

# FRAMING THE FUTURE

ANNUAL  
REPORT  
15.16

# About us

Queensland Law Society is the peak representative body for solicitors in Queensland, providing leadership in law to more than 13,200 members. We:

**Provide** a dynamic hub for the state's legal community by actively engaging with our members and with the public to provide leadership, practical solutions and reliable support.

**Represent** and promote Queensland's legal professionals, increase community understanding of the law, help protect the rights of individuals, and advise the community about the many benefits solicitors can provide.

**Assist** legal practitioners to continually improve their services by offering high-quality products and services to help them maintain and build their professional skills, legal practice, wellbeing and careers.

**Represent** members' and the community's interests by advising the Government on improvements to laws affecting Queenslanders, and working to improve their access to justice.

**Help** members to resolve ethical dilemmas, and provide practical tools for assessing problems and guiding ethical decision-making through our Ethics Centre.

**Support** members with information and advice for trust account compliance and Guidance Statements to set a high standard of professionalism and trust in Queensland solicitors and help them manage potential issues in legal practice.

**Have** obligations under the *Legal Profession Act 2007* (LPA) in respect to the profession's compliance with the trust account provisions of the LPA, external intervention of law practices and managing the Legal Practitioners' Fidelity Guarantee Fund.

**Provide** practising certificates to lawyers in Queensland under s52 of the LPA.

**Provide** professional indemnity insurance to members of the Queensland legal profession via the Society's wholly-owned subsidiary company Lexon Insurance Pte Ltd.

The world has changed since the Society's inception but our purpose remains steadfast: to serve good law and support good lawyers in Queensland.

## Our vision

To lead the legal profession by advocating for good law and supporting good lawyers.

## Our mission

To be the profession's trusted advisor through providing quality advice, advocacy, and learning and professional development for our members.

## Our history

1873	The first initiative to found Queensland Law Society begins.
1883	The remnants of the first Queensland Law Society form into Queensland Law Association.
1927	Legislation incorporating Queensland Law Society is passed in 1927 and comes into force in 1928.
1931	The Society introduces the Fidelity Guarantee Fund to protect clients from defaulting solicitors.
1938-39	Solicitors prepare soldiers' wills and powers of attorney without charge as a Society initiative.
1941	Beryl Donkin becomes the Society's first full-time employee.
1952	<i>Queensland Law Society Act 1952</i> consolidates the 1927 Act and the 1930 Amendment Act.
1982	The Society's <i>Proctor</i> magazine is launched.
1987	The Society moves into Law Society House at 179 Ann Street, Brisbane.
1993	Membership records are entered into a computerised database.
2001	QLS Insurance, now Lexon Insurance Pte Ltd, is established as a special purpose insurance entity wholly owned by the Society to provide professional indemnity insurance for solicitors.
2005	Continuing professional development for solicitors becomes mandatory.
2008	LawCare introduced as a member assistance program providing free, confidential and voluntary counselling services.
2015	Queensland Law Society introduces Guidance Statements to the profession.
2016	QLS Ethics Centre introduces a Practice Support Consultancy Service to assist practitioners to practise efficiently, practically and ethically.

## Our values

Our values frame our service delivery, legal profession leadership and internal and external relationships.

**Respect** We value people and acknowledge their contributions.

**Integrity** We are honest and fair in our actions.

**Service** We work together to anticipate needs, exceed expectations and honour commitments.

# About this report

Queensland Law Society's 2015-16 annual report presents our corporate performance information for the period 1 July 2015 to 30 June 2016.

This report records our activities, achievements and challenges for the 2015-16 financial year and evaluates them against strategic and operational planning objectives. It also provides a summary of our strategic plan, which we are reshaping to convey our thinking around the next strategic plan, and future priorities for initiatives in 2016-17 and beyond.

Queensland Law Society is incorporated under the *Legal Profession Act 2007* and defined as a statutory body under the *Financial Accountability Act 2009*. Our member-elected Council includes an Attorney-General's nominee and maintains our independence in governance. Our annual report complies with Queensland Government reporting requirements.

This report aligns with the Society's 2013-18 strategic plan and measures our performance against four strategic objectives: growth, leading the profession, embedding a culture of excellence, and strengthening our financial sustainability.

**Framing the future** is the theme of this 2015-16 annual report, reflecting the change and innovation we have undertaken to strengthen how we deliver on our vision to lead the profession by advocating for good law and supporting good lawyers.

The report demonstrates how we are:

- the voice of the legal profession in Queensland and represent the interests of Queensland lawyers
- our members' trusted advisor in the areas of ethics, advocacy, practice management, learning and professional development, and
- a membership society maintaining ethical, commercial and practical values and high professional and regulatory standards.

## Our commitment to accessibility

This annual report can be accessed at [qls.com.au/annual-reports](http://qls.com.au/annual-reports), via the **Queensland Parliament website** or in print form by contacting us (see below). Our website also contains the required reporting in relation to the Council of Queensland Law Society as a Government body. Recent annual reports can be accessed via our website.

Please contact us if you require assistance in understanding the annual report or for referral to interpreter services. Our open data reports can be accessed via [data.qld.gov.au](http://data.qld.gov.au).



## Feedback

If you have feedback or questions about content in this annual report, please contact:

Law Society House, 179 Ann Street, Brisbane Qld 4000  
1300 367 757 | [info@qls.com.au](mailto:info@qls.com.au)

# Contents

About us	i
Year in review	2
Key performance indicators 2015-16	4
Performance overview	6
President's review	8
CEO's review	9
Membership snapshot	10
Grow: Serving our members	11
Lead: Leading our profession	25
Culture: Embedding our culture	37
Strength: Ensuring our sustainability	49
Financial statements	59
Compliance checklist	141
Glossary	143
Index	144

8 September 2016

The Honourable Yvette D'Ath MP  
Attorney-General and Minister for Justice  
and Minister for Training and Skills  
Level 18, State Law Building  
50 Ann Street  
Brisbane Qld 4000

Dear Ms D'Ath,

I am pleased to submit for presentation to the Parliament the Annual Report 2015-2016 and financial statements for Queensland Law Society.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found at page 141 of this annual report.

Yours sincerely

**Bill Potts**  
President  
Queensland Law Society

# Year in review

The 2015-16 financial year was a productive and full period for Queensland Law Society across all areas of the organisation and the broader profession. Below are highlights from our year.

## July

**10** Early Career Lawyers Conference 2015

**16-18** 30th Family Law Residential 2015



**20** New Queensland Law Society CEO Amelia Hodge officially takes up her role

## August

**7** District Law Association Presidents' Workshop, attended by Attorney-General Yvette D'Ath and Acting Chief Justice and president of the Court of Appeal Margaret McMurdo AC



**20** Queensland Law Society welcomes the Government announcement that all 140 recommendations in the *Not Now, Not Ever* report on domestic violence will be implemented

**21** Government Lawyers Conference 2015

**28** QLS Senior Counsellors Conference

## September

**3** Launch of our inaugural Student Ambassador program

**4** Criminal Law Conference 2015

**7** The Society welcomes the appointment of Chief Justice Catherine Holmes

**10-11** Property Law Conference 2015

**21** Announcement of the QLS Council election outcome, the two-year term commencing 1 January 2016

## October

**1** QLS Property and Development Law Committee compiles Guidelines for E-Conveyancing

**7** Mental Health Week Early Career Lawyers Twilight Event: Building Resistance



**16** Personal Injuries Conference 2015

**30** Townsville solicitor Michelle Morton is presented with the QLS Agnes McWhinney Award. Solicitors Penny White and Sarah Atkinson receive Outstanding Achievement Awards

## November

**2** QLS Guidance Statement No.5 – Witnessing Enduring Powers of Attorney is released

**6-7** Succession and Elder Law Residential 2015

**18** James Bell QC delivers the inaugural Queensland Tristan Jepson Memorial Foundation Lecture at Law Society House

**20** North Queensland Symposium 2015

**23** QLS joins in hosting the White Ribbon Day Supreme Court Breakfast raising awareness of domestic violence



**27** Conveyancing Conference 2015

## December

**1** Announcement of 2015 QLS president Michael Fitzgerald's election to the Law Council of Australia Executive for 2016

**3** QLS Annual General Meeting

**11** Specialist Accreditation Breakfast in Brisbane with the Chief Justice

**18** QLS welcomes the first all-electronic property settlement in Queensland through the PEXA system

## January

- 1** Bill Potts commences as 2016 QLS president, succeeding 2015 president Michael Fitzgerald. Christine Smyth commences as deputy president
- 27** Launch of the official QLS Member Logo for use by full members

## February

- 2** QLS welcomes the appointment of Judge Anne Demack as a Federal Circuit Court judge based in Rockhampton
- 3** New Year profession drinks hosted by QLS president Bill Potts to welcome members
- 19** Legal Profession Dinner with the keynote address by High Court Justice Susan Kiefel AC and presentation of the QLS President's Medal to Nambour solicitor Peter Boyce OAM



- 25** QLS congratulates Catherine Carew QC on her appointment as judge to the Family Court, commencing in the Brisbane registry

## March

- 4** QLS welcomes the appointment of David Kent to the Queensland District Court
- 8** Annual QLS Legal Careers Expo in Brisbane for students interested in joining the legal profession
- 18** Past QLS president and chief executive Peter Carne is appointed as Public Trustee of Queensland

**18-19** QLS Symposium 2016



## April

- 13** QLS welcomes the announcement of the reintroduction of Murri Courts across Queensland, commencing in Rockhampton
- 15** QLS CEO Amelia Hodge takes part in Women's Legal Service fundraiser Dancing CEOs
- 22** QLS provides its submission to the Parliamentary Legal Affairs and Community Safety Committee Human Rights Inquiry

## May

- 1** QLS releases its Call to Parties ahead of the Federal election
- 7** Second annual QLS Touch Football Tournament for law firms
- 17** Law Week Queensland Legal Walk in support of QPILCH
- 18** QLS Mindfulness for Lawyers breakfast



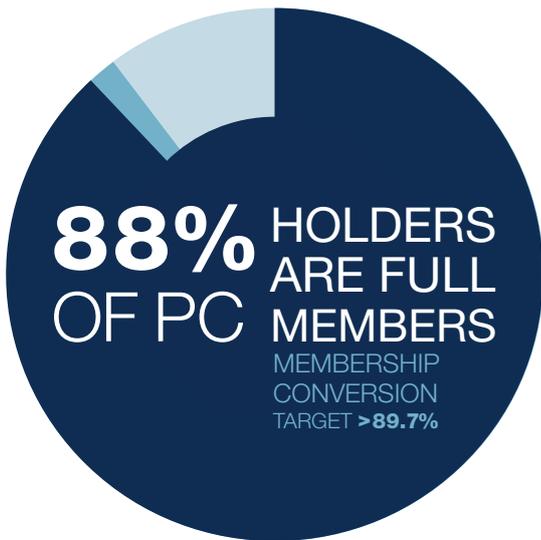
- 19** Open Day at Law Society House and presentation of QLS Equity and Diversity Awards
- 20** 2016 Queensland Law Society Annual Ball
- 26 & 27** Early Career Lawyers Law Revue: *Captain Amicus: Civil Law*

## June

- 8** MemberConnect breakfast celebrating members acknowledged in Chambers Asia-Pacific Guide, Best Lawyers in Australia list and The Legal 500 Asia Pacific
- 9** Logan & Scenic Rim Law Association launch
- 10** Gold Coast Symposium

## Key performance indicators 2015-16

In 2015-16 we achieved the following outcomes against our key performance indicators set out in our corporate plan 2015-16.



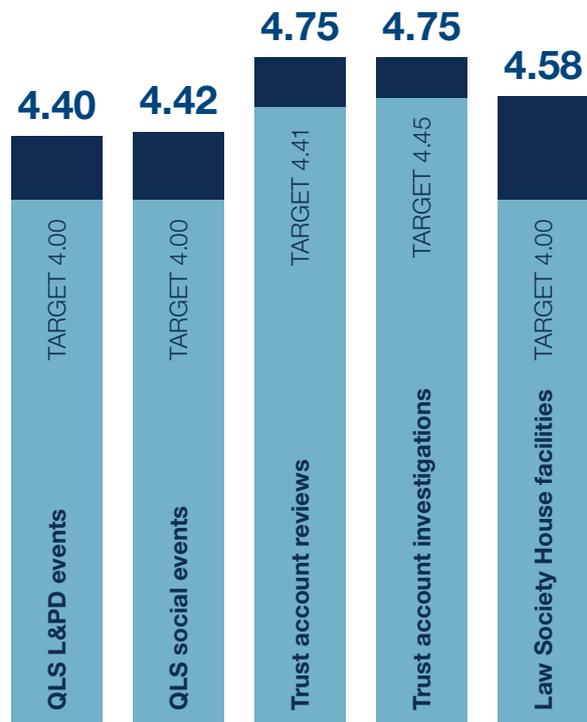
NUMBER OF FULL MEMBERS GREW BY

4.64% TO

**9,971**

GROWTH TARGET OF AT LEAST 1.5%

**146**  
ADVOCACY SUBMISSIONS MADE WITH A **60%** SUCCESS RATE



MEMBERS' SATISFACTION SCORES OUT OF **5**

## POSITIVE STAFF ENGAGEMENT

A change in staff engagement survey methodology, which sets the benchmark for future years, means direct comparison with last year's survey is not possible. This year's research showed QLS was a leader against other law societies in 13 scorecard areas.

LEADER  
IN **13**  
SCORECARD  
AREAS

Overall rating as a place of work

NATIONAL AVG. 73

**77**<sub>QLS</sub>

Strong team spirit

NATIONAL AVG. 83

**87**<sub>QLS</sub>

In-team communication

NATIONAL AVG. 85

**89**<sub>QLS</sub>

Employees' commitment

NATIONAL AVG. 71

**76**<sub>QLS</sub>

FINANCIAL **TARGETS** FOR  
QUEENSLAND LAW SOCIETY  
INCORPORATED (PARENT  
ENTITY) **WERE MET**

**\$18.4m**

REVENUE  
UP FROM 

**\$18.3m**

**\$12m**

IN MEMBERSHIP AND  
PRACTITIONER FEES

UP FROM   
**\$10.9m**

**+** **\$538k**  
OPERATING SURPLUS

# Performance overview

Queensland Law Society has identified four areas of focus to help us achieve our vision of leading the legal profession by advocating for good law and supporting good lawyers.

This report is structured to present our achievements against each of these areas of focus:

- 1. Grow:** Serving our members to grow our membership (see pages 11-24);
- 2. Lead:** Leading our profession through targeted advocacy, providing ethical guidance and setting professional standards (see pages 25-36);
- 3. Culture:** Embedding a culture of excellence in member service (see pages 37-48); and
- 4. Strength:** Ensuring our sustainability by strengthening our financial sustainability (see pages 49-58).

Our corporate plan 2015-16 identified priority areas and initiatives for our focus this year. Our performance against these is set out in this table.

	Initiatives	Actions 2015-16
<b>Grow membership</b>	Grow membership and member engagement by:	Introduce targeted electronic communications to member depending on their member segment and practice area/s
	<ol style="list-style-type: none"> <li>a. implementing our marketing strategy; and</li> <li>b. finalising our membership strategy</li> </ol>	<p>Communicate our member value propositions in marketing to our four key member segments</p> <p>Utilise website usability testing (completed in 2014-15) to develop a website redevelopment plan and commence implementation</p> <p>Finalise our membership strategy to grow member numbers and engagement in selected member segments</p>
<b>Lead the profession</b>	Deliver proactive and strategic advocacy which effectively applies the skills and knowledge of our volunteer members	<p>Monitor implementation of government policy to address priority issues raised in the 2015 QLS Call to Parties and proactively advocate for the adoption of those policies</p> <p>Strengthen policy committee governance to better manage committee composition and ensure linkages between committee work and QLS strategic goals</p>
	Investigate and research circumstances that give rise to claims. Develop a business model for development and delivery of risk management and early intervention educational programs to address underlying causes giving rise to claims	<p>Scope and plan desired process for investigation, research and development of a recommended business model for delivery of educational and support programs</p> <p>Engage appropriately skilled and experienced new resource to undertake the project</p> <p>Together with Council, consider recommendations and move toward implementation</p>
<b>A culture of excellent member service</b>	Embed our culture of service excellence to members at an individual and divisional level and pursue opportunities for process improvement	Engage with individual team members to build awareness and desire around what service excellence means at an individual (role specific) level
		<p>Engage with teams to build awareness and desire at a team level around what service excellence means at a divisional level (applying feedback from the service standards survey)</p> <p>Partner with Sapphire Champions and teams to devise opportunities to change/improve/streamline a process, system or practice to help improve service excellence</p>
<b>Strengthen our financial sustainability</b>	Review and maximise alternative revenue sources including investments and service charges	<p>Review service charges for Lexon, Legal Practitioners' Fidelity Guarantee Fund (LPFGF), Law Claims Levy Fund and Legal Practitioners Admissions Board to ensure appropriate service charges apply</p> <p>Develop and implement investment policies for LPFGF and QLS general funds to improve investment returns within statutory constraints</p>

Targets 2015-16	Achieved 2015-16	Aims 2016-17
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Membership conversion as at 30 June 2016 is at least 89.7%	✘ Membership conversion as at 30 June 2016 is 88%	Review our membership value proposition for newly admitted lawyers and investigate potential paralegal offerings  Utilise data to drive targeted membership growth tactics  Review core IT applications that support delivery of services directly to members, to ensure they facilitate future product and service excellence  Reposition <i>Proctor</i> as an interactive online resource
Number of full members as at 30 June 2016 has increased by at least 1.5% from number of full members at 30 June 2015	✔ Number of full members as at 30 June 2016 has increased by 4.64% from number of full members at 30 June 2015	
Evidence of effective consultation and engagement between government and QLS on the issues in the QLS Call to Parties	✔ Generally consultation is effective, and QLS has reported a number of significant 'wins' from the Call to Parties	Position the Society as a thought leader and raise the profile and reputation of the profession
All policy committee work plans to be reviewed and approved by Council by 30 September 2015	✔ Plans approved by Council on 17 June 2015	
Revised policy committee charter to be approved by Council by 31 December 2015	✔ Revised charter approved by Council on 27 August 2015 and being rolled out operationally	
Regular policy committee reports against work plans to be initiated by 31 January 2016	✔ Increased detail on policy committee submissions included in CEO reports	
Project plan completed by 31 December 2015 Plan for delivery of new risk management and early intervention educational and support programs developed and approved by Council in accordance with project plan	✔ Specialist project manager commenced 1 February 2016. Investigation and research into the risk circumstances that give rise to claims undertaken and a program of initiatives developed and commenced implementation	Provide a Practice Support Consultancy Service to newly opened law practices, whether they are sole practitioners or recently established micro/small legal practices  Establish educational diversion programs for "at risk" practitioners in conduct and trust account matters
Positive change is observed in the 2016 staff engagement/culture survey in relation to staff depth of knowledge of the business and connection to our members, and at a team level in the top four engagement drivers	N/A New survey methodology adopted. Where comparison to the 2015 survey was possible, index scores remained stable	Entrench a deeper knowledge of QLS's role and purpose in every staff member and ensure they believe in and can clearly articulate the benefits of QLS membership
Positive changes noted through the internal service standards survey upon re-test, and in the leadership surveys upon re-test	N/A Second internal service standards survey not conducted due to change program	
QLS wide service excellence standards are implemented and embedded into our work practices	✔ A number of initiatives embedded to recognise staff service excellence	
Clearly articulated KPIs are in place for the CEO and all GMs relating to culture and engagement and are embedded into Link Success	✔ Service excellence standards were included in each staff member's performance plan	
Process improvements are identified and enhancements/improvements are embedded into our work practices	✔ Working groups made significant progress in process improvement work, and implementing a new performance management system, identified as key organisation-wide process for improvement. Process improvement training conducted for key staff	
Achieve a reasonable service charge for business units	▶ Ongoing Reviewed service charges and made adjustments in consultation with stakeholders. Some agreements undergoing further consolidation and review	Invest in our IT systems and infrastructure to address IT and business continuity risks  Develop a robust asset management strategy
Achieve the performance indicators in the investment policies by 30 June 2016	▶ Ongoing Investment policy for LPFGF finalised and implemented. Review of QLS investment policy proposal is subject to final determination of cash requirements on capital project proposals prior to further progress	

# President's review

**My focus during 2016 has been to ensure we are assisting solicitors in their day-to-day practice, lobbying for more resources for our justice system and connecting with members and the community.**



## Speaking to and for the profession

I have endeavoured to speak to members, and for members, about matters important to them. This has included the economics of their practices, mental health and legal reform.

The Society's External Affairs team has assisted me to issue press releases, speak directly to media or refer the media to QLS members for comment. I believe it is important that we, as a profession, stay engaged with both the media and our communities to ensure that the law is better understood by all.

We have advocated and lobbied the Queensland and federal governments for better laws which will positively impact our profession and the wider community. This year, we have seen positive responses to our advocacy submissions in the areas of domestic violence, common law rights as part of the National Injury Insurance Scheme, anti-bikie laws, lemon laws, alcohol-fuelled violence, youth justice and environmental amendments, to name a few.

This year, we also had an historic opportunity to have our say on whether Queensland should introduce a Human Rights Act. We formed a QLS Human Rights Working Group, chaired by Dan Rogers, with representatives including lawyers, academics and the Honourable Richard Chesterman AO RFD QC.

The Society submitted views to the parliamentary Human Rights Inquiry which reflected the views both of the working group and our broader membership.

## Defending the rule of law

I am passionate about defending the rule of law, our courts, and insisting on better resources to bring the practice of law into the 21st century.

Many will have seen the media coverage the Society received in explaining the process of the law in well-publicised cases such as Baden-Clay and Zaburoni. I will continue to explain the law throughout my term and beyond, to ensure engagement with our local communities.

Another area about which I am passionate is modernising our laws. Updating legislation such as the *Trusts Act 1973* and the *Property Law Act 1974* will greatly assist the profession and the public. We will also continue to work toward harmonising some of Queensland's laws with other states' to ensure that large law firms can run practices across the country with minimum disruption.

## More resources for justice

Our judges and magistrates do a great job but are being worked into the ground. There are opportunities for us to lobby for sustainable funding for both the courts and community legal centres (CLCs). I have worked to obtain greater resources through engaging with various leaders of the jurisdictions and government. It was encouraging to see the Federal Coalition's election commitment of \$30 million for legal aid, community and Aboriginal legal services over three years, but there is still a long way to go.

The Society called for increased court funding numerous times this year, and I am pleased to see more judicial appointments. There is still more to be done. Our magistrates in particular are at the coalface of the legal profession and deserve to have the resources required to serve justice for the community.

## Action on domestic violence

The issue of domestic violence is also an important item for the Society. I have spoken to media on this subject and the Society has lobbied successfully for changes in legislation to assist in stopping perpetrators of domestic violence and protecting victims.

The Society is also focused on ensuring that lawyers are equipped to deal with the legal response to domestic and family violence, through developing the *QLS Domestic and Family Violence Best Practice Guidelines* launched in July 2016. Thank you to the many volunteers, led by Deborah Awyzio, who created these guidelines.

We also acknowledge all those involved with the domestic violence court project at Southport. We are pleased to see the project initiated and the trial extended. We encourage the Government to roll out this project to other regions including Cairns, Townsville, Ipswich and Brisbane.

## Connecting with the regions

I look forward to continuing to see the profession grow and change during my term as president. I believe we can further utilise the local knowledge and enthusiasm that our district law association (DLA) members possess. Their energy and ideas are integral to ensuring that we remain connected to our profession. I also believe that members in our regions can assist in promoting good news stories about the positive things that our lawyers do for their clients and for their communities.

I look forward to working with our DLAs and our broader membership throughout the rest of 2016 and beyond. It has been a pleasure to represent you thus far.

A handwritten signature in black ink, appearing to read 'Bill Potts', written over a light blue background.

**Bill Potts**  
President

# CEO's review

This year has been one of transformation for your Society, with a focus on structuring the organisation for our service excellence priorities and business sustainability. My priority is to see that our members are provided the most relevant, valuable, efficient and effective services.

## Transforming your Society

At the heart of the Society is its members, and each year we seek to improve upon how we support and assist our practitioners. With the overall aim of providing seamless support and interaction with our members, we have rebuilt our internal structure this year to facilitate a new approach.

I believe that we have acquired the skillsets that will transform the way you connect with your Society. Specifically, we have seen new appointments, including a general manager focused on membership and strategic partnerships, a government relations advisor, digital manager, data analyst and others who can enhance our relationship with you.

Our teams are developing our digital and social media strategy to support key membership initiatives and services, upgrading our internal technology platform and systems, revising our membership strategy and reviewing our website to ensure ease of accessibility and ongoing value for all members.

Another area close to my heart is ensuring our members' voice is heard. We have introduced a new External Affairs team led by a specialist media advisor, which has seen our media activity and influence significantly increase and enabled greater engagement across multiple government and stakeholder areas.

The External Affairs team also assists members with public relations and media inquiries, and connects media with local experts on key topics. The team worked closely with the government relations advisor to promote the federal election Call to Parties document, highlighting Queensland issues of concern to our members and their local communities.

## Improving member services

During my inaugural year with the Society, I have identified and acted on a number of priorities to ensure members are being provided with the most useful offerings for their practice and careers.

Our highly regarded Ethics Centre has grown to incorporate practice support, providing a unified service based on the premise that combined ethical and practice support guidance leads to responsible lawyers imbued with practical wisdom.

We have developed a firm outreach/consultancy program that brings this guidance directly to your firm, while also rationalising and refining our extensive practice support guidance and educational resources.

Our Ethics Centre in conjunction with the Ethics Committee is continuing to develop Guidance Statements for the profession on specific issues. As part of this, practical tools to be utilised for discrete task services (limited scope retainers) will be prepared for the benefit of Society members.

## Exciting initiatives

We have some exciting new initiatives that will roll out over the next financial year.

We will finalise a disaster readiness and recovery guide for members which will provide practical tools and suggestions, improving members' ability to be ready and withstand a multitude of disasters.

The Society will also be rolling out a regional roadshow to replace, or combine with, the current regional intensive professional development program. Our regional members are an integral part of the Society and we will continue to engage with them in better and broader ways.

Other exciting initiatives include working with the Queensland Police Service on a series of guidelines to be followed



when executing warrants on solicitors' premises, as well as creation of a Reconciliation Action Plan.

## Future focus

Our future focus will continue to be on better servicing members in day-to-day practice as well as a focus on early intervention, including corporate health, stress and mental health. We have begun development on re-education and early intervention programs supporting referred practitioners, business continuity planning tools and an expansion of our strategic partnerships.

This project will be funded from the professional indemnity insurance Law Claims Levy Fund, tightly controlled under the *Queensland Law Society Indemnity Rule 2005*. The funds will be strictly applied under section 17 of the rule for:

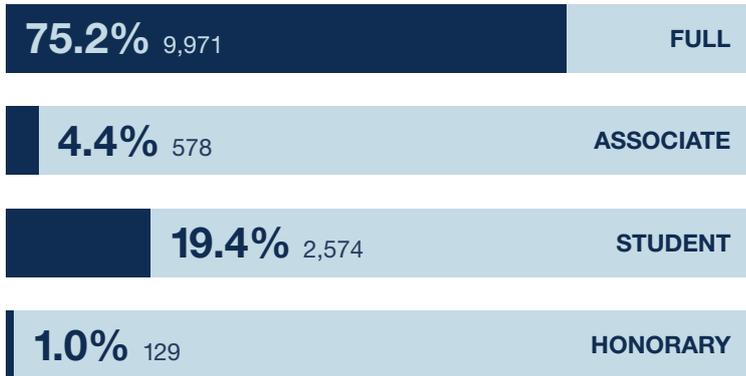
"(3)(iii) the investigation of and research into the circumstances that give rise to Claims and the development and delivery of risk management and early intervention educational programmes to address the underlying causes giving rise to such Claims."

It has been an exciting year to date. I look forward to continuing to work with the QLS Council, our members and staff over the coming year to ensure our Society continues to grow and enhance valuable membership services and offerings.

**Amelia Hodge**  
Chief Executive Officer

# Membership snapshot

## TOTAL MEMBERSHIP BY CATEGORY



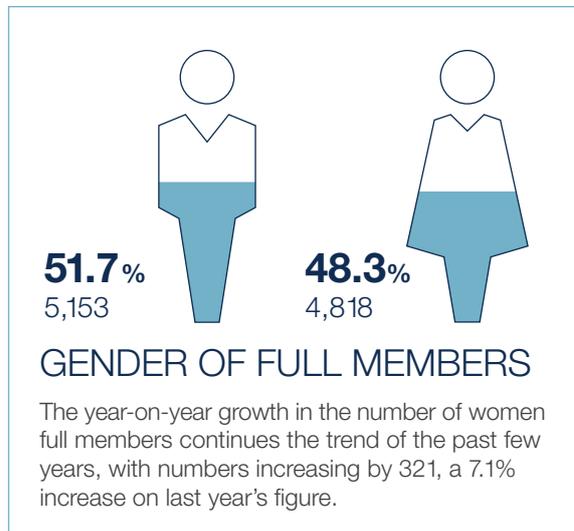
TOTAL MEMBERSHIP GREW  5.14% TO 13,252 

FULL MEMBERS  
**9,971**

### FULL MEMBERS WORKING IN LAW FIRMS\*

There was marked growth of 89% in the numbers of full members employed in medium firms and they made up 18% of full members this year (compared with 11% last year). The number of sole practitioners also rose by about 28% and they made up 12.3% of full members (11% last year). In contrast, numbers working in small firms decreased by 22%. They made up 16.6% of full members this year, compared with 24% last year.

\*Full members who are in-house counsel, government solicitors, community legal centre practitioners, consultants or academics are not included in these figures.



### FULL MEMBERS BY SEGMENT

Post-admission experience	Number	%
0-5 years	2,891	29.0%
6-12 years	2,734	27.4%
13-20 years	1,936	19.4%
21+ years	2,410	24.2%

### FULL MEMBERS BY GENERATION

Generation	Male	Female	%
Builder	101	8	1.1
Baby Boomer	1,699	542	22.4
Generation X	1,815	1,633	34.6
Generation Y	1,533	2,626	41.7
Generation Z	4	6	0.1
Unknown	1	3	<0.1
Subtotal	5,153	4,818	-

Generation category and year of birth range:

Builders 1925-1945; Baby Boomers 1946-1964; Generation X 1965-1979; Generation Y 1980-1994; Generation Z 1995-2010



**GROW**

SERVING  
OUR  
MEMBERS

# Serving our members

**Queensland Law Society is committed to growing membership through delivering tailored products and services that are valuable, practical and which meet members' needs at all stages of their careers.**

Investing in the regions and strengthening our regional connections will be a particularly strong focus in the year ahead

This year, we reviewed and renewed our membership growth strategy to focus on retention of members as well as welcoming new practitioners. As part of this process and the Society's structural change, services including Events Management, Records and Member Services and Learning and Professional Development were brought together in a new Membership and Strategic Partnerships division. The expanded division includes a business development executive focused on driving event sponsorship, a member-focused business development executive, and a data analyst to provide greater insight into our membership makeup.

In October-November 2015, a detailed member survey was conducted with a random sample of 400 QLS members across the state and the results were benchmarked against a similar survey undertaken in November-December 2010. The feedback obtained has helped us to better understand what our members want, and to develop strategies to increase engagement and deliver tailored services.

Initiatives in the past year have included increasing contact and customer service through phone calls to address attrition and inform practitioners about membership. We also ran a trial membership campaign in January 2016 and achieved a 40% conversion rate.

In 2016-17, we will be looking to establish strategic partnerships with associations relevant to our members, and identify and offer more member rewards targeted at our membership segments. We will also be encouraging engagement with our member segments through establishing more membership committees – of in-house counsel and regional and rural lawyers. These will be in addition to our Early Career Lawyers and Government Lawyers membership committees.

Investing in the regions and strengthening our regional connections will be a particularly strong focus in the year ahead. We are drawing up plans for a series of roadshow events that will bring QLS resources and expertise directly to the regions. These events will include ethics and practice support offerings, CPD and learning and professional development, as well as social events and networking opportunities.

## Committee chairs

Committee	Chair
<b>Early Career Lawyers</b>	Greer Davies, McInnes Wilson Lawyers
<b>Government Lawyers</b>	Andrew Harris, Office of Industrial Relations, Queensland Treasury

# Professional development for our members

Queensland Law Society provides comprehensive professional development offerings to meet member needs. Our conferences, seminars, webinars, workshops and other professional development resources are focused on assisting the profession in practice.

## A successful year of assisting the profession

This year, we held 70 events across a range of practice areas and locations. A number of these were sold out, including our Criminal Law, Government Lawyers and Conveyancing conferences and the Introduction to Conveyancing courses.

We surpassed our target numbers, with an impressive 3,651 paying delegates attending events, a 3% increase on last year's paying delegates. We continued to see strong sales of the DVDs of recorded events, although the total sales figure was down 18% on the previous year. We provided more than 30,000 hours of continuing professional development (CPD) in total, on par with the previous year. Our average satisfaction rating across all events remained steady at 4.4 out of 5.

There were 625 sessions presented at Society events, achieving an average presenter rating of 4.3 from delegates, whose feedback response averaged at 56%.

We would like to thank all of our L&PD event presenters for their expertise, time and commitment to excellence. Presenters have the option to donate a sum to a charity of their choice in lieu of a presentation fee. As a result, this year QLS donated \$13,520 to a range of non-profit and charitable organisations including QPILCH, the Tristan Jepson Memorial Foundation, Women's Legal Service Queensland, Caxton Legal Centre and Cancer Council Queensland.

## Offering development for all career stages

Our goal is to deliver professional development opportunities which suit individuals at varying stages in their careers and which focus on their interests and needs in practice. The success of this year's offerings indicates that we are identifying member needs and delivering significant, practical content.

### Essentials Series

The Essentials Series is aimed at early career lawyers who are in the first five years of their practising career. We held three Essentials Series workshops, with the most popular being those on leasing and enforcing judgments. Both of these sessions received an overall delegate rating of 4.6.

