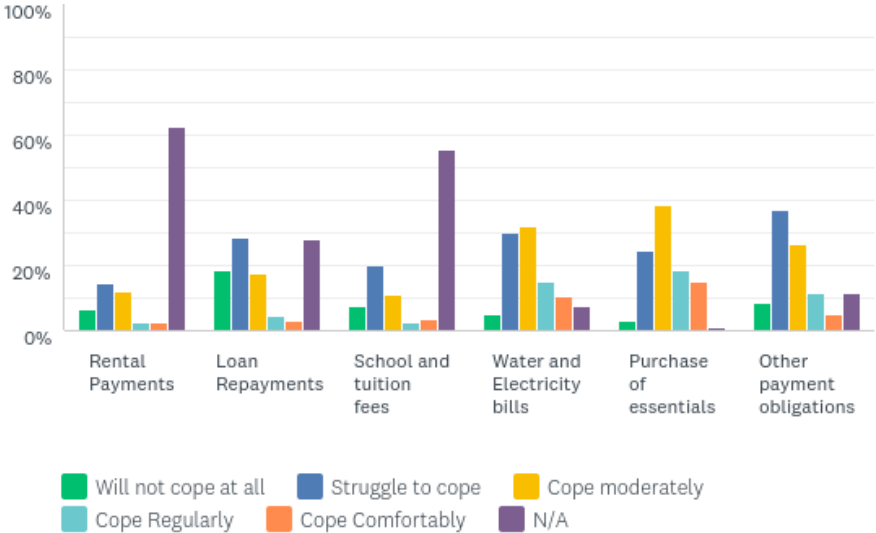
Answered: 239 Skipped: 45



Most practitioners have indicated that they consider their ability of employment being terminated and the prospects of being re-employed as being moderate (45.6%), with only 1.26 % considering the prospect of termination and re-employment being very high and in excess of 40% considering this to be an unlikely scenario.

Q12: In the case of unemployment/suspension to what extent would you be able to cope with:

Answered: 244

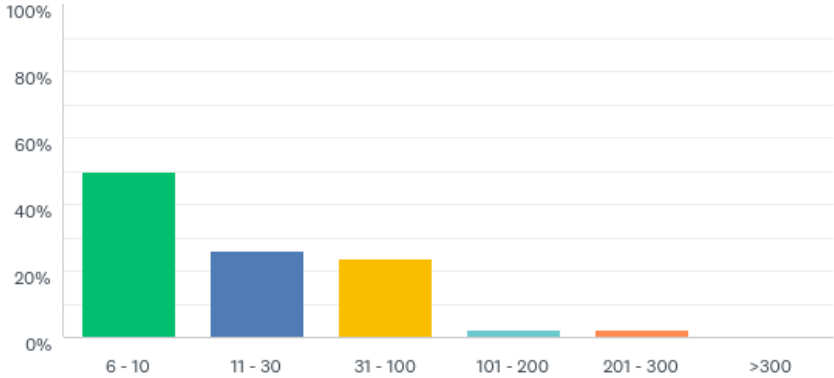


We asked lawyers how they would be able to cope with a number of daily expenses in the current scenario. Strikingly, more than 46% of respondents will have significant difficulties in meeting loan repayments with less than 3% stating that they would be able to meet such payments comfortably. More than 27% would have difficulties in covering school and tuition fees, with only 6% stating they would be able to comfortably cover such fees. With respect to utilities around 35% will have severe difficulties with only 18% being able to cope without difficulty. Given the age brackets of respondents, who either do not have children who go to school or who do not have loans, we have experienced a high level of respondents who considered the questions as not applicable to them.

