

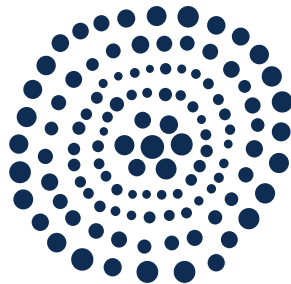
ANNUAL REPORT 2017.2018



Queensland
Law Society

We acknowledge the First Nations peoples
as the original inhabitants of Australia.

We recognise, respect and celebrate the
cultural distinctions of First Nations peoples
and value their rich and positive contribution
to not only Queensland but also to the
broader Australian society.



ABOUT THIS REPORT

Queensland Law Society's 2017-18 annual report presents our corporate performance information for the period 1 July 2017 to 30 June 2018.

This report records our activities, achievements and challenges for the 2017-18 financial year and evaluates them against our strategic and corporate planning goals and targets. It also provides a summary of our corporate performance, our planning around the next strategic plan, and priorities for initiatives in 2018-19 and beyond.

QLS is incorporated under the *Legal Profession Act 2007* and is defined as a statutory body under the *Financial Accountability Act 2009*. The QLS Council is responsible for overseeing the Society's governance and setting the strategic direction.

The Society's annual report complies with Queensland Government reporting requirements. This report aligns with the Society's 2017-21 strategic plan and corporate performance against four key areas: grow, lead, culture and strength.

Our commitment to accessibility

This annual report can be accessed at qls.com.au/annual-reports, via the Queensland Parliament website or in print form by contacting us (see below).

Our website qls.com.au 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.



Feedback

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

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7 September 2018

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

Dear Attorney

I am pleased to submit for presentation to the Parliament the Annual Report 2017-2018 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 on pages 143-144 of this document.

Yours faithfully

Ken Taylor
President

Email: president@qls.com.au

ABOUT US

Queensland Law Society (QLS) is the peak representative body for the legal profession in Queensland, providing leadership, guidance and support for more than 13,000 members.

The Society empowers good lawyers, advocates for good law and serves the public good by providing a clear and passionate voice for solicitors and the legal profession in Queensland. We engage with the government, the public and the legal community on issues of importance to the profession.

The Society is a versatile, responsive and collegiate representative body which supports and advocates on behalf of the Queensland legal profession. We represent the profession with courage, fidelity and service in an ethically sound, calm and professional manner.

Across many platforms and in conjunction with our members, the Society provides:

- high-quality, ethical support and guidance to Queensland solicitors, including direct ethical consulting, bespoke educational sessions and published guidance statements
- calm, clear and courageous advocacy on matters of importance to the legal profession and the broader community
- accessible, high-quality ongoing professional development and specialist accreditations
- practical resources and opportunities for the profession to maintain and develop professional skills
- support and guidance on trust account issues and trust account compliance
- direct practice support consultancy services to new and developing law firms throughout the state
- regulation of trust account provisions of the *Legal Profession Act 2007*, external administration of law practices and management of the Legal Practitioners' Fidelity Guarantee Fund
- records administration for the issuing of practising certificates
- professional indemnity insurance to the members of the Queensland legal profession through Lexon Insurance Pte Limited.

Our vision

Good law. Good lawyers. Public good.

Our purpose

- Supporting our members to have more satisfying, balanced and rewarding legal careers and businesses
- Promoting the value of solicitors in the community and supporting the professional values of fidelity, service and courage
- Being the authoritative voice of solicitors in Queensland, speaking out for justice and the rule of law

Our values

Our values frame our service delivery, leadership of the legal profession 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.

YEAR IN REVIEW

The 2017-18 financial year was productive for QLS across all areas of the organisation and the broader profession. Below are highlights from our year.

JULY 2017

- 5** QLS launches its Reconciliation Action Plan (RAP) at an event attended by Indigenous elders and state and federal representatives of government and the judiciary



- 9** 2017 President Christine Smyth, Immediate Past President Bill Potts and Acting CEO Matt Dunn attend the annual Opening of the Law Year church service at the Albert Street Uniting Church

- 13-15** QLS and Family Law Practitioners Association host the Family Law Residential

AUGUST 2017

- 5** QLS Touch Football Tournament – won by Legal Aid Queensland
- 11** QLS Government Lawyers Conference
- 15** QLS congratulates members Louise Young, Naazihah Jamal, Patrick Turner and Danielle Barry, recognised in the Lawyers Weekly 30 under 30 Awards

- 17-18** QLS Roadshow: Law in the Tropics, Port Douglas

- 23** President Christine Smyth presents 25- and 50-year membership pins to 35 QLS members, including 50-year pin recipients John Nagel, Bill Delaney, Michael Meadows, Brian Ward, John Ker and Gino Milani

- 30** QLS Modern Advocate Lecture Series, lecture three, delivered by Justice Peter Applegarth

SEPTEMBER 2017

- 1** QLS Senior Counsellors' Conference
- 8** QLS Criminal Law Conference
- 14-15** QLS Property Law and Conveyancing Conference

OCTOBER 2017

- 5** Annual breakfast for QLS policy committee chairs and deputy chairs
- 6-7** QLS Succession and Elder Law Residential
- 16** Announcement of QLS election results
- 20-21** Central Queensland Law Association and QLS Conference, Rockhampton
- 26** QLS Modern Advocate Lecture Series, lecture four, delivered by Justice Roslyn G Atkinson AO
- 27** QLS Personal Injuries Conference 2017, with keynote presenter the Honourable Ian Callinan AC
- 30** QLS announces Call to Parties document for the November state election

NOVEMBER 2017

- 1** QLS and Chartered Accountants Australia & New Zealand host the Young Professionals Networking Evening
- 2-3** QLS Toowoomba Roadshow: Law on the Range
- 15** QLS Appreciation Evening at the State Library
- 16** Legal Profession Breakfast, supporting Women's Legal Service at Brisbane City Hall
- 16** QLS annual general meeting
- 21** QLS Past, Present and Future Presidents Dinner

DECEMBER 2018

- 8** Chief Justice Catherine Holmes joins new and current accredited specialists at the annual QLS Specialist Accreditation Christmas Breakfast at the Hilton Brisbane Hotel

FEBRUARY 2018

- 1** QLS member new year celebration
- 16** QLS Dispute Resolution Conference

MARCH 2018

- 5** Rolf Moses takes up appointment as QLS Chief Executive Officer
- 8** Annual district law association presidents' workshop
- 9-10** QLS Symposium



- 9** QLS Legal Profession Dinner and Awards
- 15** The first 2018 lecture in the QLS Modern Advocate Lecture Series features Queensland Civil and Administrative Tribunal President Justice Martin Daubney
- 20** The annual QLS Legal Careers Expo attracts more than 490 law students
- 27** Roma local workshop

APRIL 2018



- 1** QLS celebrates its 90th anniversary
- 19** QLS and Chartered Accountants Australia & New Zealand host the Young Professionals Networking Evening

MAY 2018





- 10** QLS Modern Advocate Lecture Series, lecture two, delivered by Di Fingleton
- 14-20** Law Week 2018 features the Legal Walk, QLS Open Day, a wellbeing breakfast and the QLS Ball, among other activities








JUNE 2018

- 8** QLS Gold Coast Symposium

STRATEGIC AND OPERATIONAL PERFORMANCE OVERVIEW

On 1 July 2017, the Society's four-year strategic plan came into effect. Our Strategic Plan 2017-21 sets out to achieve **our vision** for good law, good lawyers and the public good and **our purpose** to support our members to have more satisfying, balanced and rewarding legal careers and businesses, to promote the value of solicitors in the community, to support the professional values of fidelity, service and courage, and to be the authoritative voice of solicitors in Queensland, speaking out for justice and the rule of law. Our four-year strategic plan particularises five strategic goals, two strategic objectives and six measures of success (key performance indicators [KPIs]). Measurement of the first year of our strategic plan has been embedded in our Operating Plan 2017-18, with our operating plan categorised by strategic goal and objective, as well as setting out our key actions, our strategic (KPI) and operational targets for the financial year. Measures include both qualitative and quantitative assessments to gauge engagement across the membership and key stakeholders. The Society's performance in beginning the Strategic Plan 2017-21 and the annual Operating Plan 2017-18 is outlined in this report.

Strategic goal 1: Advocate for the role of solicitors in the community and speak out for justice and the rule of law			
Initiatives	Key actions	Targets 2017-18	Achieved 2017-18
1. Undertake a public campaign to advocate for justice and the rule of law	1.1 Develop, approve, disseminate and report on the effectiveness of the 2017 QLS State Call to Parties	KPI5: Staff are engaged, collaborative and productive: <ul style="list-style-type: none"> a. Publication of the 2017 QLS State Call to Parties b. Media undertaken on the 2017 QLS State Call to Parties c. Publication of the Access to Justice Scorecard d. Media undertaken on the Access to Justice Score Card 	 1.1 Completed <ul style="list-style-type: none"> • Call to parties campaign published in <i>Proctor</i> • Written response received from major parties • Written support and commitment on key areas to progress QLS advocacy • Call to parties piece published on web and in <i>Proctor</i>. Referenced in social media and <i>QLS Update</i>.
	1.2 Publicly promote access to justice in Queensland through the Access to Justice Score Card	KPI4: We are listened to by government and members of parliament by: <ul style="list-style-type: none"> e. A written response received from major parties f. Written support or commitment to progress QLS advocacy g. QLS invited to consult and provide feedback on law reform set out in 2017 QLS State Call to Parties 	 1.2 Completed <ul style="list-style-type: none"> • Access to justice media releases and consultation with various mainstream media. With promotion across multiple channels • Mini campaign developed • Access to Justice document designed and produced • News items in <i>Proctor</i>, <i>QLS Update</i> and website • 2017 Access to Justice Scorecard report was drafted by Advocacy and released on 4 April 2018. A record number of survey responses were obtained.
2. Promote the role of solicitors in the community	2.1 Position QLS Awards as a key demonstration of the role of solicitors in the community	KPI2: Increased membership engagement in our products and services: <ul style="list-style-type: none"> a. Increased number of candidates for QLS awards KPI5: Staff are engaged, collaborative and productive: <ul style="list-style-type: none"> b. QLS awards are consolidated and presented annually c. Elder abuse trial is reported and published 	 2.1 Completed <ul style="list-style-type: none"> • Nine awards were presented at the Legal Profession Dinner and Awards – which itself was also successful, with 331 people attending (up on last year) • There were 75 nominations and 36 shortlisted • Advocacy and reconciliation action plan (RAP) teams assisted with the formation of guidelines and reviewed applicants' claims against the selection criteria prior to the final selection by the judges
	2.2 Evaluate the elder abuse trial and report on findings	d. Media undertaken on the results of the QLS awards and elder abuse trial	 2.2 In progress and continuing <ul style="list-style-type: none"> • Elder abuse trial completed • Advocacy has obtained a confidential draft of the elder abuse trial results from the Elder Abuse Prevention Unit • The Society ran an elder abuse forum 'Bad Behavior or Criminal Conduct?' that was highly rated and well attended. We are considering holding a public forum to create community awareness about elder abuse. • Working with stakeholders to create an evaluation framework to assist with reporting on findings • Collaborating with QUT and the Law Society of New South Wales on different projects in this space

Strategic goal 2: Regulate to uphold the good standing of all solicitors			
Initiatives	Key actions	Performance target/KPI	Achieved 2017-18
3. Modernise the Queensland Law Society Rules in the administration of practising certificate and membership records, including how they are accessed and updated through our systems	3.1 Undertake an audit of practising certificates and member records to ensure compliance with the Queensland Law Society Administration Rule 2005 and Legal Profession (Society) Rules 2007 ('the Rules')	KPI5: Staff are engaged, collaborative and productive: <ul style="list-style-type: none"> a. Number of identified errors corrected b. Roll of practising certificate holders correctly established and set out 	 3.1 Completed <ul style="list-style-type: none"> • Fully compliant with the Rules and continuing improvements in member record management
	3.2 Draft amendments to the Rules as required and obtain approval from council for amendments to the Rules	KPI3: Members express high levels of satisfaction with our products and services: <ul style="list-style-type: none"> c. The Rules constructed to meet modern needs after due consultation culminating in council approval and application from 1 July 2018 	 3.2 In progress <ul style="list-style-type: none"> • Proposed amendments drafted and provided to the acting CEO in late November 2017, with a discussion paper on some proposals for further consideration by the CEO and council. Room for amendment is limited this year because of the state of the iMIS system.
	3.3 Review the content of the Rules against the reality of modern practice involving stakeholders		 3.3 In progress <ul style="list-style-type: none"> • As for 3.2
	3.4 Action the recommendations arising from the audit to ensure compliance and accuracy of data		 3.4 In progress <ul style="list-style-type: none"> • As for 3.2
Strategic goal 3: Guidance to encourage the professional values of fidelity, service and courage			
Initiatives	Key actions	Performance target/KPI	Achieved 2017-18
4. Provide ethics and practice support guidance	4.1 Publish guidance statements on discrete practical ethical issues	KPI5: Staff are engaged, collaborative and productive: <ul style="list-style-type: none"> a. Publication of the Guidance Statement within one month of Ethics Committee approval b. Respond to at least 200 calls per month c. Respond to members within one business day 	 4.1 Completed <ul style="list-style-type: none"> • In 2017-18 the centre issued three guidance statements
5. Continue to deliver and expand the QLS Ethics Centre offerings	5.1 Continue to provide telephone and direct contact guidance on ethical and practice support issues to our membership	KPI2: Increased membership engagement in our products and services: <ul style="list-style-type: none"> a. Obtain confirmation that a visited practice adopts one of the processes recommended in the consultation b. Positive recommendation to other members for use of the service 	 5.1 Completed <ul style="list-style-type: none"> • The centre answered 4259 enquiries in 2017-18 (average enquiries over the financial year each month were 355)
	5.2 Continue to develop and extend the Practice Support Consultancy Service		 5.2 Completed <ul style="list-style-type: none"> • The centre delivered 64 Practice Support Consultancy Service visits during 2017-18