#### Feedback included:

*"The landlord/tenant speaker dynamic was very helpful to a new practitioner in this field!"*

*"Loved the way the lawyers bounced questions off each other and referred to their experience in commercial leasing."*

*"I found this presentation to be very informative. All presentations contained a lot of information."*

We also held a mental health twilight seminar for early career lawyers, at which delegates were asked to use audience response devices to indicate their responses to workplace scenarios and then hear from a panel of speakers on the most resilient responses.

Our 70 professional development events held across Queensland saw a 3% increase in paying delegates

### Masterclass Series

Our Masterclass Series is for senior practitioners who wish to increase skills and knowledge in their practice area. Our nine Masterclasses were popular, with the largest attendances at those on contract law, self-managed superannuation funds and the golden rules of negotiation. To complement the Specialist Accreditation Scheme program for 2016, we ran Masterclasses in four of the six practice areas being assessed: commercial litigation, business law, workplace relations, and criminal law. These were popular with specialist accreditation candidates and also practitioners in general, and achieved high ratings. The workplace relations Masterclass achieved a perfect score of 5.

Feedback indicated that delegates enjoyed the interactive and practical format of the Masterclass Series as well as the discussion of issues and situations encountered in everyday practice. The nine Masterclasses received an average rating of 4.6.

## Webinars

Our webinars continue to grow in the number offered and in participation by practitioners. We held 20 webinars in the year which attracted an average of 47 participants per webinar. Popular topics included domestic violence, construction contracts, Office of State Revenue self-assessment and core CPD topics on client legal privilege, trust accounting and influencing skills. There was strong interest in the webinar format from practitioners in regional areas.

Legal support staff were targeted with six webinars on topics including enduring powers of attorney, business structures, research skills and using MS Outlook more effectively.

## Regional events

In addition to the larger Gold Coast Symposium, we held seven regional events – in Emerald, Gladstone, Hervey Bay, Mackay, Mount Isa, Noosa and Toowoomba. These formed the regional intensive series: one-day events with a program including black-letter legislative and practice updates in key areas of general practice as well as core CPD topics. The lower-than-target delegate numbers in all locations except Hervey Bay reflected competition from other local events as well as a shift towards webinars and other online options for CPD. The regional intensive events achieved an overall average rating of 4.4, with the Emerald Intensive achieving the highest rating of 4.8.

Content development for the program was based on research and input from DLA presidents and other stakeholders, including Lexon Insurance, to ensure programs were timely, relevant and had real-life application to the areas of practice predominantly featured in each region.

## Law Week Open Day

Our annual Law Week Open Day at Law Society House was again popular, with 124 attendees participating in complimentary professional development sessions, meeting Society staff, and connecting with fellow practitioners.

Topics covered in this year's professional development sessions included driverless cars, childhood gender dysphoria, and high functioning not-for-profit boards. There was also a dynamic session on diversity and inclusive practice. Open Day achieved an overall satisfaction rating of 4.7 (compared with 4.6 in 2015).

### Feedback included:

*“Enjoyed interacting with fellow lawyers outside my area of practice and being given the opportunity to attend ‘different’ types of seminars.”*

*“Excellent topics – unusual; Presenters were all highly engaging.”*

*“QLS is taking time to help members stay current.”*

## Partnership events

The Annual Family Law Residential in 2015, held in partnership with the Family Law Practitioners Association (FLPA), attracted 373 delegates, while our joint event with the Bar Association Queensland (BAQ) and the Australian Tax Office (ATO) on taxation and revenue law was also a success, with a senior representative of the ATO explaining the commissioner's approach to debt recovery.

For the first time, in collaboration with the Society's Occupational Discipline Working Group, we held a niche event focused on disciplinary law – the only one of its kind held in Australia. Members of the working group assisted in program content and delivery and the event attracted 46 delegates.

## High-calibre presenters

We seek to bring a range of experts in their fields to our member events. Among those who presented at key events this year were:

- **Chris Osborn and Michael Kahn**, of ReelTime CLE, internationally recognised professional legal educators from the United States. They jointly presented our core CPD workshop in March 2016, using film clips and videos to highlight ethical and wellbeing issues in legal practice. The event attracted 58 delegates who described it as “very relevant”, “engaging” and “the best CLE program I’ve ever attended”.
- **Michael Klug AM**, one of Australia's best alternative dispute resolution lawyers. He delivered an intensive half-day workshop on characteristics of an effective negotiator and how to identify and enhance your personal negotiation style. Delegates described the event as “fascinating”, “absolutely brilliant!” and “thoroughly engaging and entertaining”.
- **Kristin Hodgson**, New Zealand-based principal of Kaleidoscope and author of *LinkedIn for lawyers*, presented a one-hour webinar on how lawyers can maximise the potential of LinkedIn to build their networks and generate work for their practice.
- **Bill Eddy**, lawyer, therapist, mediator and president of the High Conflict Institute delivered a one-hour webinar from the US which provided tips to help legal professionals manage people with ‘high-conflict’ personalities.
- **Jeffrey Goldberger**, special counsel at Henry Davis York in Sydney, presented an advanced workshop on the latest developments in contract law. The session rating of 4.8 reflected delegate comments of “phenomenal”, “flawless” and “one of the best presentations ever, contract law made interesting and engaging”.

## Building leadership with the Practice Management Course

The Practice Management Course (PMC) is mandatory for solicitors seeking to become a law practice principal. In Queensland, solicitors are required to successfully complete a PMC in order to apply for a principal practising certificate.

This year, there were 235 PMC participants, with 86% attending the workshops tailored to small and sole practices and the remaining 14% attending workshops designed for medium and large practices.

During the year we continued to refine the course content and delivery. Specific refinements included:

- a shift from DISC personality profile tool to Hogan Personality Inventory
- new presenters for workshop sessions on leadership, client service and managing people sessions
- introducing a sponsor tradeshow at lunchtime
- refocusing risk session on assessment and psychological risk
- removing business plan budget assessment item for participants of the medium/large firm course.

Our strong focus on continuous course improvement has produced higher and more consistent delegate

satisfaction ratings, with the courses aimed at practitioners in sole and small practices averaging 4.5 out of 5 and an overall average of 4.4.

### Feedback included:

*“Materials showed great insight. Speakers were experienced and realistic. Great power boost for taking the next step in my career.”*

*“One of the best aspects of this course was the opportunity to interact with other like-minded professionals with vastly different backgrounds, who are approaching similar stages in their career.”*

*“The practice reading materials were interesting, relevant and of good quality.”*

*“Overall a very high-quality course. Excellent depth of knowledge by all presenters. All were very approachable and ready to assist. It is great to know the Society has these experts on board.”*

*“Being able to focus on the different aspects of managing and marketing a small firm was really helpful.”*

## Professional development for legal support staff

Our legal support staff courses continued to flourish, with 103 new enrolments during the year. This is a 72% increase in total enrolments compared to the previous year. Enrolment in individual units proved popular, with 91 such enrolments, including 23 tax practitioners who are able to claim selected units as part of their CPD requirements. We have had 29 diploma graduates and eight certificate graduates so far.

Legal support staff enrolments increased by 72%, reflecting the continuing high standard of these professional development offerings

This year, we continued to offer four courses in our introductory series. The introductory courses are based on diploma units and have been consistently well-received, particularly with regional delegates. They are also highly rated by delegates, reflecting their practical and interactive nature.

The Introduction to Conveyancing course remains our most popular course, held twice per year. It was booked to capacity both times. It continues to be one of our highest-rating offerings. Delegate comments included:

*“Very enjoyable event. Would recommend to any colleague looking to expand their knowledge of conveyancing.”*

*“Could not fault event. Have walked away feeling more confident about running a conveyancing file. Workbook and supplied guide very comprehensive and will be well referenced.”*

## Committee chairs

Committee	Chair
Continuing Professional Development	Rachael Miller, Quinlan Miller & Treston Lawyers
Practice Management Course	Elizabeth Shearer, Affording Justice

235 lawyers participated in our Practice Management Course to qualify for a principal practising certificate

## QLS Symposium 2016 – Our profession, connected

The theme for QLS Symposium 2016 was ‘Our profession, connected’, which reflects the important networking aspect of the event as well as the need for legal practitioners to stay current and connected to the changing nature of legal practice. Delegate numbers were strong as in previous years, and sponsorship revenue exceeded target, providing a strong financial result for the event.

Our custom-built website was again the hub of Symposium promotional activities and it was relaunched to market in November 2015. The site had 16,051 page views, a decrease in traffic compared with 2015 (19,327 page views). The digital team will review and redesign the website for the 2017 event, continuing to improve and enhance site usability. Social media marketing showed promise for future years, with more than 600 clicks coming from advertising on Google AdWords, Facebook, and LinkedIn. Organic searching via Google achieved a hit rate of 1,042.

For the first time we offered a live webstream of the opening plenary, presented by Australian human rights lawyer Rabia Siddique. This was an opportunity to test the concept and technology in readiness for future events.

“The speeches by the Chief Justice and Rabia were the best openings I have heard at any Symposium I have attended.”

We had a 4% increase in Symposium paying delegates, with 486 practitioners attending (including those participating in the live webstream). The majority of delegates came from south-east Queensland, with 17% from regional Queensland and three overseas delegates. Complementing delegate attendance, DVD sales of recorded sessions were strong in the three months after the event, with many members interested in purchasing stream-specific and core CPD session DVDs. Feedback from delegates also exceeded benchmarks.

Topics covered in sessions at QLS Symposium 2016 received very positive responses from delegates. Of the 51 rated sessions, 84% were rated at 4 or above (compared with 76% in 2015), and 41% rated 4.5 or above – this demonstrates a very high overall standard. The most highly regarded sessions were:

- ‘The critical role of a solicitor in a criminal trial’ (criminal law stream) – session rating 5
- ‘Confiscation proceedings: Current law, future predictions’ (criminal law stream) – 5
- ‘Beware of the traps! Tips for dealing with clients’ (commercial litigation stream) – 4.9
- ‘PPSA: While you were sleeping’ (business law stream) – 4.9
- ‘Working with victims and perpetrators of domestic violence’ (family law stream) – 4.8

Chief Justice of Queensland Catherine Holmes addressed Symposium delegates for the first time at the start of Day 1. In the opening plenary, Rabia Siddique gave an inspirational firsthand account of battling discrimination, abuse, and post-traumatic stress and exploring how to embrace one’s individual power to create ripples of change. The session was well received by delegates with comments including:

*“Rabia Siddique was the highlight. The power of one! Impressive!”*

*“Welcome to conference was haunting and beautiful. Rabia Siddique inspirational.”*



The core CPD stream included a focus on wellbeing in practice with delegates encouraged by personal trainer John Bawden in his ‘Sitting is the new smoking’ session to adopt a range of simple exercises.

Our cocktail event at the end of the first day, Symposium by Night, was a pleasing success with 180 delegates attending, similar to the previous year.

Day 2 was launched with an address to the profession by Attorney-General and Minister for Justice Yvette D’Ath, who spoke about the challenges in working with the media to improve perceptions of our justice system.

In the closing plenary, former opera singer Dr Louise Mahler gave a practical and humorous presentation on how we can use our voice and our body language to better communicate and motivate others. Dr Mahler’s engaging presentation was rated 4.7 and was noted by many delegates as one of the best aspects of QLS Symposium 2016.

# Specialist Accreditation

Queensland Law Society provides its members with the opportunity to be formally identified as an expert in their chosen area of practice through our Specialist Accreditation Scheme. Successful completion of these programs enables legal practitioners with extensive competence and knowledge to advertise their expertise with the profession's nationally-recognised mark of excellence.



## Distinguishing leaders in the profession

In 2015-16, the Society had 495 accredited specialists, eight of whom hold accreditation across two areas of law. This is a 4% increase on previous years. The increase in specialists shows the growing attraction of the program to Queensland solicitors who wish to distinguish themselves as an expert cohort.

In 2015, we offered accreditation in family law, succession law, property law, and personal injuries. The overall candidate success rate across all program areas was 23%. Although this figure was lower than in previous years, in a post-program survey 86% of respondents said they found the program to be a valuable experience whether they achieved accreditation or not, and 76% confirmed they would recommend the scheme to their peers.

In 2016, accreditation programs were offered in criminal law, business law, immigration law, commercial litigation, workplace relations and personal injuries. By 30 June 2016, 86 applications were received across all programs, a 30% increase on previous intakes. Most notably, both the commercial litigation and criminal law programs recorded increases of 78% and 37% respectively – a reflection of the growing interest in these areas of law.

## Supporting candidates through collaboration

After positive feedback in 2015 on the new assessment workshops for prospective candidates that we introduced, these workshops were again offered in 2016. As a collaborative effort between the Specialist Accreditation committees and the Learning and Professional Development team, interactive workshops based on specialist accreditation assessments were included on the professional development calendar, resulting in a high participation rate from the 2016 candidates.

Our candidate support activities rated consistently higher than our targets, with candidate briefing sessions rating between 4.3 and 4.5 out of 5

In December, the annual Specialist Accreditation Breakfast brought our successful candidates together, with 178 accredited specialists joining with us to celebrate the success of 20 new accredited specialists. We also continued to support our regional accredited specialists by holding a Specialist Accreditation Breakfast for our north Queensland practitioners in Cairns and Townsville.

## Promoting excellence through improvement

In late 2015, we completed an internal review of the Specialist Accreditation Scheme focused on continued improvement and excellence. Seven recommendations were proposed following collaborative feedback from the specialist accreditation team, our committee members and past candidates. These recommendations included redefining terminology, ensuring consistency with national standards, clarification of some processes, and redevelopment of assessment-day operations to reflect university standards. The recommendations were considered and approved by the Specialist Accreditation Board and Queensland Law Society Council.

495 legal practitioners are Queensland Law Society accredited specialists

## Committee membership

In 2015-16, we thanked nine outgoing board and committee members for their significant contributions and dedication to the Specialist Accreditation Scheme and formally welcomed 10 incoming committee members and two incoming board members.

## Committee chairs

Committee	Chair
<b>Family Law</b>	Bruce Dodd, Jones McCarthy Family Lawyers
<b>Property Law</b>	Anthony Boge, HWL Ebsworth Lawyers
<b>Personal Injuries Law</b>	Terry Killian, DibbsBarker
<b>Succession Law</b>	Angela Cornford-Scott, Cornford-Scott Lawyers
<b>Business Law</b>	Dr Vicky Comino, University of Queensland
<b>Commercial Litigation</b>	Geoff Hancock, Tucker & Cowen Solicitors
<b>Criminal Law</b>	Kurt Fowler, Fowler Lawyers
<b>Workplace Relations</b>	Mitch Devine, Devine Legal
<b>Immigration Law</b>	Glenn Ferguson AM, Ferguson Cannon

## Specialist Accreditation Board members

Name	Firm	Board role
<b>Genevieve Dee</b>	Cooper Grace Ward Lawyers	Chair – appointed January 2015; Previous member of Queensland Law Society Council and Accredited Specialist (Family Law)
<b>Peter Jolly</b>	Thynne + Macartney	Deputy Chair – appointed 3 December 2015; Accredited Specialist (Business Law)
<b>Katharine Atkins</b>	Jones Mitchell Lawyers Bond University	Member – appointed 27 March 2015; Accredited Specialist (Family Law); Academic
<b>Julie Cameron</b>	Corrs Chambers Westgarth	Member – appointed 19 March 2015; Accredited Specialist (Personal Injuries)
<b>Glen Cranny</b>	Gilshenan & Luton Legal Practice	Member – appointed 19 March 2015; Accredited Specialist (Criminal Law)
<b>Neil Henderson</b>	Australian Municipal, Administrative, Clerical and Services Union	Member – appointed 19 March 2015; Accredited Specialist (Workplace Relations)
<b>Jennifer Hetherington</b>	Hetherington Legal	Member – appointed 4 February 2016; Accredited Specialist (Family Law)
<b>Professor Sally Kift</b>	James Cook University	Member – appointed 14 June 2012; Academic
<b>Michael Klatt</b>	Mullins Lawyers	Member – appointed 19 March 2015; Accredited Specialist (Succession Law)
<b>Christine Smyth</b>	Robbins Watson Solicitors	Member – appointed 4 February 2016; Accredited Specialist (Succession Law) and deputy president Queensland Law Society

# Recognising our members

Queensland Law Society recognises the work and contributions of solicitors in our community and takes pride each year in honouring members who have made their mark and who serve as role models for others.



## The President's Medal

Our annual President's Medal is awarded in the spirit of Queensland's rich legal tradition, recognising a commitment to justice, leadership and the profession.

The 2016 President's Medal was awarded to Nambour-based solicitor Peter Boyce OAM (pictured above with 2016 QLS president Bill Potts). Peter has nearly 40 years' experience within the profession and has been an active member of Queensland Law Society throughout his career. He has practised at the same firm since 1977 when he joined the partnership of Butler, McDermott & Egan, now Butler McDermott Lawyers.

Peter is one of the many lawyers who selflessly work for little or no reward in the pro bono space within their communities. He was selected for this prestigious award for his tenacious, unpaid work representing and supporting the family of murdered Sunshine Coast teenager Daniel Morcombe. Peter also helped establish the Daniel Morcombe Foundation, which is dedicated to child protection, and he remains a member of the foundation's management committee.

Two Outstanding Contribution Awards were also made. These were presented to Nola Pearce, Special Counsel at Carter Newell Lawyers, and Dr Matthew Turnour, of Neumann & Turnour Lawyers, for their abiding commitment to the legal profession.



## The Agnes McWhinney Award

Our Agnes McWhinney Award recognises the outstanding professional and community contribution of a female practitioner and celebrates the significant involvement of women in the legal profession. The inaugural award in 2005 was presented to Leneen Forde AC DStJ.

The award is named for Queensland's first admitted female solicitor, and the 2015 presentation marked 100 years since Ms McWhinney's admission. Over the century, the number of women solicitors in Queensland has grown to more than 5,600.

The 2015 Agnes McWhinney Award winner was Michelle Morton, the managing partner of 120-year-old Townsville firm wilson/ryan/grose Lawyers. Michelle began her legal career as an articled clerk in 1985 and became one of the first two women partners with the firm in 1999.

Two Outstanding Achievement Awards were also presented to Penny White of Peter Shields Lawyers and Sarah Atkinson of Maurice Blackburn.

*Above, from left:* QLS CEO Amelia Hodge, Michelle Morton, Penny White, Sarah Atkinson and 2015 QLS president Michael Fitzgerald.



## The Equity and Diversity Awards

The Equity and Diversity Awards recognise law firms that embrace the changing nature of the profession by promoting a positive workplace culture which celebrates staff diversity and meets lifestyle needs. These include flexible working practices, equitable recruitment, promotion and education policies, and education on diversity within the profession.

Managed by the Society's Equalising Opportunities in the Law Committee, the 2016 awards were presented to: Clayton Utz – Large Legal Practice (firms with 20 or more legal practitioners), Miller Harris Lawyers – Small Legal Practice (fewer than 20 practitioners), and Harrington Family Lawyers – Small Practice Initiative (recognising an initiative in a firm with fewer than 20 practitioners).

*Above, from left:* Stephen Page (Harrington Family Lawyers), Melissa Nielsen (Miller Harris Lawyers), and Alan Maguire (Clayton Utz).

# Celebrating our members

Queensland Law Society connects with members through many events, including social occasions. These provide practitioners an opportunity to engage with us and to network in a relaxed setting with their peers.

## New Year profession drinks

This year, our annual New Year celebration drinks in the Gallery of the Queen Elizabeth II Courts of Law in Brisbane drew 156 attendees, who welcomed both the start of the 2016 working year and the Society's new president Bill Potts.

## Legal Profession Dinner

We hosted 248 guests at our Legal Profession Dinner in February 2016 at Sofitel Brisbane Central, including key legal professionals, members of the judiciary and parliamentarians. This was the largest attendance we have had at this annual highlight of the legal calendar. The event provides the opportunity for the QLS president to share Council's strategies for the year ahead and sees the awarding of the QLS President's Medal and presentation of 50-year membership pins to practitioners.

Attorney-General Yvette D'Ath opened proceedings, and the keynote address, 'How the Common Law has protected and promoted Liberty', was delivered by High Court Justice Susan Kiefel AC.



## MemberConnect breakfasts

We held three complimentary MemberConnect breakfasts in Brisbane during the year. The first event, in October 2015, was offered to QLS committee members as an opportunity to meet our new CEO Amelia Hodge and to report back to their committees on our Call to Parties paper and possible proposed uniform law reforms on practising certificates.

Our April 2016 event was offered to managing partners or chosen representatives of firms to receive an overview of the resilience, health and wellbeing campaigns of R U OK? and LawCare. Dominic McGann, chairman of partners at McCullough Robertson and Tony Stevenson, Mental Illness Fellowship Queensland CEO, discussed dealing with the mental wellbeing of practitioners and staff from an industry perspective and personal experience. They also outlined provision of expert support within the framework of the Tristan Jepson Memorial Foundation Psychological Wellbeing Best Practice Guidelines for the Legal Profession and the importance of senior leadership in setting the tone and making the necessary changes in this area.

The third event, in July 2016, celebrated members acknowledged in the Chambers Asia-Pacific Guide, Best Lawyers in Australia list and The Legal 500 Asia Pacific. The event also featured a keynote address by Nicole Hollows, CEO of SunWater, who provided an insight on experiences within a leadership environment during challenging economic circumstances and transitioning through different leadership roles.



## QLS Touch Football Tournament for law firms

In its second year, our friendly touch football tournament is a collegial event for the profession which also emphasises the foundation of our resilience and wellbeing campaign Love Law, Live Life. The 2016 tournament saw 20 mixed teams match skills (almost double last year's team entries) with Moloney MacCallum Lawyers taking home the winner's trophy.

## QLS Annual Ball

A social highlight of Law Week, the 2016 QLS Annual Ball was held at Cloudland in Fortitude Valley. More than 240 guests wined, dined and networked on the night, with \$2,000 from ticket sales donated to our charity partner, not-for-profit organisation R U OK?

## 25-year and 50-year pin ceremonies

Throughout the year, we hold special pin ceremonies for members who have remained consistently with the Society for 25 and 50 years. Presentations of 50-year pins are part of our annual Legal Profession Dinner and pin presentations also align with many of our regional events.



## 2015-16 50-year pin recipients

Recipient	Law Firm
<b>Brian Baxter</b>	Ruddy Tomlins & Baxter
<b>Martin Conroy</b>	Australian Law Group
<b>Paul Everingham AO</b>	Everingham Lawyers
<b>Robert Lette</b>	Mullins Lawyers
<b>John Mott</b>	Mott & Associates
<b>Thomas Nulty</b>	DLA Piper Australia
<b>Peter Roberts</b>	Roberts Nehmer McKee Lawyers
<b>John Scott</b>	John M. Scott
<b>Salvatore Spina</b>	Spina Kyle Waldon Lawyers
<b>Bruce Williams</b>	(non-practising)

# Supporting the regions

**Queensland Law Society is a Society for the whole of Queensland, committed to providing services and meeting the needs of members in the state's regional areas as well as its cities.**

"Meeting with other DLA presidents to discuss what works and what doesn't is invaluable."

This year, we continued our strong focus to connect with regional practitioners and to better understand the issues that affect them. Regional practitioners are a significant proportion of our membership, comprising almost a third of our full members, and we recognise their important role in their communities.

We ensure that our professional development offerings extend to the regions, and held seven one-day events this year in our regional intensive series which incorporated content developed with input from the local district law associations (DLAs).

We welcomed 14 DLA delegates to our 2015 DLA Presidents' Workshop at Law Society House. This annual workshop enhances the important two-way connection between the Society and the DLAs. Attorney-General Yvette D'Ath and Justice

Margaret McMurdo AC, president of the Queensland Court of Appeal and at the time Acting Chief Justice, both addressed the workshop and answered questions. The overall satisfaction rating was 4.6, with one delegate commenting: *"Meeting with other DLA presidents to discuss what works and what doesn't is invaluable."*

We were also pleased to welcome and support the establishment of a new DLA this year, the Logan & Scenic Rim Law Association. QLS deputy president Christine Smyth was guest speaker at the association's official launch at Chambers Flat in June 2016.

This year, we provided more than \$20,000 sponsorship to DLAs for their events, as well as contributing to events in other forms, including providing products, guest speakers and assisting with logistics.

## Queensland Law Society supported events

Regional associations	Event
Central Queensland Law Association (CQLA)	CQLA annual conference
Far North Queensland Law Association (FNQLA)	Insolvency Practitioner session International Women's Day Breakfast FNQLA Compulsory CPD Event Carbolic Smoke Ball 2016
Sunshine Coast Law Association (SCLA)	Costs Workshop CPD Event
Mackay District Law Association (MDLA)	CPD Series Annual Law Dinner Welcome Back Drinks
Central Queensland Young Lawyers Association	Charity Ball
Ipswich District Law Association	CPD Day
South Burnett District Law Association	Sunset Soiree Christmas Party
Suncoast Community Legal Services	Lawyers play up for a cause

# Our publications

Queensland Law Society provides members with current legal news and information weekly through the electronic newsletter, *QLS Update*, and each month, electronic and print editions of *Proctor* magazine. We inform members with legal articles chosen for their relevance to daily practice, including changes in the law and how these will directly affect practitioners. Our publications are valuable tools for our members, keeping them up to date with their practice and their profession.

## QLS Update

Our *QLS Update* digital newsletter grew significantly during the year, with the weekly subscriber list increasing from 10,049 on 1 July 2015 to 12,148 as of 29 June 2016. Its carefully selected blend of key legal news, Society activities and professional development offerings, along with items of general interest to the legal profession, provided an attractive and easily accessed package. The ethics section of *QLS Update* consistently registers as an area of particular interest for members, regularly receiving the highest clicked articles.

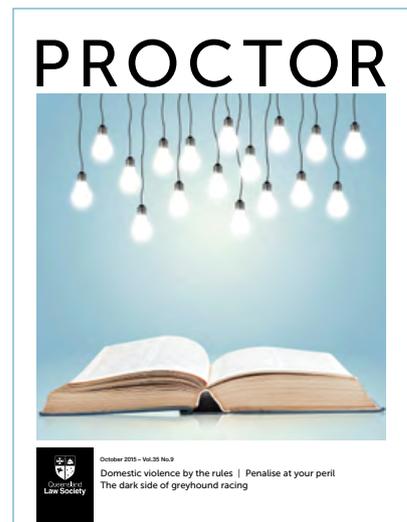
The 'open rate' for *QLS Update* on mobile devices grew from 39.3% in 2015 to 46% this year, with the overall open rate remaining reasonably steady at 38.9% compared to 39.7% last year. This is a strong result measured against the industry-standard open rate for non-profit and membership organisations which is an average of only 25.06%.

## Proctor

After a major makeover in the previous year, *Proctor* consolidated its style and content, balancing informative content on professional issues with practical legal articles to guide practitioners in their daily work. Each edition provides a focus on a topical area of law mixed with social, career-oriented and informative subjects.

Newsworthy legal subjects examined in *Proctor* through the year included domestic violence and child protection, greyhound racing, the *Building and Construction Industry Payments Act 2004*, legislative changes to combat alcohol-fuelled violence and the new CGT withholding regime. Feature articles profiled key legal figures including Attorney-General Yvette D'Ath, QLS president Bill Potts and CEO Amelia Hodge.

*Proctor* continued its digital evolution, with more than 400 members now reading each edition on their mobile device. Its print circulation also grew, breaking the 10,000 barrier for the first time with the confirmed Circulation Audit Bureau figure reaching 10,096 as of 31 March 2016, a rise from 9,822 in March 2015.



Our digital *QLS Update* subscriber list grew by 21% over the year with an open rate on mobile devices of 46%



# Student engagement

**Queensland Law Society encourages early engagement of university students on the pathway to a career in law. Student membership is geared to help smoothly transition students to lawyers by providing access to professional networks, career and regulatory advice, study resources and training.**

## Student membership and interaction

Students studying law are the future of our profession, and we were pleased to welcome 360 new student members this year.

In September 2015, we launched our inaugural Student Ambassador Program and over the year inducted 12 ambassadors from The University of Queensland, Queensland University of Technology, Bond University, Griffith University, University of Southern Queensland and Central Queensland University. Our ambassadors are active representatives of the Society on campus and through social media. They have assisted in promoting student membership and profiling our professional and career development events.

As in previous years, the majority of our student engagement activities were undertaken during March coinciding with Orientation Week activities.

From the start of the 2016 academic year, a one-off \$20 administration fee (payable with application) was introduced to cover the administrative costs of the complimentary student membership.

## Links with academe

We continued to work with university law schools and career development counsellors to promote good legal training. The networks were also called upon to promote clerkship and graduate programs.

We were active at university careers expos and events throughout south-east Queensland, organising trade booths with our staff and our student ambassadors on hand to engage with students.

We again sponsored two University of Queensland events, the TC Beirne School of Law's Annual David F. Jackson Mooting Dinner which celebrates students who participate in mooted and legal skills competitions, and the school's Justice and the Law Society's Pandora's Box Annual Professional Breakfast.

Almost 500 students attended our annual Legal Careers Expo in 2016, with 92 students applying for membership at the event





# LEAD

LEADING  
OUR  
PROFESSION

# Leading our profession

Queensland Law Society's Advocacy team collaborates with its policy committees who work on behalf of the profession and the public towards achieving good law and supporting good lawyers.

## Advocating for good law

The Society is fortunate to have 25 standing policy committees with dedicated expert members who work tirelessly to further the Society's advocacy for government to draft and amend legislation that is positive both for the legal profession and the wider community. During the year, QLS's advocacy was also supported by five working groups, which provided advice on key legal and practice issues.

Our members held 178 committee and working group meetings this year, and the Society received 82 Hansard mentions as a result of their work. We also made a total of 146 submissions to government this year, a 30% increase on submissions last year.

The expertise and experience of our committee and working group members make a vital contribution to the development of good law in both state and federal jurisdictions.

## A year of achievement

One of the highlights of the advocacy achievements for the year was seeing the Society's recommendations to the Carmody Inquiry (Queensland Child Protection Commission of Inquiry) being introduced into both the Child Protection Reform Amendment Bill 2016 and the Director of Child Protection Litigation Bill 2016.

The parliamentary Health, Communities, Disability Services and Domestic and Family Violence Prevention Committee also referenced QLS in its report on the Child Protection (Mandatory Reporting – Mason's Law) Amendment Bill 2016, and agreed with our submissions that this legislation, to extend mandatory reporting obligations to the early childhood education and care sector, should be passed.

Our committees collaborated to make a submission to the parliamentary review of the Environmental Protection (Chain of Responsibility) Bill. This resulted in productive engagement with Minister for Environment and Heritage Protection Steven Miles and positive media reception. The committee's recommendations were adopted as amendments to the Bill, and in Parliament the Minister acknowledged both the Society and president Bill Potts: *"I thank the president of the Queensland Law Society, Bill Potts, for clarifying the proper operation of the financial assurance transfer clauses. The Queensland Law Society also provided helpful comment around the reach of the chain of responsibility."*

Our Planning and Environmental Law Committee also received a positive response from the Government for its work on the Vegetation Management (Reinstatement) and Other Legislation Amendment Bill 2016. President Bill Potts appeared at the public hearing following our submission. In line with QLS's advocacy, the parliamentary

146 submissions were made to government, 30% more than last year

	2015-16	2014-15
<b>Submissions dispatched – proactive</b>	43	28
<b>Submissions dispatched – reactive</b>	103	74
<b>Quotes in Hansard</b>	82	60
<b>Consultative events and meetings attended</b>	92	38
<b>Articles and publications</b>	89	38
<b>Successes (defined as obtaining changes to legislation, policy or procedure of government)</b>	88	32

Agriculture and Environment Committee recommended the Government not proceed with the proposed reversal of onus of proof. Our Mining and Resources Committee also engaged in consultation on landholder access negotiations.

Our Domestic Violence Working Group played a large role this year, as a result of the *Not Now, Not Ever – Putting an End to Domestic and Family Violence in Queensland* report released in February 2015. Acting on the report's four recommendations for which the Society has responsibility, the working group created the QLS *Domestic and Family Violence Best Practice Guidelines* for practitioners to utilise when dealing with matters involving domestic and family violence. The working group is also advising QLS in its development of learning and professional development opportunities to complement the guidelines.

We established our Human Rights Working Group this year to assist the Government in its consideration of introducing a Human Rights Act or Charter in Queensland. QLS representatives, including our president, attended the Human Rights Inquiry public hearing in Brisbane, presenting both proponent and opponent views after extensive consultation with the profession. In its inquiry report, the parliamentary Legal Affairs and Community Safety Committee referenced several of the Society's key perspectives. The Society's role as an independent broker and representative stakeholder of its membership was underscored throughout its advocacy on this issue.

This year, the Society extended its engagement as the voice of the profession to the case of a young Queensland child suffering injustice. Following the *Maggs v RACQ Insurance Limited* [2016] QSC 41 decision, the Society sent a letter to the Attorney-General requesting a review of the decision. Our Accident Compensation/Tort Law Committee agreed the decision was arguably legally correct, but represented an injustice requiring resolution by urgent legislative amendment. The Society understands the Attorney-General is considering reforms.

Through the work of the Accident and Compensation/Tort Law Committee we also succeeded in having our preferred option for the National Injury Insurance Scheme

adopted by Government. We were particularly pleased the Government had taken note of our submission to retain the choice of common law rights for people who sustain catastrophic injuries. The retention of common law rights allows victims of catastrophic injury to be cared for in their own communities, supported by family and friends and attended to by the carers of their choice.

## Call to Parties: keeping the Queensland Government accountable

The Society has seen further successes in the reforms we sought in our 2014 Queensland election Call to Parties. Several issues have been recognised and acted upon by the Government.

### Law reform processes

Following the Society's advocacy, so-called 'gag' clauses that restricted engagement in advocacy activities were removed from community legal centre (CLC) contracts. Also, the Society has been heavily consulted following our call to both political parties to commit to evidence-based policy-making.