Part Three – Sole Practitioners(*) and Law firms

(*) Includes self-employed lawyers employing more than 5 people

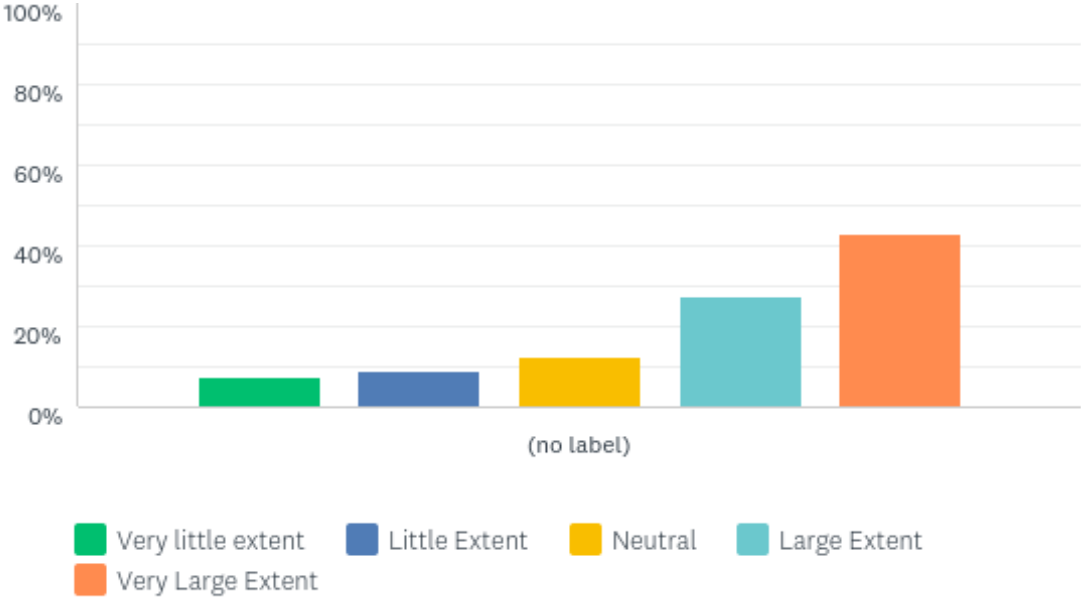
Q13: Number of Employees



This section was replied to by law firms for the whole firm and therefore inclusive of all lawyers and other personnel engaged in each firm. 21 firms employ between 6-10 people constituting 50% of respondents, with only 2 firm employing more than 100, and ten (10) firm employing between 31-100 people.

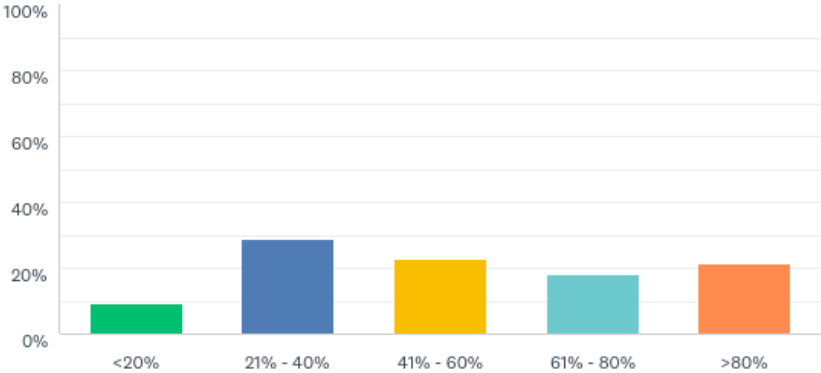
These responses therefore represent the position where the people involved, lawyers and support staff range between 860 and 2040.

Q14: To what extent have you deployed remote working arrangements?

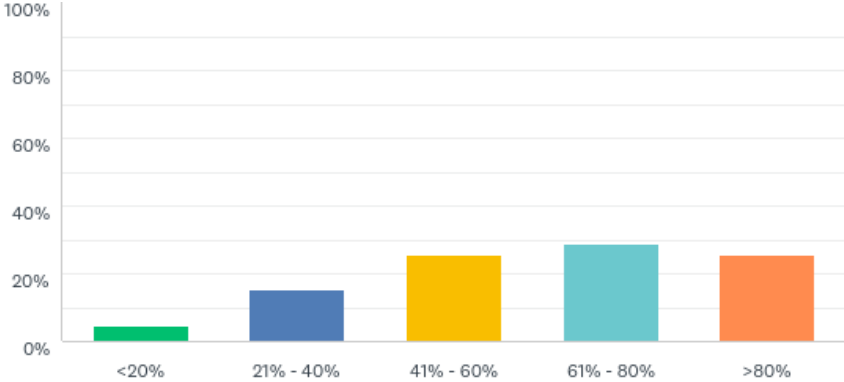


A high percentage of firms seem to have made remote working arrangements (around 70%) with only 7.69 % not having adopted any or very little arrangements to work remotely.