Strategic goal 4: Educate to develop the reputation and expertise of members and their businesses

Initiatives	Key actions	Performance target/KPI	Achieved 2017-18
6. Review our Learning and Professional Development strategy to identify the best options for QLS to meet solicitors' needs into the future	6.1 Survey of member feedback on Learning and Professional Development offering	KPI5: Staff are engaged, collaborative and productive: a. Survey completed	● 6.1 Completed <ul style="list-style-type: none"> Survey of regional practitioners undertaken
	6.2 QLS to analyse current Learning and Professional Development offering from a financial, member perception, delegate attendance and satisfaction perspective	b. Research completed c. Options paper presented to Council Deliver the Trust Account Remedial Course d. Deliver the Trust Account Remedial Course	● 6.2 Completed <ul style="list-style-type: none"> Working group reviewed and analysed Learning and Professional Development offering from a financial, member perception, delegate attendance and satisfaction perspective
	6.3 Options paper on results highlighting future trends and best options for QLS to be presented to council		● 6.3 Completed <ul style="list-style-type: none"> Options paper submitted to council
7. Further our key education offerings	7.1 Continuing delivery of Symposium	KPI2: Increased membership engagement in our products and services: a. Positive increase number of delegates to Symposium	● 7.1 Completed <ul style="list-style-type: none"> Symposium 2018 successful with over 564 delegates and presenters Report submitted to Council
	7.2 Deliver roll out of Trust Account Remedial Course	KPI5: Staff are engaged, collaborative and productive	● 7.2 Completed <ul style="list-style-type: none"> Three courses completed with two at 100% success rate. The April 2018 course had a failed candidate
8. Provide solicitors with guidance on the emerging issues of: <ul style="list-style-type: none"> cyber security new technologies that may potentially affect the profession 	8.1 Develop appropriate guidance and education on the identified emerging issues	KPI5: Staff are engaged, collaborative and productive: a. Produce, publish, and educate guidance on the emerging issues	● 8.1 Completed and continuing <ul style="list-style-type: none"> The centre has established a cybersecurity and scam prevention working group to assist in the development of cyber resources and has dedicated the work of one of its solicitors to this project Awareness resources have been published and circulated to the profession via social media and in conjunction with Lexon
9. Provide ethics and practice support education services	9.1 Continue to develop and deliver Bespoke Ethics Sessions for members	KPI2: Increased membership engagement in our products and services: a. Deliver three Bespoke Ethics Sessions each quarter	● 9.1 Completed <ul style="list-style-type: none"> 31 Bespoke Ethics Sessions were delivered in 2017-18
	9.2 Deliver the Modern Advocate Lecture Series	KPI3: Members express high levels of satisfaction with our products and services: b. Achieve 4 out of 5 for each session KPI5: Staff are engaged, collaborative and productive:	● 9.2 Completed <ul style="list-style-type: none"> Dedicated website has been created to deliver the Modern Advocate Lecture Series with four sessions held in the financial year. Sessions have dedicated YouTube clips and are broadcast through Facebook Live. Each session was rated at over 4/5
	9.3 Deliver the QLS Legal Ethics Course	c. Finalise course content d. Deliver the course	● 9.3 Completed <ul style="list-style-type: none"> The Centre delivered one course for referred practitioners in 2017-18

Strategic goal 5: Connecting the profession with each other and the public			
Initiatives	Key actions	Performance target/KPI	Achieved 2017-18
10. Implement our Reconciliation Action Plan (RAP)	10.1 Implement the action items as set out in the RAP for 2017-18	<p>KPI1: Proportion of members in law practices grows each financial year:</p> <p>a. Increased participation of First Nations people as QLS members</p> <p>KPI2: Increased membership engagement in our products and services:</p> <p>b. Increased engagement with First Nations stakeholders</p> <p>KPI5: Staff are engaged, collaborative and productive:</p> <p>c. 2017-18 actions implemented and reported to the membership and Reconciliation Australia</p>	<p>10.1 Completed and continuing (two-year project)</p> <ul style="list-style-type: none"> Implemented – refer to RAP Report 2017-18 Data collection and benchmarking of First Nations practitioner members has greatly improved since the 2015-16 year. With changing parameters, benchmarking and reporting is to begin with the 2017-18 year to be used as a base. As of 30 June 2018: 37 First Nations practitioners and students voluntarily updated their details and identified as being First Nations of that list, 35 or (94.6%) are full or student members Of the 35 full and student members, 28 (or 80%) First Nations people listed their origins of country and people QLS has increased engagement with First Nations stakeholders including the Indigenous Lawyers Association of Queensland, and has appointed Aboriginal and Torres Strait Islander Women's Legal Service North Queensland as one of our community partners
11. Improve our member and public online solicitor search facilities	11.1 Progress streamlining and public orientating of the online 'find a solicitor' and online referrals	<p>KPI5: Staff are engaged, collaborative and productive:</p> <p>a. Streamline the online search facilities</p> <p>KPI 2: Increased membership engagement in our products and services:</p> <p>b. Increased hits to the 'find a solicitor' website (100 per month)</p> <p>c. Increased online referrals (five per month)</p>	<p>11.1 In progress and continuing</p> <ul style="list-style-type: none"> 18,625 internal and external hits per month on the 'find a solicitor' page and an increase of five hits per month on the referral list link on that page from a base total of 5854 There was a refocus to obtain data on only external hits per month Redesign of the 'find a solicitor' page to accommodate this was completed in April. Referral list access went online on 1 May 2018. In June 2018, the landing page was at 29,460 views which is an enormous increase over target In June 2018, referral list visits were 5652 These figures will be monitored into the next financial year, with a revision of KPIs to track performance and impact
12. Assessing, evaluating and improving our information management and business processes	12.1 Establish our information management governance board to provide leadership and oversee our information management governance practices	<p>KPI5: Staff are engaged, collaborative and productive:</p> <p>a. Deliverables set out in the Information Management Governance Plan</p> <p>b. More accurate member data</p>	<p>12.1 Completed</p> <ul style="list-style-type: none"> Board established and meeting monthly
	12.2 Prioritise the iMIS review and renewal 2018 projects	<p>c. Business Continuity Policy implemented and communicated to the staff and profession</p> <p>KPI3: Members express high levels of satisfaction with our products and services:</p>	<p>12.2 Completed</p> <ul style="list-style-type: none"> Renewals completed. Lessons learned scheduled for the end of July. Business case and request for information prepared – with submission of request for information to Qtender
	12.3 Progress the Information Management Business Initiatives program of works	d. Decreased requests to Member Records to update membership data	<p>12.3 In progress and continuing</p> <ul style="list-style-type: none"> Monthly progress reports submitted to CEO and board Electronic document and records management system builds continuing with events and matters ready for testing. Data migration testing progressing successfully. Stage 2 funding approved. Electronic document and records management system about to be implemented.
	12.4 Implement the Business Continuity Policy		<p>12.4 In progress and continuing</p> <ul style="list-style-type: none"> Business Continuity Plan internal committee convened and is progressing draft policy. Strategy formulated for consultation, finalisation, approval and testing in the event of business disruption. To be advanced in the 2018-19 operating plan.

Strategic objective 1: Continuously improve our member experience, with a focus on technology, service, connectedness, convenience, accessibility and collegiality			
Initiatives	Key actions	Performance target/KPI	Achieved 2017-18
13. Leverage technology to facilitate members to better engage with the Society	13.1 Facilitate our members updating their data online	KPI5: Staff are engaged, collaborative and productive: a. Online election platform implemented KPI 2: Increased membership engagement in our products and services: b. Increase of members updating their data online (five per month) c. Increase of online voting from 2015 (5%)	13.1 Completed <ul style="list-style-type: none"> Multi-channel campaign completed – developed revised 'myQLS' interface to encourage members to update their information
	13.2 Deliver an online election platform		13.2 Completed <ul style="list-style-type: none"> Successfully engaged BigPulse to deliver online election platform. Online platform successfully delivered with no down time. 27% of the full membership voted (2597 out of 9633) Approximately 2% increase of voting from 2015 (2302 out of 9152; that is, 25.2%). Reflections for next year are to aim for a conservative increase. Developed successful communications campaign around the election (before, during and after) Legal update: Government Information Technology Contracting agreement for 2017 election secured with BigPulse (e-voting service provider)
14. Enhance our member orientated culture service initiative	14.1 Implement stage 2 of our Employee Value Proposition (EVP) focused on attraction and retention	KPI5: Staff are engaged, collaborative and productive: a. Completion of stage 2 of EVP b. Project charter approved and implemented KPI 2: Increased membership engagement in our products and services: c. Increased Trust Account Consultancy (12 per month)	14.1 Completed <ul style="list-style-type: none"> Staff photo competition for #workingatQLS is up and running and will be ongoing on a monthly basis EVP feature story in internal First Friday newsletter is up and running and will be ongoing on a monthly basis QLS is now featured on Work180 (formerly DCC Jobs) as an endorsed employer for women QLS holds quarterly all-staff legal and industry news updates and business unit 101 lunch and learns every second month Rollout of compulsory QLS101 quiz in September 2017 and May 2018 to test knowledge and compare the results Stage 2 of EVP is now complete
	14.2 Prepare a project charter on member orientated culture initiative for delivery in 2018-19		14.2 In progress and continuing <ul style="list-style-type: none"> A project charter on member-orientated culture initiative has been replaced by other priority member initiatives identified in the 2018-19 operational plan
	14.3 Continue to roll out Trust Account Consultancy for members		14.3 Completed <ul style="list-style-type: none"> There have been 58 consultancies this financial year. Four were provided in June 2018. We found the target of 12 per month to be unrealistic when results across the entire year are considered. Initial high numbers were due to intense work, a dedicated full-time staff member, and an early rush when QLS offered consultancies to practices established in the 18 months preceding, as well as new practices. This has now been absorbed into business as usual. After analysis, the better measure will be delivery to 80–90% of eligible practices None of the practices that have taken a consultation have come up for a trust account audit so there are not yet measures that show the effect consultancy has had on standard

Strategic objective 2: Deliver results that balance the value provided to members and the public with the need to ensure ongoing financial viability while managing our risks and challenges			
Initiatives	Key actions	Performance target/KPI	Achieved 2017-18
15. Review our asset management strategy	15.1 Use new available space in Law Society House for Society business to enable us to increase third-party bookings of level 2 facilities	KPI6: Annual financial targets achieved: a. Increased third-party bookings (5%) KPI3: Members express high levels of satisfaction with our products and services: b. User and staff satisfaction of Law Society amenities (4 out of 5)	15.1 Completed <ul style="list-style-type: none"> Target exceeded: Room booking revenue April–June 2018 is 37% higher than for the equivalent period last year Q4 results – user satisfaction: 4.6 average; staff satisfaction: 4 average
	15.2 QLS to identify the commercial use of Law Society House	KPI5: Staff are engaged, collaborative and productive: c. Research undertaken and presented to council	15.2 In progress and continuing <ul style="list-style-type: none"> 2018 review process and strategy underway with options paper expected to be available to the Finance and Risk Committee (FRC) and council in December 2018 as per the 2018-19 operating plan
16. Finalise and promote our member service value proposition (MVP)	16.1 Refine and better communicate the value our members receive through QLS membership (that is, our MVP)	KPI5: Staff are engaged, collaborative and productive: a. Develop and finalise a one-page A4 summary of the MVP b. Present the MVP at the Legal Profession Dinner c. Roll out the MVP from March 2018	16.1 In progress and continuing <ul style="list-style-type: none"> MVP working group created Draft MVP produced Currently aligning all activities to an MVP value Draft MVP to be provided to council for strategy day in July 2018. MVP strategy progressing as per operating plan 2018-19
	16.2 Continue our member retention strategies	d. Continue engaging with non-members to improve conversion e. Undertake and present research on member retention strategies to council by 30 June 2018 KPI1: Proportion of members in law practices grows each financial year: f. Positive increase of members in law practices	16.2 In progress and continuing <ul style="list-style-type: none"> Currently developing membership segment strategies for: <ul style="list-style-type: none"> Large law firms early career lawyers in-house lawyers district legal associations To be advanced in 2018-19

DISTRIBUTION OF QLS MEMBERS

14.60%
OTHER
QUEENSLAND

20.89%
SOUTH EAST
QUEENSLAND

3.96%
OTHER

60.55%
BRISBANE

PRESIDENT'S REVIEW

My focus in 2018 has been to build and maintain lasting and beneficial relationships with our members, stakeholders, government and wider community, to ensure we are supporting good lawyers, advocating for good law and looking out for the public good.