### Judicial appointments process

The Society called for a commitment to establish a protocol for judicial appointments in Queensland. This has been implemented by the Government.

### Access to justice

The Society called for an increase in funding for Legal Aid Queensland to bring Queenslanders' access to legal assistance on par with the rest of the country. It was pleasing to see this was a staged feature announced in the 2016-17 state budget.

### Our courts and criminal law

Following the Society's advocacy, the Government has reinstated Queensland's specialist courts, including Murri Courts.

The introduction of the Crime and Corruption Amendment Bill 2015 has seen an overwhelming majority of the Society's recommendations adopted following a review by the Parliamentary Crime and Corruption Committee.

## Children's law

The Society was pleased to see the passage of the Youth Justice and Other Legislation Amendment Bill 2015, with objectives to remove boot camp orders from the range of sentencing options for children, prohibit the publication of identifying information about a child dealt with under the *Youth Justice Act 1992*, make childhood findings of guilt (with no conviction recorded) inadmissible in sentencing for adult offences, and reinstate the principle of detention as a last resort. QLS has long advocated for these and other objectives of the Bill.

## Access to fair injuries compensation

The Government passed legislation in September 2015 removing the 5% threshold for workers' compensation claims. The Society made submissions on the Workers' Compensation and Rehabilitation and Other Legislation Amendment Bill 2015 and appeared before the parliamentary Finance and Administration Committee which examined the Bill.

## Public education about the Queensland justice system

The Society was pleased to see the Government's 2015-16 budget allocation of \$5.5 million over three years for the reinstatement of the Queensland Sentencing Advisory Council and the subsequent passing of legislation in May 2016 to re-establish the council.

## Call to Parties: advocacy in the federal sphere

The Society also released a Call to Parties ahead of the 2016 federal election. A key focus was ensuring that the federal justice system is more accessible to ensure that Australians receive appropriate advice and assistance, no matter how they enter the justice system.

We also sought a commitment to resolve family law disputes in a timely way through provision of more trial judges and assistance for Queensland businesses, including law firms, by reviewing regulation and reducing both red tape and financial pressure.

As a result of the Call to Parties, the Australian Labor Party committed to more CLC funding and more family law judges in Brisbane.

<b>Committees and Working Groups</b>	<b>Chair</b>
<b>Access to Justice/Pro Bono Law Committee</b>	Robert Reed, MinterEllison Bruce Doyle (deputy chair), Doyle Family Law
<b>Accident and Compensation/Tort Law Committee</b>	Michael Garbett, Moray & Agnew Lawyers
<b>Alternative Dispute Resolution Committee</b>	Toby Boys, Holding Redlich Randal Binnie (deputy chair), Family Lawyers & Mediation Services
<b>Anti-Money Laundering/Counter-Terrorism Funding Working Group</b>	Randal Dennings, Clayton Utz Ian Lockhart (deputy chair), MinterEllison
<b>Banking and Financial Services Law Committee</b>	Ian Lockhart, MinterEllison Michael Anastas (deputy chair), HWL Ebsworth Lawyers
<b>Children's Law Committee</b>	Damian Bartholomew (acting), Youth Advocacy Centre
<b>Competition and Consumer Law Committee</b>	David Grace, Cooper Grace Ward
<b>Construction and Infrastructure Law Committee</b>	Ross Williams, HWL Ebsworth Lawyers
<b>Corporations Law Committee</b>	Tim Reid, Clayton Utz
<b>Criminal Law Committee</b>	Peter Shields, Peter Shields Lawyers Kurt Fowler (deputy chair), Fowler Lawyers
<b>Domestic Violence Working Group</b>	Deborah Awyzio, DA Family Lawyers
<b>Elder Law Committee</b>	Kirsty Mackie, KRM Legal Brian Herd (deputy chair), CRH Law
<b>Equalising Opportunities in the Law Committee</b>	Ann-Maree David, The College of Law Queensland
<b>Equitable Briefing Working Policy Working Group</b>	Jeneve Frizzo, Jeneve Frizzo – Estate Law
<b>Family Law Committee</b>	Alison Ross, Hopgood Ganim Katharine Atkins (acting chair), Bond University
<b>Franchising Law Committee</b>	Tony Conaghan, Thomson Geer
<b>Health and Disability Committee</b>	Karen Williams, Barrister Simon Brown (deputy chair), Endeavour Foundation
<b>Human Rights Working Group</b>	Dan Rogers, Robertson O’Gorman Solicitors
<b>Industrial Law Committee</b>	Robert Stevenson, Australian Workplace Lawyers Kristin Ramsey (deputy chair), Hynes Legal
<b>Insolvency Law Committee</b>	Cameron McKenzie, Gadens Lawyers
<b>International Law and Relations Committee</b>	Justin Barker, Advisers Australia Pty Ltd Kate Hynes (deputy chair), Halfbrick
<b>Litigation Rules Committee</b>	Tony Deane, Clayton Utz Paul Garrett (deputy chair), Hickey & Garrett
<b>Mining and Resources Committee</b>	Martin Klapper, HopgoodGanim Lawyers Gavin Scott (deputy chair), Ashurst Australia
<b>Not-for-Profit Law Committee</b>	Dr Matthew Turnour, Neumann & Turnour Lawyers Andrew Lind (deputy chair), Corney & Lind
<b>Occupational Discipline Working Group</b>	Calvin Gnech, Queensland Police Union Legal Group
<b>Planning and Environmental Law Committee</b>	Michael O’Connor, O’Connor Meara
<b>Property and Development Law Committee</b>	Matthew Raven, Gadens Lawyers Kim Teague (deputy), Cooper Grace Ward
<b>Revenue Law Committee</b>	Duncan Bedford, McCullough Robertson David Stitt (deputy), Herbert Smith Freehills
<b>Succession Law Committee</b>	Gary Lanham, MinterEllison
<b>Technology and Intellectual Property Law Committee</b>	Angeline Behan, Michael Buck IP Kim Walters (deputy chair), W3IP Law

# Our members' voice in the media

Queensland Law Society increased media activity this year to provide a stronger voice in the community on the significant issues relevant to both our profession and the general public.

An External Affairs division was created in February 2016 to facilitate provision of expert comment, policy views and education on law from the Society and its members.

The External Affairs team has been proactive to engage and encourage mainstream media to utilise QLS's vast membership when seeking authoritative and insightful commentary on complex legal matters and publicly debated topics. This campaign is designed to ensure media will contact the Society as a first point of call for advice on who is best suited to comment on legal matters. Issues on which QLS has provided proactive media engagement include the state's anti-bikie legislation and amendments to tree-clearing laws.

## Providing media advice to members

The External Affairs team has been involved in encouraging and inviting members to utilise our media unit for advice and ideas on how to positively engage with media across the state. Activities included Society representatives speaking at Community Legal Centres Queensland's annual conference and at the DLA Presidents' Workshop, as well as meetings with key stakeholders and QLS members to discuss positive media interaction.

## Increasing our reach

This increase in activity has seen positive results, with 1,354 mentions of Queensland Law Society in media reports. The Society also produced 72 media releases, which is an increase of 41% on last year.

Leading media outlets which published content that mentioned QLS included:

- **Print:** *The Australian*, *The Courier-Mail*
- **Broadcast:** Channel 9, Channel 7, ABC TV, 4BC, ABC and regional radio
- **Online:** ABC, *Brisbane Times*



### Law needs to show it has courage of its convictions

**ATE KYRIACOU**  
**RAH VOGLER**

decision to overturn  
aden-Clay's murder  
has divided  
al commun-  
tioning a  
with

decision was effectively taken  
out of the hands of the jury.  
"If the matter is capable of  
going to the jury, it's pre-  
hard for the Court of  
to say there just i  
dence to sur  
"convict"

*The Courier-Mail*  
12 December 2015

	2015-16	2014-15
Media releases	72	51
QLS responded to direct media inquiry	177	96

# Supporting good lawyers

The legal profession is different from other professions by virtue of its members being officers of the court. Queensland Law Society is actively engaged in promoting ethical behaviour through providing practical ethical guidance and support. The Society's promotion of ethical standards and its provision of ethics resources and advice to the profession assist lawyers to avoid falling into error which otherwise may lead to conduct issues. It also further serves to nurture public confidence in the administration of justice.

## Evolving to better serve members and the profession

The QLS Ethics Centre is a member and profession-focused service. This year has seen changes to allow a more dynamic, agile response to the needs of the profession. A major step in this process was the CEO's recognition of the important role ethics plays in a lawyer's professional life. To strengthen and enhance the position of ethics, it was decided that the centre should be a division in its own right.

This has allowed the centre to focus on its mission of preventive ethical education, as well as providing bespoke ethics sessions to individual law firms and continuing to provide timely, one-on-one ethics advice in relation to calls and inquiries.

The change also allowed the centre to incorporate the Society's practice support services into its portfolio, giving members a one-stop shop for guidance about the day-to-day running of a law practice.

The centre also continued to contribute articles and case notes in *Proctor* and *QLS Update*.

## Practice support

Consolidation of the practice support service into the QLS Ethics Centre has allowed the Society to expand the services it offers to the membership. As a result, the quality, range and volume of services provided in this area have increased substantially. Practitioners have responded positively to this change. Of the 2,127 calls handled by the centre since practice support was brought under its auspices, 394 (18.5%) were in relation to practice support issues. Call trends indicate that such calls are on the increase.

The centre is also developing bespoke practice support tools to assist solicitors in managing their practices. These tools will initially be focused on new and emerging practices, as this is a growth area of the profession. These tools will complement existing resources such as the Costs Guide, the Commentary to the *Australian Solicitors Conduct Rules 2012* and the Guidance Statements. The centre has also designed a business card promoting the profession's values of fidelity, service and courage.

## Direct interaction with the profession

Throughout the year, the centre maintained constant engagement with the profession, through inquiries, the provision of bespoke ethics sessions and participating in the Society's learning and professional development conferences and seminars.

Ethics solicitors presented sessions throughout Queensland including in Toowoomba, Hervey Bay, Gladstone, Emerald and Mount Isa. Fifty bespoke

3,680 ethics advice calls were handled, a 19% increase on calls received last year

ethics sessions were presented in the year, with good feedback received and the presenters rating an average of 4.6 out of 5.

The centre continued to experience growth in calls on ethics matters, handling 3,680 calls compared with 3,090 in the previous year, a 19% increase. This is a consistent trend – 2,600 calls were dealt with in 2013-14 and it is anticipated that patronage of the service will continue to increase.

### New initiatives

The QLS Ethics Centre has introduced new services which will be expanded over the coming year. Chief among these is that members can now obtain a Non-Binding Ethics Ruling on matters of ethical dispute between practitioners.

This service allows practitioners in dispute over an ethical issue or the application of an ethical principle to obtain a ruling from a panel of experienced members of the Society's Ethics Committee. This service provides an opportunity for practitioners to resolve complex ethical issues in such a way that proceedings or transactions will not be delayed, assisting members to better serve their clients and aid the administration of justice by reducing the need for the courts to deal with ethical issues.

The centre has also designed, for delivery in 2016-17, an ethics course to which practitioners can be referred by the Queensland Civil and Administrative Tribunal, the Legal Services Commission and other bodies, as a rehabilitative alternative to disciplinary punishment. The course will allow practitioners referred to the centre to undertake ethics training. Only those found suitable by referring authorities will be permitted to undertake the course, with the aim being to correct aberrant behaviour. The course design remains subject to stakeholder comment and feedback.

### Modern Advocate Lecture Series

The QLS Ethics Centre has developed a lecture series, to be delivered in 2016-17, to facilitate greater engagement between early career or young solicitors and barristers, with a view to increasing the briefing of female barristers, particularly those in the early stages of their legal careers.

An initiative of Society deputy president Christine Smyth, the series will be launched by the Chief Justice of the Supreme Court in October 2016 and will foster collegiality among the junior profession. The lectures will focus on ethical advocacy issues and carry CPD accreditation for solicitors and barristers as well as provide an opportunity for networking in the junior ranks of lawyers.

The centre will target invitations to key individuals who make the briefing decisions for law firms and corporate entities, and ethics solicitors will attend these lectures and actively nurture professional relationships between solicitors and barristers. It is anticipated that this will address briefing iniquities and help build strong professional relationships to sustain young practitioners throughout their careers.



### Committee chairs

Committee	Chair
Ethics Committee	Nola Pearce, Carter Newell Lawyers

## QLS Senior Counsellors

The QLS Ethics Centre also administers the QLS Senior Counsellors service, which is made up of senior practitioners with significant and diverse expertise who can be consulted by members on a wide range of issues relating to the practice of law. In 2016, the gender diversity of the service was increased with the following new Senior Counsellors appointed: Suzanne Cleary, Pippa Colman, Bernadette Le Grand, Paula Phelan, Michele Sheehan, and Lucia Taylor.

QLS Senior Counsellor	Firm
<b>Peter Apel</b>	Apels Solicitors
<b>Russell Beer</b>	MacDonnells Law
<b>Michael Beirne</b>	Barclay Beirne Lawyers
<b>Christopher Bowrey</b>	wilson/ryan/grose
<b>Mark Bray</b>	Bradley & Bray
<b>James Byrne</b>	Bennett & Philp
<b>Suzanne Cleary</b>	Ashurst Australia
<b>Pippa Colman</b>	Pippa Colman & Associates
<b>Martin Conroy</b>	Australian Law Group
<b>Glen Cranny</b>	Gilshenan & Luton Legal Practice
<b>Peter Eardley</b>	Kerin Lawyers
<b>Peter Elliott</b>	Giudes & Elliott
<b>Anne English</b>	Atherton Tablelands Law
<b>Glenn Ferguson AM</b>	Ferguson Cannon
<b>Kurt Fowler</b>	Fowler Lawyers
<b>George Fox</b>	Fox Bradfield Lawyers
<b>Gary Hutchinson</b>	Cooke & Hutchinson Lawyers
<b>Vicki Jackson</b>	South Geldard Lawyers
<b>Peter Jolly</b>	Thynne + Macartney
<b>Warwick Jones</b>	Jones Mitchell Lawyers
<b>Peter Kenny</b>	Thynne + Macartney
<b>Bernadette Le Grand</b>	Mediation Plus
<b>Ross Lee</b>	Lee Lawyers
<b>Bill Loughnan</b>	Thynne + Macartney
<b>Dr Jeffrey Mann AM</b>	Jeffrey Mann
<b>Justin McDonnell</b>	King & Wood Mallesons
<b>Wendy Miller</b>	Damien Greer Lawyers
<b>Andrew Moloney</b>	Moloney MacCallum Lawyers
<b>John Nagel</b>	John Nagel & Co.
<b>Tom Nulty</b>	DLA Piper Australia
<b>Terry O’Gorman AM</b>	Robertson O’Gorman Solicitors
<b>Ross Perrett</b>	Clayton Utz
<b>Paula Phelan</b>	Rees R. & Sydney Jones
<b>Bill Potts</b>	Potts Lawyers
<b>Bill Purcell</b>	Purcell Fox
<b>Jim Reaston</b>	Reaston Drummond Law
<b>Stephen Rees</b>	ReesLaw
<b>Tony Ryan</b>	Payne Butler Lang
<b>John Ryan</b>	Whitsunday Law
<b>Elizabeth Shearer</b>	Affording Justice
<b>Michele Sheehan</b>	Sheehan & Co
<b>Garth Smith</b>	Mellick Smith & Associates
<b>Tom Sullivan</b>	Davidson & Sullivan
<b>John Taylor</b>	Taylor Solicitors
<b>Lucia Taylor</b>	Purcell Taylor Lawyers
<b>Chris Trevor</b>	Chris Trevor and Associates
<b>Dr Matthew Turnour</b>	Neumann & Turnour Lawyers
<b>Greg Vickery AO</b>	Norton Rose Fulbright
<b>Kathryn Walker</b>	Walker Lawyers
<b>Philip Ware</b>	Stanwell Corporation

# Professional standards

Setting, communicating and maintaining standards is the essence of any profession. Queensland Law Society sets benchmarks for the legal profession and provides services to maintain the highest professional and practice standards.

## Setting standards

The Society is consistently strengthening its position in the setting of professional standards, in line with one of our strategic goals. We encourage solicitors to utilise the *Australian Solicitors Conduct Rules 2012* as guidance for professional standards and provide members with guidance on complex and sensitive professional issues.

Our Ethics Centre has continued its initiative, begun last year, of publishing Guidance Statements which set out a solicitor's ethical obligations in a particular subject area and the Society's position on these subjects. The responsibility for these Guidance Statements rests with the Society's Ethics Committee, drawing on the experience and knowledge of the Society's members.

The Legal Services Commissioner has been consulted in the drafting of these Guidance Statements. The fifth was published this year:

- Guidance Statement No. 5 – Witnessing an Enduring Power of Attorney

Copies of all Guidance Statements are available via the Ethics Centre portal on the Society's website.

## Responding to members

The Society effectively responds to and manages inquiries to assist the profession to maintain the highest level of professional standards.

Many of the inquiries we receive involve critical practice issues such as trust account management, the definition of trust money and advice on how to account for it, when it can be used and the legislated process for moving trust money.

Our phone and email inquiries on trust account matters this year rose to 5,516 from 5,068, a 10.8% increase. All but five of these inquiries received a same-day turnaround.

This year we conducted more trust account compliance reviews: 397, compared with 346 last year. We conducted 193 investigations, down from 220 last year. By their nature, investigations are more labour-intensive than compliance reviews. In total, our investigators visited 590 law practices in Queensland with a team of five field investigators.

As in 2014-15, trust account investigation feedback was positive, with many firms commenting that the process was professional, comfortable and assisted them to better manage their obligations.

### Feedback included:

*"It has been very beneficial as I had some problems since transferring to the new Leap cloud and I was not getting anywhere with anyone to assist. The Investigator was great in helping solve some of the problems and from there I was able to solve the remainder and finally had things back on track."*

*"The review process was very well organised. It was helpful to receive a checklist before the review so I could have the relevant material ready for the review. The Investigator was very knowledgeable and was able to answer all of my questions about the legislation."*

*"The Queensland Law Society does a great job with great reviewers ..."*

Members scored both our compliance review and investigations teams highly in terms of their satisfaction with our service. Our compliance reviews and investigations each rated an average of 4.75 out of 5. This is the highest average satisfaction score recorded for any of the Society's services.

Adding to member education delivered through our trust account inquiry service, compliance reviews and investigations, we presented our annual trust accounting refresher this year as a webinar, giving easier access to our regional practitioners. This format proved successful, with the webinar exceeding its delegate target by 117% and recording a 4.1 member satisfaction rating.

We conducted seven panel sessions on trust accounting at practice management workshops in 2015-16 and gave presentations to seven external bodies.

### External interventions

The Society intervenes in a law practice when the property of the clients is at risk. This can take the form of supervising a firm's trust account, to ensure that proper accounting is maintained, or a receivership, which involves the Society winding up a practice.

This year, the Society undertook 11 interventions, up from six last year. Five of these were due to the death of a practitioner. Over the year, external interventions had responsibility for 56 trust accounts, all requiring monthly reconciliations and the annual prescribed account calculations. Nine of these accounts were closed. Trust funds totalling \$1,088,848.50 were distributed from law practice trust accounts in receivership.

5,516 trust account inquiries responded to, up 10.8%, and all but five received a same-day turnaround

## Supporting our members

The Society supports members who are investigated due to a trust account matter or complaint by providing advice through a free legal service.

Free legal advice is available to members who have received an official notification asking that they provide information to either the Legal Services Commission (LSC) or the Society as the result of a trust account matter or complaint investigation. The practitioner receives six hours of legal service from a panel practitioner per complaint matter. This is supplemented by Lexon Insurance cover to the value of \$10,000 after the free entitlement is exhausted. No other law society in Australia and no other professional indemnity insurer provide this service. This year, 94 practitioners took advantage of the free legal service compared with 134 last year.

94 practitioners utilised the free legal advice service to support them to respond to an investigation

## Legal Services Commission investigations

On 31 August 2015, the Society ceased conducting complaint investigations delegated to it by the LSC pursuant to the Commissioner's discretionary powers under the *Legal Profession Act 2007*. The LSC is now the sole body investigating complaints about Queensland solicitors. As a result of this change, six valued long-serving Society staff members were made redundant. We were able to redeploy three other staff.

The Society continues to work with the LSC in ensuring the highest professional standards of the state's solicitors. Our Professional Conduct Committee continues to oversee the operations of our Trust Accounts Unit.

## Protecting the community

The Society has a focus on ensuring that the public is protected in legal matters through the Legal Practitioners' Fidelity Guarantee Fund, which is overseen by a Committee of Management as permitted by the *Legal Profession Act 2007*. This fund exists to compensate members of the public who lose trust money deposited with solicitors due to the dishonesty of a solicitor or their staff. It is funded by a levy paid by solicitors.

There have been few claims on the fund over the past three years, so considerable reserves have been built up. This enabled the Society to reduce the fund levy for the second successive year and reduce the cost burden on members.

This year, as in the last, there were 12 show-cause matters determined by the Society.

## Committee chairs

Committee	Chair
<b>The Committee of Management for the Fidelity Guarantee Fund</b>	Michael Fitzgerald, 2015 Queensland Law Society president, Ashurst Australia
<b>Professional Conduct Committee</b>	Trisha Schmidt, MurphySchmidt Solicitors

# Fostering wellbeing and resilience

Queensland Law Society takes an active role in promoting wellbeing and resilience within the legal profession and provides resources and events specifically tailored to the profession.

## Love Law, Live Life

Our Love Law, Live Life program and working group focus on increasing practitioners' awareness of mental health issues, their prevalence within the profession, preventative approaches, and best practice interventions.

We continue to support the Tristan Jepson Memorial Foundation (TJMF) and its objectives to decrease work-related distress, depression and anxiety in the legal community and promote workplace psychological wellbeing. The Society is a signatory to the TJMF Psychological Wellbeing Best Practice Guidelines and welcomes their adoption by law firms.

We held three complimentary Love Law, Live Life professional development events in 2015-16, including an inaugural Queensland-based TJMF annual lecture and a session specifically developed for early career lawyers. All events received member satisfaction ratings of 4.8.

- More than 100 people attended our breakfast seminar in May 2016, held in conjunction with Law Week, with guest speaker Petris Lapis, a former lawyer and now consultant and coach. Petris provided an introduction to the concept of mindfulness as a strategy for managing workplace stress and maintaining attention.

- At our twilight session in October 2015, early career lawyers were asked to use audience response devices to explore likely versus resilient responses to a series of workplace scenarios. Panel members – a psychiatrist, human resource professional, law partner and a junior lawyer – were asked to share practical advice on how to build resilience. The event drew 56 attendees.
- Our inaugural Queensland-based TJMF lecture presented by James Bell QC attracted more than 100 delegates, who were captivated by a candid presentation on his personal experiences. One delegate commented: *“James’ honesty with his own experience was especially valuable, and reassuring for a person who has had and is experiencing very similar challenges (but as a young practitioner).”*

The Love Law, Live Life Working Group is currently collaborating with the Centre for Corporate Health to develop a two-hour training program for managers and leaders to develop their skills in providing a healthy workplace. This program will be rolled out across Queensland using a ‘train-the-trainer’ approach during 2016-17.

James Bell QC delivered the inaugural Queensland Tristan Jepson Memorial Foundation annual lecture







# CULTURE

EMBEDDING  
OUR  
CULTURE

Digital

Media

# Embedding our culture

Queensland Law Society employs more than 100 people who work across diverse areas. Our people, their range of skills and their commitment ensure we are a leading professional society valued by members.

## Structuring for the future

In the past year, the Society underwent an internal restructure to manage the organisation as a sustainable business into the future. In conjunction with the president and deputy president, our management team worked to design an organisational structure (see page 48) to best meet the 2016 Council's vision for the Society to be a membership organisation for all Queensland solicitors.

The restructure took into account a skills and experience audit of the workforce and the requirements of our members into the future. The Society's divisions were expanded to eight, with our Ethics Centre becoming a division in its own right and creation of our External Affairs division.

Through a combination of redundancies and natural attrition, we reshaped the workforce into member-focused or dedicated operational teams with strong leadership and clear objectives to deliver excellent member service. Due to the restructure, our permanent separation (turnover) rate increased over the past 12 months (to 34%). The turnover related to employees who we would have chosen to retain was only 9.3%, demonstrating that the increase can be attributed to the restructure. We anticipate the turnover rate returning to less than 18% over the coming year. In the year, total employee expenses were \$9,009,166.

## Ensuring diversity

The Society is committed to attracting and retaining quality staff. This year we welcomed 48 new team members across our departments, all of whom took part in our comprehensive induction program.

We have diversity and flexibility policies in place, in line with legislation, and we seek to promote a broad range of work options within the Society. The majority of our staff (72%) are employed full-time. More than 30% have flexible work arrangements, including working from home, job-share, compressed working weeks and flexible start and finish times.

## Promoting gender equality

Part of the Society's role is to support the legal profession through education, awareness and advocating for gender equality. One way we do this is partnering with the Workplace Gender Equality Agency to help promote their work and resources to all law firms in Queensland. For the first time this year we reported on our own statistics to the agency. We are pleased to advise that QLS is compliant with the *Workplace Gender Equality Act 2012*.

More than 30% of staff have flexible work arrangements, including working from home, job-share, compressed working weeks and flexible start and finish times

Item	Number
<b>Staff</b>	125 (FTE: 106.8)
<b>Employment type</b>	Full-time: 90 (72%) Part-time: 27 (22%) Casual: 8 (6%)
<b>Gender</b>	Male: 32 (26%) Female: 93 (74%)
<b>New team members</b>	48
<b>Permanent separation (turnover) rate</b>	34%

## Conclusion of culture change project

A major corporate plan initiative between 2014 and 2016 was our rebranding/culture change project, internally known as Project Sapphire. Phase 1 was launched in July 2014 and Phase 2 (project implementation) launched on 1 July 2015.

The second phase focused on embedding Project Sapphire and our excellent service ethos at an individual and team level, and on identifying opportunities for process improvement across each of our divisions. This involved the input of more than 30% of staff across three internal working groups with our process improvement champions, known internally at Sapphire Champions.

Key outcomes achieved in 2015-16 included:

- Design and implementation of a new online staff performance system which is simple, clear and motivating. Known as Career Expanda, it replaces our previous Link Success
- Introduction of a QLS Recognition Program with six staff awards presented quarterly
- Increased information sharing across the business via a monthly staff e-newsletter and revamp of our staffroom, the Sapphire Lounge
- Training for team members in all teams in identifying and implementing process improvements.

## Staff engagement survey

Using CATALYSE, an independent research and strategy consultancy, we participated for the first time in a national employee engagement study to see how we rate in areas such as leadership, communication and staff benefits benchmarked against other organisations. Also participating were The Law Society of Western Australia, The Law Society of South Australia, and The Law Institute of Victoria, with the study aiming to help generate national industry standards.

We maintained a high staff participation score (78%), and measured staff commitment at 76% and overall workplace rating at 77%. We performed well overall, and achieved national leader in 13 key areas, including top-down and in-team communication, workplace health and safety, strong team spirit, flexible working arrangements, free from discrimination, training and respect, empowered employees, and conflict management.

### Staff by division



## Developing our staff

We know that staff development is critical to our success as an organisation and we continue to strengthen professional development opportunities for our staff.

We also increased our focus on staff mental health awareness and wellbeing and introduced more 'lunch and learn' sessions around these topics. These sessions had high attendance and received positive feedback. We will look to continue to incorporate this initiative into our learning and development program, as it aligns with our ongoing work in encouraging mental health awareness.

This year, we invested \$72,757 in training for staff, an average of \$582 per staff member. Learning and development activity included:

- attendance at external workshops and conferences, including on process improvement, influence and negotiation, problem-solving and decision-making, commercial and financial acumen, leadership and management, industry and networking events, specialised training and Microsoft Office programs
- mental health awareness sessions focused on managing mental health concerns and early warning signs
- one-hour 'lunch and learn' sessions with topics including law 101, membership 101, Society business unit 101 sessions, and general wellbeing
- study assistance for our team members undertaking law degrees and postgraduate qualifications including in law, finance and corporate governance
- annual refreshers of our regulatory and compliance requirements.

## Developing our leaders

We have supported our executive leadership team through external individual coaching relationships and full-day team building/strategic planning workshops.

We have invested in our middle management group through structured group coaching sessions with an external consultant, Excell Performance, as well as tailored workshops focusing on recruitment, building high-performance teams and giving feedback effectively.

## Encouraging staff wellbeing

In October 2015, we moved to Davidson Trahaire Corpsych (DTC) to provide our LawCare employee assistance services due to its enhanced offerings that encompass overall employee wellbeing.

As well as the six hours of counselling offered in the past, there are a range of new wellbeing services now available to staff, Society members and their families. These services include access to financial expertise, a telephone dietitian service, the National Home Doctor Service, and an online health and wellbeing portal with information and online counselling and support. There is also telephone coaching and support for managers and supervisors dealing with complex people issues, and a trauma assist service for onsite support, coaching and risk management following a workplace incident.

We are a signatory to the Tristan Jepson Memorial Foundation (TJMF) Psychological Wellbeing Best Practice Guidelines for the Legal Profession and conducted a comparative assessment of our position against the TJMF guidelines to establish our key initiative to raise mental health awareness among staff.

We also conducted the People at Work survey, which focused on four key areas: high psychological wellbeing, high job demands, low resources, and workplace bullying. We provided our general managers with divisional reports and worked with our executive team to identify high-risk positions and how we can support them. Outcomes from this included development of a full-

day workshop in partnership with DTC centred on dealing with high-risk situations, development of a framework to respond to high-risk situations, and implementation of a quarterly debriefing process.

About 60% of the executive and middle management teams have completed their mental health first aid officer qualification, equipping them with the skills to identify and support staff experiencing mental health issues and to be leaders in educating staff. The remainder will be qualified by December 2016.

## Staff giving

Our staff have supported several causes over the financial year, and for the first time in 2016 specifically nominated six charities to support over a calendar year.

Staff activities have included internal fundraisers, assisting in joint events, participating in the QPILCH Queensland Legal Walk during Law Week and donating toys at Christmas to the children of Women's Legal Service Queensland clients. Staff are not required to participate in these activities and events and generously do so in their own time.

Our CEO Amelia Hodge also took part in the 2016 Dancing CEOs competition to raise funds for Women's Legal Service Queensland. With support from QLS staff, the legal profession and others, Amelia exceeded her fundraising target and raised \$10,786.50.

## Remuneration approach

To ensure all salaries are in line with the market median, we introduced a new remuneration benchmarking tool, Payscale. We have reviewed all remuneration to ensure that salaries are in line with the professional services market median within Brisbane and will continue to follow a transparent, structured, performance-bonus program. Employees who reach their performance objectives have the opportunity to receive a monetary bonus of up to 8% of their annual salary. In the year, \$148,702 in bonuses was paid to staff.

# Our governance framework

## Our Council

In accordance with the *Legal Profession Act 2007* (LPA), Queensland Law Society Council comprises 12 elected members: four office bearers and eight members. In addition, the Attorney-General nominates a Council representative. The four office bearers are our president, deputy president, vice president and immediate past president. Council is elected for a two-year term, the president for one year. In the second year of Council's term, the elected deputy president succeeds to the office of president. This means there are 13 Council members in the first year and 12 Council members in the second year of a Council term.

Council is responsible for the governance of the Society, including the continual review of the strategic plan and the Society's performance as reported through the CEO. Council is also responsible for approving the annual budget and overseeing the financial management of the Society's affairs. Our Council ensures Queensland Law Society meets the needs of our legal profession.

Council is committed to excellence in corporate governance and believes that good corporate governance is consistent with respect, integrity and service, the Society's core values. Our Council uses the Australian Institute of Company Directors (AICD) *Good Governance Principles and Guidance for Not-for-Profit Organisations* as its benchmark and key guidance for the Society's corporate governance.

Council has delegated responsibility for management and day-to-day operations to the Society's CEO, and the CEO has the authority to carry out these responsibilities in accordance with the directions and policies established by the Council. The CEO supports the Council in carrying out its governance functions and ensures that the Society operates in compliance with all statutory obligations.

## Council election 2015

Our biennial Council election was held in October 2015. The conduct of the election is governed by the LPA and the *Legal Profession (Society) Rules 2007*. There were 9,152 QLS members eligible to participate in the election. A total of 9,088 members received invitations to vote via the electronic platform and 64 members received ballots in the post, as the Society did not hold an email address for them. There were multiple nominations for each available position on Council.

By close of election, 2,302 members had submitted and confirmed their votes (2,290 electronic votes and 12 postal ballots). This is just over 25% of eligible members, and a comparatively high engagement with the election process compared to similar membership associations with 5-10,000 voters which average a response rate of about 9% and an upper limit of 25%.

The Society's website received exceptional traffic throughout the election, with 6,908 unique page views of election pages.

Council is committed to good corporate governance consistent with respect, integrity and service

## Queensland Law Society Council 2015-16

	Council 1 July-31 December 2015	Council 1 January-30 June 2016
<b>Michael Fitzgerald</b> Consultant, Ashurst Australia	President	Immediate past president
<b>Deborah Awyzio</b> Accredited Specialist (Family Law) Director, DA Family Lawyers	Vice president	–
<b>Bill Potts</b> Criminal Lawyer, Director, Potts Lawyers	Member	President
<b>Christine Smyth</b> Accredited Specialist (Succession Law) Partner, Robbins Watson Solicitors	Member	Deputy president
<b>Kara Cook</b> Director and Principal Lawyer, CookLegal	Member	Vice president
<b>Christopher Coyne</b> Accredited Specialist (Commercial Litigation) Principal, Lexon Legal	Member	Member
<b>Elizabeth Shearer</b> Legal Practitioner Director, Affording Justice	Member	Member
<b>Ken Taylor</b> Accredited Specialist (Personal Injuries) Director, Purcell Taylor Lawyers	Member	Member
<b>Paul Tully</b> Practice Chair and Principal, McInnes Wilson Lawyers	Member	Member
<b>Danielle Keyes</b> Senior Associate, DLA Piper	Member	–
<b>Michael Brennan</b> Trustee in Bankruptcy and Official Liquidator Managing Principal, Offermans Partners	–	Member
<b>Jennifer Hetherington</b> Accredited Specialist (Family Law) Principal Lawyer and Founder, Hetherington Legal	–	Member
<b>Chloe Kopilovic</b> Lawyer, Ferguson Cannon Lawyers	–	Member
<b>Kara Thomson</b> Accredited Specialist (Personal Injuries) Senior Associate, Cooper Grace Ward Lawyers	–	Member
<b>Paul Spiro</b> Partner and Brisbane Chairman, Gadens Lawyers	Member – Attorney-General's nominee	–
<b>Karen Simpson</b> General Manager, Compensation, Slater+Gordon Lawyers	–	Member – Attorney-General's nominee

## 2015 Council



*Back row:* Paul Spiro, Deborah Awyzio, Christine Smyth, Ian Brown (2015 immediate past president who resigned in June 2015 following appointment to QCAT)  
*Middle row:* Ken Taylor, Elizabeth Shearer, Bill Potts, Kara Cook, Christopher Coyne  
*Front row:* Michael Fitzgerald, Noela L'Estrange (QLS CEO 2009-2015).