Q15: What is your forecast of the adverse impact of COVID-19 on your revenue (A) and Cash Collection (B)?

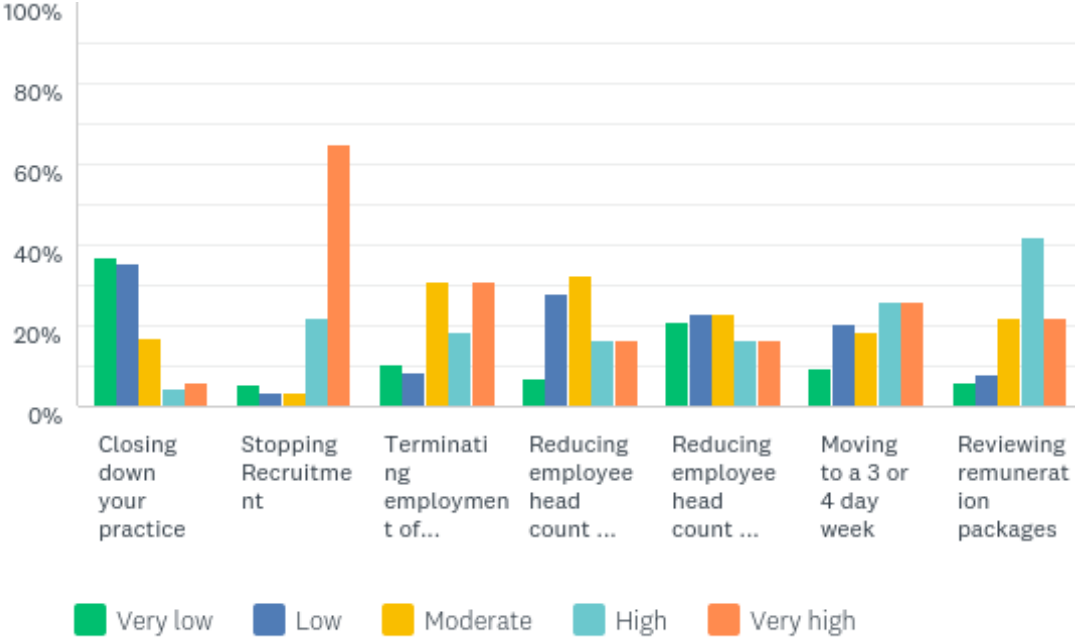


Only 9% of firms consider that they will have a dip in revenue which is lower than 20%; with circa 30% considering that the hit on revenue will be in the range of 21%-40%, and 19% of respondents fearing higher levels of depressed revenue of between 61%-80%; and 21 % fear a hit of more than 80% on revenue.



Cash collection of past debtors and with respect to current work is another major concern, where more than 80 % fear that cash collection will be down by more than 21%; with 15% considering that cash collection will decrease by 21-40%; 25% by more than 41%; and 28% by more than 61%. More than 25% of respondents believe that their cash collection will be hit by more than 25%.

Q17: To what extent do you feel that the challenges of COVID-19 may compel you to consider:



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It is clear from the results that most firms will stop recruitment immediately (87%) and more than 50% are considering terminating employees who are still on probation. Few think that the current situation will be the end of their practice (10%). Reduction of working hours and revision of remuneration packages seem to be more the line being taken by firms to manage the situation. More than 32% are seriously considering reduction of headcount by less than 15%; and another 32 % by more than 15%. Most firms 43% do not believe that they would need to reduce headcount by more than 15%.

More than 50% of firms will consider shifting to a 3 or 4 day week and 64% of firms are looking and reducing the pay packages of their employees. Only 14% of respondents consider the possibility of lowering remuneration packages as a low or very low possibility.