Your connection

One of the highlights of 2018 has been connecting with stakeholders, including the Queensland Government and its representatives, our opposition members, other representative bodies and our judicial officers. We make these connections for our members, to ensure that their voice is heard at all levels.

We have also remained connected to our regional areas through professional development and networking events in person and via livestream or webinar. I have enjoyed travelling around Queensland to meet personally with our members, court representatives, district law association members, media and others to speak about the important issues with Queenslanders and the legal profession.

I regularly visit members across Queensland, with visits thus far including Mackay, Townsville, Gold Coast, Sunshine Coast, Cairns, Roma, Toowoomba, Ipswich, Gladstone, Rockhampton, as well as Brisbane and surrounds. A key change during my tenure has also been the commencement of our chief executive officer Rolf Moses, who has taken on the Society's operations, and is driving us forward to remain a relevant and connected membership organisation.

Your voice

As part of our connection with stakeholders and media, we endeavour to capture and share our members' views on areas of interest to them. As a representative body, we are the voice of the profession on new legislation and amendments to existing laws. We are also the source of truth to explain the law to the community – which we have continued to carry out this year.

We have a wealth of expertise in our policy committees and our QLS Council, and we have used our subject matter experts to speak to the media about key decisions in the courts or in the parliament. Our role as your voice is to educate the community on the law, explain the court process, and also to be your voice before the government. Our committees have

had 390 successes in the policy space, from meetings and attendance at public hearings, to submissions and quotes in *Hansard*.

In our media and advocacy sections of this report, you will see the great work our teams have carried out in this space, and you will also see the range of topics we have commented on, or have been consulted or quoted on. This has also included our Call to Parties document released before the Queensland election. With 2834 mentions in the media, you can be sure your voice is being heard by a much wider audience.

I thank all of all of our subject-matter experts for lending us their knowledge and their voices throughout the year to explain the legal process or provide other thought leadership in their practice areas to both parliament and the media.

Your advocate

I have greatly enjoyed connecting with our stakeholders and members throughout the first half of 2018, ensuring that we are all working together for the good of the profession and the community. Many interactions have occurred where QLS has had the opportunity to speak on matters of importance and engage with our government, representative bodies and our court representatives.

We have advocated for not only good law, but also in the space of resourcing for courts, community legal assistance and other items of interest to our profession. We have defended the justice system where appropriate, and continue to advocate for the best justice system for Queensland, which included adequate staffing and support. We have also defended the profession on issues such as claim farming, because we know the majority of solicitors behave ethically at all times. By warning our profession on the one hand, and educating the public on the other, we ensure that we are supporting not only good lawyers for Queensland, but also looking out for the public good. Our QLS Ethics Centre continues to supply guidance and assistance to members on topics of importance to them.

Your protection

It has been important to us this year to continue protecting you from bad law, negative reputation, and less than positive media stories. We have not only come out against claim farming, but we have also encouraged the public to seek the advice of qualified solicitors, and we have spoken about protecting our compensation schemes to ensure compensation in Queensland remains fair and the schemes remain sustainable.

When court appointments have been announced, we have welcomed the appointees while also reiterating that solicitors make exceptional judicial members. Family law reform has also been on our agenda to watch and ensure your voices are heard, and that we have the most efficient and robust system for all Queenslanders.

We have also aimed to protect our wider community, with calls for additional legal assistance funding and better access to assistance for all members of the community.

Your future

We are conscious that you, our members, are what drives our profession forward into the future. We welcome your feedback – both negative and positive – on items not only of importance but even just of interest to you in your day-to-day practice, in your community or in your area of expertise.

Ken Taylor
President

CEO'S REVIEW

There are many diverse and dedicated professionals who make up Queensland Law Society and its membership, and it is a privilege to acknowledge the great work carried out by them for the good of our profession over the last year.



Prior to commencing as chief executive officer (CEO), I had been closely involved with the Society for many years as chair of a membership working group and as a faculty member in the Practice Management Course.

It is an honour to now occupy the role of CEO and to fully understand the work done by staff every day to advance our members' interests, in addition to getting to know many of the members who contribute to our committees, present at our events and work with the Society in one of many other avenues.

The breadth and depth of the work that has been accomplished over the financial year is noteworthy. The Society ran a total of 138 events including conferences, seminars, webinars and workshops, with over 4300 delegates in attendance – we are one of the key legal content educators and CPD providers in Queensland.

Over the last year we have changed the way we deliver professional development by linking face-to-face sessions with live online feeds. This has helped us connect with the regions and those unable to attend events in person. We have farewelled DVDs and moved completely into on-demand, downloadable clips that members can access immediately, from anywhere in the world, via the QLS shop. We also made renewals and QLS Council elections easier, by moving them online and using more effective technology.

During the past year, our QLS Ethics and Practice Centre received over 4300 phone calls from across the state, in which they supported individual practices and solicitors by guiding them in their professional decision making, day-to-day practice and individual workloads. Our ethics solicitors also visited over 60 practices to assist them to operate in successful and sustainable ways. Our Trust Account Investigations team engaged with many of our members, including visits to over 600 practices, and attended to over 5500 telephone and email enquiries from the profession.

President Ken Taylor mentioned the great work in our advocacy role in his report, which I would also like to acknowledge. Our membership policy committees made 212 submissions for good law in Queensland, with 12 addressing important First Nations issues, compiled by our newly formed Reconciliation and First Nations Advancement Committee.

Since my commencement I have valued the many opportunities I have had to meet and engage with members, who span across diverse firms, practice areas and demography. From visits with our large firms to our sole practitioners at regional events, I have been fortunate to meet members and present content, including sessions promoting wellbeing in the profession.

These engagements, together with discussions with many varied stakeholders and QLS staff, have helped us determine the best ways to move the Society forward via our updated operating plan which centres on what we will do to support, recognise, advocate for, and promote solicitors in our profession and wider community.

It has been my pleasure to assist in the acknowledgement of our long-term members and annual award winners. We have continued to present our 25- and 50-year pins to members at special events across the state. Over the past year 93 members were recognised with 25-year pins, and 10 members were recognised with 50-year pins.

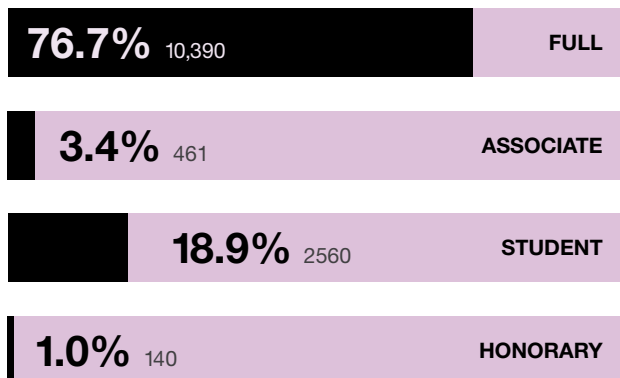
I look forward to executing our plans over the next 12 months, and encourage members and the wider profession to read this annual report to see how QLS has advocated for good law, supported good lawyers and protected the public good.

A handwritten signature in black ink, reading 'Rolf Moses'.

Rolf Moses
Chief Executive Officer

MEMBERSHIP SNAPSHOT

TOTAL MEMBERSHIP BY CATEGORY

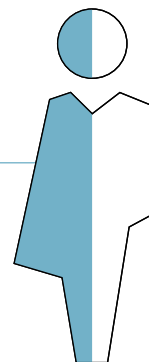
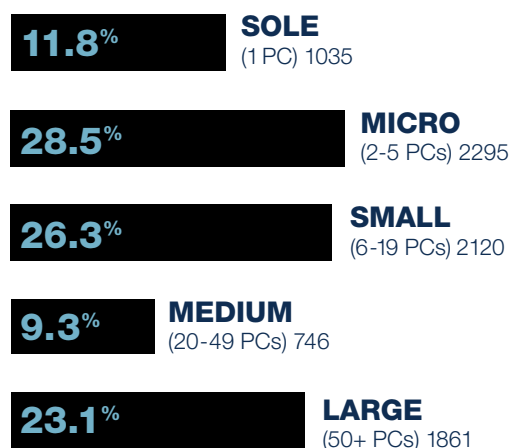


TOTAL MEMBERS

13,551

FULL MEMBERS WORKING IN LAW FIRMS

Of all QLS full members, 77.5% work for law firms, marginally down on last year's percentage of 77.6%. The most notable change was the increase in full members working for micro firms (2-5 practising certificates) and the corresponding decrease in full members working for medium firms (20-49 practising certificates). Current numbers reflect proportions similar to those in the 2014-15 financial year.



49.6%
5152

50.4%
5238

GENDER OF FULL MEMBERS

The proportion of female full members continues to climb, with females accounting for 49.6% of all full members, up from 49.1% last year. This change is driven by newly admitted practitioners, of which approximately 60% are female.

Female full members account for more than 53% of full members in large law firms (50+ practising certificates) and, outside of law firms, in the Corporate or Government sectors. Male full members account for 53.4% of all full members working for law firms.

FULL MEMBERSHIP

10,390

FULL MEMBERS BY SEGMENT

Post-admission experience	Male	Female	%
0-5 years	1101	1805	28
6-12 years	1087	1668	27
13-20 years	1065	1060	20
21+ years	1985	619	25

FULL MEMBERS BY GENERATION

Generation	Male	Female	%
Builder	70	6	0.7
Baby Boomer	1598	505	20.3
Generation X	1773	1608	32.5
Generation Y	1773	2983	45.8
Generation Z	24	50	0.7

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

HERE FOR OUR MEMBERS

The Society's vision is for good law, good lawyers and public good. We're committed to supporting the profession by advocating, regulating, guiding, educating, protecting and connecting our members across Queensland.

Our purpose has, and will always be, to support members to have more satisfying, balanced and rewarding legal careers and businesses. By promoting the value of solicitors in the community and supporting the professional values of fidelity, service and courage, we galvanise the good law and good lawyers we represent.

We continue to strive for more convenient learning opportunities for our members, having recently retired physical DVDs. Our events (where filmed) can now be purchased online and streamed on any device at any time.

Building on from engagement survey results from our regional members (completed in late 2016), we continue to work with district law societies across Queensland to further enhance our local workshops and to deliver professional development tailored to each region. Each of these local workshops includes a complimentary ticket to our 'Celebrate, recognise and socialise' event held on the evening of the workshop. These events provide our members with an opportunity to come together, as well as celebrating those reaching 25 and 50 years of QLS membership.

We were proud to continue supporting many fantastic organisations that embody the Society's vision and that support, recognise and advocate for good law and good lawyers across Queensland, including:

- District law associations
- Suncoast Community Legal Service
- Justice and the Law Society
- Women Lawyers Association of Queensland
- Pride in Law
- Community Legal Centres Queensland
- LawRight.

Engagement via our policy and membership committees and working groups remains strong and is of the utmost importance to the Society, as are the QLS Ethics and Practice Centre and Legal Policy Teams.

There are over 390 volunteer members who make up our policy and membership committees and working groups. They assist us in our vision for good law, good lawyers and the public good.

The commitment of our members who sit on these committees (on a voluntary basis) is vital to our success. They allow us to engage with all aspects of our varied membership, ensuring we work for each member and their area of law.

We recognise our membership committees and working groups and policy committees, *page 20*, and thank them for their work over the financial year.

The Society would like to acknowledge outgoing working group chairs and deputy chairs:

- **Aron Gibbs**
(Chair, Early Career Lawyers Committee)
- **Rolf Moses**
(Chair, Wellbeing Working Group)
- **Linda Ryle**
(Deputy Chair, RAP Working Group)

Working group and committee chairs and deputy chairs

Committees and working groups	Chair and deputy chair
Early Career Lawyers Committee	Chair: Clare McDonald , GRT Lawyers
Government Lawyers Committee	Chair: Andrew Harris , Office of Industrial Relations
In-house Counsel Committee	Chair: Philip Ware , Stanwell Corporation
Reconciliation Action Plan Working Group	Chair: Shane Duffy , Aboriginal and Torres Strait Islander Legal Service (Qld) Ltd Deputy Chair: Bianca Hill-Jarro , QUT
Wellbeing Working Group	Chair: Philip Ware , Stanwell Corporation

PROFESSIONAL DEVELOPMENT

QLS is committed to continuing to offer high-quality continuing professional development (CPD) events to all legal practitioners, with a focus on complimentary events for members of the Society and value-for-money courses. The Professional Development team designed the CPD calendar of events to keep our members up to date with the latest developments and emerging areas in the law, help them to comply with their compliance obligations, and to establish, build and grow successful legal businesses. The team develops content across a range of practice areas and engages with QLS Ethics and Practice Support, the QLS policy committees and the legal policy team to ensure CPD events are designed to meet the educational needs of the practitioner in a rapidly changing legal environment.