Danielle Keyes Paul Tully

## 2016 Council



*Back row:* Kara Thomson, Michael Fitzgerald  
*Middle row:* Ken Taylor, Paul Tully, Kara Cook, Michael Brennan  
*Front two rows:* Karen Simpson, Christine Smyth, Amelia Hodge (QLS CEO), Bill Potts, Chloe Kopilovic, Elizabeth Shearer.



Christopher Coyne Jennifer Hetherington

## Council subcommittees

Council operates three subcommittees to assist it in carrying out its core business:

- Executive Committee – which exercises delegated power to make decisions on practising certificate matters and related occupational matters arising under the LPA, and considers operational matters where required
- Audit and Investment Committee (AIC) – responsible for overseeing and ensuring the integrity of the financial reporting process, for monitoring the Society's risk management framework and for overseeing the responsible investment of surplus funds in accordance with the Society's investment policies

- Governance Committee – responsible for reviewing and providing recommendations to Council on delegations and corporate governance policies, processes and practices.

Our AIC is led by an independent chair, who is not a member of the Council but is appointed by Council based on a selection and recruitment process. The chair provides leadership to the AIC in fulfilling its duties and responsibilities, with the benefit of having current accountancy qualifications and other financial expertise and experience. Grant Wallace was appointed AIC chair in February 2012, and reappointed in November 2015 to a further two years. Grant is a qualified chartered accountant and advisor with more than 30 years' industry experience spanning all facets of accounting

and financial services. The AIC chair receives remuneration of \$1,200 per month plus GST (increased in November 2015 from \$1,000 per month plus GST).

The Society does not operate an internal audit function. Sufficiency of controls is assessed through the audit process conducted by the Auditor-General.

During the year, the AIC observed its charter and made recommendations to Council for updates to its charter. Council reviewed and reissued the AIC Charter.

Council also in the year reviewed and reissued the Council Charter, the president's role description, and the Policy Committees Charter, with the benefit of detailed work by the Governance Committee.

## Council and AIC meetings

1 July 2015 – 30 June 2016	QLS Council		AIC	
	Attended	Scheduled	Attended	Scheduled
<b>Michael Fitzgerald</b> (2015 president; 2016 immediate past president)	7	7	4	4
<b>Deborah Awyzio</b> (2015 vice president)	3	3	1	2
<b>Bill Potts</b> (2016 president)	7	7	1	2
<b>Christine Smyth</b> (2016 deputy president)	7	7	1	2
<b>Kara Cook</b> (2016 vice president)	5	7	1	2
<b>Michael Brennan</b>	4	4	2	2
<b>Christopher Coyne</b>	6	7	2	2
<b>Jennifer Hetherington</b>	3	4	–	–
<b>Danielle Keyes</b>	2	3	–	–
<b>Chloe Kopilovic</b>	4	4	–	–
<b>Elizabeth Shearer</b>	7	7	4	4
<b>Paul Spiro</b> (2015 Attorney-General's nominee)	1	3	–	–
<b>Karen Simpson</b> (2016 Attorney-General's nominee)	4	4	–	–
<b>Ken Taylor</b>	7	7	–	–
<b>Kara Thomson</b>	4	4	–	–
<b>Paul Tully</b>	5	7	3	4
<b>Grant Wallace</b> (independent chair)	–	–	4	4

## Other committees

Council has established a number of other committees to assist it in discharging its statutory responsibilities and to carry out other business of the Society. These include:

- Committee of Management for the Fidelity Guarantee Fund – established under s366 of the LPA to exercise delegated powers of Council in relation to management of the Legal Practitioners' Fidelity Guarantee Fund
- Practice Management Course Committee – established under Part 5 of the *Queensland Law Society Administration Rule 2005* to oversee the conduct and management of the Practice Management Course conducted by the Society
- Continuing Professional Development Committee – established under Part 6 of the *Queensland Law Society Administration Rule 2005* to assist Council in managing and monitoring the obligations of legal practitioners to complete 10 CPD units per year
- Ethics Committee – established by Council to assist, advise and report to Council on matters relating to lawyers' professional ethics.

All committee chairs, deputy chairs and members are appointed by Council. Each committee is supported by an appropriately qualified and experienced staff member from the Society.

## Ensuring risk management

The Society has a risk management and compliance framework which includes clear accountabilities for managing areas of risk and compliance, regular monitoring and updating of a centralised risk register and oversight of the framework and key risks as identified by the AIC and Council. Risk assessments are performed routinely in the development of business cases and project plans and in the normal course of business. The Society's in-house legal unit provides advice on risk and compliance issues and delivers regular compliance training to staff.

During the year, a review was undertaken of the risk register in line with good governance practice, to ensure it remains effective in its purpose and current in its content. The previous format of the register and style of risk reporting had been in use since approximately January 2012. The template was revised to make it more user-friendly and all executive staff engaged in freshly identifying and classifying the risks to QLS. An assessment was undertaken of items from the former risk register and continuing risks were reviewed and incorporated into the new register. Further improvements to our risk-management framework will be made in 2016-17.

## Our ethics

The Society is a public sector entity under the *Public Sector Ethics Act 1994* and has developed and implemented a Code of Conduct that applies to all staff. We encourage our Council, committee members, member and business colleagues to partner with us in implementing our Code. Staff are educated in the importance of the Code, requirements to ensure adherence and potential impacts if the Code is breached. During the year our Code of Conduct was reviewed and updated. Our updated Code of Conduct was approved by the Attorney-General by letter dated 12 May 2016.

Our values of respect, integrity and service are reinforced in our people and culture policies and procedures and staff awards.

## Recordkeeping

In 2015-16 the Society regularly undertook archival activities in accordance with its obligations under the *Public Records Act 2002*. The Society has policies to meet its obligations regarding the destruction of temporary public records and the transfer of permanent public records to Queensland State Archives (QSA).

We are also conducting a review of QSA's Queensland Disposal Authority Number (QDAN) 674 version 1 to ensure it captures Society records not caught by the QSA's General Retention and Disposal Schedule for Administrative Records.

All Society staff, as part of our induction program, complete online training modules in recordkeeping, managing emails which are public records, and the *Information Privacy Act 2009* (IP Act) and *Right to Information Act 2009* (RTI Act), to ensure that we are all aware of our regulatory obligations. All staff also complete refresher courses on an annual basis in relation to these obligations.

## Right to Information

The RTI Act allows members of the public access to certain information controlled by government. We support RTI principles by operating in an open, transparent and accountable manner, while protecting the privacy of members and staff. The Society is required to report the number of applications for access to documents under the RTI Act and submits these figures to the Department of Justice and Attorney-General for inclusion in its Right to Information and Information Privacy Annual Report. This report can be found on the Queensland RTI website.

Our publication scheme is designed to release information we routinely make available to the public, without people having to apply through the formal RTI Act or the IP Act application processes. The publication scheme and its information are being reviewed.

## Information privacy

The Society is committed to ensuring that personal information collected is dealt with in accordance with the Information Privacy Principles contained in the IP Act and the Australian Privacy Principles contained in the *Privacy Act 1988* (Cth).

We have procedures in place to prevent unauthorised access to and use of personal information we collect. Society members and the public have the right to request access to any personal information which relates to them and the right to request that the information be corrected should it be inaccurate.

Our values of respect, integrity and service are reinforced in our people and culture policies and procedures and staff awards

# Our leadership team



**Amelia Hodge**

**Chief Executive Officer**

LLB GradCertPropEc MAICD

Amelia Hodge joined Queensland Law Society in July 2015 as Chief Executive Officer, bringing with her more than 25 years' experience in senior roles along with experience operating a small property practice. Her experience leading and contributing to corporate business performance in management roles and as a non-executive director has seen her drive successful outcomes in managing issues, risks and opportunities across a range of sectors, projects and industries.

Previously, Amelia worked in senior management and project roles with Origin Energy, Powerlink Queensland, Coffey Commercial Advisory and the Sustainable Industries Division of the Queensland Environmental Protection Agency. She is a non-executive director of Transmax Pty Ltd, Artisan and Lexon Insurance and was previously a non-executive director of Gladstone Area Water Board and a member of the Great Artesian Basin Advisory Council on behalf of the Office for Women.

She is currently completing an Executive Masters of Business Administration at the Australian Graduate School of Management (AGSM NSW) and is a member of the Australian Institute of Company Directors, the Brisbane Club and Women on Boards.



**Matt Dunn**

**Government Relations  
Principal Advisor**

BSc LLB (Hons)

Matt Dunn returned to Queensland Law Society in early 2016 and is responsible for growing and maintaining the Society's strong relationships with government, the Parliament and departments at both the state and federal level.

The Society utilises these relationships to speak on behalf of members about issues of concern and to promote good law. Matt also manages the Advocacy team to progress the Society's policy agenda of promoting the development of good law.

Previously, Matt was Director of Policy at the Law Council of Australia in Canberra and the Society's Principal Policy Solicitor. He has a background in information technology and intellectual property law.



**Katherine Gonzalez-Cork**

**General Manager, Membership  
and Strategic Partnerships**

Katherine Gonzalez-Cork joined Queensland Law Society in September 2015 and was promoted to General Manager of the Membership and Strategic Partnerships division in December. She is responsible for driving engagement with members, increasing membership and overseeing the execution of more than 150 professional development and social events each year.

Katherine is an accomplished general manager and mentor with more than 20 years' experience driving customer service and business profits. With a team of 30, Katherine manages the largest of the Society's divisions and oversees the Business Development, Events Management, Learning and Professional Development and Records and Member Services teams.



**Elizabeth Nankivell**

**Manager, Special Projects**

MProf Comms GAICD

Elizabeth Nankivell joined the Society in February 2016 specifically to progress a number of key strategic projects. She is responsible for leading the project management of the Law Claims Levy Fund project, which involves the investigation, research, development and delivery of early intervention educational risk programs and products, to address the underlying causes giving rise to professional indemnity insurance claims.

Elizabeth is an experienced stakeholder engagement professional and project manager from the private and public sectors in resources, tourism and government. She is an experienced non-executive director and currently sits on two not-for-profit boards.



**Bronwyn Neroni**

**General Manager, Legal and  
Governance/Corporate Secretary**

BA LLB MAICD

Bronwyn Neroni ensures that Queensland Law Society maintains appropriate governance and effectively manages risk and compliance. She is also responsible for working with our Council and the leadership team to develop and implement strategy and manage reporting. She joined the Society in June 2014.

Bronwyn was admitted to practice as a solicitor in the Supreme Court of Queensland in 1999. She has experience as a litigation lawyer, in-house legal advisor, legal practice manager and as national manager of the Australian Government Solicitor pro bono practice. She is a non-executive director of Deaf Services Queensland.


**Tony Keim**
**Media Manager**

BA (Journalism)

Tony Keim joined Queensland Law Society in early 2016 as the Media Manager of the newly created External Affairs division. He is responsible for proactively managing the Society's image with members, stakeholders and the general public, as well as representing our interests in external publications.

Tony came to the Society after more than 25 years as a newspaper journalist, the last 17 years of which he worked as a senior crime and court reporter for Queensland's only metropolitan daily newspaper *The Courier-Mail*.


**Julie Lamb**
**Financial Controller**

BBus (Accounting) CA

Julie Lamb provides leadership in managing the financial operations of Queensland Law Society, working with the executive leadership team and Council to ensure financial governance and compliance is in place, as well as with internal and external stakeholders for daily financial operations.

Julie joined the Society in February 2016 and has more than 20 years of diverse commercial, financial and management accounting experience in large organisations. She is a Chartered Accountant with training and background experience in business services, audit and taxation in firms in both Australia and the United Kingdom.


**Kerin McMahon**
**General Manager,  
Corporate Services**

CAHRI

Kerin McMahon joined Queensland Law Society in May 2015 and is responsible for overseeing the Corporate Services division which includes the Information Systems, People and Culture, Finance, and Facilities and Administration Services teams.

Previously, Kerin worked at McCullough Robertson for more than seven years in various roles. Prior to joining the Society, she was the head of Talent and Culture at CapitalB and Megaport, where she had responsibility for strategic and operational HR support.

Kerin is currently completing her Masters of Business Administration.


**Jason Olsson-Seeto**
**General Manager Marketing,  
Digital and Branding**

Jason Olsson-Seeto joined Queensland Law Society in February 2016 and is responsible for providing and driving strategic and operational support in corporate branding, digital transformation, building member engagement, and marketing of services and products to ensure a commercially viable and relevant membership association.

With more than 18 years' experience across creative, advertising and digital industries, Jason has forged a career out of managing clients' advertising, branding, design and digital needs based in a variety of industries. He has worked with many renowned brands, including University of Queensland Business School, Uniting Care, BDO and Queensland Theatre Company.


**Stafford Shepherd**
**Director, Ethics Centre**

LLB LLM TEP J.P. (Qual) (Qld)

Stafford Shepherd is the Director of the Society's highly regarded Ethics Centre, which is responsible for providing ethical and practice support guidance to the profession, delivering legal ethics learning and professional development to members, university students and students undertaking practical legal training.

Stafford previously practised in partnership, as a sole practitioner and then worked as a consultant until 2008 when he joined the Society as an Ethics Guidance Officer. He also serves as secretary to the Ethics Committee and as executive editor of the *Australian Solicitors Conduct Rules 2012 in Practice: A Commentary for Australian Legal Practitioners*.


**Craig Smiley**
**General Manager,  
Professional Leadership**

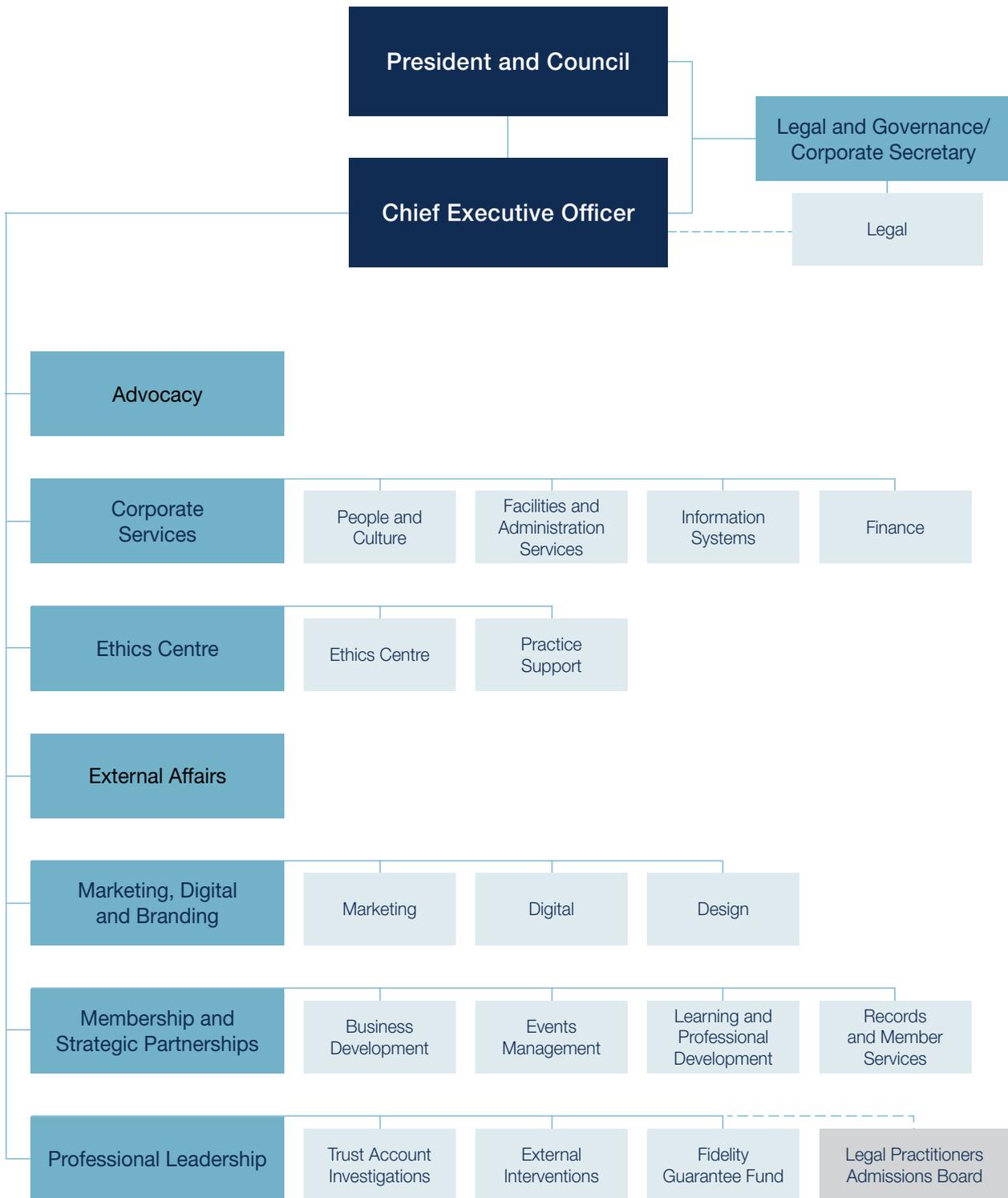
LLB (Hons)

Craig Smiley joined Queensland Law Society in June 2004 and heads the Society's Professional Leadership division.

Craig provides leadership to the professional standards team across trust account investigations, the Legal Practitioners' Fidelity Guarantee Fund and external interventions.

He has practised as a solicitor and barrister in private practice and as a government lawyer.

## Our organisational structure





# **STRENGTH** ENSURING OUR SUSTAINABILITY

# Ensuring our sustainability

Queensland Law Society is committed to taking steps each year to ensure we conduct business in the most sustainable way possible and protect the environment through our internal processes.

## Decreasing landfill contributions

This year we recycled 2.433 tonnes of general office paper, and a further 4.438 tonnes of paper was recycled through our secure destruction services, in line with privacy compliance. This total paper recycling of 6.871 tonnes saved more than 25 cubic metres of landfill and more than eight tonnes of carbon emissions.

A further 17.58% of all waste from Law Society House was diverted from landfill through recycling cardboard, aluminium, glass and plastics. This figure includes the two levels of the building not occupied by QLS staff.

## Lowering our energy consumption

This year saw the original 1987 air-conditioning units at Law Society House replaced in line with the phasing out of R22 refrigerant under the Montreal Protocol on Substances that Deplete the Ozone Layer. The ageing units had become inefficient and this impacted on energy consumption. The Level 6 unit was replaced in September 2015 and the Level 3 unit in June 2016.

After commissioning of the Level 6 unit, air-conditioning electricity consumption on the floor reduced on average 44.29% over the first three months.

## Cutting our carbon footprint

As part of our process improvement initiative, we developed a new catering policy to further decrease food wastage at Society committee meetings, functions and events. The number of suppliers was reduced and menus were streamlined to reflect more appropriate options according to the time and type of event. We increased our efforts to confirm attendance numbers at committee meetings and adjust catering orders accordingly to ensure minimal wastage. This has resulted in no food wastage at about 50% of committee meetings held in a month, and substantial reductions to less than 25% wastage for the remainder.

Our food diversion program through Rosie's Youth Mission and its street outreach program remains in place if wastage occurs.

6.871 tonnes of paper was recycled, saving more than eight tonnes of carbon emissions

Recycling results 2015-16	Recycled general office paper	Recycled paper through secure destruction services	Total
	2.433 tonnes	4.438 tonnes	6.871 tonnes
Means we saved			
Landfill	11.46 m <sup>3</sup>	14.335 m <sup>3</sup>	25.795 m <sup>3</sup>
Electricity	11,746.5 kWh	22,190 kWh	33,936.5 kWh
Water	90.9 kL	105.18 kL	196.08 kL
Carbon emissions	6.38 tonnes	1.77 tonnes	8.15 tonnes

# A home for our members

Queensland Law Society offers a range of professional conference and meeting rooms conveniently located in Brisbane's CBD.

Law Society House provides a hub for our members to hold meetings, mediations, conferences and other key events, as well as a lounge area in which to relax. Our well-equipped rooms and auditorium on Level 2 offer free wireless internet, audio-conferencing facilities and presentation equipment.

This year, bookings for our meeting and mediation rooms increased by 7.2% and total attendees by 41.6%. Our auditorium attendance numbers also rose substantially due to relocating Society committee meetings into this space.

The average member satisfaction rating for our Level 2 spaces was steady at 4.58 out of 5.



Mediation and meeting room usage	2015-16	2014-15
<b>Bookings</b>	2,366	2,207
<b>Reserved hours</b>	15,348.40	11,336.25
<b>Total attendees</b>	21,044	14,859
Auditorium usage	2015-16	2014-15
<b>Bookings</b>	321	328
<b>Reserved hours</b>	2,248.23	1,595.67
<b>Total attendees</b>	18,606	9,571

7.2% increase in bookings for Law Society House meeting and mediation rooms

## Ensuring a safe environment

We are committed to providing a safe and best-practice environment at Law Society House for our employees, members and visitors.

This year, in response to a medical emergency onsite, we purchased a defibrillator. All our employee first aid officers as well as support staff for committee meetings have been trained in its use.

## In memory of Dan Phelan

In January 2016, we held a ceremony to dedicate one of our meeting rooms to honour Dan Phelan, a solicitor in the QLS Ethics Centre who passed away in late 2014. The dedication ceremony was attended by members of Dan's family. Dan joined Queensland Law Society in December 2013 after a successful career as a construction lawyer. He was a strategic thinker, committed to bettering the legal profession and involved in developing an important education module for mid to large law firms. The Dan Phelan Meeting Room is used by our Ethics Centre team to meet with practitioners requiring assistance.

# Building for the future

Queensland Law Society's finance team works diligently behind the scenes to ensure the organisation's financial sustainability. Team members undertake training, reports and strategic analysis to enable the Society's decision-makers to reach targets.

## Reducing fees for members

As a result of a robust budget process, the Society's Council was able to announce to members that their combined membership and practising certificate renewal fees would be lower in the 2016-17 renewals process.

Council decided to significantly reduce payments to the Legal Practitioners' Fidelity Guarantee Fund, maintaining its sustainability but reflecting the strong prudential management of the fund. This moderates the overall fees payable, also recognising the financial stresses that many firms and practitioners continue to face.

Employee practitioner members had their overall fees reduced by 6.3%, and principal practitioner members had their overall fees reduced by 3.8%.

## Reducing insurance base levy rates

Each year, Queensland Law Society Council approves the professional indemnity insurance levy model provided by Lexon Insurance for the year ahead. Lexon, as a wholly-owned subsidiary of the Society, was established to provide class-leading professional indemnity and risk management services to legal practices in Queensland.

The Society announced to members that the base levy rates for 2016-17 will include a 20% reduction on base levy rates in bands 2-9, on the back of a 10% reduction in the previous year.

The main driver of this reduction in rates is the lower level of claims, with the five-year claims trend remaining at its lowest in Lexon's history. It is also a result of the profession's continued connection with the risk initiatives identified by the Society and Lexon in the ongoing responsibility to provide a prudent, sustainable, member-focused scheme.

## Financial management systems and reporting

We continue to review our operations to assess where services could be delivered more efficiently to reduce costs and maximise value to our members.

To promote financial sustainability outcomes, our finance team undertook a review to identify where areas of improvement could be implemented internally, to better support operational decision-makers to achieve longer-term targets for the Society.

A first step was implementation of an expense management system that allows online cost review and approval throughout the financial month, as replacement of the manual end-of-month process. This provides transparency and timeliness in cost-capturing and reporting, with decreased administration time to maintain. Other system and process improvements identified will be implemented over the next financial year.

2016-17 overall member renewal fees and insurance levy rates have been reduced

# Our plans for the future

Queensland Law Society's corporate and strategic plans form the short and longer-term roadmaps for the Society. These plans are influenced by member feedback, previous corporate results and external and internal considerations.

## Corporate plan

Queensland Law Society's corporate plan for 2016-17 continues our strong trajectory of embracing innovation and change.

A substantial investment in IT infrastructure and applications to support more innovative delivery of services to members is at the core of much of our planned activity. We will be investing significant resources into consolidating and expanding our newly established Practice Support Consultancy Service, and commencing our educational diversion programs. Thought leadership and raising the profile and reputation of the profession will continue to be a key focus and the subject of a range of new initiatives.

Raising the profile and reputation of the legal profession, positioning the Society as thought leaders, will be a key focus

## Our corporate plan 2016-17 at a glance



## Strategic plan

Our strategic plan spans the period 2013-18 and to date we have delivered successfully on many of these strategies.

Our 2018 goals					
Grow membership	Lead the profession through setting professional standards, providing ethical guidance and targeted advocacy		A culture of excellent member service	Strengthen our financial sustainability	
Our strategies					
Attract and engage members by explaining and promoting the value of QLS membership	Improve our advocacy and its value to members and the community	Strengthen our position in setting professional standards and providing authoritative ethical guidance	Develop new ways to help legal practices manage their professional and business risk	Create a workplace culture focused on service excellence, quality, productivity, efficiency and professional credibility	Establish a technology platform to support the Society's business and delivery of services to members
Our risks and challenges					
Providing and demonstrating value to all of our member segments	A more competitive market for our products and services	To be flexible and agile and respond quickly to the needs of members	Developing and maintaining a skilled and member-focused workforce		
Our success measures					
Membership growth (all member categories)	Member conversion rate (PC to membership)	Member satisfaction scores	Staff engagement survey results	Achievement of financial targets	

Revised March 2016

## Our vision

To lead the legal profession by advocating for good law and supporting good lawyers

## Our purpose

To be the profession's trusted advisor through providing quality advice, advocacy, learning and professional development for our members

# Future focus

**Nearly a century after its foundation, Queensland Law Society remains the voice of the state's legal profession, its advocate, advisor and supporter, championing and fostering good law and good lawyers.**

While our vision remains steady, the environment in which we operate is rapidly evolving.

The generational shift in our membership base is reaching a tipping point, bringing with it changing member expectations and needs. Technological innovation makes the way we interact with members ever more complex and immediate.

Economic pressures and continued reshaping of the global and domestic legal profession bring changes to firm structures and sizes as well as shifts in practitioner focus and distribution. Traditional bricks-and-mortar law firms have also seen increasing competition from emerging web-based legal services.

Against this background, we are seeking to drive membership, increase member participation, and address and improve perceptions of the value of membership. Our commitment is to make membership rewarding for each individual and to deliver products and services that meet our members' needs.

## Groundwork for improvement

The Society's membership is growing overall, particularly among early career lawyers, and our membership conversion rate is still comparatively high for an Australian legal professional association.

We are pleased that research shows the Society is performing well on key parameters around communication and being the voice of the profession. In a survey of 400 members in October-November 2015, 83% of members agreed that QLS is relevant and valuable.

This research was benchmarked against a similar study undertaken in November-December 2010 and shows that members' positive views of the Society have strengthened in all areas. In particular, there was an increase since 2010 in member satisfaction with our ability to deliver on key products and with the service provided by our staff.

## Technological innovation

New technologies offer diverse and sophisticated ways in which to connect with our members. Our goal is to utilise these new technologies to build the platform on which we can best deliver improved service offerings and leadership to the profession.

The past year has produced a new team to do the job through internal reorganisation, and work has commenced on improving the tools and resources our team will use in 2016-17 and beyond to achieve our goals.

We have prepared an IT infrastructure roadmap for critical upgrades that outlines our technological innovation over the next 18 months. A substantial portion of this program of work involves the systems behind the scenes. When completed, the program will see fuller integration between our membership data system and our website, greater functionality in our digital offerings and new offerings, such as streaming for CPD learning and a website jobs board, and improved automation for processes such as renewals.

QLS has a well-received digital footprint – in our 2015 member survey, our website rated 8.9 out of 10 in importance with regard to products and services offered. Also, 73% of members surveyed said they read *QLS Update* emails they receive most of or all the time.

Design of a new website and the architecture were finalised in the past year and an improved web search engine implemented. Technical upgrades will be implemented in the year ahead.

We currently communicate with members via a range of social media channels, although engagement in this area remains limited.

Research shows there has been a marked increase in the use of Twitter and LinkedIn by membership associations worldwide, and retention rates are positively affected if a membership association has successful private networks. This indicates that organisations such as QLS should explore how we can better use social media channels to build segmented online communities.

Amplifying content that is relevant to our members through technologies, such as smartphone apps, as well as social channels will become increasingly important. It is vital that we have a technology platform in place that allows innovation in services and service delivery into the future and that provides the opportunity to be part of our members' 'everyday'.

We have prepared an IT infrastructure roadmap for critical upgrades that outlines our technological innovation over the next 18 months

## Talking to the generations

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We have already recognised the value of, and need for, segmentation of our membership. Having defined our member segments, our future focus is on tapping into the needs and wants of these segments to deliver better targeted products and services to them.

The largest percentage of our full members – 41.7% – are within Generation Y (those aged in their early-20s to mid-30s who are also known as ‘Millennials’). This generation encompasses our early career lawyers’ membership segment (post-admission experience 0-5 years). Generation Y and the emerging group behind them, Generation Z, are eager to learn and develop their careers and they are technologically savvy.

Part of our future focus is to ensure we have the learning, development and support services and products that meet the needs of this growing group. Online learning is an area to be explored. In our membership survey, 58% of respondents expressed interest in online learning for early career lawyers.

## Targeted services to manage risk

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QLS has observed over the past year a trend toward an increased number of small firms being established, and holds concerns over the sustainability of many of these newer firms due to their lack of resources to support good business (rather than legal) practice.

To help practitioners manage their practices efficiently, ethically and profitably, we have developed and implemented a number of new services. These include our Practice Support Consultancy Service with a solicitor from our Ethics Centre providing an in-firm consultation. These consultations aim to identify practice arrangements and, as necessary, provide guidance on best practice and appropriate management systems for conflict of interest management, costs disclosure and communications.

Specific resources have been developed to support this service, including templates, instructional videos, checklists, how-to guides and a readiness framework for disasters. This consultancy service, which began in June 2016 targeted at sole practitioners and small practices, will be expanded in the year ahead to support Queensland practitioners to manage business and professional risk.

Over the past year we have embraced change, and this process will continue. All our new initiatives have the overarching aim of providing greater, valued support for and engagement with our members.

Our Practice Support Consultancy Service will be expanded across Queensland

# Our financial performance

Queensland Law Society's Group consolidated financial results comprise the financial results of Queensland Law Society Incorporated (parent entity), the Law Claims Levy Fund (LCLF) and the Society's wholly-owned subsidiary, Lexon Insurance Pte Ltd (Lexon).

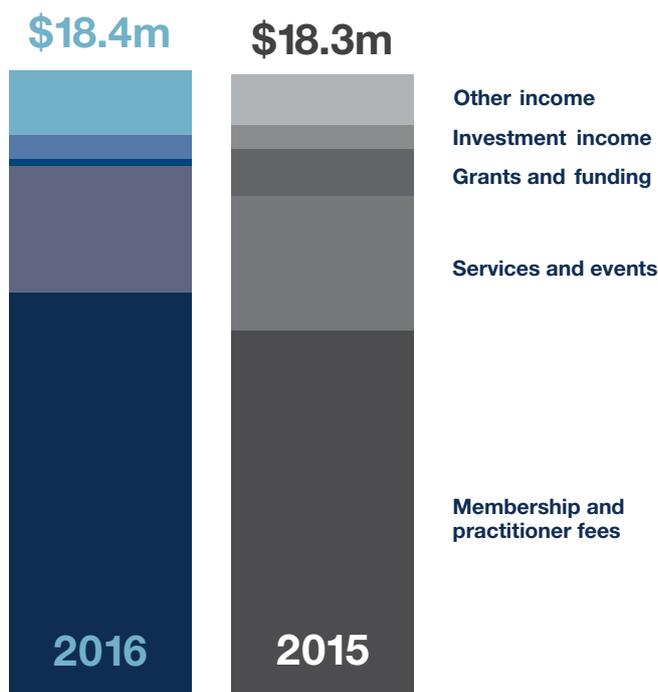
The Group results include membership activities, insurance activity through Lexon and LCLF and the regulatory responsibilities the Society carries out under legislative requirements.

## Queensland Law Society Incorporated (parent)

Queensland Law Society Incorporated achieved its overall financial targets and remained consistent in delivery of final net operating results. QLS made an operating surplus of \$538k with a 10% increase in membership and practitioner fees due to strong growth in membership numbers and in practising certificate holders. Income from membership services and events continues to provide 20% of income, and overall costs were stable.

Net assets at 30 June 2016 is \$53.4m. This is a decrease from the previous year, driven by the revaluation of Law Society House to align with open market value, which saw a revaluation adjustment down \$2.3m.

