



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 ³ | 14.335 m ³ | 25.795 m ³ |
| 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 |
|----------------------------------|-----------|-----------|
| Bookings | 2,366 | 2,207 |
| Reserved hours | 15,348.40 | 11,336.25 |
| Total attendees | 21,044 | 14,859 |
| Auditorium usage | 2015-16 | 2014-15 |
| Bookings | 321 | 328 |
| Reserved hours | 2,248.23 | 1,595.67 |
| Total attendees | 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

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.

Our Practice Support Consultancy Service will be expanded across Queensland

Targeted services to manage risk

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 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).

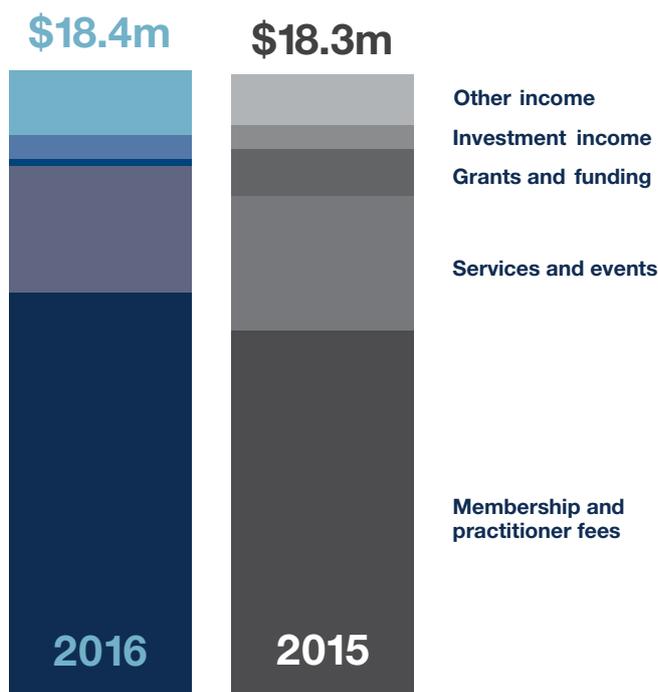
The Group results include membership activities, insurance activity through Lexon and LCLF and the regulatory responsibilities the Society carries out under legislative requirements.

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)

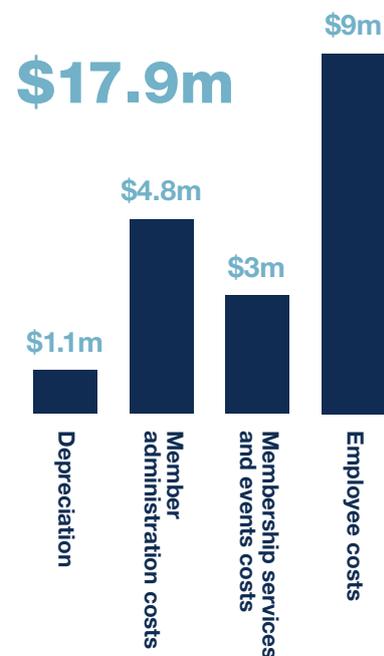


\$12m

IN MEMBERSHIP AND PRACTITIONER FEES

↑ 10%

QLS EXPENSES (PARENT)



\$3m

IN MEMBERSHIP SERVICES AND EVENTS COSTS

↓ 9%

Insurance scheme

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

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

| | |
|---|------------|
| Queensland Law Society Incorporated | 59 |
| Law Claims Levy Fund | 111 |
| Legal Practitioners' Fidelity Guarantee Fund | 127 |