Professional development snapshot

During the 2017-18 financial year, QLS delivered 94 professional development and educational events which attracted over 4000 delegates. The events covered fundamentals, refreshers and practitioner support for practice diversification. We also offered a variety of masterclasses in contract law, advanced drafting and advocacy, disciplinary law, insolvency law and an elder abuse forum. Nine conferences were held in Brisbane and the Gold Coast, including Symposium and a joint Property Law and Conveyancing Conference.

Symposium 2018, QLS's flagship conference, saw consistently high delegate numbers, with corresponding delegate ratings. After running a QLS regional member survey, we acted on feedback from regional members and were able to offer, for the first time, a regional-tiered discount to make Symposium more accessible to regional members.

Regional CPD workshops

In consultation with district law associations, we delivered a local workshop in Port Douglas for Far North Queensland practitioners, and a local event in Rockhampton in conjunction with the Central Queensland Law Association. We also delivered local CPD workshops in Toowoomba and Roma.

Complimentary CPD events

This year QLS offered 15 complimentary member events comprising 15.5 CPD points. These events included the Tristan Jepson Memorial Foundation lecture, two RAP events, International Women's Day event, two mental health breakfasts as well as a targeted early career lawyers mental health breakfast, our annual half day Open Day, a half day cybersecurity workshop, four Modern Advocate Lecture series lectures and two livecasts.

Livecasts

We have delivered 28 livecasts this year, which is two more than last year. We have found that this format for delivering CPD is popular for practitioners who are pressed for time and want to participate in and listen to livecasts from the convenience of their offices. The most popular livecasts were those that covered updates to changes in the law.

Practice Management Course

The Practice Management Course is mandatory for solicitors seeking to become a law practice principal and the QLS Practice Management Course remains the course of choice for the overwhelming majority of aspiring principals. A total of 191 practitioners undertook the course during the 2016-17 financial year.

Committee chairs

Committee	Chair and deputy chair
Continuing Professional Development	Chair: Rachael Miller, Quinlan Miller & Treston Lawyers
Practice Management Course	Chair: Bill Potts, Potts Lawyers Deputy Chair: Greg Spinda, Maurice Blackburn Pty Ltd

Specialist accreditation

Twenty-four solicitors became accredited specialists in 2017-18.

QLS 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 solicitors with extensive competence and knowledge to advertise their expertise with the profession's nationally-recognised mark of excellence.

In the 2017 calendar year, QLS offered accreditation in family law, succession law and property law. In accordance with the recently introduced biennial rotation, we offered an increased number of accreditation programs for the 2018 calendar year, including: business law, commercial litigation, criminal law, immigration law, personal injuries law and workplace relations. The immigration law and workplace relations programs are run nationally, in partnership with the Law Society of New South Wales and the Law Institute of Victoria, respectively.

A total of 66 candidates entered the 2018 programs – an increase from 2017, during which 61 candidates entered the programs.

QLS Council has delegated to the Specialist Accreditation Board the responsibility of overseeing and administering various aspects of the scheme, including establishing advisory committees for the different areas of accreditation. QLS thanks the chairs and committee members of the nine specialist accreditation programs that ran in 2017-18.

Specialist Accreditation Advisory Committee Chairs

Committee	Chair
2017	
Family Law	Bruce Dodd , Winn Paten Chambers
Property Law	Anthony Boge , HWL Ebsworth Lawyers
Succession Law	Angela Cornford-Scott , Cornford-Scott Lawyers Pty Ltd
2018	
Personal Injuries	Terry Killian , Hall & Wilcox
Commercial Litigation	Paul Betros , HopgoodGanim Lawyers
Criminal Law	Kurt Fowler , Fowler Lawyers
Business Law	Vicky Comino , University of Queensland
Workplace Relations	Mitch Devine , Devine Legal

Specialist Accreditation Board members

Name	Firm
Peter Jolly (Chair Dec 2017 onwards)	Thynne + Macartney
Julie Cameron (Chair Oct to Dec 2017)	Corrs Chambers Westgarth
Jennifer Hetherington (Chair Jul to Sep 2017)	Hetherington Legal
Kathy Atkins	Jones Mitchell Lawyers, Bond University
Glen Cranny	Gilshenan & Luton
Neil Henderson	The Services Union
Michael Klatt	Mullins Law
Christine Smyth	Robbins Watson Solicitors
Kara Thomson	Cooper Grace Ward

RECOGNISING AND CELEBRATING OUR MEMBERS

Queensland Law Society is proud to recognise the work and contributions of members across the state. Each year we take pride in honouring members who serve as role models to the profession.

Legal Profession Dinner and Awards

The Legal Profession Dinner and Awards (LPDA) was held on Friday 9 March 2018 at the Brisbane Convention and Exhibition Centre. The dinner coincided with the conclusion of day one of Symposium, thus allowing our regional members who attended Symposium to also attend this prestigious event.

The President's Medal

Presented at the LPDA, our annual President's Medal is awarded in the spirit of Queensland's rich legal tradition, recognising commitment, contribution and outstanding performance in the profession. The 2018 medal was awarded to Kurt Fowler, criminal defence lawyer and QLS-accredited specialist at Fowler Lawyers in Caboolture. With a Bachelor and Master of Laws, Kurt has built his reputation on experience, discretion and professionalism. Having been recognised as the highest achiever in his year of becoming an accredited specialist in criminal law, he was subsequently appointed chair of the QLS committee overseeing this program and is also the chair of the QLS Criminal Law Committee.

The Agnes McWhinney Award

Our Agnes McWhinney Award, named after Queensland's first admitted female solicitor, recognises the contributions of outstanding women in the legal profession. In 2018 this award was presented to Ann-Maree David, who has devoted her career to professional development. Ann-Maree led the Society's own continuing legal education program for eight years until 2002 before going on to establish the Queensland campus of the Australian College of Law. Her passion extends well beyond education as she serves as the current president of Australian Women Lawyers, vice-president of the Women Lawyers Association of Queensland, and chair of the QLS Equity and Diversity Law Committee.

Equity and Diversity Awards

The Equity and Diversity Awards debuted at the LPDA in 2018, having previously been conferred separately to other awards. These awards celebrate practices that promote equity in the profession, engage in inclusive and equitable workplace practices and embrace workplace diversity in a meaningful way. Separated into two categories (large legal practice and small legal practice), the 2018 award for the large legal practice category was presented to Maurice Blackburn Lawyers, and the small legal practice category was awarded to Cairns-based Miller Harris Lawyers for the third time.

2018 award recipients

Award	Recipient	Photograph on page 17
President's Medal	Kurt Fowler, Fowler Lawyers	1
Agnes McWhinney Award	Ann-Maree David, College of Law	2
Innovation in Law	Streten Masons Lawyers	3
Community Legal Centre Member of the Year Award	Terry Stedman, South West Brisbane Community Legal Centre	4
Equity Advocate Award	Terry Stedman, South West Brisbane Community Legal Centre	4
Equity and Diversity Award (Large legal practice)	Maurice Blackburn	5
Equity and Diversity Award (Small legal practice)	Miller Harris Lawyers	6
Inaugural Queensland First Nations Lawyer of the Year*	Leah Cameron, Marrawah Law	7
Inaugural Queensland First Nations Legal Student of the Year*	Nareeta Davis	8

* These awards were offered for the first time in 2018.



OUR PUBLICATIONS

Queensland Law Society members have ready access to legal news and information with the weekly distribution of our electronic newsletter, *QLS Update*; *Proctor*, our iconic monthly magazine, in both hard copy and digital formats; and *LawTalk*, the Society's venture into the blogosphere, which offers insightful articles ranging from reasoned opinion pieces to print-out-and-study guides, with practical information for members from all practice areas.

Proctor

With both the legal profession and the law impacted by rapidly growing technology, *Proctor* brought this news to our members via a significant number of articles, providing a clearer understanding of these rapid changes. The topics covered ranged from a look at data-matching techniques utilised by the Australian Taxation Office and the risks associated with data breaches on iPhones and other mobile devices, as well as a study of how technology is being adopted by law firms in regional Queensland and the workings of the state's new information and communications technology ICT contracting framework.

Proctor also maintained its relationship with the forward-thinking Legal Forecast, examining cutting-edge technology issues such as the rights of clones and legal liability issues associated with artificial intelligence.

In advancing the Society's reconciliation action plan (RAP), *Proctor* strengthened its reporting on First Nations matters, including the launch of the RAP, and included articles on topics such as building rapport with First Nations clients, the importance of Mabo Day, and a detailed report on the Australian Law Reform Commission's report on Indigenous incarceration.

Proctor continued its primary focus on the law, with features examining new legislation and significant judicial decisions. It also interviewed legal professionals such as retiring Family Court Chief Justice Diana Bryant AO, Professor Gino Dal Pont and social observer Bernard Salt AM. As the financial year drew to a close, *Proctor* revealed its newest 'recruit', Society CEO Rolf Moses, who began a regular series of feature interviews, starting with Belinda Winter, an employment and industrial relations expert with a keen understanding of mental health in the workplace, and followed by *pro bono* guru Robert Reed OAM.

Proctor's audited circulation rose to an all-time high of 11,281 as of 31 March 2018, comprised of 10,345 print and 936 digital copies. While the overall number of readers is expected to continue growing, the balance of print to digital is expected to slowly lean more to electronic readership as more firms adopt paperless office policies and early career lawyers express their preference to read on mobile devices.

*Source: Audited Media Association of Australia

LawTalk

In 2017-18, we continued our work to share long-form thought pieces via our blog *LawTalk* (medium.com/qldlawsociety). The blog provides contributors, including staff and key committee members, with the opportunity to share opinion pieces and speak to the core topics the Society has been focusing on throughout the year. These include cyber-security issues, gender diversity, advocacy skills, sexual harassment and access to justice.

The blog gives the Society a way of communicating with members and the public in a timely manner, so we can share QLS's voice on a range of topics in an immediate way. Blog posts are shared via our social channels, especially LinkedIn. In this financial year, *LawTalk* published 29 posts, and attracted 4475 views.

QLS Update

Our weekly e-newsletter remains a must-read for many in the legal profession and beyond, with corporate governance executives among those seeking a regular update on legislative changes and legal news, as well as government stakeholders keen to update and submit news items for the profession.

QLS Update's mix of professional information, Society news and events, ethical guidance and feature articles is delivered to around 13,000 members, associate members and student members.

During 2017-18, *QLS Update* has been profiling the Society's advocacy work, as we've worked hard to call for public comment on issues that affect our members and reported back to the profession the changes we have been working towards for good law.

QLS Update had an average open rate of 36.8% in this financial year, with a click-through rate of 13.1%. This is well above the average legal open rate of 21.1%, and legal click-through rate of 2.7%.



THE FUTURE OF THE PROFESSION

Queensland Law Society is proud to host one of the most recognised careers exhibitions for legal students in Australia.

QLS Legal Careers Expo is the flagship student engagement event of the QLS calendar, now in its 12th year. It has seen consistent year-on-year growth, with over 700 students pre-registering to attend and 495 attending on the day. With 10% more exhibitors than 2017, and 40% more than five years ago, students are now able to engage with a wider group of organisations from across the legal profession.

The diversity of the exhibitors continues to grow with first time involvement from Real Estate Institute of Queensland, GradAustralia, LawGraduate Coach, Aboriginal and Torres Strait Islander Legal Services and Pride in Law.

While attending the expo, students can book in for one-on-one consultations with human resources and recruitment executives at our Resume Rescue Clinic. These 15-minute appointments allow

students to gain invaluable advice and feedback on their resumes. Capacity constraints meant a maximum of 94 appointments were available, but factors such as students finishing early meant 101 students were able to use the service.

The expo has evolved with the invaluable feedback it receives from students and exhibitors each year. This year, we moved into the Plaza Terrace Room at the Brisbane Convention and Exhibition Centre, the biggest space ever occupied by the expo. With planning well underway for 2019, this space allows us to continue to grow and expand the expo's offering to students.

QLS continues to engage with many touch points at universities across Queensland. Notably, we engage with legal faculties through human resources advisor Interfirm Group, and through the various student law societies on campus.

We continue to strive to make the expo all about where your law degree can take aspiring members of the profession.



LEADING THE PROFESSION

The Society advocates for good law, and good lawyers, for the public good. The Society is an honest, independent broker delivering balanced, evidence-based commentary on matters which impact not only its members, but also the broader Queensland community.

Advocating for good law

The Society's 27 standing policy committees are comprised of over 350 volunteer committee members who contribute their expertise and knowledge to advocating for good law for the public good. Their dedication enables the Society to develop sound and balanced submissions to government when seeking legislative and policy reform which will have a positive impact for both the legal profession and the Queensland community. Our committee members come from a range of professional backgrounds, ensuring that our advocacy is truly representative on key issues affecting practitioners in Queensland and the industries in which they practise.

The Society values its relationship with the Queensland Government and the opposition, and is regularly consulted on the development of policy positions and proposed legislative amendments, leading to better outcomes and more responsive legislation. The Society also engages with the courts on procedural reform and practical issues affecting court users, including consultation on draft practice directions. The Society also appreciates the ongoing opportunities to be involved in a number of other Queensland Government consultative groups as outlined below.