## QLS REVENUE (PARENT)

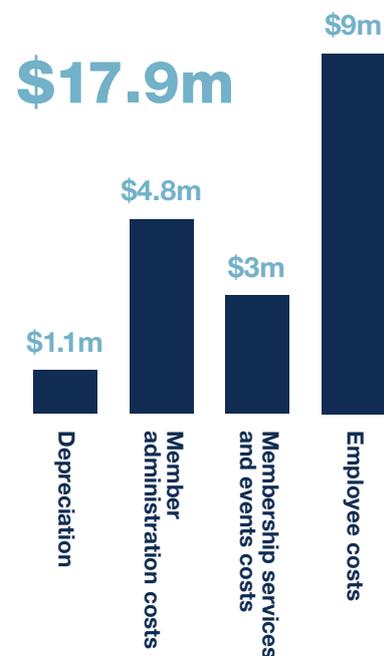


**\$12m**

IN MEMBERSHIP AND PRACTITIONER FEES

**↑ 10%**

## QLS EXPENSES (PARENT)



**\$3m**

IN MEMBERSHIP SERVICES AND EVENTS COSTS

**↓ 9%**

## Insurance scheme

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The insurance scheme results comprise those of Lexon and LCLF. The scheme reported an operating surplus before tax of \$5.9m.

Income from insurance levies and reinsurance recoveries decreased as LCLF reduced its levy charges. Net investment income activity resulted in \$5.3m unrealised losses recognised as fair value at the end of the financial year. This is due to short-term underperformance of investment equity portfolios. Market improvements have occurred since this date.

The number of claims and claim payouts were lower in the current year, reducing total insurance claims expenses. However, an overall increase in Group expenses was recognised mainly from take-up of provision for deficiency in future unearned premium risk liability for \$4.8m. This is an accounting provision required to be reported in accordance with AASB 1023 General Insurance Contract.

## Group results

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In 2015-16, the Group made an operating surplus before tax of \$6 million and net assets at 30 June 2016 were \$138.4m. The retained surplus supports the Group's sustainability and ability to deliver strategic improvements for members.

The financial targets for the parent entity were met, with the loss of Government funding early in the financial year for the Society to conduct complaint investigations delegated to it by the Legal Services Commission being offset by an increase in membership and practitioner fees. However, slightly lower insurance levies and the impact of a volatile sharemarket on the investment portfolio at end of year resulted in an overall reduction in Group revenue for the year.

Accounting provision to cover future unearned insurance premiums increased expenses, which resulted in a further reduction to the Group operating surplus against the previous year.

# Finances

<b>Queensland Law Society Incorporated</b>	<b>59</b>
<b>Law Claims Levy Fund</b>	<b>111</b>
<b>Legal Practitioners' Fidelity Guarantee Fund</b>	<b>127</b>

# FINANCES

## QUEENSLAND LAW SOCIETY INCORPORATED

### Contents

Statement of profit or loss and other comprehensive income	60
Statement of financial position	61
Statement of changes in equity	62
Statement of cash flows	63
Notes to and forming part of the financial statements	64
Management certificate	108
Independent auditor's report	109

\*All amounts are denoted in Australian currency.

## Queensland Law Society Incorporated

## Statement of profit or loss and other comprehensive income for the year ended 30 June 2016

	Note	Consolidated		Parent Entity	
		2016	2015	2016	2015
		\$	\$	\$	\$
<b>Revenue</b>					
Membership and practitioner fees	4	11,966,125	10,873,499	11,966,125	10,873,499
Membership services and events	5	3,677,260	3,914,856	3,677,260	3,914,856
Rent and administration revenue	6	1,178,296	949,730	1,517,145	1,284,771
Grants and funding	7	305,000	1,416,423	445,548	1,416,423
Insurance levies	24	28,950,801	31,357,853	-	-
Investment income	8(a)	6,330,814	6,963,392	686,123	707,265
Realised gains/(losses) on investments	8(b)	718,454	2,111,017	-	-
Fair value gains/(losses) on investments	8(b)	(5,319,101)	(759,911)	-	-
Other income		156,096	124,814	156,096	124,814
<b>Total revenue</b>		<b>47,963,745</b>	<b>56,951,673</b>	<b>18,448,297</b>	<b>18,321,628</b>
<b>Expenses</b>					
Membership services and events	5	1,951,337	2,209,312	1,951,337	2,209,312
Administration expenses	9	7,017,570	5,857,226	4,390,748	3,856,027
Employee expenses		11,357,700	11,268,478	9,009,166	9,125,006
Council and committee costs	11	465,110	460,294	465,110	460,294
Depreciation and amortisation	15	1,176,891	1,161,666	1,091,101	1,072,097
Law Council capitation fees		1,002,760	1,057,905	1,002,760	1,057,905
Reinsurance costs	24	639,576	767,927	-	-
Unearned premium reserve	25	4,865,970	-	-	-
Stamp duty	24	1,362,072	1,361,972	-	-
Insurance claims		11,036,599	12,996,493	-	-
Insurance recoveries	12	481,056	604,621	-	-
Claims handling expense	12	497,000	(583,000)	-	-
Brokerage fees		130,000	130,000	-	-
<b>Total expenses</b>		<b>41,983,641</b>	<b>37,292,894</b>	<b>17,910,222</b>	<b>17,780,641</b>
<b>Operating surplus before income tax</b>		<b>5,980,104</b>	<b>19,658,779</b>	<b>538,075</b>	<b>540,987</b>
Income tax expense	21	1,295,571	4,115,869	-	-
<b>Operating surplus after income tax</b>		<b>4,684,533</b>	<b>15,542,910</b>	<b>538,075</b>	<b>540,987</b>
Other comprehensive income, net of tax					
<b>Items that will not be reclassified subsequently to operating result</b>					
Increase/(decrease) in asset revaluation surplus	15	(2,274,694)	1,252,934	(2,274,694)	1,252,934
<b>Total comprehensive income</b>		<b>2,409,839</b>	<b>16,795,844</b>	<b>(1,736,619)</b>	<b>1,793,921</b>

## Queensland Law Society Incorporated

## Statement of financial position as at 30 June 2016

	Note	Consolidated		Parent Entity	
		2016	2015	2016	2015
		\$	\$	\$	\$
<b>Current assets</b>					
Cash and cash equivalents	18(a)	60,720,939	66,388,384	35,833,482	56,010,745
Receivables	13	1,728,495	3,486,275	1,069,354	1,090,557
Reinsurers share of unearned premiums	25(b)	736,587	-	-	-
Insurance contract liabilities ceded	12	914,896	2,651,948	-	-
<b>Total current assets</b>		<b>64,100,917</b>	<b>72,526,607</b>	<b>36,902,836</b>	<b>57,101,302</b>
<b>Non-current assets</b>					
Investment in controlled entities	14	-	-	19,000,000	19,000,000
Investments	8(b)	162,262,181	159,312,343	-	-
Property, plant and equipment	15	20,968,011	23,972,532	20,916,642	23,847,734
Deferred tax assets	23	2,707,279	99,880	-	-
Insurance contract liabilities ceded	12	2,691,697	5,010,654	-	-
<b>Total non-current assets</b>		<b>188,629,168</b>	<b>188,395,409</b>	<b>39,916,642</b>	<b>42,847,734</b>
<b>Total assets</b>		<b>252,730,085</b>	<b>260,922,016</b>	<b>76,819,478</b>	<b>99,949,036</b>
<b>Current liabilities</b>					
Payables	16	39,567,808	44,810,975	22,444,442	43,638,328
Accrued employee benefits – Annual Leave	10	561,747	619,640	450,566	503,816
Accrued employee benefits – LSL	10	630,910	580,432	432,130	506,556
Unearned premium reserves	25	4,865,970	-	-	-
Income tax payable	22	3,809,711	3,000,765	-	-
Provision for outstanding claims	12	13,219,573	15,203,548	-	-
<b>Total current liabilities</b>		<b>62,655,719</b>	<b>64,215,360</b>	<b>23,327,138</b>	<b>44,648,700</b>
<b>Non-current liabilities</b>					
Accrued employee benefits – LSL	10	204,124	353,708	130,019	201,396
Provision for outstanding claims	12	51,488,435	60,380,980	-	-
<b>Total non-current liabilities</b>		<b>51,692,559</b>	<b>60,734,688</b>	<b>130,019</b>	<b>201,396</b>
<b>Total liabilities</b>		<b>114,348,278</b>	<b>124,950,048</b>	<b>23,457,157</b>	<b>44,850,096</b>
<b>Net assets</b>		<b>138,381,807</b>	<b>135,971,968</b>	<b>53,362,321</b>	<b>55,098,940</b>
<b>Equity</b>					
Accumulated surplus		124,315,987	119,631,454	39,296,501	38,758,426
Asset revaluation surplus		14,065,820	16,340,514	14,065,820	16,340,514
<b>Total equity</b>		<b>138,381,807</b>	<b>135,971,968</b>	<b>53,362,321</b>	<b>55,098,940</b>

## Queensland Law Society Incorporated

## Statement of changes in equity for the year ended 30 June 2016

Parent entity	Note	Asset Revaluation Surplus \$	Accumulated surplus \$	Total \$
<b>Opening Balance – 1 July 2014</b>		15,087,580	38,217,439	53,305,019
Operating surplus for the year		-	540,987	540,987
Increase/(decrease) in asset revaluation surplus	15	1,252,934	-	1,252,934
<b>Closing balance – 30 June 2015</b>		16,340,514	38,758,426	55,098,940
Operating surplus for the year		-	538,075	538,075
Increase/(decrease) in asset revaluation surplus	15	(2,274,694)	-	(2,274,694)
<b>Closing balance – 30 June 2016</b>		<b>14,065,820</b>	<b>39,296,501</b>	<b>53,362,321</b>

Consolidated	Note	Asset revaluation reserve \$	Accumulated surplus \$	Total \$
<b>Opening Balance – 1 July 2014</b>		15,087,580	104,088,544	119,176,124
Operating surplus for the year		-	15,542,910	15,542,910
Increase/(decrease) in asset revaluation surplus	15	1,252,934	-	1,252,934
<b>Closing balance – 30 June 2015</b>		16,340,514	119,631,454	135,971,968
Operating surplus for the year		-	4,684,533	4,684,533
Increase/(decrease) in asset revaluation surplus	15	(2,274,694)	-	(2,274,694)
<b>Closing balance – 30 June 2016</b>		<b>14,065,820</b>	<b>124,315,987</b>	<b>138,381,807</b>

## Queensland Law Society Incorporated

## Statement of cash flows for the year ended 30 June 2016

	Note	Consolidated		Parent Entity	
		2016	2015	2016	2015
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Receipts from the profession		44,571,086	47,733,408	19,139,752	17,167,169
Receipts from commissions & funding		433,798	1,356,623	433,798	1,356,623
Payments to suppliers and employees		(23,539,120)	(20,307,963)	(18,090,888)	(16,168,721)
Receipts collected for Society entities		-	-	27,016,821	31,994,065
Payments to Society entities		-	-	(44,499,516)	(1,020,052)
Receipts collected for Legal Practitioners' Fidelity Guarantee Fund		1,110,423	2,142,562	1,110,423	2,142,562
Payments to Legal Practitioners' Fidelity Guarantee Fund		(2,587,638)	(328,417)	(2,587,638)	(328,417)
Reinsurance payments		(639,577)	(767,928)	-	-
Claims & claims related payments		(19,413,564)	(17,063,607)	-	-
Interest received		1,115,332	1,742,472	664,755	786,344
GST receipts		1,400,460	2,482,405	697,490	1,556,316
GST paid to ATO		(3,627,557)	(3,891,264)	(3,627,557)	(3,891,264)
Income tax paid	22	(3,094,024)	(219,563)	-	-
<b>Net cash (used in)/generated from operating activities</b>	<b>18(b)</b>	<b>(4,270,381)</b>	<b>12,878,728</b>	<b>(19,742,560)</b>	<b>33,594,625</b>
<b>Cash flows from investing activities</b>					
Purchase of investments		(5,405,458)	(22,700,000)	-	-
Proceeds from investment redemptions		4,455,458	9,150,000	-	-
Cash distributions received		-	437,268	-	-
Payments for property, plant and equipment	15	(447,064)	(75,553)	(434,703)	(71,611)
<b>Net cash used by investing activities</b>		<b>(1,397,064)</b>	<b>(13,188,285)</b>	<b>(434,703)</b>	<b>(71,611)</b>
<b>Net (decrease)/increase in cash and cash equivalents held</b>		<b>(5,667,445)</b>	<b>(309,557)</b>	<b>(20,177,263)</b>	<b>33,523,014</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>66,388,384</b>	<b>66,697,941</b>	<b>56,010,745</b>	<b>22,487,731</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>18(a)</b>	<b>60,720,939</b>	<b>66,388,384</b>	<b>35,833,482</b>	<b>56,010,745</b>

## Queensland Law Society Incorporated

# Notes to and forming part of the financial statements for the year ended 30 June 2016

### Objectives and principal activities

The Queensland Law Society Incorporated (the Society) is the professional association for solicitors in Queensland constituted under the *Legal Profession Act 2007 (Qld)* (the Act). While the Society is defined as a statutory body under the *Financial Accountability Act 2009*, it remains an independent professional body, subject to the governance of its elected Council.

The *Legal Profession Act 2007 (Qld)* came into effect on 1 July 2007. The provisions contained within the Act cover a range of matters including the establishment of the Legal Services Commission, Legal Practice Tribunal and Committee and the Legal Practitioners Admissions Board, together with a number of technical measures including those relating to transitional provisions to facilitate the transfer to the new legislation.

These financial statements include the Society ('Parent'), Law Claims Levy Fund, (LCLF) and Lexon Insurance Pte Ltd (Lexon) and when combined are referred to as 'the Group'.

The Society is responsible for specific statutory responsibilities, including the issuing of practising certificates, maintaining solicitors' records, and regulating the operation of solicitors' trust accounts, as well as providing continuing legal education, providing services and advisory support to members and the general public, and administering funds under the control of the Group, which extends to providing general insurance and services as licensed under the Singapore Insurance Act. Major sources of income for the Group include annual fees paid by its members, continuing legal education to the profession, investment income, and insurance premiums.

The financial statements are authorised for issue by the Council of the Queensland Law Society Incorporated at the date of signing the management certificate.

### 1. Summary of significant accounting policies

The significant accounting policies which have been adopted in the preparation of the Group's financial statements are:

#### a. Statement of Compliance

The Group has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*. The financial statements comply with the Queensland Treasury's minimum Financial Reporting Requirements for reporting periods beginning on or after 1 July 2015.

The Society is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis (except for the Statement of Cash Flow which is prepared on a cash basis) in accordance with Australian Accounting Standards and interpretations applicable to not-for-profit entities.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note 1(t).

#### b. Presentation

Amounts included in the financial statements are in Australian dollars. No rounding of amounts has occurred.

Except where stated, the historical cost convention is used.

Comparative information reflects the audited 2014-15 financial statements. Certain comparative amounts in the statement of profit or loss and other comprehensive income have been reclassified to conform with the current year's presentation.

#### c. The reporting entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Society and the entities that it controls where they are material.

The Society controlled the following entities at reporting date:

- Law Claims Levy Fund. The Fund is responsible for the management of professional indemnity claims of practitioners for the years 1987 to 1995, and the administration of insurance matters (jointly with Lexon Insurance Pte Ltd) in accordance with the *Queensland Law Society Indemnity Rule 2005*. This Fund was wholly controlled for the whole period.
- Lexon Insurance Pte Ltd. This Company was established on 23 June 2001 in Singapore and is 100% owned by the Society. The principal activity of the Company is that of a captive insurer providing professional indemnity insurance to members of the Queensland Legal Profession via a Master Policy with the Queensland Law Society Inc. This Company was wholly controlled for the whole period.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 1. Summary of significant accounting policies (continued)

#### c. The reporting entity (continued)

Details of directly controlled activities are outlined below:

##### 2015-16

Name of Entity	Controlling interest %	Total Assets \$m	Total Liabilities \$m	Total Revenue \$m	Operating Results \$m
Law Claims Levy Fund	100%	75.0	23.8	29.2	0.6
Lexon Insurance Pte Ltd	100%	149.9	97.1	22.2	3.5

##### 2014-15

Name of Entity	Controlling interest %	Total Assets \$m	Total Liabilities \$m	Total Revenue \$m	Operating Results \$m
Law Claims Levy Fund	100%	78.7	28.0	33.7	5.2
Lexon Insurance Pte Ltd	100%	156.4	107.1	31.6	9.8

#### d. Principles of consolidation

The financial statements of controlled entities are included in the consolidated financial statements from the date control commences to the date control ceases. In the process of reporting the Society as a single economic entity, unrealised gains and losses, inter-entity balances resulting from transactions with or between controlled entities are eliminated on consolidation where material. The accounting policies have been consistently applied by each entity in the consolidated entity.

#### e. Taxation

Income tax is recognised on consolidation.

The Queensland Law Society Inc (Parent) is exempt from income tax by virtue of Section 50-25 of the *Income Tax Assessment Act 1997* with the exception of Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing activities and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Lexon is registered in Australia for income tax. The company has dual tax residency in Australia and Singapore. In relation to offshore insurance business, the Company has been granted tax exempt status for a period of 10 years from 1 April 2010 under the tax exemption scheme for captive insurers by the Monetary Authority of Singapore.

Current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities.

Deferred income tax is recognised for all temporary differences except when the deferred income tax arises from the initial recognition of an asset or liability which affects neither accounting nor taxable profit or loss at the time of the transaction.

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the Statement of Financial Position date, and are recognised as income or expenses in the Statement of Profit or Loss and Other Comprehensive Income, except to the extent that the tax arises from a transaction which is recognised directly in equity.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## Queensland Law Society Incorporated

**Notes to and forming part of the financial statements for the year ended 30 June 2016****1. Summary of significant accounting policies (continued)****f. Revenue recognition****i. Insurance levies**

Premium income is recognised as revenue at the commencement of the risk period covered by the policy and accrued proportionally over the period of coverage.

**ii. Membership services and events**

Membership services and events income is recognised as revenue when the service or event occurs. Prepayments of these are recognised as income in advance.

**iii. Investment income**

Investment income consists of distribution income and interest income. Distribution income is recognised when declared by fund managers. Interest income is accrued on a time-proportion basis using the effective interest method.

**iv. Membership and practitioner fees**

Memberships and practitioner fees are recognised as revenue within the membership period.

Prepayments of these are recognised as income in advance.

Revenues are recognised at fair value of the consideration received net of any amount of GST payable to the ATO.

**v. Grants and funding**

Grants, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Society obtains control over them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangement.

**vi. Recovery of expenditure**

Under the rules of the Act, certain operating expenses of the Society are recoverable from the Legal Practitioners' Fidelity Guarantee Fund and the Legal Practitioners Admissions Board. The gross amounts recovered are disclosed as income. Expenses incurred on behalf of the Legal Practitioners' Fidelity Guarantee Fund and Legal Practitioners Admissions Board form part of the administration expenses incurred by the Society.

**g. Operating leases**

Payments made under operating leases (net of any incentives received from the lessor) are taken to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 1. Summary of significant accounting policies (continued)

#### h. Cash and cash equivalents

For the purposes of the Statements of Financial Position and Statements of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits on call with financial institutions. The cash deposit account is an interest bearing account which is readily convertible to cash on hand at the Group's option.

#### i. Insurance and reinsurance contracts

##### i. Insurance contracts

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts

##### ii. Reinsurance contracts:

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group where significant insurance risk is transferred are classified as reinsurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts are recognised as reinsurer's share of insurance liabilities. These assets consist of short-term balances due from reinsurers as well as longer term receivables that are dependent on the expected recovery. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as expenses when due

The Group assesses its reinsurance assets for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due and that the event has a reliably measurable impact on the amount that the Group will receive from the reinsurer.

The Group ceded reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

#### j. Financial instruments

Financial assets and financial liabilities are recognised in the Statements of Financial Position when the Group becomes party to the contractual provisions of the financial instrument.

Financial instruments are classified and measured as follows:

- Receivables – held at amortised cost
- Payables – held at amortised cost
- Investments – held at fair value through profit or loss.
- Investment in controlled entities – held at cost
- Cash and cash equivalent – held at fair value through profit or loss

The Group does not enter into transactions for speculative purposes, nor for hedging.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 1. Summary of significant accounting policies (continued)

#### k. Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is generally required within 30 days from invoice date. The collectability of receivables is assessed periodically with allowance being made for impairment. All known bad debts were written-off as at year end. Increases in the allowance for impairment are based on loss events.

Other debtors generally arise from transactions outside the usual operating activities of the Group and are recognised at their assessed values. Terms are a maximum of three months, no interest is charged and no security is obtained.

#### l. Investments

Investments held at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the reporting date.

#### m. Property, plant and equipment

##### i. Acquisition of assets

All assets acquired are recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Plant and equipment acquired are expensed unless the initial cost exceeds \$5,000. Buildings and additions are recognised upon acquisition if the initial cost exceeds \$10,000.

##### ii. Depreciation and amortisation

All assets including strata title building have limited useful lives and are depreciated using the straight line method over their estimated useful lives.

Assets are depreciated from the date of acquisition. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount depreciated over the remaining useful life of the asset. Depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods.

The depreciable amount of leasehold improvements is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is probable.

The depreciation and amortisation rates used for each class of asset are as follows:

Asset Class	2016	2015
Strata Title Building	2.5%	2.5%
Leasehold Improvements	2.5%	2.5%
Plant and Equipment	10% - 33%	10% - 33%
Computer Equipment	25% - 33%	25% - 33%
Software	20% - 33%	20% - 33%

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 1. Summary of significant accounting policies (continued)

#### m. Property, plant and equipment (continued)

##### iii. Impairment of non-financial assets

Plant and equipment are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the assets in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

##### iv. Revaluations

The strata title building is measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. The building is reported at its revalued amount, being the fair value at the date of valuation, less any subsequent accumulated depreciation. The building is independently revalued every five years to ensure the carrying amount does not materially differ from the fair value at reporting date. In between independent valuations, the Society uses the Implicit Price Deflator for non-residential buildings indices to index the carrying amount of the building where there has been a material variation in the index. Revaluation increments are recognised in the asset revaluation reserve except where amounts reversing a decrement previously recognised as an expense are recognised as revenues. Revaluation decrements are only offset against revaluation increments for the same class of assets and any excess is recognised as an expense.

#### n. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the Society include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Society include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Society's assets/liabilities and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 1. Summary of significant accounting policies (continued)

#### n. Fair value measurement (continued)

All assets and liabilities of the Society for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

None of the Society's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

More specific fair value information about the Society's investments, and property plant and equipment, are outlined in Notes 3.4 (f) and 15 respectively.

#### o. Insurance liabilities

Insurance liabilities comprise of outstanding claims provision and unearned premiums provision.

##### i. Outstanding claims provision

Full provision is made for the estimated cost of all claims admitted or intimated but not settled at the reporting date, less reinsurance recoveries, using the best information available at that time.

In addition, provision is made for claims incurred but not reported (IBNR) at the date of the reporting based on claims experience and industry statistics.

##### • Central estimate

Full provision is made for the estimated cost of all claims admitted or intimated but not settled at the balance sheet date, less reinsurance recoveries, using the best information available at that time.

In addition, provision is made for claims incurred but not reported ("IBNR") at the date of the balance sheet. The central estimates are determined by reference to a variety of estimation techniques, generally based on statistical analysis of historical experience which assumes an underlying pattern of claims development and payments.

Central estimates are calculated gross of reinsurance with separate estimates made in relation reinsurance recoveries based on the gross central estimate.

The net central estimate is discounted at the risk free rate of return to reflect the time value of money.

##### • Risk margin

Risk margins are determined by the Board and are held to mitigate the potential for uncertainty in the central estimate. The risk margin is determined by reference to industry analysis, historical experience and the judgement of experienced and qualified actuaries.

The probability of sufficiency is a statistical measure of the relative adequacy of the outstanding claims provision and is derived from a comparison of the risk margin with the net discounted central estimate. A 90% probability of sufficiency indicates that the outstanding claims provision is expected to be adequate 9 times out of 10. The Board aims to include risk margins such that the probability of sufficiency is in the range of 90%.

##### • Discount rates

The outstanding claims provision is discounted for the time value of money using risk free rates that are based on current observable, objective rates that relate to the nature, structure and terms of the future obligations.

The relevant discount rate is applied to the anticipated cash flow profile of the central estimate, including related reinsurance recoveries, determined by reference to a combination of historical analysis and current expectations of when claims and recoveries will be settled.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 1. Summary of significant accounting policies (continued)

#### o. Insurance liabilities (continued)

##### ii. Unearned premiums provision

The portion of premiums that relates to unexpired risk at the reporting date is reported as the unearned premium liability. Unearned premiums are calculated based on the 1/365 method applied to the net premiums written for the financial year.

Where necessary, premium deficiency reserves calculated using actuarial methods on loss statistics are included in unearned premium reserves.

##### iii. Liability adequacy test

At reporting date, a liability adequacy test was performed to ensure the adequacy of the contract liability. In performing this test, current estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from assets backing such liabilities, are used. Any deficiency is immediately charged to statement of profit or loss and other comprehensive income by establishing a provision for losses arising from the liability adequacy test.

#### p. Payables

Trade creditors are recognised on receipt of the goods or services and are carried at actual amounts, gross of applicable trade and other discounts. Amounts are unsecured and are generally settled on 30 day terms.

#### q. Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

#### r. Employee benefits

##### i. Annual leave and long service leave

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in accrued employee benefits and measured as the present value of expected future cash outflows to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

##### ii. Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance the *Financial Reporting Requirements (FRR) for Queensland Government Agencies* issued by Queensland Treasury. Refer to note 19 (b) for the disclosures on key management personnel remuneration.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. Following consideration, the Society has decided that the Council, sub committees and the CEO are the only employees with the authority and responsibility for these activities for the entire agency. This is supported through the Council Charter which is available on the Society's website.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 1. Summary of significant accounting policies (continued)

#### s. Foreign currency

Foreign currency transactions are translated to Australian currency at the rate of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at reporting date are translated at the rates of exchange ruling on that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

#### t. New and revised accounting standards

##### i. First year application of new accounting standards or change in accounting policy

The Group did not voluntarily change any of its accounting policies during 2015-16. Two Australian Accounting Standards have been early adopted for the 2015-16 years as required by Queensland Treasury. These are:

AASB 2015-2 – Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]

AASB 2015-7 – Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]

The adoption of these two new accounting standards has no material impact on this financial report

##### ii. Future impact of Accounting Standards not yet effective

At the date of authorisation of the financial report, the expected impacts of new or amended Australian accounting standards issued with future commencement dates are:

##### **AASB 15 Revenue from Contracts with Customers**

This Standard will become effective from reporting periods beginning on or after 1 January 2018 and contains much more detailed requirements for the accounting for certain types of revenue from customers. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of the Group's goods and services, such that some revenue may need to be deferred to a later reporting period to the extent that the Society has received cash but has not met its associated obligations (such amounts would be reported as a liability (unearned revenue) in the meantime). The Society is yet to complete its analysis of current arrangements for sale of its goods and services, but at this stage does not expect a significant impact on its present accounting practices.

##### **AASB 16 Leases**

This Standard will become effective for reporting periods beginning on or after 1 January 2019. When applied, the standard supersedes AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases – Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Based on the current leases that the Group has, additional property, plant and equipment may need to be accounted for on the statement of financial position.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Certain critical accounting judgements in applying the Group's accounting policies are related to the policyholder claims.

#### a. Actuarial methodology for estimate for policyholder claims

The Group's estimates for reported and unreported losses, establishing resulting provisions and related reinsurance recoverable are continually reviewed and updated, and adjustments resulting from this review are reflected in profit or loss. The process relies upon the use of external advisors (lawyers, actuaries and loss adjusters) and the assumption that past experience is an appropriate basis for predicting future events.

In estimating the outstanding claims liability, projected future claims payments are discounted to the calculation date for each claim year.

The projected future claims payments for each claim year are based on the claim estimates and an allowance for the development of claims (Incurred But Not Enough Reported – IBNER) especially for the recent claim years in respect of which limited claims information is available and estimates are therefore the most subjective; and an allowance for additional claims, which were incurred but have not yet been reported (Incurred But Not Reported – IBNR).

The IBNER and IBNR estimate has been calculated using a combination of the Incurred Claims Development ("ICD") and Bornhuetter-Ferguson ("BF") methods.

#### b. Key assumptions

The following key valuation assumptions have been used to estimate future projected payments and outstanding claims liabilities:

- The ICD basis allows for the following development:

Development factor	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8
Current Year	21.2%	17.3%	8.8%	7.0%	5.1%	3.5%	2.3%
Prior Year	22.8%	14.9%	10.5%	8.7%	6.9%	4.7%	2.3%

- The average cost per solicitor (used in the BF method) adopted is \$3,600 (2015: \$3,900).
- The Group has assumed reinsurance recoveries will be fully recoverable on a prompt basis.
- The Group has applied the zero-coupon yield for Commonwealth Government bonds to the expected future cashflows. This has resulted in a uniform discount rate of 1.65% (2015: 2.30%) per annum.
- The Group has assumed future inflation will be the same as past inflation, to the extent that it has been captured by the claims development data.
- The Group has included an allowance for claims handling expenses ("CHE") based on historical experience and projected expenses.
- While the Group has calculated a central estimate, a risk margin at a 90th percent probability of sufficiency has been applied and the Group has adopted reserves at this level to maintain a higher level of adequacy.
- While claim numbers are not directly used in determining our estimates, they are a good lead indicator. Given the policy is based on claims made, there is an assumption of minimal development post the end of the year.

The following key valuation assumptions have been used to estimate the unearned risk reserve:

- The average cost per solicitor adopted is \$3,400 (2015: not applicable).
- The estimated growth in solicitor numbers is 3.6% (2015: not applicable).

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 2. Critical accounting estimates and judgments (continued)

#### b. Key assumptions (continued)

There have been no significant changes in the business underwritten by the Group or the way the insurance liabilities are estimated. Hence, no significant amendments have been made to the assumptions.

The assumptions have been determined by management and the actuarial team by taking into account: claim development experience, statistical analysis and market trends.

#### c. Sensitivity analysis of key estimates

While the gross ultimate costs are sensitive to valuation assumptions, the net results are less sensitive due to the aggregate limits that apply which reduce the net exposure. The gross undiscounted unused exposure for all years totals \$68.7 million (2015: \$51.8 million) before risk margins; and \$52.0 million (2015: \$33.7 million) after allowing risk margins to the 90th probability of sufficiency.

The impacts on the estimated total provision due to changes in assumptions are:

The Company's results and balance sheet have been determined with a probability of sufficiency of 90%. As such, the sensitivity analysis shows the impact using this same measure before tax.

In relation to outstanding claim liabilities:

- Reserve under estimation: A 10% (2015: 10%) reserve under estimation results in an additional gross undiscounted reserve of \$4.6 million (2015: \$5.8 million) and net discounted reserve (after risk margins) of \$6.1 million (2015: \$4.9 million) or 10.0% (2015: 7.3%) of the discounted net central estimate plus risk margins.
- Reserve over estimation: If our estimated reserves on all years improved by 10% (2015: 10%) then it would result in a decrease in gross undiscounted reserve of \$4.6 million (2015: \$5.8 million) and the total net provision (after risk margins) would decrease by \$6.1 million (2015: \$5.0 million) or 10.0% (2015: 7.3%) of the discounted net central estimate plus risk margins.
- Discount rate: A half a percentage point decrease in discount rate (from 1.65% (2015: 2.30%) to 1.15% (2015: 1.80%)) would increase our provision by \$0.7 million (2015: \$0.9 million) or 1.1% (2015: 1.3%) of the discounted net central estimate plus risk margins.
- Claims handling provision: A one percentage point increase in the claims handling rate applied would increase our provision by \$0.5 million (2015: \$0.6 million) or 0.8% (2015: 0.9%) of the discounted net central estimate plus risk margins.
- Cost per solicitor overestimation: A reduction in the cost per solicitor from \$3,600 to \$3,100 (2015: \$3,900 to \$3,400) reduces our provision by \$1.8 million (2015: \$1.5 million) or 2.9% (2015: 2.2%) of the discounted net central estimate plus risk margins.
- Cost per solicitor underestimation: An increase in the cost per solicitor from \$3,600 to \$4,100 (2015: \$3,900 to \$4,400) increases our provision by \$1.8 million (2015: \$1.5 million) or 2.9% (2015: 2.2%) of the discounted net central estimate plus risk margins.

In relation to unearned risk reserves:

- Solicitor number estimation: A 10% (2015: not applicable) under estimation results in an additional gross undiscounted reserve of \$2.6 million (2015: not applicable) and net discounted reserve (after risk margins) of \$2.6 million (2015: not applicable) or 9.8% (2015: not applicable) of the discounted net unearned risk reserve estimate including risk margins.
- Solicitor number estimation: A 10% (2015: not applicable) over estimation results in a decrease in gross undiscounted reserve of \$2.6 million (2015: not applicable) and net discounted reserve (after risk margins) of \$2.6 million (2015: not applicable) or 9.8% (2015: not applicable) of the discounted net unearned risk reserve estimate including risk margins.
- Cost per solicitor underestimation: An increase in the cost per solicitor from \$3,400 to \$3,900 (2015: not applicable) results in an additional gross undiscounted reserve of \$3.8 million (2015: not applicable) and net discounted reserve (after risk margins) of \$2.7 million (2015: not applicable) or 10.1% (2015: not applicable) of the discounted net unearned risk reserve estimate including risk margins.
- Cost per solicitor overestimation: A decrease in the cost per solicitor from \$3,400 to \$2,900 (2015: not applicable) results in a decrease in gross undiscounted reserve of \$3.8 million (2015: not applicable) and net discounted reserve (after risk margins) of \$3.8 million (2015: not applicable) or 14.4% (2015: not applicable) of the discounted net unearned risk reserve estimate including risk margins.
- Discount rate: A half a percentage point decrease in discount rate (from 1.65% (2015: not applicable) to 1.15% (2015: not applicable)) would increase our provision by \$0.5 million (2015: not applicable) or 1.7% (2015: not applicable) of the discounted net central estimate plus risk margins

## Queensland Law Society Incorporated

# Notes to and forming part of the financial statements for the year ended 30 June 2016

### 3. Management of insurance and financial risk

Lexon is a captive insurer and issues a single insurance contract to its holding corporation that transfers insurance risks of its holding corporation to itself. This section summarises these risks and the way the Group manages them.

#### 3.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The primary insurance activity carried out by the Group assumes the risk of loss from persons that are directly subject to the risk-professional indemnity liability. Such risk may relate to liability that may arise from an insurable event. As such, the Group is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The Group manages its insurance risk through underwriting guidelines, centralised management of reinsurance and monitoring of emerging issues.

##### a. Underwriting strategy

The Group is unable to provide a diversified portfolio of similar risks due to its licensing arrangement. The Group currently only underwrites the risk of its holding corporation. Such a focus on one "insured" group does create a wider variability of outcome than a balanced portfolio.

##### b. Reinsurance strategy

In considering the purchase of reinsurance protection, the Group's philosophy is twofold, namely:

- To reduce risk, and
- To stabilise solvency.

To achieve such objectives, the Group will consider the placing of reinsurance protection at appropriate levels with reinsurance carriers of a proven financial record. Specific reinsurance placements should reflect the appropriate balance between retention and reinsurance commensurate with the nature and complexity of the risk, all within acceptable exposure limits to the Group.

Ceded reinsurance contains credit risk, and such reinsurance recoverables are reported after known deductions for insolvencies and uncollectible items. The Group monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Board of Directors of Lexon is responsible for setting the minimum security criteria for acceptable reinsurance.

##### c. Terms and conditions of insurance contracts

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below.

The following gives an assessment of the Group's main product – professional indemnity liability and the ways in which it manages the associated risks.

##### i. Product features

The Group writes professional indemnity liability and under these contracts, monetary compensation awards are paid for any description of civil liability whatsoever incurred in connection with the Law Practice.

Professional indemnity liability is generally considered a long tail line, as it takes a relatively long period of time to finalise and settle claims for a given claim year. The speed of claim reporting and claim settlement is a function of the specific coverage provided, the jurisdiction and specific policy provisions.

This line is typically the largest source of uncertainty regarding claims provisions. Major contributors to this provision estimate uncertainty include the reporting lag, the number of parties involved in the underlying action, the potential amounts involved and whether such claims were reasonably foreseeable and intended to be covered at the time the contracts were written. Claims with longer reporting lag will result in greater inherent risk.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 3. Management of insurance and financial risk (continued)

#### 3.1 Insurance risk (continued)

##### c. Terms and conditions of insurance contracts (continued)

##### ii. Management of risks

The key risks associated with this product are underwriting risk and claims experience risk.

Underwriting risk includes the risk of higher claims costs than expected owing to the random nature of claims and their frequency and severity and the risk of change in legal or economic conditions or behavioural patterns affecting reinsurance pricing and conditions of reinsurance cover. This may result in the Group having either too little premium for the risks it has agreed to underwrite and hence, has not enough funds to invest and pay claims, or that claims are in excess of those expected.

##### Claims development history

	2009/10 & prior	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gross</b>								
Estimate of ultimate claims								
Costs:								
– at end of reporting year		25,310	18,688	18,706	20,254	16,447	15,869	
– one year later		24,476	15,609	19,670	14,455	15,340		
– two years later		26,504	14,922	18,684	13,259			
– three years later		29,113	16,869	18,370				
– four years later		28,539	16,199					
– five years later		27,708						
Cumulative payments to date		(24,769)	(13,991)	(12,811)	(6,483)	(4,030)	(466)	
Estimate of claims reserve		2,939	2,208	5,559	6,776	11,310	15,403	
Effect of discounting		(113)	(74)	(156)	(201)	(403)	(677)	
Best estimate of claims liability	1,470	2,826	2,134	5,403	6,575	10,907	14,726	<b>44,041</b>
Risk margin								<b>16,061</b>
Provision for claims handling								<b>4,606</b>
<b>Total gross outstanding claims included in the balance sheet</b>								<b>64,708</b>
<b>Movement in accident year estimate before discounting and margins</b>	<b>(1,381)</b>	<b>(831)</b>	<b>(670)</b>	<b>(314)</b>	<b>(1,196)</b>	<b>(1,107)</b>	<b>15,869</b>	<b>10,370</b>

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 3. Management of insurance and financial risk (continued)

#### 3.1 Insurance risk (continued)

##### c. Terms and conditions of insurance contracts (continued)

##### ii. Management of risks (continued)

##### Claims development history (continued)

	2009/10 & prior	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Net</b>								
Estimate of ultimate claims								
Costs:								
– at end of reporting year		22,500	18,688	18,706	20,254	16,447	15,869	
– one year later		22,500	15,609	19,670	14,455	15,340		
– two years later		22,500	14,922	18,684	13,259			
– three years later		22,500	16,869	18,370				
– four years later		22,500	16,199					
– five years later		22,500						
Cumulative payments to date		(22,500)	(13,991)	(12,811)	(6,483)	(4,030)	(466)	
Estimate of claims reserve		-	2,208	5,559	6,776	11,310	15,403	
Effect of discounting		-	(74)	(156)	(201)	(403)	(677)	
Best estimate of claims liability	689	-	2,134	5,403	6,575	10,907	14,726	<b>40,434</b>
Risk margin								<b>16,061</b>
Provision for claims handling								<b>4,606</b>
<b>Total net outstanding claim included in the balance sheet</b>								<b>61,101</b>
<b>Movement in accident year estimate before discounting and margins</b>	<b>(1,468)</b>	<b>-</b>	<b>(670)</b>	<b>(314)</b>	<b>(1,195)</b>	<b>(1,107)</b>	<b>15,869</b>	<b>11,115</b>

Insurance risk is managed primarily through sensible pricing, product design, appropriate investment strategy and reinsurance. The Group therefore monitors and reacts to changes in the general economic and commercial environment in which it operates. The Group also assesses the need to minimise its underwriting risks by retaining part of the risks underwritten for its own account and reinsuring the remainder.

## Queensland Law Society Incorporated

# Notes to and forming part of the financial statements for the year ended 30 June 2016

### 3. Management of insurance and financial risk (continued)

#### 3.2 Reinsurance risk

The Group cedes insurance risk to limit exposure to underwriting losses under agreements that cover risks or group risks on yearly renewable terms. These reinsurance agreements spread the risk and minimise the effect of losses. The amount of risk retained depends on the Group's evaluation of the risk. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is agreed and paid. However, the Group remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

When selecting a reinsurer, the Group considers their relative security. The security of the reinsurer is assessed from public rating information.

#### 3.3 Concentration of risk

The concentration of insurance risk before and after reinsurance is solely in Australia and from a single line of business, Professional Indemnity insurance.

#### 3.4 Financial risk

The Group's activities expose it to a variety of financial risks: market risk (currency risk, price risk and interest rate risk), credit risk, liquidity risk.

Management and the Board regularly review the performance and ensure all investments held are within the approved mandate.

##### a. Currency risk

The Group is not exposed to significant foreign currency risk in relation to its functional currency as the majority of the Group's transactions, assets and liabilities are denominated in Australian Dollars.

The Group holds minor cash balances in Singapore Dollars.

The Group outsources its investment activities to respected fund managers who use defined risk management techniques as part of the funds mandates.

Investments in income securities are predominately hedged where a currency exposure exists.

As part of the Group's investment mandate it holds units in two funds which hold unhedged international securities. Any unhedged position is in accordance with the strategic asset allocation, and is monitored regularly by management.

##### b. Price and interest rate risk

The Group is exposed to equity securities price risk arising from the investments classified as fair value through profit or loss. These securities are held with Australian fund managers.

The Group seeks to reduce risk by diversifying across a range of securities, maturities and counterparties. Investment of the funds is subject to risk control limits and constraints:

##### Duration and tracking error limits (interest rate management)

- The Modified Duration of the funds are constrained within a specified period either side of the Modified Duration of the Benchmark.
- Rolling year ex post tracking error will be limited to a specified number of basis points. The ex-ante tracking error of the funds is not expected to exceed a specified number of basis points.

##### Sector exposure bands

- The weighting of each sector (eg domestic, international – government, non government) within the funds will be maintained in specified limits.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 3. Management of insurance and financial risk (continued)

#### 3.4 Financial risk (continued)

##### b. Price and interest rate risk (continued)

###### Credit limits

- The funds will be invested in a broad and diversified range of securities across the credit spectrum.

###### Credit Risk Limits for Individual Security Investments

- Individual security limits apply for direct physical holdings based on their credit rating and inclusion in the benchmark.

Management and the Board regularly review the performance and ensure all investments held are within the approved mandate.

##### c. Credit risk

There is no significant credit risk with respect to the collectability of premiums as the Group only underwrites risks from its holding corporation. All premiums are paid up front at the commencement of the period covered under the insurance policy.

Credit risk arising on funds placed with external fund managers and on reinsurance activities is managed by established policies to ensure that the counter-parties have adequate financial ratings and appropriate credit history.

###### i. Financial assets that are neither past due or impaired

At the balance sheet date no financial assets are past due or impaired other than trade receivables noted below.

Cash and cash equivalents that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets, fair value through profit or loss are redeemable on demand. These are placed with reputable fund managers.

No insurance recoveries are past due. All reinsurance contracts are placed in accordance with the Group's reinsurance policy which ensure appropriate credit rating of individual reinsurers and concentration risk is reduced to acceptable levels.

###### ii. Financial assets that are past due and/or impaired

Receivables include excess balances of \$105,000 (2015: \$213,475) which are more than one month past due. There is a provision of \$59,500 (2015: \$153,475) on these outstanding balances.

Reinsurance recoveries of \$Nil (2015: \$Nil) are outstanding more than one month.

While provisions have been raised against outstanding excesses, the Queensland Law Society Indemnity Rule 2005 gives power to QLS to take action against insured's where any balances are outstanding.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 3. Management of insurance and financial risk (continued)

#### 3.4 Financial risk (continued)

##### c. Credit risk (continued)

##### iii. Credit ratings

The following table shows the investment grades of balances due:

	Investment grade (AAA to BBB)	Not rated	Total
	\$	\$	\$
<b>At 30 June 2016</b>			
Cash and cash equivalents	26,610,538	34,110,401	60,720,939
Reinsurers' share of outstanding claims reserves	3,606,593	-	3,606,593
Trade and other receivables	388,824	1,339,671	1,728,495
Financial assets at fair value through profit or loss	-	162,262,181	162,262,181
	<b>30,605,955</b>	<b>197,712,253</b>	<b>228,318,208</b>
<b>At 30 June 2015</b>			
Cash and cash equivalents	11,101,177	55,287,207	66,388,384
Reinsurers' share of outstanding claims reserves	7,662,602	-	7,662,602
Trade and other receivables	807,877	2,678,398	3,486,275
Financial assets at fair value through profit or loss	-	159,312,343	159,312,343
	<b>19,571,656</b>	<b>217,277,948</b>	<b>236,849,604</b>

Financial asset investments are placed with the following fund managers:

- Queensland Investment Corporation
- UBS Global Asset Management
- AMP Capital Investors
- MFS Investment Management
- Nikko Asset Management
- Zurich Investment Management
- Denning Pryce
- Schroder Investment Management

##### d. Liquidity risk

In the management of liquidity risks, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group also constantly reviews its investments to ensure that there are sufficient cash and liquid deposits to meet its estimated outflows from its insurance contract.

The Group manages its expected cash flow requirements using the latest actuarial valuations detailing projected cash flows. These are monitored in conjunction with available cash and investments readily convertible to cash.

A maturity analysis of unearned risk and premium reserves and outstanding claims reserves are provided in Note 12 and Note 25.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 3. Management of insurance and financial risk (continued)

#### 3.4 Financial risk (continued)

##### e. Capital risk

The Group's objectives when managing capital are to ensure that the Group is adequately capitalised, and assessing shortfalls between reported and required capital levels on a regular basis. The Group will issue or redeem additional equity and debt instruments when necessary.

The Group is required under the Singapore Insurance Act, Cap.142 and the relevant Regulations made thereunder to meet and maintain at all times during the course of each financial year that it carries on insurance business, minimum fund solvency and capital solvency requirements. As at balance sheet date, the Group has met the fund solvency requirement for its Offshore Insurance Fund and the minimum capital adequacy requirement of SGD400,000.

Management monitor the capital position using a risk based capital model.

##### f. Fair value measurements

The following table presents assets measured at fair value and classified by level of the following fair value measurement hierarchy as at balance sheet date.

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3	Total
<b>As at 30 June 2016</b>				
<b>Financial assets</b>				
Investments carried at fair value through profit or loss	-	162,262,181	-	162,262,181
<b>Total financial assets</b>	<b>-</b>	<b>162,262,181</b>	<b>-</b>	<b>162,262,181</b>
<b>As at 30 June 2015</b>				
<b>Financial assets</b>				
Investments carried at fair value through profit or loss	-	159,312,343	-	159,312,343
<b>Total financial assets</b>	<b>-</b>	<b>159,312,343</b>	<b>-</b>	<b>159,312,343</b>

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 3. Management of insurance and financial risk (continued)

#### 3.4 Financial risk (continued)

##### f. Fair value measurements (continued)

The portfolio of financial instruments held consists of collective investment schemes. The fair value of the financial instruments is determined using net asset value of the collective investment schemes.

The carrying value less impairment provision of current trade receivables and payables approximate to their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

##### g. Sensitivity analysis

Financial assets at fair value through profit or loss have had the following sensitivity analysis applied, which are based on the Australian Prudential Regulatory Authority's (APRA) General Insurance Prudential Standard GPS 114.

##### • Interest rate sensitivity

Interest rate sensitivity measures the changes on the capital base from changes in real interest rates.

The sensitivity has been determined by multiplying the nominal risk-free interest rate by -0.20 (downward stress) and 0.25 (upward stress), with a maximum stress adjustment of 200 basis points in either direction.

##### • Inflation risk sensitivity

Expected inflation sensitivity measures the changes on the capital base from changes to expensed consumer price index inflation rates. The sensitivity has been determined by adjusting the expected inflation rates by adding 125 basis points (upward movement) and subtracting 100 basis points (downward movement).

##### • Currency sensitivity

Currency sensitivity measures the changes in the capital base due to changes in foreign currency exchange rates. The sensitivity has been determined by applying a 25% increase and 25% decrease in exchange rates. An increase in the Australian Dollar is divided by 1.25 (or multiplied by 0.8) while a decrease is divided by 0.75 (or multiplied by 1.333).

##### • Equity sensitivity

Equity sensitivity measures the change on the capital base of a fall in equity and other asset values. For listed equities, the fall is determined by increasing the dividend yield on the ASX 200 index by 2.5 per cent. For unlisted equities, the fall is determined by increasing the dividend yield on the ASX 200 index by 3.0 per cent.

##### • Property stress

Property sensitivity measures the change on the capital base of a fall in property and infrastructure asset values. The fall is determined by increasing the rental yield (for property assets) or earnings yield (for infrastructure assets) by 2.75 per cent.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 3. Management of insurance and financial risk (continued)

#### 3.4 Financial risk (continued)

##### g. Sensitivity analysis (continued)

- Credit spread stress

Credit spread sensitivity measures the change on the capital base of an increase in credit spreads and the risk of default. The sensitivity has been determined by adding a spread (based on APRA credit spread and default factors) to the current yield on the asset and multiplying the reduced value of the asset by (1 - default factor).

The below details the impact to Financial assets at fair value through profit or loss before tax and before any aggregation benefits.

	2016	2015
	\$	\$
<b>Stress test</b>	<b>Upward impact</b>	
Interest rate	(335,943)	(507,037)
Inflation	205,588	1,039,986
Currency	(1,469,223)	(1,301,454)
	<b>Downward impact</b>	
Interest rate	317,444	461,183
Inflation	22,917	(790,160)
Currency	2,040,934	2,169,091
<b>Stress test</b>	<b>Impact</b>	
Equity	(11,714,357)	(12,142,642)
Property	-	(1,794,319)
Credit spread	(3,560,575)	(4,460,270)

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 4. Membership and practitioner fees

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Practising certificate fees	6,209,911	5,595,408	6,209,911	5,595,408
Member fees	4,719,635	4,439,942	4,719,635	4,439,942
Limitation of liability scheme	614,928	580,620	614,928	580,620
Specialist accreditation fee	322,359	181,388	322,359	181,388
Certificate of fitness	25,973	18,441	25,973	18,441
Late application levy	73,319	57,700	73,319	57,700
	<b>11,966,125</b>	<b>10,873,499</b>	<b>11,966,125</b>	<b>10,873,499</b>

### 5. Membership services and events

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Income</b>				
Courses, conferences and events	2,370,609	2,511,956	2,370,609	2,511,956
Publications, DVDs and membership products	502,914	579,773	502,914	579,773
Proctor advertising and subscription	347,358	335,627	347,358	335,627
Marketing and sponsorship	456,379	487,500	456,379	487,500
	<b>3,677,260</b>	<b>3,914,856</b>	<b>3,677,260</b>	<b>3,914,856</b>
<b>Direct expenditure (excluding staff costs)</b>				
Courses, conferences and events	1,021,121	1,255,478	1,021,121	1,255,478
Publications, DVDs and membership products	652,645	653,543	652,645	653,543
Proctor advertising and subscription	277,571	300,291	277,571	300,291
	<b>1,951,337</b>	<b>2,209,312</b>	<b>1,951,337</b>	<b>2,209,312</b>

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 6. Rent and administration revenue

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Management fee &amp; recovery expenditure</b>				
Lexon Insurance Pte Ltd	-	-	308,396	292,726
Law Claims Levy Fund	-	-	30,453	42,315
Legal Practitioners Fidelity Guarantee Fund	156,896	70,354	156,896	70,354
Legal Practitioners Admissions Board	504,459	354,284	504,459	354,284
Body corporate administration fee	15,000	15,000	15,000	15,000
Rent	501,941	510,092	501,941	510,092
	<b>1,178,296</b>	<b>949,730</b>	<b>1,517,145</b>	<b>1,284,771</b>

### 7. Grants and funding

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Dept of Justice and Attorney-General (DJAG) grants	226,000	1,356,623	226,000	1,356,623
Queensland Law Foundation (QLF) funds	79,000	59,800	79,098	59,800
Law Claims Levy Fund (LCLF)	-	-	140,450	-
	<b>305,000</b>	<b>1,416,423</b>	<b>445,548</b>	<b>1,416,423</b>

Non-reciprocal grant of \$226k from Department of Justice and Attorney-General (DJAG) has been recognised in its entirety upon receipt as the Investigations department has met the grant agreement's conditions. The grant from DJAG ceased from September 2015. As a consequence, no liability has been recognised for any unspent grant.

Queensland Law Foundation (QLF) provided non-reciprocal funding. Terms of the funding are \$53k to be used towards webinars and a series of regional professional development events, and \$26k towards provision of Law Care services for all members. At 30 June 2016, \$nil funding remains unspent. Consequently, no liability has been recognised for any unspent funding to be returned to QLF at reporting date.

Law Claims Levy Fund (LCLF) is reimbursing costs incurred by the Society for execution of the Risk Project. This includes consultants to produce disaster guide and practice support resources for the outreach program and other direct development costs for the design of the outreach and referral programs.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 8. Investments

#### a. Investment income

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Distributions from investments	5,206,792	5,309,505	-	-
Interest income	1,124,022	1,653,887	686,123	707,265
	<b>6,330,814</b>	<b>6,963,392</b>	<b>686,123</b>	<b>707,265</b>

#### b. Movement in investments

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Investment in listed funds</b>				
Opening balance	159,312,343	140,667,755	-	-
Additions	5,405,458	22,700,000	-	-
Additions via reinvestment	5,400,485	4,943,482	-	-
Disposals proceeds	(3,255,458)	(10,350,000)	-	-
Gain/(loss) on disposal	718,454	2,111,017	-	-
Fair value movements	(5,319,101)	(759,911)	-	-
<b>Closing balance</b>	<b>162,262,181</b>	<b>159,312,343</b>	<b>-</b>	<b>-</b>

The portfolio of financial instruments held consists of investment in listed funds. The fair value of the financial instruments is determined using quoted market price of the listed funds.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 9. Administration expenses

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Office administration and insurance	1,004,176	946,797	733,509	746,398
Actuarial fees	139,423	75,301	-	-
Audit fees	177,786	175,824	82,004	81,000
Bad debts	(83,591)	(110,317)	10,384	-
Body corporate, electricity, rates & taxes	528,879	500,891	518,834	490,953
Captive managers fee	90,177	87,550	-	-
Catering, functions and entertainment	116,399	104,193	88,624	89,366
Regulatory audits and investigations	49,513	49,102	49,513	49,102
Directors fees	350,214	351,480	-	-
Bank fees and finance costs	61,600	163,930	130,559	130,960
Information technology and related costs	607,376	530,145	424,905	352,122
Investment management fees	209,458	148,419	-	-
Office rent	211,762	205,461	-	-
Presentations, donations and gifts	96,044	97,574	91,026	96,157
Professional and consulting fees	1,816,254	917,720	1,027,006	583,417
Repairs and maintenance	263,645	261,747	258,518	259,181
Staff costs	789,056	683,171	609,725	549,531
Travel and vehicle costs	362,149	389,388	138,891	148,990
Liability capping scheme	227,250	278,850	227,250	278,850
	<b>7,017,570</b>	<b>5,857,226</b>	<b>4,390,748</b>	<b>3,856,027</b>

Total audit fees paid to Queensland Audit Office for both the Society and its controlled entity relating to the 2015-16 financial year are estimated to be \$92,900 (2015: \$90,500). There are no non-audit services included in this amount.

PricewaterhouseCoopers Singapore performs audit and taxation services for Lexon while PricewaterhouseCoopers Brisbane provides taxation services to the group. Audit fees payable to PWC Singapore are estimated to be \$77,782 (2015: \$77,000). Taxation fees are disclosed in the professional and consulting fee line above and amount to \$51,889 (2015: \$36,261).

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 10. Accrued employee benefits

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Annual Leave</b>				
Annual leave – opening balance	619,640	576,030	503,816	469,535
Leave taken	(386,124)	(621,150)	(209,405)	(498,007)
Leave accrued	328,231	664,760	156,155	532,288
<b>Annual leave – closing balance</b>	<b>561,747</b>	<b>619,640</b>	<b>450,566</b>	<b>503,816</b>
<b>Long service leave</b>				
Provision for long service leave	934,140	874,834	707,952	688,474
Leave taken	(120,485)	(50,535)	(120,485)	(50,535)
Leave accrued	21,379	109,841	(25,318)	70,013
<b>Long service leave – closing balance</b>	<b>835,034</b>	<b>934,140</b>	<b>562,149</b>	<b>707,952</b>
<b>Current Long Service Leave</b>	<b>630,910</b>	<b>580,432</b>	<b>432,130</b>	<b>506,556</b>
<b>Non-Current Long Service Leave</b>	<b>204,124</b>	<b>353,708</b>	<b>130,019</b>	<b>201,396</b>
	<b>835,034</b>	<b>934,140</b>	<b>562,149</b>	<b>707,952</b>
Number of employees at year end	138	136	125	123
Number of full-time equivalent employees at year end	119	120	107	108

### 11. Council and committee costs

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Travel and accommodation	49,103	37,008	49,103	37,008
Honorarium	381,659	377,290	381,659	377,290
Catering and functions	34,348	45,996	34,348	45,996
	<b>465,110</b>	<b>460,294</b>	<b>465,110</b>	<b>460,294</b>

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 12. Provision for outstanding claims

Outstanding claims reserves comprise outstanding claims, including provisions for claims incurred but not reported and reserves for case claims.

**a. Movement in outstanding claims are as follows:**

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Opening provision for outstanding claims	75,584,528	81,867,500	-	-
Claims incurred	12,604,462	14,269,617	-	-
Claims paid during the year	(23,977,982)	(19,969,589)	-	-
Movement in claims handling provision	497,000	(583,000)	-	-
<b>Closing provision for outstanding claims</b>	<b>64,708,008</b>	<b>75,584,528</b>	-	-
Opening insurance contract liabilities ceded	(7,662,602)	(10,291,000)	-	-
Movement in reinsurance recoveries	481,056	604,621	-	-
Reinsurance receivables	3,574,953	2,023,777	-	-
<b>Closing insurance contract liabilities ceded</b>	<b>(3,606,593)</b>	<b>(7,662,602)</b>	-	-
<b>Net outstanding claims</b>	<b>61,101,415</b>	<b>67,921,926</b>	-	-
Law Claims Levy Fund	-	-	-	-
Lexon Insurance Pte Ltd	61,101,415	67,921,926	-	-
<b>Net claims outstanding</b>	<b>61,101,415</b>	<b>67,921,926</b>	-	-
Current insurance contract liabilities ceded	(914,896)	(2,651,948)	-	-
Non-current contract liabilities ceded	(2,691,697)	(5,010,654)	-	-
	<b>(3,606,593)</b>	<b>(7,662,602)</b>	-	-
Current provision for outstanding claims	13,219,573	15,203,548	-	-
Non-current provision for outstanding claims	51,488,435	60,380,980	-	-
	<b>64,708,008</b>	<b>75,584,528</b>	-	-
<b>Net outstanding claims</b>	<b>61,101,415</b>	<b>67,921,926</b>	-	-

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 12. Provision for outstanding claims (continued)

#### b. Maturity analysis:

2016	Less than 1 year	1 to 5 years	Over 5 years	Total
Gross central estimate	13,219,573	27,309,316	3,511,788	44,040,677
Reinsurance recoveries	(914,896)	(2,659,199)	(32,498)	(3,606,593)
<b>Net central estimate</b>	<b>12,304,677</b>	<b>24,650,117</b>	<b>3,479,290</b>	<b>40,434,084</b>
Risk margins				16,061,331
Claims handling				4,606,000
<b>Net claims outstanding</b>				<b>61,101,415</b>

2015	Less than 1 year	1 to 5 years	Over 5 years	Total
Gross central estimate	15,203,548	32,952,429	6,239,992	54,395,969
Reinsurance recoveries	(2,651,948)	(4,335,109)	(675,545)	(7,662,602)
<b>Net central estimate</b>	<b>12,551,600</b>	<b>28,617,320</b>	<b>5,564,447</b>	<b>46,733,367</b>
Risk margins				17,079,559
Claims handling				4,109,000
<b>Net claims outstanding</b>				<b>67,921,926</b>

#### c. Risk margin

The risk margin included in the net outstanding claims is 39.7% (2015: 36.5%) of the central estimate, with a probability of sufficiency of approximately 90% (2015: 90%).

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 12. Provision for outstanding claims (continued)

#### d. Claims incurred development

Current year claims relate to risks borne in the current reporting year. Prior year claims relate to a reassessment of the risks borne in all previous reporting years and include releases of risk margins as claims are paid.

	For the year ended 30 June 2016			For the year ended 30 June 2015		
	Current year	Prior years	Total	Current year	Prior years	Total
	\$	\$	\$	\$	\$	\$
<b>Gross Claims incurred</b>						
Undiscounted	15,839,353	(5,378,885)	10,460,468	16,409,335	(6,851,064)	9,558,271
Discount	(677,399)	2,271,758	1,594,359	(972,473)	2,335,137	1,362,664
	<b>15,161,954</b>	<b>(3,107,127)</b>	<b>12,054,827</b>	<b>15,436,862</b>	<b>(4,515,927)</b>	<b>10,920,935</b>
<b>Reinsurance recoveries</b>						
Undiscounted	-	746,443	746,443	-	1,072,905	1,072,905
Discount	-	(265,387)	(265,387)	-	(468,285)	(468,285)
	-	<b>481,056</b>	<b>481,056</b>	-	<b>604,620</b>	<b>604,620</b>
<b>Net claims</b>						
Undiscounted	15,839,353	(4,632,442)	11,206,911	16,409,335	(5,778,159)	10,631,176
Discount	(677,399)	2,006,371	1,328,972	(972,473)	1,866,852	894,379
	<b>15,161,954</b>	<b>(2,626,071)</b>	<b>12,535,883</b>	<b>15,436,862</b>	<b>(3,911,307)</b>	<b>11,525,555</b>
Risk Margins	5,890,111	(6,908,339)	(1,018,228)	5,542,860	(3,467,301)	2,075,559
Claims handling expenses	1,552,447	(1,055,447)	497,000	1,068,267	(1,651,267)	(583,000)
<b>Net incurred Claims (Note 24)</b>	<b>22,604,512</b>	<b>(10,589,857)</b>	<b>12,014,655</b>	<b>22,047,989</b>	<b>(9,029,875)</b>	<b>13,018,114</b>

The Law Claims Levy Fund has stop loss insurance that capped the fund's liability at \$5,000,000 for payments made after 1 July 2001.

Lexon and the Law Claims Levy Fund has assessed the provisions for outstanding claims based upon an independent actuarial assessment as at 30 June 2016 by Mr. Andrew Cohen (FIAA) and Ms. Gae Robinson (FIAA), of Finity Consulting Pty Ltd. The key assumptions are detailed in Note 2.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 13. Receivables

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Accounts receivables	608,979	520,364	429,794	249,389
Reinsurance recoverable	350,590	772,277	-	-
Less: provision for doubtful debts	(137,234)	(237,659)	(77,734)	(84,184)
	<b>822,335</b>	<b>1,054,982</b>	<b>352,060</b>	<b>165,205</b>
Investment redemptions receivable	-	1,200,000	-	-
Prepaid expenses and other receivables	906,160	1,231,293	717,294	925,352
	<b>1,728,495</b>	<b>3,486,275</b>	<b>1,069,354</b>	<b>1,090,557</b>

### 14. Investment in controlled entities

In June 2001, Lexon was incorporated in Singapore as the captive insurer of the Society. The company was capitalised with \$9,000,000 via surplus funds from the Society controlled Law Claims Levy Fund. A further \$10,000,000 was issued in May 2009. The \$19,000,000 share capital of the company is fully owned by the Society and the company is a controlled entity of the Society. Share capital is eliminated on consolidation.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 15. Property plant and equipment

#### Parent Entity

	Strata Title Building	Leasehold Improvements	Plant and Equipment	Computer Equipment	Software	Total
	\$	\$	\$	\$	\$	\$
<b>2016</b>						
<b>Cost or valuation</b>						
At the beginning of the year	20,870,557	1,384,097	4,135,054	281,886	1,238,123	<b>27,909,717</b>
Additions	-	68,211	183,495	182,997	-	<b>434,703</b>
Disposals	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Revaluations/other	(4,070,557)	-	-	-	-	<b>(4,070,557)</b>
<b>At the end of the year</b>	<b>16,800,000</b>	<b>1,452,308</b>	<b>4,318,549</b>	<b>464,883</b>	<b>1,238,123</b>	<b>24,273,863</b>
<b>Depreciation</b>						
At the beginning of the year	(1,192,130)	(176,953)	(2,029,945)	(228,255)	(434,700)	<b>(4,061,983)</b>
Charge for the year	(603,733)	(34,601)	(280,232)	(31,631)	(140,904)	<b>(1,091,101)</b>
Revaluations/other	1,795,863	-	-	-	-	<b>1,795,863</b>
<b>At the end of the year</b>	<b>-</b>	<b>(211,554)</b>	<b>(2,310,177)</b>	<b>(259,886)</b>	<b>(575,604)</b>	<b>(3,357,221)</b>
<b>Net book value at 30 June 2016</b>	<b>16,800,000</b>	<b>1,240,754</b>	<b>2,008,372</b>	<b>204,997</b>	<b>662,519</b>	<b>20,916,642</b>
<b>2015</b>						
<b>Cost or valuation</b>						
At the beginning of the year	19,541,720	1,384,097	4,067,481	277,848	1,238,123	<b>26,509,269</b>
Additions	-	-	32,903	4,038	-	<b>36,941</b>
WIP	-	-	34,670	-	-	<b>34,670</b>
Disposals	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Revaluations/other	1,328,837	-	-	-	-	<b>1,328,837</b>
<b>At the end of the year</b>	<b>20,870,557</b>	<b>1,384,097</b>	<b>4,135,054</b>	<b>281,886</b>	<b>1,238,123</b>	<b>27,909,717</b>
<b>Depreciation</b>						
At the beginning of the year	(546,085)	(142,350)	(1,746,363)	(185,389)	(293,796)	<b>(2,913,983)</b>
Charge for the year	(570,142)	(34,603)	(283,582)	(42,866)	(140,904)	<b>(1,072,097)</b>
Revaluations/other	(75,903)	-	-	-	-	<b>(75,903)</b>
<b>At the end of the year</b>	<b>(1,192,130)</b>	<b>(176,953)</b>	<b>(2,029,945)</b>	<b>(228,255)</b>	<b>(434,700)</b>	<b>(4,061,983)</b>
<b>Net book value at 30 June 2015</b>	<b>19,678,427</b>	<b>1,207,144</b>	<b>2,105,109</b>	<b>53,631</b>	<b>803,423</b>	<b>23,847,734</b>

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 15. Property plant and equipment (continued)

#### Parent Entity (continued)

	Strata Title Building	Leasehold Improvements	Plant and Equipment	Computer Equipment	Software	Total
	\$	\$	\$	\$	\$	\$
Property, plant and equipment is stated as follows:						
<b>30 June 2016</b>						
At valuation	16,800,000	-	-	-	-	<b>16,800,000</b>
At cost	-	1,452,308	4,318,549	464,883	1,238,123	<b>7,473,863</b>
	<b>16,800,000</b>	<b>1,452,308</b>	<b>4,318,549</b>	<b>464,883</b>	<b>1,238,123</b>	<b>24,273,863</b>
Depreciation	-	(211,554)	(2,310,177)	(259,886)	(575,604)	<b>(3,357,221)</b>
	<b>16,800,000</b>	<b>1,240,754</b>	<b>2,008,372</b>	<b>204,997</b>	<b>662,519</b>	<b>20,916,642</b>
<b>30 June 2015</b>						
At valuation	20,870,557	-	-	-	-	<b>20,870,557</b>
At cost	-	1,384,097	4,135,054	281,886	1,238,123	<b>7,039,160</b>
	<b>20,870,557</b>	<b>1,384,097</b>	<b>4,135,054</b>	<b>281,886</b>	<b>1,238,123</b>	<b>27,909,717</b>
Depreciation	(1,192,130)	(176,953)	(2,029,945)	(228,255)	(434,700)	<b>(4,061,983)</b>
	<b>19,678,427</b>	<b>1,207,144</b>	<b>2,105,109</b>	<b>53,631</b>	<b>803,423</b>	<b>23,847,734</b>