169

QLS policy committee meetings



149

Stakeholder engagements



212

Legal policy submissions



20

Parliamentary public hearings

A YEAR OF ACHIEVEMENT

Our members held 169 committee meetings during 2017-18. The Society received 155 mentions in *Hansard* as a result of our work and also made a total of 212 submissions during the year. The number of successes accomplished as a result of these submissions increased by 40% on the previous year, from 167 to 390.

Recognising member contributions

We thank all QLS policy committee chairs, deputy chairs and members for applying their expertise and supplying their time throughout the year. In particular, we are grateful for the dedicated efforts of the chairs who are central to coordinating research and submissions, and engaging with priority stakeholders.

The Society would like to acknowledge the outgoing chairs and deputy chairs:

- **Jennifer Glover**
(Chair, Children's Law Committee)
- **Tony Conaghan**
(Chair, Franchising Law Committee)
- **Ashley Uren**
(Deputy Chair, Industrial Law Committee)
- **Cameron McKenzie**
(Chair, Insolvency and Reconstruction Law Committee)
- **Tony Deane**
(Chair, Litigation Rules Committee)
- **Matthew Turnour**
(Chair, Not-for-profit Law Committee)
- **Tim Stork**
(Deputy Chair, Planning and Environmental Law Committee)
- **Brian Herd**
(Deputy Chair, Elder Law Committee)
- **Alison Ross**
(Chair, Family Law Committee)

Committees

The Access to Justice and Pro Bono Law Committee

The Access to Justice and Pro Bono Law Committee configured the 2017 Access to Justice Scorecard and received more than double the amount of responses than the 2016 Scorecard.

The Committee also contributed to the Reviews of the National Partnership Agreement on Legal Assistance Services and Indigenous Legal Assistance Program and the *Criminal Law (Historical Homosexual Convictions Expungement) Act 2017* Approved Form.

The Accident Compensation/ Tort Law Committee

This committee made 13 written submissions to governments and other stakeholders throughout this financial year. Members of the committee attended a public hearing before a parliamentary committee and several meetings with key stakeholders, including the Motor Accident Insurance Commission, the Supreme Court and the Office of Industrial Relations. These engagements allowed the committee to contribute to proposed reforms and advance the interests of QLS members and good law. Committee members have also contributed to the education of the profession.

The Alternative Dispute Resolution (ADR) Committee

This committee performed a number of roles in the last financial year, including contribution to policy and law reform submissions, updating resources for solicitor mediators and other ADR practitioners, assisting in the organisation and presentation of the ADR conference. Chief among its projects has been the development and promotion of a Dispute Resolution Hub which will assist ADR practitioners and users in connecting with each other. The committee is working towards securing support for this hub from key stakeholders.

The Banking and Financial Services Law Committee

A key piece of work for this committee was assisting the membership to prepare for the introduction of the National Mortgage Form in March 2018, including publishing a detailed article in *Proctor* and a further article offering practical guidance. The committee also met with the Registrar of Titles to prepare for the introduction of the National Mortgage Form, and contributed their expertise to other submissions in conjunction with the Property and Development Law Committee and the Competition and Consumer Law Committee.

The Children's Law Committee

The Children's Law Committee produced four written submissions over the financial year in the areas of youth justice and child protection. It assisted with various media enquiries and participated in stakeholder groups that were convened to consider the Expert Assistance Pilot and the transition of 17-year-old young people out of the youth justice system. A key achievement for the committee was the successful lobbying of the government for the removal of 17-year-olds from the adult criminal justice system in Queensland and the treatment of these young people in the youth justice system.

The Competition and Consumer Law Committee

This committee produced 13 written submissions over the past financial year in response to both state and federal inquiries. QLS submissions that are prepared by this committee are well-regarded and often adopted; for example, when reviewing the submission on the Australian Consumer Law Amendment Bill, the Commonwealth Department of Treasury noted the committee's concerns and removed an amendment from the bill. Committee members have attended meetings with stakeholders and assisted QLS in responding to media enquiries.

The Construction and Infrastructure Law Committee

This committee has contributed to several submissions and attended public hearings, including on the Building and Construction Legislation (Non-conforming Building Products – Chain of Responsibility and Other Matters) Amendment Bill 2017, and the Building Industry Fairness (Security of Payment) Bill 2017. QLS was quoted in *Hansard* several times in relation to the appearance on the Security of Payment Bill. The committee also spearheaded a webinar for members on the implications of the new Security of Payment legislation, which was well received.

The Corporations Law Committee

The Corporations Law Committee meets as a joint Queensland Law Society – Law Council of Australia Committee. In addition to its members contributing to the Law Council of Australia work, the committee has contributed to a range of Society submissions including the Property Law Review.

The Criminal Law Committee

The committee produced 26 written submissions on both a proactive and responsive basis. Committee representatives gave evidence at five public hearings on the following bills: Penalties and Sentences (Drug and Alcohol Treatment Orders) and Other Legislation Amendment Bill, Police and Other Legislation (Identity and Biometric Capability) Amendment Bill 2018, Heavy Vehicle National Law and Other Legislation Amendment Bill 2018, Work Health and Safety and Other Legislation Amendment Bill and Police Powers and Responsibilities and Other Legislation Amendment Bill 2018. The committee contributed significantly to QLS media and participated heavily in several stakeholder groups, notably, the streamlining criminal justice forum.

The Elder Law Committee

This committee has contributed to the content of several media releases regarding elder abuse, and has assisted in drafting several submissions including in response to the Senate's Aged Care Quality Assessment Review, the Guardianship and Administration and Other Legislation Amendment Bill 2018, and the Housing Legislation (Building Better Futures) Amendment Bill 2017, and in response to proposed changes to the *Retirement Villages Act 1999* and the *Manufactured Homes (Residential Parks) Act 2003*.

Brian Herd (former deputy chair of this committee) was one of the attendees at the public hearing on the proposed amendments to guardianship laws, and QLS was quoted 22 times in *Hansard* regarding this appearance.

The committee is in the process of evaluating the effectiveness of the GP trial campaign, as well as discussing possibilities for collaboration (such as with Queensland University of Technology) to expand the initial trial. It continues to be involved in the advanced care planning discussions and supported elder mediation programs.

Equity and Diversity Committee

The Equity and Diversity Committee continued its work this year on the Lawlink program, a First Nations law student liaison program aiming to connect the Society and our legal practitioner members with First Nations law students as they complete their studies. A new initiative was hosting a special event for our First Nations law students at the QLS Legal Careers Expo where students had the opportunity to meet Society staff and gain early access to the Expo. The Society is also grateful to the Women's Legal Service for hosting the students in March 2018, giving students the chance to learn about the valuable work of the service and career opportunities in the community legal centre sector after graduation. The committee also completed a review of the Equity and Diversity Awards, which were presented at the Legal Profession Dinner in March 2018.

The Family Law Committee

The Family Law Committee produced 12 submissions this financial year. It made significant contributions to the Review of the Family Law System, Family Law Amendment (Parenting Management Hearings) Bill 2017, and the Family Law Amendment (Family Violence and Cross-examination of Parties) Bill 2017.

The Senate Standing Committee on Legal and Constitutional Affairs adopted the committee's recommendations on better supporting victims of family violence in family law proceedings in its final report.

The Franchising Law Committee

This committee contributed to submissions, including in response to a request by the Australian Competition and Consumer Commission regarding *ipso facto* reforms, as well as a federal inquiry into the effectiveness and operation of the Franchising Code of Conduct, and subsequently attended the federal public hearing on this matter. This committee is also involved in monitoring and educating the profession on developments in unfair contract terms and other Australian Competition and Consumer Commission initiatives.

The Health and Disability Law Committee

This committee has been instrumental in contributing to the cross-disciplinary discussion on improving the advanced care planning framework. The committee was also consulted on legislative reform, including the Guardianship and Administration and Other Legislation Amendment Bill 2018, the Queensland Law Reform Commission Review of Termination of Pregnancy Laws in Queensland, and regarding an investigation by the Queensland Ombudsman with respect to persons subject to a forensic order (disability).

This committee is also providing advice in relation to QLS inquiries on offender health services (particularly persons in solitary confinement), and assisted the QLS in preparing for ministerial level meetings with the State Government.

The Industrial Law Committee

This committee works hard to advocate on industrial law issues at both a state and federal level, which is demonstrated by the 10 written submissions to which its members have contributed. The committee has also assisted with QLS's professional development work in the form of presentations, *Proctor* articles and website updates. One of the committee's key pieces of advocacy this year was its response to the government's Labour Hire Licensing Scheme which involved submission work and stakeholder engagement to ensure that concerns with the proposed scheme were addressed.

The Insolvency and Reconstruction Law Committee

This committee is the Queensland branch of the Law Council of Australia's Insolvency and Reconstruction Law Committee. Its members contribute extensively to Law Council of Australia submissions, working groups and other activities. In addition, the committee also contributes to QLS conferences/webinars, advocacy and media enquiries.

The Litigation Rules Committee

This committee has consulted with QLS members, external stakeholders and other policy committees on issues relating to litigation, court processes and protocols, court resources and costs. It is called on for its expert opinions in these areas and provides guidance by way of written submissions and attendances at meetings. Members of the committee build key relationships with the courts, which provides an invaluable opportunity to raise and discuss issues affecting the profession. One of the key areas of advocacy this financial year has been the committee's push for the need for improved use of technology in Queensland courts.

The Mining and Resources Law Committee

This committee has produced 19 submissions in this financial year, often within difficult consultation timeframes. Submissions include a response to the Land Access Ombudsman Bill 2017, the consultation draft of the Mining and Other Legislation Amendment Bill 2017, the Mineral and Energy Resources (Financial Provisioning) Bill 2018 and the draft Queensland Solar Farm Guidelines. These submissions have led to QLS appearing at three public hearings, and numerous quotations in *Hansard*.

This committee also assists QLS with its participation in the Land Court's Land Users Reference Group, and has provided submissions to several requests by the court, including on the Mining Objections Hearing Review, the Expert Evidence Guidelines, and the Concurrent Evidence Guidelines.

The government often seeks QLS's advice, assisted by this committee, in both confidential consultation and public consultation drafts of proposed reform.

The Not-for-profit Law Committee

The committee prepared 13 submissions this financial year, including substantial submissions on the review of the *Australian Charities and Not-for-profits Commission Act 2012*, the inquiry into the Electoral Amendment (Electoral Funding and Disclosure Reform) Bill 2017 (Cth), and the National Redress Scheme for Institutional Child Sexual Abuse Bill 2018 (Cth). The committee was specifically invited to appear before the Australian Charities and Not-for-profits Commission Review Panel to speak in more detail on its submission to the review. The committee also contributed to the Law Council of Australia's submissions on enhancing whistleblower protections in the not-for-profit sector and the National Redress Scheme for Institutional Child Sexual Abuse Bill 2018 (Cth).

The Occupational Discipline Law Committee

This committee's advocacy work seeks to ensure the rights of individuals in disciplinary proceedings are upheld and that processes and resources, particularly in the Queensland Civil and Administrative Tribunal, are adequate. The committee has assisted in organising and presenting at QLS conferences.

The Planning and Environment Law Committee

The committee has contributed to a number of submissions this year, including the Nature Conservation (Special Wildlife Reserves) and Other Legislation Amendment Bill 2018, the draft Queensland Solar Farm Guidelines and the Vegetation Management and Other

Legislation Amendment Bill 2018. The committee also attended the parliamentary public hearing on the Vegetation Management and Other Legislation Amendment Bill 2018 and subsequently, the Society's submissions were mentioned 25 times in the tabled parliamentary committee report on the bill.

The Property and Development Law Committee

This committee has again had a busy year of contributing to submissions and participating in consultation processes for the benefit of our members. The committee prepared and contributed to 14 formal submissions to inquiries including the Property Law Review process; the Land, Explosives and Other Legislation Amendment Bill 2018; and the Treasury Laws Amendment (2018 Measures No. 1) Bill 2018 (Cth). In addition, the committee launched the new Real Estate Institute Queensland (REIQ)-QLS Commercial Tenancy Contract, consulted with the Australian Taxation Office in relation to proposed GST changes affecting property developers, updated four of the standard REIQ sale of land contracts to take account of significant GST legislation changes, conducted an e-conveyancing survey of the membership, and updated our membership on changes such as the introduction of priority notices by the Titles Office.

The Reconciliation and First Nations Advancement Committee

The committee was established by Council in October 2017, meeting a number of times and producing 12 policy statements and submissions. The committee will continue its work to promote reconciliation and advance First Nations' legal rights and interests into the next financial year.

The Revenue Law Committee

This committee continued their engagement with the Office of State Revenue on changes to the OSRConnect platform and with the Office of State Revenue's Taxation Consultative Committee, which considers technical state-based duties and revenue issues and how they affect our members. The committee has raised a number of practical issues with the Tax Collection Committee and continues to work with the Office of State Revenue in relation to potential clarifications. The committee was also instrumental in contributing to the Society's submission on the Land, Explosives and Other Legislation Amendment Bill 2018 which proposes amendments to the *Foreign Ownership of Land Register Act 1988*.

The Succession Law Committee

This committee continued its extensive work in reviewing aspects of the Uniform Civil Procedure Rules relevant to succession practice, and contributed to

submissions on the Guardianship and Administration and Other Legislation Amendment Bill 2018, the confidential review of the Trusts Bill 2013, and the *Property Law Act 1974* review project. The committee continues to liaise regularly with the Supreme Court Probate Registrar to ensure the profession is educated and kept abreast of relevant developments. This committee was instrumental in responding to a request for assistance from the Law Commission of UK and Wales regarding the operation of the dispensing of powers in Queensland.

The Technology and Intellectual Property Committee

This committee has contributed to several submissions, including a response to consultation papers of IP Australia, as well as the Hague Judgment Project – Recognition of Foreign Judgments with respect to copyright infringements. The committee also assisted the Law Council of Australia by providing feedback in response to the Law Council of Australia's cyber-security guideline for members.

Consultation and working groups

The Society was also involved in the following consultation and working groups this year:

- Administrative Appeals Tribunal – Migration Review Tribunal Liaison Group
- Advanced Care Planning
- Bar Association of Queensland
- Coal Workers' Pneumoconiosis Stakeholders Reference Group
- Court User Reference Group
- Court Liaison Group
- Court Case Management Committee Meeting
- Firearms Advisory Forum
- Land Court Resource Users Groups
- LawRight Management Committee
- Legal Aid Child Protection Stakeholder Forum
- Lexon stakeholder meetings
- Mental Health Tribunal
- National DV Policy Solicitors Network
- Probate Liaison Group
- Queensland Courts Safety and Risk Committee
- Queensland Legal Assistance Forum
- Reconciliation Action Plan Working Group
- Streamlining Criminal Justice Stakeholder Group
- Supreme Court Consultative Group
- Taxation Consultative Committee

Committees	Chair and deputy chair
Access to Justice/Pro Bono Law Committee	Chair: Elizabeth Shearer , Affording Justice Deputy Chair: Steven Herd , MurphySchmidt
Accident Compensation/Tort Law Committee	Chair: Michael Garbett , Moray Agnew Deputy Chair: Luke Murphy , MurphySchmidt
Alternative Dispute Resolution Committee	Chair: Toby Boys , Holding Redlich Deputy Chair: Paul Coves , Coves Litigation
Banking and Financial Services Law Committee	Chair: Michael Anastas , HWL Ebsworth Deputy Chair: Karla Fraser , Allens
Children's Law Committee	Chair: Damian Bartholomew , Youth Advocacy Centre Deputy Chair: Kate Grant , K Grant Solicitors
Competition and Consumer Law Committee	Chair: David Grace , Cooper Grace Ward Deputy Chair: Anthony Haly , HWL Ebsworth
Construction and Infrastructure Law Committee	Chair: Ross Williams , HWL Ebsworth
Corporations Law Committee	Chair: Derek Pocock , McCullough Robertson
Criminal Law Committee	Chair: Kurt Fowler , Fowler Lawyers Deputy Chair: Rebecca Fogerty , Potts Lawyers
Domestic and Family Violence Committee	Chair: Deborah Awyzio , DA Family Law Deputy Chair: Cameron MacKenzie , Gadens
Elder Law Committee	Chair: Kirsty Mackie , KRM Legal
Equity and Diversity Committee	Chair: Ann-Maree David , The College of Law
Ethics Committee*	Chair: Ben Cohen , Bartley Cohen Deputy Chair: Joe Siracusa , Siracusa Legal
Family Law Committee	Chair: Kathy Atkins , Jones Mitchell Deputy Chair: Margie Kruger , Ryan Kruse Lawyers
Franchising Law Committee	Chair: Derek Sutherland , HWL Ebsworth Deputy Chair: Janice Bywaters , Rouse Lawyers
Health and Disability Law Committee	Chair: Karen Williams , Health & Disability Law Chambers Deputy Chair: Simon Brown , Endeavour Foundation
Industrial Law Committee	Chair: Kristin Ramsey , Hynes Legal Deputy Chair: Giri Savaraman , Maurice Blackburn
Insolvency and Reconstruction Law Committee	Chair: Scott Butler , McCullough Robertson
Litigation Rules Committee	Chair: Andrew Shute , Carter Newell Lawyers Deputy Chair: Frances Williams , Corrs Chambers Westgarth
Mining and Resources Law Committee	Chair: James Plumb , Carter Newell Lawyers Deputy Chair: James Minchinton , Sparke Helmore
Not-for-profit Law Committee	Chair: Andrew Lind , Corney & Lind Deputy Chair: Paul Paxton-Hall , Paxton-Hall Lawyers
Occupational Discipline Law Committee	Chair: Calvin Gnech , Queensland Police Union Legal Group Deputy Chair: Andrew Forbes , Lander & Rogers
Planning and Environmental Law Committee	Chair: Michael Connor , Connor O'Meara
Property and Development Law Committee	Chair: Matthew Raven , Gadens Lawyers Deputy Chair: Kim Teague , Cooper Grace Ward Lawyers
Reconciliation and First Nations Advancement Committee	Chair: Linda Ryle , Cultural Advocacy and Legal Mediation Deputy Chair: Deenorah Yellub
Revenue Law Committee	Chair: Duncan Bedford , McCullough Robertson Deputy Chair: David Stitt , Herbert Smith Freehills
Succession Law Committee	Chair: Gary Lanham , Minter Ellison Deputy Chair: Michele Sheehan , Sheehan & Co
Technology and Intellectual Property Law Committee	Chair: Angeline Behan Deputy Chair: Kim Walters , W3IP Law

* Non-policy committee

QLS ETHICS CENTRE

The QLS Ethics Centre (the Centre) provides ethical guidance, practice support and leadership to the Queensland legal profession, as well as providing ongoing professional education. The Centre achieves this via a variety of platforms and products, including confidential telephone consultations with members on specific ethical issues, hands-on practice support visits to individual practices, and Bespoke Ethics Sessions delivered on-site at law firms and QLS events.

The Centre also provides guidance via guidance statements issued through the Ethics Committee, ethics notes published on the QLS website, and thought leadership via the Society's blog LawTalk. We interact significantly with QLS members, and have leveraged this to deliver practical tools, services and support to solicitors and law firms across the length and breadth of the state, as well as providing input to the national legal ethics conversation and policy direction.

The Centre is a key outward-facing and member-engaged area of the Society, providing a touchstone for feedback from the membership and the legal profession in general.

The Centre would like to thank the Ethics Committee for its work over the financial year and in particular would like to acknowledge and thank outgoing Chair Nola Pearce.



Modern Advocate Lecture Series, lecture three, delivered by Justice Peter Applegarth



Modern Advocate Lecture Series, lecture four, delivered by Justice Roslyn G Atkinson AO

Statistics at a glance

Enquiries	Ethics enquiries to the Centre	4259
Education	Bespoke Ethics Sessions	31
	Learning and professional development (including QLS-run District Law Association events)	42
	Practice Management Course	13
	Other presentations (including non-QLS District Law Association events, <i>pro bono</i> events for Legal Aid, government departments, community legal centres and Salvation Army legal)	21
	Universities	15
Practice support	Practice support consultancy service visits	64

Committee chairs

Committee	Chair and deputy chair
Ethics Committee	Chair: Ben Cohen , Bartley Cohen Deputy Chair: Joe Siracusa , Siracusa Legal

Modern Advocate Lecture Series: A return to collegiality

An initiative of QLS 2017 president Christine Smyth, the series offers ethical education and an opportunity to develop collegial networks which are the foundation of our profession. Clearly filling a need, the series has gone from strength to strength, with every session booking out rapidly and on-line viewing growing exponentially. Past lectures are available for download from the Society's website and this product has also proved popular with members.

The series involves presentations on advocacy skills from leading members of the Queensland judiciary and other legal luminaries. Speakers to date include Queensland Chief Justice Catherine Holmes, Queensland Civil and Administrative Tribunal President Justice Martin Daubney and former Chief Magistrate Di Fingleton. The lectures are followed by a networking session to allow junior members of the profession to network with their peers, and also to connect with senior members of the profession. In addition, invitations target those in law firms who make the briefing decisions, and members of the junior bar, to enable them to make productive connections.

Bespoke Ethics Sessions: Delivering for members

The Centre continued to provide Bespoke Ethics Sessions at no cost to firms who have at least 80% of their solicitors holding QLS membership. These sessions are specifically tailored to the needs of individual firms and continue to provide a vital connection between QLS and its members.

Sessions have been extremely well-received, with feedback rating both the presenters and the material highly, and requests for sessions increasing (including for non-traditional law firms and conferences that target in-house and government solicitors). This has allowed the Centre to increase its profile (and that of the Society) and provide value for QLS members.

QLS senior counsellors: Words from the wise

QLS senior counsellors are passing on their knowledge and wisdom via this service. Members can take advantage of confidential consultations with experienced solicitors in a broad range of practice areas at no cost. Counsellors provide a sounding board and sympathetic ear for practitioners of all experience levels, and can be a professional friend to practitioners isolated by geography or workload.

Tools and products

The Centre continued to produce tools and products for the profession, including the publication of three new guidance statements about termination of retainers, dealing with self-represented litigants and solicitor attorney remuneration. More guidance statements will be published during 2018-19.

The Centre also continued to prioritise the publication of ethics notes on a broad variety of topics, including updating websites and proper salutations in correspondence. We also focused on cyber-security and sexual harassment – two issues that have been of concern to the profession, both locally and abroad, throughout 2017-18. The Centre now has a comprehensive suite of products on cyber-security which help members to resist cyber-attacks and deal with the fallout should attacks be successful.

The Non-Binding Ethics Ruling service also operated throughout the year, providing rulings via the Ethics Committee on a variety of ethical issues between practitioners and firms. The library of rulings is growing, and members are coming to use those rulings in similar situations. The service will continue throughout the coming year and will become an even more valuable resource as more rulings are made and published.

QLS senior counsellors

Area	Counsellor
Brisbane	Suzanne Cleary
	Glen Cranny
	Peter Eardley
	Peter Jolly
	Peter Kenny
	Dr Jeff Mann
	Justin McDonnell
	Wendy Miller
	Terence O'Gorman AM
	Ross Perrett
Redcliffe	Bill Potts
	Bill Purcell
	Elizabeth Shearer
	Dr Matthew Turnour
	Phillip Ware
	Martin Conroy
	George Fox
	Gary Hutchinson
	Warwick Jones
	Ross Lee
Southport	Stephen Rees
	Thomas Sullivan
	Kathryn Walker
	Michele Sheehan
	Kurt Fowler
	Michael Beirne
	Pippa Colman
	Glenn Ferguson AM
	Mark Bray
	Anthony Ryan
Toowoomba	Bernadette Le Grand
	Chris Trevor
	Vicki Jackson
	Paula Phelan
	John Ryan
	Chris Bowrey
	Peter Elliott
	Lucia Taylor
	Russell Beer
	Jim Reaston
Chinchilla	Garth Smith
	Peter Apel
Caboolture	
Sunshine Coast	
Nambour	
Bundaberg	
Gladstone	
Rockhampton	
Cannonvale	
Townsville	
Cairns	
Mareeba	

Practice support: QLS at the coalface

The QLS Practice Support Consultancy Service remains one of the most popular and well-patronised services the Centre provides. The service involves experienced members of the team attending recently established law firms to provide guidance and assistance to these fledgling enterprises. In addition to providing on-the-spot feedback and guidance to new firms, the service establishes a mentoring channel by providing a contact point for the firms as they grow.

The service is a practical and effective option for members and allows new firms to become, and remain, viable leading to a healthier profession and stronger support for clients and the community in general.

Australian Solicitors Conduct Rules

The Australian Solicitors Conduct Rules form the backbone of ethical guidance for the profession. They were initially developed by the constituent bodies of the Law Council of Australia in June 2011, with an extensive Queensland published commentary being added to the rules in 2013. The rules are the go-to reference for solicitors in need of ethical guidance.

A review of the conduct rules is now underway to ensure the rules remain appropriate and current. The Society and the constituent bodies of the Law Council of Australia have undertaken substantial public and targeted consultations.

As a vital Queensland voice in the national ethics conversation, the Centre has been heavily involved in the current review of the conduct rules and has provided a comprehensive response to the discussion paper released by the Law Council of Australia. We continue to engage with the Law Council, its constituent bodies, the Professional Ethics Committee and other stakeholders via this important review.

The Centre's activity in this space has allowed QLS to provide leadership to its members, the profession in general, and the national profession in the vital realm of ethical conduct, which is at the heart of the solicitors' profession.

Workshops: Costs and communications to the fore

Through our constant engagement with membership and the broader profession, the Centre has identified the need for a comprehensive and workable method of properly scoping and planning legal matters. Previous methods of scoping are no longer adequate because clients are now more sophisticated, legal matters are more complex, and technology is presenting new challenges to clients and solicitors alike.