#### Consolidated

	Strata Title Building	Leasehold Improvements	Plant and Equipment	Computer Equipment	Software	Total
	\$	\$	\$	\$	\$	\$
<b>2016</b>						
<b>Cost or valuation</b>						
At the beginning of the year	20,870,557	1,384,097	4,312,843	398,773	1,637,853	<b>28,604,123</b>
Additions	-	68,211	183,495	195,358	-	<b>447,064</b>
Disposals	-	-	-	-	-	<b>-</b>
Revaluations/other	(4,070,557)	-	-	-	-	<b>(4,070,557)</b>
<b>At the end of the year</b>	<b>16,800,000</b>	<b>1,452,308</b>	<b>4,496,338</b>	<b>594,131</b>	<b>1,637,853</b>	<b>24,980,630</b>
<b>Depreciation</b>						
At the beginning of the year	(1,192,130)	(176,953)	(2,193,796)	(371,426)	(697,286)	<b>(4,631,591)</b>
Charge for the year	(603,733)	(34,601)	(289,917)	(34,807)	(213,833)	<b>(1,176,891)</b>
Disposals	-	-	-	-	-	<b>-</b>
Revaluations/other	1,795,863	-	-	-	-	<b>1,795,863</b>
<b>At the end of the year</b>	<b>-</b>	<b>(211,554)</b>	<b>(2,483,713)</b>	<b>(406,233)</b>	<b>(911,119)</b>	<b>(4,012,619)</b>
<b>Net book value at 30 June 2016</b>	<b>16,800,000</b>	<b>1,240,754</b>	<b>2,012,625</b>	<b>187,898</b>	<b>726,734</b>	<b>20,968,011</b>

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 15. Property plant and equipment (continued)

#### Consolidated (continued)

	Strata Title Building	Leasehold Improvements	Plant and Equipment	Computer Equipment	Software	Total
	\$	\$	\$	\$	\$	\$
<b>2015</b>						
<b>Cost or valuation</b>						
Cost or valuation						
At the beginning of the year	19,541,720	1,384,097	4,242,963	393,099	1,637,853	<b>27,199,732</b>
Additions	-	-	35,210	5,674	-	<b>40,884</b>
WIP	-	-	34,670	-	-	<b>34,670</b>
Revaluations/other	1,328,837	-	-	-	-	<b>1,328,837</b>
<b>At the end of the year</b>	<b>20,870,557</b>	<b>1,384,097</b>	<b>4,312,843</b>	<b>398,773</b>	<b>1,637,853</b>	<b>28,604,123</b>
<b>Depreciation</b>						
At the beginning of the year	(546,085)	(142,350)	(1,900,123)	(322,019)	(483,445)	<b>(3,394,022)</b>
Charge for the year	(570,142)	(34,603)	(293,673)	(49,407)	(213,841)	<b>(1,161,666)</b>
Revaluations/other	(75,903)	-	-	-	-	<b>(75,903)</b>
<b>At the end of the year</b>	<b>(1,192,130)</b>	<b>(176,953)</b>	<b>(2,193,796)</b>	<b>(371,426)</b>	<b>(697,286)</b>	<b>(4,631,591)</b>
<b>Net book value at 30 June 2015</b>	<b>19,678,427</b>	<b>1,207,144</b>	<b>2,119,047</b>	<b>27,347</b>	<b>940,567</b>	<b>23,972,532</b>
Property, plant and equipment is stated as follows:						
<b>30 June 2016</b>						
At valuation	16,800,000	-	-	-	-	<b>16,800,000</b>
At cost	-	1,452,308	4,496,338	594,131	1,637,853	<b>8,180,630</b>
	<b>16,800,000</b>	<b>1,452,308</b>	<b>4,496,338</b>	<b>594,131</b>	<b>1,637,853</b>	<b>24,980,630</b>
<b>Depreciation</b>						
	-	(211,554)	(2,483,713)	(406,233)	(911,119)	<b>(4,012,619)</b>
	<b>16,800,000</b>	<b>1,240,754</b>	<b>2,012,625</b>	<b>187,898</b>	<b>726,734</b>	<b>20,968,011</b>
<b>30 June 2015</b>						
At valuation	20,870,557	-	-	-	-	<b>20,870,557</b>
At cost	-	1,384,097	4,312,843	398,773	1,637,853	<b>7,733,566</b>
	<b>20,870,557</b>	<b>1,384,097</b>	<b>4,312,843</b>	<b>398,773</b>	<b>1,637,853</b>	<b>28,604,123</b>
<b>Depreciation</b>						
	(1,192,130)	(176,953)	(2,193,796)	(371,426)	(697,286)	<b>(4,631,591)</b>
	<b>19,678,427</b>	<b>1,207,144</b>	<b>2,119,047</b>	<b>27,347</b>	<b>940,567</b>	<b>23,972,532</b>

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 15. Property plant and equipment (continued)

An independent valuation of the strata title building was carried out as at 30 June 2016 by Mr S Fox AAPI and was on the basis of the open market value of Law Society House in vacant possession with all units combined. Mr S Fox is a member of the Institute of Valuers of Australia, and has appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The Society is of the opinion that this valuation provides a reasonable estimate of recoverable amount. The resulting revaluation decrease of \$2,274,694 (2015: increase of \$1,252,934) is reflected as other comprehensive income in the Statement of Profit or Loss and Other Comprehensive Income.

Categorisation of fair values recognised as at 30 June 2016 (refer to note 1(n)) are as follows:

Fair value input	Type	Consolidated		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
Level 1	None	-	-	-	-
Level 2	Strata title building	16,800,000	19,678,427	16,800,000	19,678,427
Level 3	None	-	-	-	-
		<b>16,800,000</b>	<b>19,678,427</b>	<b>16,800,000</b>	<b>19,678,427</b>

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 16. Payables

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Creditors	1,091,446	1,222,421	621,835	317,096
Payable to LCLF and LPFGF	336,930	1,814,146	8,463,622	29,879,608
Reinsurance payable	736,587	-	-	-
Income in advance	35,558,858	39,314,938	11,904,703	11,295,630
Other payables and accruals	1,843,987	2,459,470	1,454,282	2,145,994
	<b>39,567,808</b>	<b>44,810,975</b>	<b>22,444,442</b>	<b>43,638,328</b>

Income in advance relates primarily to receipts for insurance, membership fees and practising certificates received prior to year end during the renewal period for the upcoming year

### 17. Commitments

#### a. Non-cancellable operating leases

The future minimum lease payable under non-cancellable operating leases contracted for at 30 June 2016 but not recognised a liabilities

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Within one year	153,422	210,788	-	1,377
One to five years	661,651	3,441	-	-
	<b>815,073</b>	<b>214,229</b>	<b>-</b>	<b>1,377</b>

The Group commitments include a lease for office premises. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Lexon has a bank guarantee for \$87,813 (2015: \$87,813) in favour of the lessor of 307 Queen Street, Brisbane, QLD, 4000 which can be drawn upon in event of a default in accordance with the rental agreement.

#### b. Capital expenditure commitments

Capital expenditure contracted for at 30 June 2016 but not provided for was \$nil (2015: \$nil).

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 18. Notes to the statement of cash flows

#### a. Cash and Cash Equivalent

Cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash at bank	5,229,832	2,879,446	1,723,615	725,372
Cash deposit accounts	50,491,107	58,508,938	29,109,867	55,285,373
Term deposit	5,000,000	5,000,000	5,000,000	-
<b>Total cash and cash equivalents</b>	<b>60,720,939</b>	<b>66,388,384</b>	<b>35,833,482</b>	<b>56,010,745</b>

#### b. Reconciliation of operating surplus to net cash provided by operating activities.

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Operating Surplus after income tax</b>	<b>4,684,533</b>	<b>15,542,910</b>	<b>538,075</b>	<b>540,987</b>
<b>Adjustments for:</b>				
Investment Income	(773,542)	(6,731,857)	-	-
<b>Add/(less) non-cash items:</b>				
Depreciation & amortisation	1,176,891	1,161,666	1,091,101	1,072,097
<b>Change in assets and liabilities:</b>				
(Increase)/decrease in assets:				
Receivables	531,484	178,060	21,203	5,795
Increase/(decrease) in liabilities:				
Payables	(5,979,754)	2,383,301	(21,193,886)	31,921,987
Accrued employee benefits	(156,999)	102,917	(199,053)	53,759
Provision for outstanding claims	(1,954,540)	(3,654,575)	-	-
Tax related balances	(1,798,454)	3,896,306	-	-
<b>Net cash generated from operating activities</b>	<b>(4,270,381)</b>	<b>12,878,728</b>	<b>(19,742,560)</b>	<b>33,594,625</b>

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 19. Related party transactions

- a. The following significant transactions took place between the Consolidated Group and related parties during the financial period on commercial terms agreed by the parties concerned.

	2016	2015
	\$	\$
Management fees paid by Lexon to parent entity	249,984	240,370
Management fees paid by LCLF to parent entity	30,453	42,315
Gross premiums paid by Law Claims Levy Fund to Lexon	27,000,000	27,000,000
Grant paid by LCLF to parent entity	140,450	-
<b>Professional fees paid to a firm of which a director of Lexon is a member:</b>		
Legal fees in the provision of claim defence costs:		
-Coyne & Associates	166,309	787,449
-McInnes Wilson	558,003	728,937
<b>Other non claim professional advice provided:</b>		
-McInnes Wilson	3,000	6,000
-K&L Gates	4,046	-
<b>Management fees paid to a firm which a director is a member:</b>		
-AON Insurance Managers (Singapore) Pte Ltd	90,177	87,550
<b>Consulting fees paid to Lexon Legal, a firm of which a QLS Councillor is a member:</b>		
-Consulting fee	309,509	-
-Consulting fee – staff cost reimbursement	33,635	-
-Consulting fee – contribution to office costs	49,672	-
<b>License and implementation costs paid in relation to insurance IT systems to a firm of which a director is a member:</b>		
-AON Risk Services Australia Limited	-	26,668
<b>Key management personnel compensation Lexon:</b>		
Directors fees (see below)	399,192	403,836
Other officers		
-salaries and other short term employee benefits	1,065,703	926,229
-employer's contribution to defined contribution plans	77,801	67,498

Lexon chairman's fee was \$89,700 (2015: \$89,700), the AON captive manager representative received \$nil directors fees and all other directors received \$52,356 per annum (pro-rated where applicable) (2015: \$52,356). The directors' fees in relation to the CEO of QLS (Noela L'Estrange and then Amelia Hodge) were paid to QLS.

Lexon currently has a mandate to provide Professional Indemnity Insurance to Queensland Solicitors via a Master Policy with the Queensland Law Society Inc. The current mandate has an expiry date of 30 June 2017. Prior to expiry, negotiations will be held to renew the mandate for a further term. At present there are no indications that a further mandate renewal will not take place.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 19. Related party transactions (continued)

#### b. Key management personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Society during 2015-16. Further information on these positions can be found in the body of the Annual Report.

**Responsibility:** The role of the President is to lead the Council in setting the corporate direction and goals and monitoring the performance of the Society. Each President is elected for a term of one year, with the Deputy President succeeding to the office of President at the beginning of the second term.

Position	Person	Start of Term	End of term
President	<b>Michael Fitzgerald</b>	1/1/2015	31/12/2015
	<b>William Potts</b>	1/1/2016	Current
Deputy President	<b>Christine Smyth</b>	1/1/2016	Current
Vice President	<b>Deborah Awyzio</b>	1/1/2014	31/12/2015
	<b>Kara Cook</b>	1/1/2016	Current

The roles of President, Deputy President and Vice President are supported by the elected Council members.

**Responsibility:** The Chief Executive Officer is responsible for the day to day operations of the Society and is charged with implementing and managing best practice standards and processes in risk management, compliance and governance of the Society. The Chief Executive Officer is accountable to the governing body of elected Council members.

Position	Person	Start of Term	End of term
Chief Executive Officer	<b>Noela L'Estrange</b>	11/5/2009	30/6/2015
	<b>Amelia Hodge</b>	20/7/2015	Current

Remuneration policy for the agency's key management personnel is set by the Council.

Remuneration packages for key management personnel comprise the following components:

- Short term employee benefits which include:
  - Base – consisting of base salary, allowances and leave entitlements paid and provided for in the entire year or for that part of the year during which the employee occupied the specific position. Amounts disclosed equal the amount expensed in the Statement of Profit or Loss and Other Comprehensive Income.
  - Non-monetary benefits – consisting of provision of car parking, kilometrage travel reimbursement and President rental apartment with fringe benefits tax applicable to the benefit.
  - Bonuses – performance payments recognised as an expense during the year.
- Long term employee benefits include long service leave accrued during the period.
- Post-employment benefits include superannuation contributions.
- No redundancy payments were made during the year requiring disclosure.
- Other than disclosed below, Council members do not receive any remuneration.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 19. Related party transactions (continued)

#### b. Key management personnel (continued)

1 July 2015 – 30 June 2016

Position (dates if applicable)	Short-term employee benefits			Post-employment benefits	Total remuneration
	Base	Non-monetary benefits	Bonuses		
President (1 July 2015 - 31 December 2015)	131,033	1,284	-	12,448	<b>144,765</b>
President (1 January 2016 - 30 June 2016)	131,033	9,005	-	12,448	<b>152,486</b>
Deputy President (1 January 2016 - 30 June 2016)	43,240	3,052	-	4,108	<b>50,400</b>
Vice President (1 July 2015 - 31 December 2015)	47,348	-	-	-	<b>47,348</b>
Chief Executive Officer	264,423	7,032	-	25,120	<b>296,575</b>

1 July 2014 – 30 June 2015

Position (dates if applicable)	Short-term employee benefits			Post-employment benefits	Total remuneration
	Base	Non-monetary benefits	Bonuses		
President (1 July 2014 - 31 December 2014)	127,712	-	-	12,133	<b>139,845</b>
President (1 January 2015 - 30 June 2015)	131,033	-	-	16,492	<b>147,525</b>
Deputy President (1 July 2014 - 31 December 2014)	42,571	-	-	3,938	<b>46,509</b>
Deputy President (1 January 2015 - 30 June 2015)	47,348	-	-	-	<b>47,348</b>
Chief Executive Officer	268,332	7,734	13,250	26,703	<b>316,019</b>

### 20. Contingent liabilities and events occurring after balance date

There are no known contingent liabilities as at 30 June 2016. There are no events subsequent to reporting date requiring disclosure in the financial report.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 21. Income tax expense

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Tax expense attributable to profit is made up of:</b>				
Current income tax	3,902,970	3,295,247	-	-
Deferred income tax (Note 23)	(2,607,399)	697,179	-	-
	1,295,571	3,992,426	-	-
(Over)/under provision in preceding financial years	-	-	-	-
Deferred income tax (Note 23)	-	123,443	-	-
	<b>1,295,571</b>	<b>4,115,869</b>	-	-

Lexon has dual tax residency in Australia and Singapore. In relation to offshore insurance business, the Company has been granted tax exempt status for a period of 10 years from April 2010 under the tax exemption scheme for captive insurers by the Monetary Authority of Singapore.

The tax expense on results differs from the amount that would arise using the standard tax rate due to the following:

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Profit before tax	5,980,106	19,658,779	538,075	540,987
Tax calculated at a tax rate of 30% (2015: 30%)	1,794,032	5,897,634	161,423	162,296
<b>Effects of:</b>				
Income not subject to tax	(270,327)	(1,512,667)	(161,423)	(162,296)
Franking credits available	(228,134)	(269,098)	-	-
	<b>1,295,571</b>	<b>4,115,869</b>	-	-

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 22. Current income tax liability

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Income tax at the beginning of the financial year	3,000,765	(74,919)	-	-
Income tax refunded/(paid)	(3,094,024)	(219,563)	-	-
Current year income tax	3,902,970	3,295,247	-	-
<b>Income tax at the end of the financial year</b>	<b>3,809,711</b>	<b>3,000,765</b>	<b>-</b>	<b>-</b>

### 23. Deferred income tax balances

The movement in the deferred income tax accounts are as follows:

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Net deferred tax asset at beginning of the financial year	99,880	920,502	-	-
Current year tax charge/(saving) to profit or loss	2,607,399	(697,179)	-	-
Under provision in preceding financial years	-	(123,443)	-	-
<b>Net deferred tax asset at the end of the financial year</b>	<b>2,707,279</b>	<b>99,880</b>	<b>-</b>	<b>-</b>

The balance comprises temporary differences attributable to:

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Deferred tax assets</b>				
Balance at beginning of the financial year	1,432,628	2,546,327	-	-
Charge to profit or loss:				
– Claims handling provision	149,100	(174,900)	-	-
– Other timing differences	20,364	33,963	-	-
– Income losses utilised	-	(939,667)	-	-
– Unearned premium deficiency	1,459,791	-	-	-
– Allowance for impairment of receivables	(28,193)	(33,095)	-	-
	<b>3,033,690</b>	<b>1,432,628</b>	<b>-</b>	<b>-</b>

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 23. Deferred income tax balances (continued)

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Deferred tax liabilities</b>				
Balance at beginning of the financial year	(1,332,748)	(1,625,825)	-	-
Charge to income statement:				
– Unrealised investment movements	1,094,990	588,210	-	-
– Tax-free distribution on investments	(88,653)	(295,133)	-	-
	(326,411)	(1,332,748)	-	-
<b>Net deferred tax asset at end of the financial year</b>	<b>2,707,279</b>	<b>99,880</b>	<b>-</b>	<b>-</b>

### 24. Insurance disclosure

#### Contribution to profit from insurance activities

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Insurance levies	28,950,801	31,357,853	-	-
Unearned premium reserve	(4,865,970)	-	-	-
Reinsurance costs	(639,576)	(767,927)	-	-
Net premium revenue	23,445,255	30,589,926	-	-
Claims expense	(13,101,462)	(13,686,617)	-	-
Reinsurance and other recoveries	1,086,807	668,503	-	-
Net claims incurred (note 12d)	(12,014,655)	(13,018,114)	-	-
Stamp duty	(1,362,072)	(1,361,972)	-	-
Underwriting expenses	(5,383,897)	(4,580,362)	-	-
<b>Underwriting result</b>	<b>4,684,631</b>	<b>11,629,478</b>	<b>-</b>	<b>-</b>

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 25. Unearned risk and premium reserves

#### a. Unearned risk and premium reserves

	2016	2015
	\$	\$
Opening unearned premiums	28,019,308	55,019,308
Unearned movement during the year	(4,365,153)	(27,000,000)
<b>Closing unearned premiums</b>	<b>23,654,155</b>	<b>28,019,308</b>
Opening unearned premium reserves	-	-
Movement in unearned premium reserves	4,865,970	-
<b>Closing unexpired risk liability</b>	<b>4,865,970</b>	-
To be earned within 12 months	28,520,125	28,019,308
To be earned in greater than 12 months	-	-
<b>Total unearned premiums</b>	<b>28,520,125</b>	<b>28,019,308</b>

Premiums have been recognised in accordance with the attachment of risk. As such, the premiums relating to the next financial year are recorded as unearned.

#### b. Net premium liabilities

	2016	2015
	\$	\$
Unearned premium	23,654,155	28,019,308
Unearned premium reserves	4,865,970	-
Total unearned premium	28,520,125	28,019,308
Reinsurers' share of unearned premium reserves	(736,587)	-
<b>Net unearned premiums</b>	<b>27,783,538</b>	<b>28,019,308</b>

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 25. Unearned risk and premium reserves (continued)

#### c. Expected present value of future cash flows for future claims including risk margin

	2016	2015
	\$	\$
Undiscounted central estimate	20,968,380	22,206,000
Discount to present value	(1,193,131)	(1,957,000)
<b>Discounted central estimate</b>	<b>19,775,249</b>	<b>20,249,000</b>
Reinsurance and other costs	2,437,621	1,019,308
Claims handling costs	1,780,034	1,316,000
Risk margin	4,527,221	4,489,000
<b>Expected present value of future cash flows for future claims including risk margin</b>	<b>28,520,125</b>	<b>27,073,308</b>
<b>Discounted premiums</b>	<b>23,654,155</b>	<b>28,019,308</b>
<b>Deficiency/(surplus)</b>	<b>4,865,970</b>	<b>(946,000)</b>

#### d. Liability adequacy test

The probability of adequacy of the unearned premium reserves differs from the probability of adequacy on the outstanding claims provision. The reason for the difference is that the former is a benchmark used only to test the sufficiency of the net unearned premium liability whereas the latter is a measure of the adequacy of the outstanding claims provision actually carried.

Accounting standards require the inclusion of a risk margin in insurance liabilities, but do not prescribe a minimum level of margin. Whilst there are established practices in the calculation of the probability of adequacy of the outstanding claims provision, no such guidance exists in relation to the level of risk margin to be used in determining the adequacy of net premium liabilities. The Company has adopted a risk margin of 20% to produce a 75% level of sufficiency on a net basis. This is the minimum level recognised in Australia as an industry benchmark for liability adequacy tests, in accordance with the Australian Prudential Regulatory Authority (APRA).

The application of the liability adequacy test in respect of the net unearned premium liabilities identified a deficiency at 30 June 2016 while in surplus at 30 June 2015.

## Queensland Law Society Incorporated

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 25. Unearned risk and premium reserves (continued)

#### e. Maturity analysis

2016	Less than 1 year	1 to 5 years	Over 5 years	Total
<b>Unearned premium reserve</b>	-	-	-	-
<b>Unexpired risk reserve</b>				
Gross central estimate	2,191,816	16,068,056	3,445,095	21,704,967
Reinsurance recoveries	(736,587)	-	-	(736,587)
Net central estimate	1,455,229	16,068,056	3,445,095	20,968,380
Discount				(1,193,131)
Risk margins				4,527,221
Duty and other costs				1,701,034
Claims handling				1,780,034
<b>Net claims outstanding</b>				<b>27,783,538</b>
<b>2015</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Unearned premium reserve</b>	27,000,000	-	-	27,000,000
<b>Unexpired risk reserve</b>				
Gross central estimate	-	-	-	-
Reinsurance recoveries	-	-	-	-
Net central estimate	27,000,000	-	-	27,000,000
Discount				-
Risk margins				-
Claims handling				-
<b>Net claims outstanding</b>				<b>27,000,000</b>

## Queensland Law Society Incorporated and Its Controlled Entities

## Management Certificate for the year ended 30 June 2016

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act we certify that in our opinion:

- a. the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
- b. the financial statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Law Society Incorporated and its controlled entities for the financial year ended 30 June 2016 and of the financial position of the Society as at the end that year; and
- c. these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



President  
William Potts

29/08/2016



Chief Executive Officer  
Amelia Hodge

29/08/16

# Independent Auditor's Report

## To the Council of Queensland Law Society Incorporated

### Report on the Financial Report

I have audited the accompanying financial report of Queensland Law Society Incorporated, which comprises the statements of financial position as at 30 June 2016, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and certificates given by the President and Chief Executive Officer of the entity and the consolidated entity comprising Queensland Law Society Incorporated and the entities it controlled at the year's end or from time to time during the financial year.

### The Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

## Independent Auditor's Report

### To the Council of Queensland Law Society Incorporated

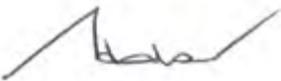
#### Opinion

In accordance with s40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required;
- (b) in my opinion –
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects;
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of Queensland Law Society Incorporated and the consolidated entity for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

#### Other Matters – electronic presentation of the audited financial report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



**R W Hodson CPA**

as Delegate of the Auditor-General of Queensland

Queensland Audit Office  
Brisbane



# FINANCES

LAW

CLAIMS

LEVY

FUND

## Contents

Statement of profit or loss and other comprehensive income	112
Statement of financial position	113
Statement of changes in equity	114
Statement of cash flows	114
Notes to and forming part of the financial statements	115
Management certificate	124
Independent auditor's report	125

\*All amounts are denoted in Australian currency.

## Law Claims Levy Fund

## Statement of profit or loss and other comprehensive income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>Revenue</b>			
Insurance levies	2	28,940,898	31,183,333
<b>Total levies</b>		<b>28,940,898</b>	<b>31,183,333</b>
<b>Other income</b>			
Reinsurance recoveries		9,903	174,520
Interest income		108,613	221,601
Investment income		1,589,012	1,937,735
Realised gains/(losses) on investments		269,115	(1,032,228)
Fair value gains/(losses) on investments		(1,669,130)	1,200,788
<b>Total other income</b>		<b>307,513</b>	<b>2,502,416</b>
<b>Total revenue</b>		<b>29,248,411</b>	<b>33,685,749</b>
<b>Expenses</b>			
Administration expenses		268,243	152,484
Audit fees		18,400	18,000
Insurance premiums	2	28,362,072	28,361,972
<b>Total expenses</b>		<b>28,648,715</b>	<b>28,532,456</b>
<b>Operating result for the year</b>		<b>599,696</b>	<b>5,153,293</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>599,696</b>	<b>5,153,293</b>

## Law Claims Levy Fund

## Statement of financial position as at 30 June 2016

	Notes	2016 \$	2015 \$
<b>Current assets</b>			
Cash and cash equivalents	6	17,680,826	2,520,846
Receivables	4	8,140,771	29,299,942
<b>Total current assets</b>		<b>25,821,597</b>	<b>31,820,788</b>
<b>Non-current assets</b>			
Investments	7	49,222,830	46,857,537
<b>Total non-current assets</b>		<b>49,222,830</b>	<b>46,857,537</b>
<b>Total assets</b>		<b>75,044,427</b>	<b>78,678,325</b>
<b>Current liabilities</b>			
Income in advance	3	23,654,155	28,019,308
Payables		185,233	53,674
<b>Total current liabilities</b>		<b>23,839,388</b>	<b>28,072,982</b>
<b>Net assets</b>		<b>51,205,039</b>	<b>50,605,343</b>
<b>Equity</b>			
Accumulated surplus		51,205,039	50,605,343
<b>Total equity</b>		<b>51,205,039</b>	<b>50,605,343</b>

## Law Claims Levy Fund

## Statement of changes in equity for the year ended 30 June 2016

	2016 \$	2015 \$
<b>Accumulated surplus</b>		
<b>Balance at 1 July</b>	50,605,343	45,452,050
Total comprehensive income for the year	599,696	5,153,293
<b>Balance at 30 June</b>	<b>51,205,039</b>	<b>50,605,343</b>

## Statement of cash flows for the year ended 30 June 2016

	Notes	2016 \$ Inflows (outflows)	2015 \$ Inflows (outflows)
<b>Cash flows from operating activities</b>			
Receipts from the profession and reinsurers		44,526,085	1,194,571
Payments to suppliers		(28,517,156)	(28,484,864)
Interest receipts		101,051	229,871
<b>Net cash provided by/(used in) operating activities</b>	<b>5</b>	<b>16,109,980</b>	<b>(27,060,422)</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of investments		4,455,458	1,850,000
Payments for investments		(5,405,458)	(5,400,000)
Cash distributions received		-	437,268
<b>Net cash flows used in investing activities</b>		<b>(950,000)</b>	<b>(3,112,732)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>15,159,980</b>	<b>(30,173,154)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>2,520,846</b>	<b>32,694,000</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>6</b>	<b>17,680,826</b>	<b>2,520,846</b>

## Law Claims Levy Fund

# Notes to and forming part of the financial statements for the year ended 30 June 2016

### Objectives and principal activities

The Queensland Law Society Incorporated ('the Society'), pursuant to s232 of the *Legal Profession Act 2007* ('the Act') is authorised to establish and maintain a fund for the purposes of providing insurance to the legal profession of Queensland.

The Law Claims Levy Fund ('the Fund') was created in 1987 to provide professional indemnity insurance to Queensland solicitors. The Fund is responsible for the management of professional indemnity claims of practitioners for the years 1987 to 1995, and the administration of insurance matters (jointly with Lexon Insurance Pte Ltd) in accordance with the Queensland Law Society Indemnity Rule 2005. ('Indemnity Rule').

### 1. Summary of significant accounting policies

#### a. Statement of compliance

The Fund has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*. These financial statements are general purpose financial statements and have been prepared on an accruals basis in accordance with Australian Accounting Standards and interpretations. In addition, the financial statements comply with the Queensland Treasury's Minimum Reporting Requirements for the year ended 30 June 2016.

With respect to compliance with Australian Accounting Standards and Interpretations, the Fund has applied those requirements applicable to not-for-profit entities, as the Fund is a not-for-profit body. Except where stated, the historical cost convention is used.

#### b. Revenue

Insurance levies are recognised as revenue at the commencement of the risk period covered by the policy and accrued proportionally over the period of coverage.

Additional levies may be imposed in accordance with the indemnity rules and are accounted for separately and disclosed as income of the Fund. Investment revenue is recognised as it accrues, taking into account the effective yield on the financial asset and is also recognised net of bank charges.

#### c. Taxation

The Fund is exempt from income tax by virtue of Section 50-25 of the *Income Tax Assessment Act 1997* with the exception of Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing activities and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### d. Cash and cash equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June as well as deposits on call with financial institutions.

## Law Claims Levy Fund

# Notes to and forming part of the financial statements for the year ended 30 June 2016

### 1. Summary of significant accounting policies (continued)

#### e. Receivables

Receivables represent investment redemption, levies, GST, interest and distributions earned on funds held up to balance date which has not yet been received.

These financial assets are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets.

The Fund assesses at each reporting date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Allowance for impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

#### f. Financial instruments

##### Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Fund becomes party to the contractual provisions of the financial instrument.

##### Classification

Financial instruments are classified and measured as follows:

- Investments – fair value through profit or loss
- Receivables – held at amortised cost
- Payables – held at amortised cost
- Cash and cash equivalents – fair value through profit or loss

The Fund does not enter into transactions for speculative purposes, nor for hedging.

#### g. Financial assets, at fair value through profit or loss

Investments at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Funds investment strategy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the reporting date.

#### h. Income in advance

Income in advance relates to insurance levies collected from the profession in relation to the upcoming insurance year. Current year levies in advance relate to collections for the insurance year 1 July 2016 to 30 June 2017.

#### i. Payables

Trade creditors are recognised on receipt of the goods or services and are carried at actual amounts, gross of applicable trade and other discounts. Amounts are unsecured and are generally settled on 30 day terms.

#### j. Professional indemnity insurance

The Queensland Law Society Incorporated entered into a Master Policy agreement with Lexon Insurance Pte Ltd to limit the maximum liability of the Fund for both individual claims and aggregate amounts. The Fund incurs all expenses up to a prescribed amount per individual claim until such time as the aggregate amount has been reached at which time Lexon Insurance Pte Ltd incur all future costs.

#### k. Judgements and assumptions

Full provision is made for the estimated cost of all claims admitted or intimated but not settled at the reporting date as determined by the actuary, less reinsurance recoveries, using the best information available at that time.

The Fund has made no other judgements or assumptions which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

## Law Claims Levy Fund

# Notes to and forming part of the financial statements for the year ended 30 June 2016

## 1. Summary of significant accounting policies (continued)

### i. Audit Fees

The audit fees paid and payable to the Queensland Audit Office to perform the audit of the Fund's transactions for 2015-16 are estimated to be \$18,400 (2015: \$18,000).

### m. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Fund include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Fund's assets/liabilities. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the Fund for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

Investments are categorised into level 2 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

### n. New and revised accounting standards

#### i. First year application of new accounting standards or change in accounting policy

Two Australian Accounting Standards have been early adopted for the 2015-16 years as required by Queensland Treasury. These are:

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]

AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]

The adoption of these two new accounting standards has no material impact on this financial report

## Law Claims Levy Fund

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 1. Summary of significant accounting policies (continued)

#### n. New and revised accounting standards (continued)

##### ii. Future impact of Accounting Standards not yet effective

At the date of authorisation of the financial report, the expected impacts of new or amended Australian accounting standards issued with future commencement dates are:

##### **AASB 15 Revenue from Contracts with Customers**

This Standard will become effective from reporting periods beginning on or after 1 January 2018 and contains much more detailed requirements for the accounting for certain types of revenue from customers. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of the Fund's goods and services, such that some revenue may need to be deferred to a later reporting period to the extent that the Fund has received cash but has not met its associated obligations (such amounts would be reported as a liability (unearned revenue) in the meantime). The Fund is yet to complete its analysis of current arrangements for sale of its goods and services, but at this stage does not expect a significant impact on its present accounting practices.

##### **AASB 16 Leases**

This Standard will become effective for reporting periods beginning on or after 1 January 2019. When applied, the standard supersedes AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases – Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard will not have an impact on the Fund as it does not have any lease arrangements.

### 2. Insurance levies and premium

All insurance levies collected via the Queensland Law Society (QLS) renewal process were transferred to the Law Claims Levy Fund. The surplus collection can only be used in accordance with the Indemnity Rules for insurance purposes.

Insurance premiums are paid to Lexon Insurance Pte Ltd a wholly owned entity of QLS.

The fund continues to accumulate reserves in accordance with actuarial assessments for the benefit of all practitioners who have contributed to the fund.

The insurance premiums represent the amount payable to Lexon under the master policy in accordance with the Indemnity Rules.

### 3. Income in advance

Income in advance relates to insurance levies collected from the profession during the renewals cycle in May which relate to insurance cover to be provided in the next financial year.