Adequate scoping and management of legal matters – be they transactional, court-based or advice files – are essential to ensure clients are properly informed of all possible outcomes, and that adequate costs disclosure is maintained. Adequate costs disclosure has been a focus of the Legal Services Commissioner, and it has become increasingly important to offer guidance to members in this area.

To address this issue, the Centre is developing a workshop on management of the client-solicitor relationship, costs and billing estimation, and client communications. We are training ethics solicitors in this method, and the Centre will begin to deliver the workshops throughout the state across the coming financial year.

These workshops will provide practical training in estimating costs, planning the management of files, and communicating effectively with clients on billings and progress. The aim is to ensure better outcomes for clients and increasing firm productivity.

Thought leadership

The Centre continued to be a thought leader of sustainable, ethical vision for the profession through the work of our Ethics Committee. We also published significantly across many platforms, including the Director's regular column and feature article collaborations in *Proctor*. The Centre also continued to be the major contributor to the Society's blog LawTalk, and we used platforms such as LinkedIn to promote specific ethics notes and products in response to issues as they arose.

The Director and individual solicitors of the Centre regularly attend and advise QLS policy and other committees. Engaging directly with membership in this way broadens the scope of the Centre's influence and guidance, and contributes positively to the competence of the legal profession in Queensland, and in general.

Solicitor Advocate Course: Preparing members for the future of law

Increasingly, solicitors are acting as advocates in court, especially in lower courts and tribunals. Given the growth of bespoke tribunals and the ever-increasing workload of the courts, the work of solicitors will now include a significant amount of advocacy.

To address this need, the Centre has started to deliver a Solicitor Advocate Course in conjunction with the Australian Advocacy Institute. The course covers essential advocacy skills including:

- presenting applications and injunctions
- developing case theory
- preparing and delivering effective examination and cross-examination
- preparing and delivering logical and persuasive opening and closing submissions
- communicating in the courtroom
- advocating in an ethical way.

The course is delivered *in situ* in actual courthouses, with participation from judges, senior lawyers and academics, all of whom are accredited with the Australian Advocacy Institute. Participants receive expert feedback and guidance following their performances and leave the course with an expanded skill set, and better prepared to represent clients. They can also elect to do further courses concentrating on higher court work and appeals.

The cost of the course is subsidised to ensure junior and early career solicitors can afford to participate. The course has proved extremely popular, and sells out quickly with each new offering; an indication that the course is meeting a genuine need of members.

REGULATION*

In the 2017-18 year Regulation continued its focus on limitation of liability, renewals and record management.

The records team was transferred to Regulation in February 2017, and successfully renewed through to July 2017. After that renewal, we recruited and trained a new records team, with the result being a measurably improved performance. From September 2017 to April 2018 the records team worked with the information management team and finance to build a new renewals process. The result was marked improvement on the 2017 model, and a much better renewals was run in 2018 – plus we now have a platform we can confidently use in the future. We will continue to work on rebuilding the registers of solicitors and foreign lawyers and put in place the necessary safeguards to ensure the privacy of members' personal information. During the year QLS also moved our solicitors' referral service completely online. Technical issues mean we have been unable to access data that would measure historical hits on the site, but anecdotally we believe the move has been a success. In August 2017, after renewals had quietened, Regulation spent three weeks examining 60,000 folders of documents on our computer system, and giving them *prima facie* archiving classifications, and provided an estimate of how long it would take to classify each document in each folder.

The Queensland Government amended the *Legal Profession Act 2007* to produce the new *Legal Profession Act 2017*, which brought the welcome change that incorporated legal practices could become members of the Society, and therefore members of the Limitation of Liability Scheme, which is administered by the Professional Standards Council. While amending the scheme to accommodate this development, we discovered some other aspects that needed review. It was determined that, since the scheme began in 2011, the Society had administered it contrary to both the law and the Scheme itself in that the Society had required members to elect to join the scheme. The correct administration was that all qualified members were in the scheme unless they opted out. Accordingly, the Society has drawn an amended scheme, which is awaiting ratification by the Professional Standards Council. We expect that in the coming year, incorporated legal practices will be able to benefit from the scheme, thus increasing protection for our members. The Society advised all members of the error, gave an apology and, in 2018, corrected the error. The membership responded by opting into the scheme in greater numbers than they had before. We will continue over 2018-19 to overhaul and update our conduct of the scheme.

There were 22 show cause matters reported by practitioners this year, up from 15 and 12 reported over the past two years, respectively. This increase was caused by a higher incidence of bankruptcy among practitioners. The Society also issued 10 show cause notices, up from six in 2016-17. We also undertook an immediate suspension of one practitioner's practising certificate under s63 of the Act. A significant number of these cases have mental health as a contributing factor.

The Society also recorded a large increase (135%) in practitioners being charged with serious offences. There were 17 this year, up from seven last year. The Society continued to offer our Free Legal Advice Service to practitioners who were the subject of a complaint to the Legal Services Commission or an adverse trust account investigation. The total cost of that service for the 2017-18 year was \$144,007 which benefited 65 individual practitioners, down from 98 last year. This coming year the Society will appoint more solicitors to the panel providing that service. These solicitors will be located in areas outside of Brisbane and the Gold Coast.

External interventions

The Society intervenes in a law practice when the property of clients is at risk. During 2017-18, QLS was required to intervene in five law practices: three receiverships and two appointments of supervisors to the law practice trust accounts. External interventions are currently responsible for approximately 32 trust accounts, with the number varying monthly with new appointments and the closure of old trust accounts. Seven trust accounts were closed, and 342 trust ledger balances totalling \$300,806 were cleared. The supervisors approved 2026 distributions from trust accounts under supervision.

Committee chairs

Committee	Chair and deputy chair
Committee of Management	Chair: Tricia Schmidt , MurphySchmidt Solicitors
Professional Conduct Committee	Chair: Tricia Schmidt , MurphySchmidt Solicitors Deputy Chair: Deborah Awyzio , DA Family Lawyers

Trust accounts

The trust account consultancy service is free and delivered to law practices, particularly new practices, over half a day. It is comprised of a visit from a trust account investigator, the examination of trust accounting procedures and the provision of advice on improvements that can be put in place, as well as identifying areas where existing procedures do not meet the required standard.

The service helps law practices get things right without the consequences of an investigation, and is independent of the investigations of affairs under the *Legal Profession Act 2007*. As at 30 June 2018, 59 law practices had used the consultancy service during the year.

The Society was instrumental in introducing changes to the Legal Profession Regulation 2017, which was introduced on 1 September 2017:

- s29(1) allows a law practice that maintains computerised trust accounting records to retain monthly reports (cashbooks, reconciliation statements, listing of ledger balances and listing of controlled money) in an electronic format as long as the reports can be printed later upon request
- s58 provides clarification around the procedure and requirements for the withdrawing of trust funds for the payment of legal costs.

To further maintain the high standard of trust account practice, the Society has established a remedial course for law practices that do not meet the required standard, over a period of two or more investigations of affairs. The principal of the practice responsible for the trust account is the referred party. The Legal Practice Tribunal, the Legal Practice Committee and the Legal Services Commission may also refer practitioners to the course.

The trust account information service answered 4973 requests for assistance during the year, which equates to 2.76 requests for each law practice with a trust account in Queensland. A same-day request response was delivered for 99% of queries.

* Formerly Professional Leadership

MENTAL HEALTH, WELLBEING AND RESILIENCE

The Society's Wellbeing Working Group is the primary group for leading wellbeing initiatives, with a focus is on providing the legal profession with guidance, education, events and publications on mental health and wellbeing.

A key research initiative this year has been a six question survey that has been introduced at various wellbeing events and as part of the Society's Practice Management Course (PMC), which is mandatory for anyone seeking to hold a principal practising certificate. The survey is comprised of the following questions:

1. Does your organisation have a mental health and wellbeing policy?
2. Does your organisation provide awareness training on common mental health conditions in the legal profession?
3. Does your organisation provide leadership training that addresses mental health and wellbeing issues?
4. If you were experiencing a mental health issue, do you feel that your organisation is equipped to help you manage it effectively?
5. Does your organisation provide training to staff and supervisors on how to have a wellbeing conversation?
6. Would you feel comfortable talking to your direct supervisor about your mental health?

Over 200 delegates have completed this survey and the findings help inform the development of interventions and initiatives, to better support the profession.

In 2016-17 the Society developed and commenced the rollout of the 'leading wellbeing in the legal profession' program with the Centre for Corporate Health, and this has continued in 2017-18. This program has been specifically designed for supervisors in the legal profession to address the statistic that 60% of employees' wellbeing at work is predicted by the quality of their relationship with their direct manager. The program is offered as a core syllabus to Society members and is a mandatory module of the PMC.

As part of its yearly professional development program, the Society offers a range of sessions on wellbeing, resilience and mental health with the following delivered in 2017-18:

- QLS and Family Law Practitioners Association Family Law Residential: The cost of experiencing vicarious trauma in family – what family lawyers need to know (July 2017)
- Mindful leadership for legal organisations as part of Mental Health Awareness Week (October)
- QLS Personal Injuries Conference: A path to wellbeing in the legal profession (October 2017)
- Annual Tristan Jepson Memorial Foundation lecture event featuring keynote speaker Jerome Doraisamy (November 2017)
- How to be a resilient lawyer (February 2018)
- Dealing with difficult clients and colleagues (February 2018)
- QLS Symposium 2018: Professionalism in the court room (March 2018)
- QLS Symposium 2018: Vicarious trauma – dealing with distressed clients (March 2018)
- QLS Open Day: Managing vicarious trauma for the legal and justice sector (May 2018)
- Mental health breakfast: Panel discussion – do no harm (May 2018)
- Early Career Lawyer mental health breakfast: Panel discussion – resilience and wellbeing (June 2018)
- 'Leading wellbeing in the legal profession' as part of our regional roadshows
 - North Queensland Roadshow (August)
 - Rockhampton Intensive (Oct 2017)
 - Roma workshop (March 2018)
- 'Leading wellbeing in the legal profession' program as part of the Society's Practice Management Course (various dates throughout 2017-18), funded by Queensland Law Foundation

We continue to support Minds Count (renamed from the Tristan Jepson Memorial Foundation) 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 Minds Count Psychological Wellbeing Best Practice Guidelines and welcomes its adoption by law firms.

The Society's online resilience and wellbeing portal on the website provides information and support tools for individuals and organisations within the legal profession to manage the pressures of work and life. Tools include factsheets, videos, publications, the Minds Count guidelines and information about the LawCare program. There is also a dedicated section for wellbeing and resilience resources for organisations to further assist in the development of healthy and supportive legal workplaces of varying sizes.

LawCare

LawCare is a QLS member benefit and is a confidential, personal benefit available to all full and associate Society members, their staff and immediate family members.

Externally provided by Benestar, the service provides free access to up to six hours of counselling per year, plus a wealth of resources on Benehub. This recently added online resource allows QLS members to access a vast library of learning modules, podcasts, videos, meditations, articles, blogs, self-assessments, activities, animations and resource toolkits.

During 2017-18, 337 Society members, their staff or immediate family accessed LawCare.

- There were 332 EmployeeAssist cases recorded during the member year comprising both personal and work-related issues.
- Psychological issues were the most frequently presented – 113 cases in total with anxiety, depression and personal stress the highest categories.
- With respect to work-related issues, the vocational category recorded 54 reported cases, with issues relating work satisfaction representing the largest proportion in this category.
- ManagerAssist reported five cases in this period.

Working group chair

Working group	Chair
Wellbeing Working Group	Rolf Moses, Norton Rose Fulbright (until March 2018 upon his appointment as QLS Chief Executive Officer) Phil Ware, Stanwell Corporation (March 2018 to present)

RECONCILIATION ACTION PLAN

On 5 July 2017 the Queensland Law Society launched its inaugural Reconciliation Action Plan 2017-19. Over the financial year, the Society strengthened its commitment to reconciliation by raising awareness of First Nations issues, increasing engagement with Elders, First Nations peoples, organisations and legal stakeholders, as well as exploring ways to increase opportunities for First Nations peoples. The Society thanks the RAP Working Group for its work over the financial year. A summary of our action items and important successes are set out below.