	2016	2015
	\$	\$
Levies received in advance	23,654,155	28,019,308

## Law Claims Levy Fund

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 4. Receivables

	2016	2015
	\$	\$
<b>Current</b>		
Interest and distributions receivable	14,079	32,813
Investment redemptions receivable	-	1,200,000
Levies receivable from QLS	8,126,692	28,065,462
GST receivable	-	1,667
<b>Total receivables</b>	<b>8,140,771</b>	<b>29,299,942</b>

### 5. Reconciliation of operating result for the year to net cash provided by operating activities

	2016	2015
	\$	\$
Operating result for the year	599,696	5,153,293
<i>Adjustments for:</i>		
Net investment income	(188,997)	(2,079,999)
<i>Changes in assets and liabilities:</i>		
Increase/(decrease) in receivables	19,932,875	(28,084,718)
Increase/(decrease) in payables	131,559	48,822
Increase/(decrease) in income in advance	(4,365,153)	(2,097,820)
<b>Net cash provided by/(used in) operating activities</b>	<b>16,109,980</b>	<b>(27,060,422)</b>

### 6. Cash and cash equivalents

	2016	2015
	\$	\$
<b>Current assets:</b>		
Cash at bank	181,316	1,114,969
Short-term deposits	17,499,510	1,405,877
<b>Total cash and cash equivalents</b>	<b>17,680,826</b>	<b>2,520,846</b>

## Law Claims Levy Fund

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 7. Investments

	2016	2015
	\$	\$
Investment in collective investment schemes	49,222,830	46,857,537

The portfolio of financial instruments held consists of collective investment schemes. The fair value of the financial instruments is determined using net asset value of the collective investment schemes.

Managed funds include units in various funds with the following managers:

- Queensland Investment Corporation
- UBS Global Asset Management
- AMP Capital Investors
- Zurich Investments Management
- Schroder Investment Management
- Denning Pryce
- BNP Paribas
- Tyndall

### 8. Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (currency risk, price and interest rate risk) and liquidity risk.

#### a. Currency risk

The Fund is not exposed to significant foreign currency risk as the majority of the Fund's transactions, assets and liabilities are denominated in Australian dollars.

The Fund outsources its investment activities to respected fund managers who use defined risk management techniques as part of the funds mandates.

All investments in income securities are predominately hedged where a currency exposure exists.

As part of the Fund's investment mandate it may hold units in funds which hold unhedged international securities. Any unhedged position will be in accordance with the strategic asset allocation, and is monitored regularly by management.

#### b. Price and interest rate risk

The Fund is exposed to equity securities price risk arising from the investments. These securities are held with Australian fund managers.

The Fund seeks to reduce risk by diversifying across a range of securities, maturities and counterparties. Investments of funds are subject to risk control limits and constraints:

##### Duration and tracking error limits (interest rate management)

- The Modified Duration of the funds are constrained within a specified period either side of the Modified Duration of the Benchmark.
- Rolling year ex post tracking error will be limited to a specified number of basis points. The ex-ante tracking error of the funds is not expected to exceed a specified number of basis points.

## Law Claims Levy Fund

# Notes to and forming part of the financial statements for the year ended 30 June 2016

## 8. Financial risk management (continued)

### b. Price and interest rate risk (continued)

#### Sector exposure bands

- The weighting of each sector (eg domestic, international – government, non-government) within the funds will be maintained in specified limits

#### Credit limits

- The funds will be invested in a broad and diversified range of securities across the credit spectrum.

#### Credit risk limits for individual security investments

- Individual security limits apply for direct physical holdings based on their credit rating and inclusion in the benchmark

Management regularly review the performance and ensure all investments held are within the approved mandate.

### c. Liquidity risk

In the management of liquidity risks, the Fund monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Fund's operations and mitigate the effects of fluctuations in cash flows. The Fund also constantly reviews its investment to ensure that there are sufficient cash and liquid deposits to meet its estimated outflows.

The Fund manages its expected cash flow requirements using the latest actuarial valuations detailing projected cash flows. These are monitored in conjunction with available cash and investments readily convertible to cash.

As at reporting date, the Fund's financial liabilities are all current.

### d. Sensitivity analysis

Financial assets at fair value through profit or loss have had the following sensitivity analysis applied, which are based on the Australian Prudential Regulatory Authority's (APRA) General Insurance Prudential Standard GPS 114.

#### • Interest rate sensitivity

Interest rate sensitivity measures the changes on the capital base from changes in real interest rates.

The sensitivity has been determined by multiplying the nominal risk-free interest rate by -0.20 (downward stress) and 0.25 (upward stress), with a maximum stress adjustment of 200 basis points in either direction.

#### • Inflation risk sensitivity

Expected inflation sensitivity measures the changes on the capital base from changes to expensed consumer price index inflation rates. The sensitivity has been determined by adjusting the expected inflation rates by adding 125 basis points (upward movement) and subtracting 100 basis points (downward movement).

#### • Currency sensitivity

Currency sensitivity measures the changes in the capital base due to changes in foreign currency exchange rates. The sensitivity has been determined by applying a 25% increase and 25% decrease in exchange rates. An increase in the Australian Dollar is divided by 1.25 (or multiplied by 0.8) while a decrease is divided by 0.75 (or multiplied by 1.333).

#### • Equity sensitivity

Equity sensitivity measures the change on the capital base of a fall in equity and other asset values. For listed equities, the fall is determined by increasing the dividend yield on the ASX 200 index by 2.5 per cent. For unlisted equities, the fall is determined by increasing the dividend yield on the ASX 200 index by 3.0 per cent.

#### • Property stress

Property sensitivity measures the change on the capital base of a fall in property and infrastructure asset values. The fall is determined by increasing the rental yield (for property assets) or earnings yield (for infrastructure assets) by 2.75 per cent.

## Law Claims Levy Fund

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 8. Financial risk management (continued)

#### d. Sensitivity analysis (continued)

- Credit spread stress

Credit spread sensitivity measures the change on the capital base of an increase in credit spreads and the risk of default. The sensitivity has been determined by adding a spread (based on APRA credit spread and default factors) to the current yield on the asset and multiplying the reduced value of the asset by (1 - default factor).

The below details the impact to financial assets at fair value through profit or loss before tax and before any aggregation benefits.

	2016	2015
	\$	\$
<b>Stress test</b>	<b>Upward impact</b>	
Interest rate	(66,422)	(133,995)
Inflation	82,701	345,725
Currency	(386,209)	(396,158)
	<b>Downward impact</b>	
Interest rate	68,176	123,108
Inflation	(7,733)	(266,473)
Currency	520,741	660,264
<b>Stress test</b>	<b>Impact</b>	
Equity	(3,780,935)	(4,107,946)
Property	-	(445,829)
Credit spread	(1,103,096)	(1,281,006)

## Law Claims Levy Fund

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 9. Related party transactions

	2016	2015
	\$	\$
Administration fees paid to Queensland Law Society	<b>30,453</b>	<b>42,315</b>

Queensland Law Society performs all managerial and administrative tasks on behalf of the Fund.

### 10. Contingent liabilities

Under the present insurance agreements the total liability of the Fund for the respective years of insurance is limited to \$100,000 (1987-1994) and \$500,000 (1995) per individual claim and this amount is reduced by the amount of the solicitors' deductible. Also an aggregate limit per respective year of insurance applies and this limits the total liability of the Fund. As at 30 June 2016, there are no claims outstanding against the Fund.

From 1 July 2002, the Fund has a policy with Lexon Insurance Pte Ltd ('Lexon') which capped its liability at \$5,000,000 for future claim payments up to and including the 1995-1996 insurance year. The Fund ceased to provide cover following the end of the 1995-96 insurance year. Given the length of time it is unlikely that any further claims against the Fund will arise.

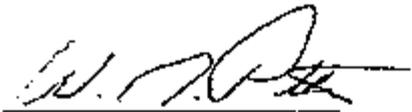
Based on actuarial advice in respect of the position of the Fund as at 30 June 2016 (Finity – August 2016), the insurance in place with regard to the limits per file, and the overall Fund's aggregate limit as at 30 June 2016, the Council is of the opinion that the funds on hand together with future investment income and deductibles, and in conjunction with Stop Loss cover with Lexon will ensure that all future claims will be met as and when they fall due.

Law Claims Levy Fund

**Management Certificate  
for the year ended 30 June 2016**

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act we certify that in our opinion:

- a. the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
- b. the financial statements have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Law Claims Levy Fund for the financial year ended 30 June 2016 and of the financial position of the Fund as at the end that year; and
- c. these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



President  
Queensland Law Society  
Willam Polts

29/08/2016



Chief Executive Officer  
Queensland Law Society  
Amelia Hodge

29/8/16

## Independent Auditor's Report

### To the Council of Queensland Law Society Incorporated

#### Report on the Financial Report

I have audited the accompanying financial report of Law Claims Levy Fund which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and certificates given by the President and Chief Executive Officer of the Queensland Law Society Incorporated.

#### The Council's responsibility for the financial report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

## Independent Auditor's Report

### To the Council of Queensland Law Society Incorporated

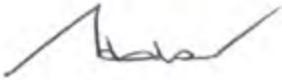
#### Opinion

In accordance with s40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required;
- (b) in my opinion –
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects;
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Law Claims Levy Fund for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

#### Other matters – electronic presentation of the audited financial report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



**R W Hodson CPA**

as Delegate of the Auditor-General of Queensland

Queensland Audit Office  
Brisbane



# FINANCES

LEGAL

PRACTITIONERS'

FIDELITY

GUARANTEE

FUND

## Contents

Statement of profit or loss and other comprehensive income	128
Statement of financial position	129
Statement of changes in equity	130
Statement of cash flows	130
Notes to and forming part of the financial statements	131
Management certificate	138
Independent auditor's report	139

\*All amounts are denoted in Australian currency.

## Legal Practitioners' Fidelity Guarantee Fund

## Statement of profit or loss and other comprehensive income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>Revenue</b>			
Practitioner levies	2	1,987,993	3,750,092
Interest on investments		348,687	927,861
Unrealised gains/(losses) on investments		788,265	-
Costs recovered		5,900	76
Net reversal of notified claims	8	622,133	166,911
<b>Total revenue</b>		<b>3,752,978</b>	<b>4,844,940</b>
<b>Expenses</b>			
Administration expenses	3	73,926	52,206
Notified claims	8	2,592,961	1,597,694
Claim costs		13,362	127,416
Expenses reimbursed to the Queensland Law Society	4	254,593	171,491
<b>Total expenses</b>		<b>2,934,842</b>	<b>1,948,807</b>
<b>Operating result for the year</b>		<b>818,136</b>	<b>2,896,133</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>818,136</b>	<b>2,896,133</b>

## Legal Practitioners' Fidelity Guarantee Fund

## Statement of financial position as at 30 June 2016

	Notes	2016 \$	2015 \$
<b>Current assets</b>			
Cash and cash equivalents	9(a)	1,554,824	28,932,833
Investments	10	29,088,265	-
Receivables	5	337,452	1,838,137
<b>Total current assets</b>		<b>30,980,541</b>	<b>30,770,970</b>
<b>Total assets</b>			
		<b>30,980,541</b>	<b>30,770,970</b>
<b>Current liabilities</b>			
Payables	6	93,295	145,758
Income in advance	7	926,630	1,804,200
Provision for notified claims	8	2,661,974	2,340,506
<b>Total current liabilities</b>		<b>3,681,899</b>	<b>4,290,464</b>
<b>Total liabilities</b>			
		<b>3,681,899</b>	<b>4,290,464</b>
<b>Net assets</b>			
		<b>27,298,642</b>	<b>26,480,506</b>
<b>Equity</b>			
Accumulated surplus		27,298,642	26,480,506
<b>Total equity</b>		<b>27,298,642</b>	<b>26,480,506</b>

## Legal Practitioners' Fidelity Guarantee Fund

## Statement of changes in equity for the year ended 30 June 2016

	2016 \$	2015 \$
<b>Accumulated Surplus</b>		
Balance at 1 July	26,480,506	23,584,373
Total comprehensive income for the year	818,136	2,896,133
<b>Balance at 30 June</b>	<b>27,298,642</b>	<b>26,480,506</b>

## Statement of cash flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
		Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>			
Contributions by practitioners and cost recoveries		2,595,170	329,225
Claim payments and administration expenses		(2,043,704)	(358,595)
Interest received		370,525	1,046,098
<b>Net cash provided by operating activities</b>	9(c)	<b>921,991</b>	<b>1,016,728</b>
<b>Cash flows from investing activities</b>			
Payments for investments		(28,300,000)	-
<b>Net cash used in investing activities</b>		<b>(28,300,000)</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents held</b>		<b>(27,378,009)</b>	<b>1,016,728</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>28,932,833</b>	<b>27,916,105</b>
<b>Cash and cash equivalents at the end of the financial year</b>	9(a)	<b>1,554,824</b>	<b>28,932,833</b>

## Legal Practitioners' Fidelity Guarantee Fund

# Notes to and forming part of the financial statements for the year ended 30 June 2016

### Objectives and principal activities

The Queensland Law Society Incorporated ('the Society'), pursuant to s359 of the *Legal Profession Act 2007* ('the Act') is required to maintain the Legal Practitioners' Fidelity Guarantee Fund (the 'Fund'). The Fund has been established for the purposes of providing a source of compensation for defaults by law practices arising from acts or omissions of associates of the law practices. The major source of income for the Fund is levies from legal practitioners.

### 1. Summary of significant accounting policies

#### a. Statement of compliance

The Fund has prepared these financial statements in compliance with *section 43 of the Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and interpretations. In addition, the financial statements comply with the Queensland Treasury's Minimum Reporting Requirements for the year ending 30 June 2016.

With respect to compliance with Australian Accounting Standards and Interpretations, the Fund has applied those requirements applicable to not-for-profit entities, as the Fund is a not-for-profit body. Except where stated, the historical cost convention is used.

#### b. Taxation

The Fund is exempt from income tax by virtue of *Section 50-25 of the Income Tax Assessment Act 1997* with the exception of Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing activities and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### c. Revenue

Revenues are recognised at fair value of the consideration received net of any amount of GST payable to the ATO. Practitioner levies are recognised when payment is received. Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset and is also recognised net of bank charges.

#### d. Use and revision of accounting estimates

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of claims liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including likely assessments of each claim based on facts present. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### e. Cash and cash equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits on call with financial institutions. The Cash Deposit Account and Term Deposit Account are interest bearing accounts which are readily convertible to cash on hand at the Fund's option.

## Legal Practitioners' Fidelity Guarantee Fund

# Notes to and forming part of the financial statements for the year ended 30 June 2016

### 1. Summary of significant accounting policies (continued)

#### f. Receivables

Interest receivable represents interest accruals for amounts received in the month after balance date.

The Fund has brought to account fines and cost recoveries receivable from practitioners. These receivables have been recognised on an accrual basis and are carried at actual amounts and the collectability of trade debtors is assessed at reporting date and with allowance being made for impairment.

#### g. Payables

Trade creditors are recognised on receipt of the goods or services and are carried at actual amounts, gross of applicable trade and other discounts. Amounts are unsecured and are generally settled on 30 day terms.

#### h. Financial instruments

##### Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Fund becomes party to the contractual provisions of the financial instrument.

##### Classification

Financial instruments are classified and measured as follows:

- Investments – fair value through profit or loss
- Receivables – held at amortised cost
- Payables – held at amortised cost
- Cash and cash equivalents – fair value through profit or loss

The Fund does not enter into transactions for speculative purposes, nor for hedging.

#### i. Investments

Investments held at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis in accordance with a documented funds investment strategy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the reporting date.

#### j. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Fund include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Fund's assets/liabilities. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the Fund for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;

## Legal Practitioners' Fidelity Guarantee Fund

# Notes to and forming part of the financial statements for the year ended 30 June 2016

### 1. Summary of significant accounting policies (continued)

#### j. Fair value measurement (continued)

- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

Investments are categorised into level 2 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

#### k. Provision for notified claims

Claims are brought to account in the year they are notified.

#### l. Income in advance

Income in advance relates to Fidelity Fund Levies collected from the profession in relation to the upcoming financial year. Current year levies in advance relate to collections for the financial year 1 July 2016 to 30 June 2017.

#### m. Judgements and assumptions

Other than provision for notified claims disclosed in Note 8, the entity has made no judgements or assumptions which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

#### n. New and revised accounting standards

##### i. First year application of new accounting standards or change in accounting policy

Two Australian Accounting Standards have been early adopted for the 2015-16 year as required by Queensland Treasury. These are:

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]

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## Legal Practitioners' Fidelity Guarantee Fund

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 2. Practitioner levies

With a view to ensuring that the Fund is able to meet its financial commitments when they fall due, the Council of the Queensland Law Society Incorporated resolved to levy each practitioner \$200 (2015: \$390) in accordance with s156 of the Act.

### 3. Administration expenses

	2016	2015
	\$	\$
Advertising	6,529	-
Actuarial fees	18,850	-
Audit fees – Fidelity Fund	10,000	9,800
Bank charges	13,875	14,859
Payroll tax	5,261	5,221
Printing and stationary	141	-
Professional consulting fees	-	9,000
Rent and electricity	14,124	12,000
Registration and memberships	645	627
Telephone	635	699
Travel	3,498	-
Sundry expenses	368	-
	<b>73,926</b>	<b>52,206</b>

Total audit fees paid and payable to the Queensland Audit Office to perform the audit of the Fund's financial statement for 2015-16 are estimated to be \$10,000 (2015: \$9,800). There are no non-audit services included in this amount.

### 4. Expenses reimbursed to Queensland Law Society Incorporated

The Fund, pursuant to s152 of the Act, is required to reimburse the Society for all costs and expenses incurred in the administration of the Fund. The Society performs all managerial and administrative tasks on behalf of the Fund.

	2016	2015
	\$	\$
Administration fees	142,772	58,354
Administration fees – reimbursement of payroll costs	111,821	113,137
	<b>254,593</b>	<b>171,491</b>

### 5. Receivables

	2016	2015
	\$	\$
Interest receivable	522	22,360
Practitioner levies receivable from Queensland Law Society	336,930	1,814,145
Other receivables	-	1,632
	<b>337,452</b>	<b>1,838,137</b>

## Legal Practitioners' Fidelity Guarantee Fund

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 6. Payables

	2016	2015
	\$	\$
Other payables and accruals	30,788	86,761
Payable to Queensland Law Society for annual leave entitlements	18,724	17,018
Payable to Queensland Law Society for long service leave entitlements	43,783	41,979
	<b>93,295</b>	<b>145,758</b>

### 7. Income in advance

	2016	2015
	\$	\$
Fidelity guarantee levies for upcoming year	<b>926,630</b>	<b>1,804,200</b>

Levies are collected by the Queensland Law Society Incorporated on behalf of the Fund. The levies collected in May and June 2016 relating to the 2016-17 year were paid to the Fund by Queensland Law Society.

### 8. Provision for notified claims

	2016	2015
	\$	\$
Opening notified claims	2,340,506	961,420
Add notified claims received	2,592,961	1,597,694
Less reversal of notified claims	(622,133)	(166,911)
Less payment of notified claims	(1,649,360)	(51,697)
	<b>2,661,974</b>	<b>2,340,506</b>

Notified claims represent the estimated liability in relation to claims which have been notified but not yet admitted as a claim.

### 9. Notes to the statement of cash flows

#### a. Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2016	2015
	\$	\$
Cash assets	608,103	401,821
Cash deposit account	946,721	25,731,012
Term deposit account	-	2,800,000
<b>Total cash and cash equivalents</b>	<b>1,554,824</b>	<b>28,932,833</b>

## Legal Practitioners' Fidelity Guarantee Fund

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 9. Notes to the statement of cash flows (continued)

#### b. Financing facilities

The Fund has no external non-cash financing or any standby credit facilities or any other loan facilities.

#### c. Reconciliation of the operating result for the year to net cash provided by operating activities

	2016	2015
	\$	\$
Operating result for the year	818,136	2,896,133
<b>Adjustments for:</b>		
Net investment income	(788,265)	-
<b>Changes in assets and liabilities:</b>		
Increase/(decrease) in receivables	1,500,685	(1,695,176)
(Decrease)/increase in payables	(52,463)	44,215
(Decrease)/increase in income in advance	(877,570)	(1,607,530)
Increase/(decrease) in provision for notified claims	321,468	1,379,086
<b>Net cash provided by operating activities</b>	<b>921,991</b>	<b>1,016,728</b>

### 10. Investments

	2016	2015
	\$	\$
Investment in managed funds	<b>29,088,265</b>	-

The portfolio of financial instruments held consists of investment in managed funds. The fair value of the financial instruments is determined using net asset value of the managed funds.

Investments include units in the following managed portfolios:

- CBA Liquidity Reserve
- CBA Strategic Reserve
- CBA Investment Reserve

## Legal Practitioners' Fidelity Guarantee Fund

# Notes to and forming part of the financial statements for the year ended 30 June 2016

### 11. Financial risk management

The Fund's financial instruments consist mainly of deposits with banks and investment in managed funds. The Fund's activities expose it to a variety of financial risks: market risk (price and interest rate risk) and liquidity risk.

#### a. Price and interest rate risk

The Fund is exposed to equity securities price risk arising from the investments. These securities are held with Australian fund managers.

The Fund seeks to reduce risk by diversifying across a range of securities, maturities and counterparties. Investments of funds are subject to risk control limits and constraints.

Management regularly review the performance and ensure all investments held are within the approved mandate.

#### b. Liquidity risk

In the management of liquidity risks, the Fund monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Fund's operations and mitigate the effects of fluctuations in cash flows. The Fund also constantly reviews its investment to ensure that there are sufficient cash and liquid deposits to meet its estimated outflows.

The Fund manages its expected cash flow requirements against the budget. These are monitored in conjunction with available cash and investments readily convertible to cash.

As at reporting date, the Fund's financial liabilities are all current.

#### c. Sensitivity Analysis

The Fund has performed a sensitivity analysis relating to its exposure to interest rate risk, and price risk at the end of the reporting period. The sensitivity analysis demonstrates the effect on the current year profit which could result from a change in these risks.

	2016	2015
	\$	\$
<b>Interest rate sensitivity analysis:</b>		
At 30 June, the effect on profit as a result of changes in the interest rate, with all other variables remaining constant would be as follows:		
<b>Change in profit</b>		
increase in interest rate by 1%	24,591	289,328
decrease in interest rate by 1%	(24,951)	(289,328)

	2016	2015
	\$	\$
<b>Price sensitivity analysis:</b>		
At 30 June, the effect on profit as a result of changes in the unit price of managed funds, with all other variables remaining constant would be as follows:		
<b>Change in profit</b>		
increase in managed funds unit price by 5%	1,409,927	-
decrease in managed funds unit price by 5%	(1,408,536)	-

### 12. Contingent liabilities

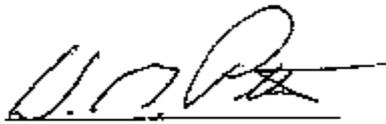
There were no known contingent liabilities at 30 June 2016.

## Legal Practitioners' Fidelity Guarantee Fund

## Management Certificate for the year ended 30 June 2016

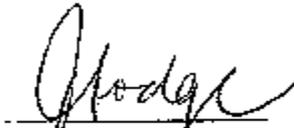
These general purpose financial statements have been prepared pursuant to *section 62(1) of the Financial Accountability Act 2009* (the Act), *section 43 of the Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with *Section 62(1)(b) of the Act* we certify that in our opinion:

- a. the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
- b. the financial statements have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Legal Practitioners' Fidelity Guarantee Fund for the financial year ended 30 June 2016 and of the financial position of the Fund as at the end that year; and
- c. these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



President  
Queensland Law Society  
William Poits

29/08/2016



Chief Executive Officer  
Queensland Law Society  
Amelia Hodge

29/8/16

## Independent Auditor's Report

### To the Council of Queensland Law Society Incorporated

#### Report on the Financial Report

I have audited the accompanying financial report of the Legal Practitioners' Fidelity Guarantee Fund which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and certificates given by the President and Chief Executive Officer of the Queensland Law Society Incorporated.

#### The Council's responsibility for the financial report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with the prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

## Independent Auditor's Report

To the Council of Queensland Law Society Incorporated

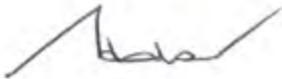
### Opinion

In accordance with s40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Legal Practitioners' Fidelity Guarantee Fund for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

### Other Matters – electronic presentation of the audited financial report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



**R W Hodson CPA**

as Delegate of the Auditor-General of Queensland

Queensland Audit Office  
Brisbane



# Compliance checklist

Summary of requirement	Basis for requirement	Annual report reference
<b>Letter of compliance</b>	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 8 Page 1
<b>Accessibility</b>	Table of contents	ARRs – section 10.1 Page 1
	Glossary	Page 143
	Public availability	ARRs – section 10.2 Page 1
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3 Page 1
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 10.4 Page 1
	Information Licensing	<i>QGEA – Information Licensing</i> ARRs – section 10.5 N/A
<b>General information</b>	Introductory Information	ARRs – section 11.1 Page i-1, 8-9
	Agency role and main functions	ARRs – section 11.2 Page i-1
	Operating environment	ARRs – section 11.3 Page i-1, 9, 33-34, 38, 55-56
<b>Non-financial performance</b>	Government's objectives for the community	ARRs – section 12.1 N/A
	Other whole-of-government plans/specific initiatives	ARRs – section 12.2 N/A
	Agency objectives and performance indicators	ARRs – section 12.3 Page 4-7, 11-24, 25-36, 50-52, 54
	Agency service areas and service standards	ARRs – section 12.4 Page 4-7, 11-24, 25-36, 50-52, 54
<b>Financial performance</b>	Summary of financial performance	ARRs – section 13.1 Page 5, 57-58
<b>Governance – management and structure</b>	Organisational structure	ARRs – section 14.1 Page 38, 41-48
	Executive management	ARRs – section 14.2 Page 42-44, 46-47
	Government bodies (statutory bodies and other entities)	ARRs – section 14.3 Page 1
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs – section 14.4 Page 45
	Queensland public service values	ARRs – section 14.5 N/A

**FAA** *Financial Accountability Act 2009*

**FPMS** *Financial and Performance Management Standard 2009*

**ARRs** *Annual report requirements for Queensland Government agencies*

# Compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
<b>Governance – risk management and accountability</b>	Risk management	ARRs – section 15.1	Page 44-45
	Audit committee	ARRs – section 15.2	Page 44
	Internal audit	ARRs – section 15.3	Page 44
	External scrutiny	ARRs – section 15.4	Page 109-110, 125-126, 139-140
	Information systems and recordkeeping	ARRs – section 15.5	Page 45
<b>Governance – human resources</b>	Workforce planning and performance	ARRs – section 16.1	Page 38-40
	Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	N/A
<b>Open Data</b>	Consultancies	ARRs – section 17 ARRs – section 34.1	Page 1
	Overseas travel	ARRs – section 17 ARRs – section 34.2	Page 1
	Queensland Language Services Policy	ARRs – section 17 ARRs – section 34.3	N/A
<b>Financial statements</b>	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	Page 108, 124, 138
	Independent Auditor's Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	Page 109-110, 125-126, 139-140

**FAA** *Financial Accountability Act 2009*

**FPMS** *Financial and Performance Management Standard 2009*

**ARRs** *Annual report requirements for Queensland Government agencies*

# Glossary

<b>AASB</b>	Australian Accounting Standards Board	<b>ICD</b>	Incurred Claims Development
<b>AGM</b>	Annual General Meeting	<b>IP Act</b>	<i>Information Privacy Act 2009</i>
<b>AIC</b>	Queensland Law Society Audit and Investment Committee	<b>KPI</b>	Key Performance Indicator
<b>AICD</b>	Australian Institute of Company Directors	<b>LawCare</b>	Counselling and wellbeing assistance program for Queensland Law Society staff and members
<b>AILA</b>	Australian Insurance Law Association	<b>Law Week</b>	Annual event held across Australia promoting the legal profession
<b>Apps</b>	Mobile software applications	<b>LCA</b>	Law Council of Australia
<b>APRA</b>	Australian Prudential Regulatory Authority	<b>LCLF</b>	Law Claims Levy Fund
<b>ASCR</b>	<i>Australian Solicitors Conduct Rules 2012</i>	<b>Legislation Update</b>	A weekly update on Queensland legislation sent out by Queensland Law Society
<b>ASX</b>	Australian Stock Exchange	<b>Lexon</b>	Lexon Insurance Pte Ltd, a wholly-owned subsidiary company of Queensland Law Society
<b>ATO</b>	Australian Tax Office	<b>LPA</b>	<i>Legal Profession Act 2007</i>
<b>BAQ</b>	Bar Association Queensland	<b>L&amp;PD</b>	Learning and Professional Development
<b>BF</b>	Bornhuetter-Ferguson	<b>LPGF</b>	Legal Practitioners' Fidelity Guarantee Fund
<b>Call to Parties</b>	Queensland Law Society's pre-election document outlining the profession's concerns and priority areas	<b>LSC</b>	Legal Services Commission
<b>CBD</b>	Central Business District	<b>MHFA</b>	Mental Health First Aid
<b>CEO</b>	Chief Executive Officer	<b>Open rate</b>	The number of times an email has been opened
<b>CHE</b>	Claims Handling Expenses	<b>PAE</b>	Post-Admission Experience
<b>CLC</b>	Community Legal Centre	<b>PC</b>	Practising Certificate
<b>Costs Guide</b>	Queensland Law Society's guide for use by members in complying with the requirements of the Queensland costs regime in the <i>Legal Profession Act 2007</i>	<b>Permanent separation rate</b>	Number of employees who separated out of the number of permanent employees
<b>CPD</b>	Continuing Professional Development	<b>PMC</b>	Practice Management Course
<b>CPI</b>	Consumer Price Index	<b>Proctor</b>	Queensland Law Society's monthly magazine
<b>Cth</b>	Commonwealth	<b>QCAT</b>	Queensland Civil and Administrative Tribunal
<b>DJAG</b>	Department of Justice and Attorney-General	<b>QDAN</b>	Queensland Disposal Authority Number
<b>DLA</b>	District Law Association	<b>QLS</b>	Queensland Law Society
<b>DTC</b>	Davidson Trahair Corppsych	<b>QLS Update</b>	Queensland Law Society's weekly electronic newsletter
<b>ECL</b>	Early Career Lawyer	<b>QPILCH</b>	Queensland Public Interest Law Clearing House
<b>E-newsletter</b>	Electronic newsletter	<b>QSA</b>	Queensland State Archives
<b>FIAA</b>	Fellow of the Institute of Actuaries of Australia	<b>QSC</b>	Queensland Supreme Court
<b>FLPA</b>	Family Law Practitioners Association	<b>RTI</b>	Right to Information
<b>FRR</b>	Financial Reporting Requirements	<b>R U OK?</b>	Not-for-profit organisation to prevent suicide and promote mental health wellbeing
<b>FTE</b>	Full-time equivalent	<b>TJMF</b>	Tristan Jepson Memorial Foundation
<b>FWG</b>	Queensland Law Society's Flexible Working Group		
<b>GM</b>	General Manager		
<b>Guidance Statements</b>	Documents that outline Queensland Law Society's guidance on particular subjects		
<b>IBNER</b>	Incurred But Not Enough Reported		
<b>IBNR</b>	Incurred But Not Reported		

# Index

## A

About us, i  
Advocacy, 26-29  
Audit and Investment Committee, 44-45  
Australian Solicitors Conduct Rules, 30, 33  
Awards, 2-3, 19, 39, 45

## C

Call to Parties, 3, 6-7, 9, 20, 27  
CEO's review, 9  
Committees, 12, 15, 18, 26, 28, 31, 34, 44  
Compliance checklist, 141  
Corporate Governance, 40, 41-45  
Corporate plan 2016-17, 53  
Council, 1, 2, 6-7, 9, 17, 18, 20, 38, 41-45, 48, 52  
Culture, 1, 6, 37-48

## D

District law associations (DLAs), 2, 8, 14, 22, 29  
Domestic violence guidelines, 8, 27

## E

E-Conveyancing, 2  
Environment, 50-51  
Essentials Series, 13  
Ethics, i, 1, 9, 23, 30-32, 33, 38, 39, 45, 48, 51, 56  
Executive leadership team, 46-47  
External Affairs, 8, 9, 29, 38, 48

## F

Finances:  
Financial performance, 57-58  
Financial statements, 59-140  
Flexibility, 36, 38  
Future focus, 9, 55

## G

Glossary, 143  
Guidance Statements, i, 9, 33

## H

History, i  
Human rights, 3, 8, 16, 27, 28

## I

Information privacy, 45

## K

Key performance indicators, 4-5, 7, 53

## L

Law Society House, i, 2, 3, 4, 14, 22, 36, 50-51, 57  
LawCare, i, 20, 36, 40  
Law Claims Levy Fund, 6, 9, 46, 57, 58, 111-126  
Law Week, 3, 14, 21, 35, 40  
Learning & professional development, 12, 13, 17, 31  
Legal Practitioners' Fidelity Guarantee Fund, i, 6-7, 34, 45, 52, 127-140  
Lexon, i, 6, 14, 34, 42, 46, 52, 57-58  
Love Law, Live Life, 21, 35

## M

Masterclass Series, 13  
Media, 8, 9, 16, 24, 26, 29, 56  
Meeting rooms, 51  
Member rewards, 12  
MemberConnect, 3, 20  
Membership snapshot, 10  
Mental health, 2, 8, 9, 13, 35, 40  
Mission, i

## O

Open Day, 14  
Organisational structure, 48

## P

Practice Management Course, 15, 45  
Practice support, i, 7, 9, 12, 30, 53, 56  
President's review, 8  
*Proctor*, i, 7, 23, 30, 36

## Q

*QLS Update*, 23, 30, 55  
Queensland Legal Walk, 3, 40

## R

Recordkeeping, 45  
Regional events, 14, 22  
Revenue, 5, 6, 53, 57-58  
Right to Information, 45  
Risk management, 6-7, 9, 40, 44-45, 52, 53

## S

Senior Counsellors, 2, 32  
Specialist accreditation, 2, 13, 17-18  
Staff engagement, 5, 7, 39, 54  
Strategic plan, 1, 41, 53-54  
Student Ambassador Program, 2, 24  
Submissions, 4, 26-27  
Sustainability, 6, 9, 49-60  
Symposium 2016, 3, 16

## T

Tristan Jepson Memorial Foundation, 2, 13, 20, 35, 40  
Trust accounts, i, 4, 33, 34

## V

Values, i, 41  
Vision, i, 54

## W

Webinar, 14, 33

## Y

Year in review, 2-3





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