Proper deadly ●
(Exceeded target)

Deadly ●
(Target achieved)

On the way to deadly ●
(On track)

Which way? ●
(Target not achieved)

	Action items	Grade (weighted average)	Key findings
RELATIONSHIPS	1. The QLS RAP Working Group (RAPWG) actively monitors RAP development and implementation of actions, tracking progress and reporting	●	Achieved and continuing into the second year RAP, with strong representation of First Nations peoples and First Nations practitioners.
	2. Celebrate and participate in National Reconciliation Week (NRW) by providing opportunities to build and maintain relationships between First Nations peoples and other Australians.	●	Celebration, participation and recognition of NRW through staff morning tea and keynote address a success, with consideration to expanding reach to a wider/public event for members.
	3. Develop and maintain mutually beneficial relationships with First Nations peoples, communities and organisations to support positive outcomes	●	On track and continuing into the second year RAP, as the Society continues to develop and maintain mutually beneficial and respectful relationships with Elders, the First Nations community and First Nations stakeholders and organisations.
	4. Raise internal and external awareness of our RAP to promote reconciliation across our business and sector	●	Achieved and continuing into the second year RAP, with a focus on RAP on-boarding, articles published online, in social media and in <i>Proctor</i> as well as supporting and hosting First Nations events of cultural and legal significance.
RESPECT	5. Engage employees in cultural learning opportunities to increase understanding and appreciation of First Nations cultures, histories and achievements	●	Successful roll-out of cultural awareness training for staff with suggestions to increase awareness in specific cultural areas, cultural safety awareness and policy.
	6. Engage employees to promote understanding of the significance of First Nations cultural protocols, such as Welcome to Country and Acknowledgement of Country, to ensure there is a shared meaning	●	Achieved with Acknowledgment of Country embedded in event and speech brief processes, Acknowledgment of Country recognised at formal QLS meetings and external events and awareness and information about protocols published on the Society website.
	7. Provide opportunities for First Nations staff to engage with their culture and communities by celebrating NAIDOC Week	●	Achieved and strongly supported with the RAP launch and NAIDOC stand encouraged and celebrated by Society staff.

Working group chairs

Working group	Chair and deputy chair
Reconciliation Action Plan Working Group	Chair: Shane Duffy , Aboriginal and Torres Strait Islander Legal Service (Qld) Ltd Deputy Chair: Bianca Hill-Jarro , QUT



Attendees at QLS launch of Innovate RAP 2017-19

	Action items	Grade (weighted average)	Key findings
OPPORTUNITIES	8. Investigate opportunities to improve and increase First Nations employment outcomes within our workplace	●	Achieved and continuing into the second year RAP, with advertising and encouraging First Nation candidates, employment metrics reporting as well as to investigate funding and strategy to advance this initiative into the next financial year.
	9. Investigate opportunities to incorporate First Nations supplier diversity within our organisation	●	Achieved with the implementation of the QLS Procurement policy to support First Nations supplier procurement where possible and staff training, with this initiative continuing into the second year RAP.
	10. Improve educational outcomes for First Nations students	●	This action item is a long-term strategy in which the Society has begun a good foundation in advancing its Lawlink program, creation of a First Nations Legal Student of the year award and advancing partnerships with legal tertiary and secondary institutions.
	11. Support First Nations solicitors and the broader legal profession	●	This action item is also a longer term strategy, with some action items to commence in the second year. The Society is positioned to support First Nations solicitors and the broader legal profession by raising awareness about cultural issues and raising the profile of First Nations practitioners. Further long-term focus is centred on retention strategies for First Nations people in the legal profession.
	12. Support internal staff and the wider Queensland community	●	The Society has rolled out activities and events for staff and the community and is continuing its work in supporting internal staff in raising awareness about reconciliation as well supporting the First Nations and wider community in advancing legal and First Nations advocacy. The newly established RFNAC has already dispatched 12 policy positions in supporting the wider Queensland community.
TRACKING	13. Report RAP achievements, challenges and learnings to Reconciliation Australia	●	Achieved and in progress to report to Reconciliation Australia in 2018-19.
	14. Report RAP achievements, challenges and learnings internally and externally		Initiative to be undertaken in 2018-19.
	15. Review, refresh and update RAP		Initiative to be undertaken in 2018-19.

Our important achievements at a glance include:

- **Successful endorsement by Reconciliation Australia of the Society's inaugural RAP in May 2017.**
- **Reconciliation Action Plan Working Group** – 91% of members identify as First Nations peoples and 90% of members are also legal practitioners.
- **Establishment of inaugural QLS Reconciliation and First Nations Advancement Committee (RFNAC)** – the RFNAC has been created to further the QLS's commitment to the RAP. The Committee's purpose is to advocate and raise awareness for reconciliation and advancement of First Nations community legal rights and interests. Since October 2017 to June 2018, the RFNAC has submitted 12 positions to policy reform.
- **Cultural awareness training** – the Society has successfully introduced cultural awareness training to its staff, which was rolled out during the first half of 2018 by Indigenous consultant Tom Kirk. The sessions engaged employees in cultural learning opportunities to increase awareness of First Nations cultures, histories, achievements and protocols.
- **LawLink support** – the LawLink program was established in 2004 and aims to bridge the cultural divide between Indigenous law students and the legal profession. Students gain insight into the profession through formal and informal meetings and site visits to law firms, barristers' chambers, community legal centres and various courts. The program generally runs twice a year, however, we held two events in March 2018. The first event was held as part of the QLS Careers Expo, where the students met the QLS CEO and staff and gained early access to the expo and resume services (ahead of 700 other students). The second event was hosted by the Women's Legal Service, a community legal centre which offers free legal and social work services to Queensland women. Queensland Law Society hosted LawLink at Law Society House in October 2017.
- **Yarning circles** – Society staff engaged in a Yarning Circle during National Reconciliation Week 2018 to encourage staff to come together and share stories of their experiences and understanding of Aboriginal culture and traditional practices. This harmonious, creative and collaborative way of sharing stories helps to grow and understand the real meaning of reconciliation. A permanent feature of a Yarning Circle will continue on a monthly basis for staff.
- **Human resources** – the Society has implemented RAP on-boarding for all new staff to raise awareness about reconciliation and the Society's commitments set out in the RAP. New staff will be required to complete the 'Share our Pride' online learning resource as a mandatory part of the on-boarding process.

- **QLS First Nations Awards** – in 2018, QLS conferred the following inaugural awards:
 - QLS First Nations Student of the Year award – presented to an Aboriginal or Torres Strait Islander individual for outstanding achievements in the law and for pursuing justice outcomes in the legal profession for First Nations People in Queensland. The award winner is Nareeta Davis. While enjoying the challenges of working in insolvency for 24 years, Nareeta always wanted to be a solicitor. Nareeta is proud to demonstrate to her children and the community, with whom she regularly volunteers and engages, the importance of academic study and to follow your dreams by overcoming adversity. Nareeta will be admitted as a solicitor in 2018 and will pursue a Masters Degree in Applied Law in 2018.
 - QLS First Nations Lawyer of the Year award – presented to an Aboriginal or Torres Strait Islander individual for outstanding achievements in the law and for pursuing justice outcomes in the legal profession for First Nations People in Queensland. The award winner is Leah Cameron, the current recipient of the Attorney General's Indigenous Legal Practitioner of the Year Award and the owner of Marrawah Law, Queensland's only Supply Nation-certified Indigenous legal practice. Leah's business employs over 75% Indigenous staff.
- **Symposium** – welcome to Country and core CPD session: At the Society's flagship conference, Symposium, Shannon Ruska addressed the large audience and engaged the members as part of his Welcome to Country, with great support and feedback from attendees. In addition, one of the core CPD sessions was 'Avoiding faux pas: Communicating with diverse clients'. The panel included lawyers with experience working in Asia and Ruth Link, Senior Manager, Portfolio and Program Management Advisory and Indigenous Sector Practice, Ernst & Young.
- **Continuing Professional Development** – in July 2017 and June 2018, the Society offered two complimentary CPD events for members:
 - **Webstreamed workshop: 'Communicating with Indigenous Queenslanders in Legal Contexts' by Dr Diana Eades** – advising how linguistic and cultural factors should be taken into account when practitioners work with Indigenous clients.
 - **First Nations and cognitive impairment: Intervention economics** – discussing whether it is fair to incarcerate a cognitively impaired person when the court, prosecution and even defence are unaware of that impairment. Two expert presenters are dealing with this topic and discussing First Nations youth who present with cognitive impairment.
- **Supporting the appointment of Queensland's first Indigenous judge** – the Society acknowledged and applauded the appointment of Judge Nathan Jarro, Queensland's first Indigenous judge, to the District Court. We continue to advocate for the increase in First Nations representation on the bench.
- **A Law Society first** – MyQLS leading the way in membership and cultural identification autonomy: The Society is a strong advocate for self-autonomy and cultural identification of First Nations lawyers and now, as a Law Society first, features a capability on the MyQLS profile to allow this function:
- **Promoting and recognising our First Nations peoples at all formal QLS meetings, external events as well as through our website, email signature of Acknowledgment of Country and display of First Nations artwork at Queensland Law Society House**
- **Raising awareness online and through Proctor** – the Society has a dedicated RAP page outlining its progress in its Reconciliation Action Plan as well as setting out resources and articles. In addition to our online presence, the increase of First Nations legal issues and profiling of First Nations Practitioners has been published in *Proctor* over the financial year
- **Increase in participation and support of Cultural Events** – the Society has actively encouraged staff and the membership to participate in nationally recognised cultural dates as well as to immerse themselves in community events.
- **Society publications** – the Society has developed a number of publications in support of reconciliation including a Welcome to Country Protocol, RAP Firm 101 checklist and a Cultural Calendar for staff and the Profession to access online at qls.com.au/rap

First Nation Peoples (optional)

We acknowledge the First Nations peoples as the original inhabitants of Australia. We recognise, respect and celebrate the cultural distinctions of First Nations peoples and value their rich and positive contribution to not only Queensland but also to the broader Australian society.

Do you identify as being:

Please provide the name of your People or Country:

Tick here if you consent for this information to be displayed online on the QLS register of solicitors



Attendees at the Elders morning tea to acknowledge the 10th anniversary of the apology to the Stolen Generations



Launch of QLS RAP

OUR LEGACY FOR RECONCILIATION: EMBEDDING OUR COMMITMENT TO RECONCILIATION AT QUEENSLAND LAW SOCIETY HOUSE

Cultural recognition and inclusivity is an important focus of the Society, with our commitment to ensuring reconciliation in action being observed and present in our everyday activities at Law Society House. One of many of these acts has been through internal changes that reflect a cultural presence.

‘Harmony’ by Mitch Shannon

In the development of the action plan, our Reconciliation Action Plan (RAP) Working Group member Mitch Shannon, First Nations solicitor and artist, bequeathed his painting aptly named ‘Harmony’. After obtaining permission, the artwork was subsequently transferred onto a canvas print and has been used as the inaugural Innovate RAP imagery. The Society continues to showcase this artwork both at Law Society House and across various visual media, upholding the artist’s belief that in order to understand and support each other we must share our stories, our triumphs and our suffering and accept that each other’s culture and history are an important part of our national identity.

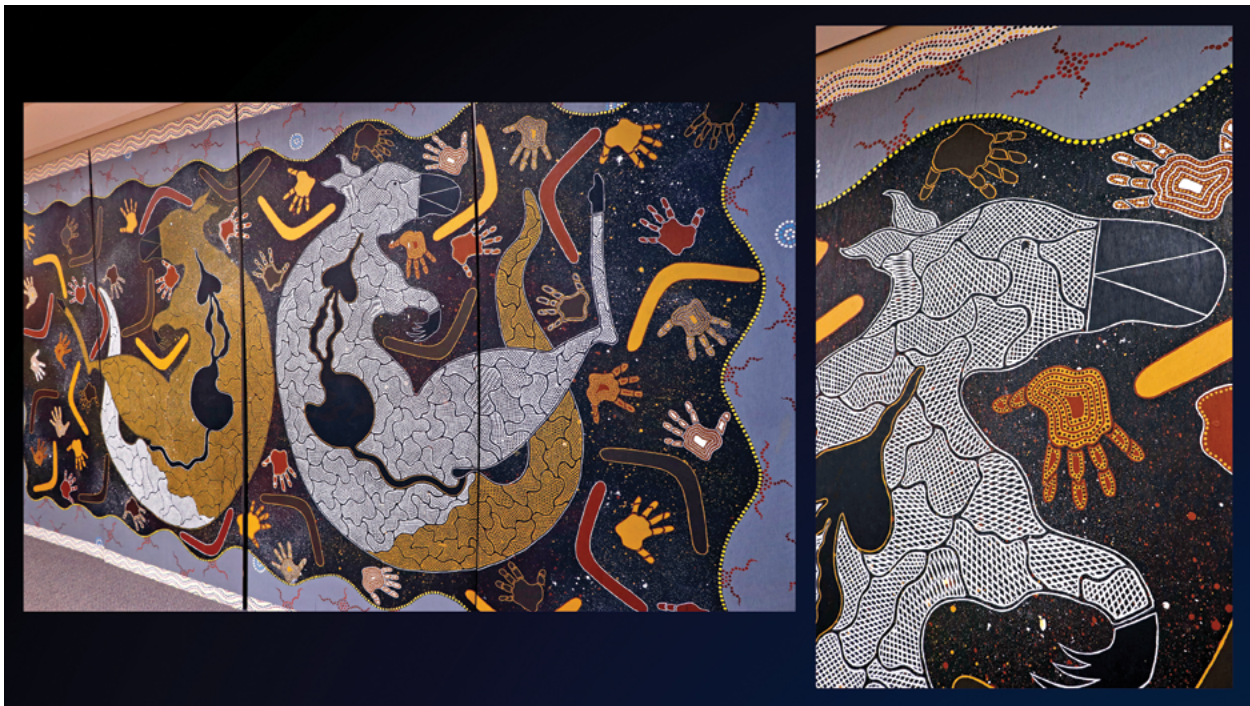
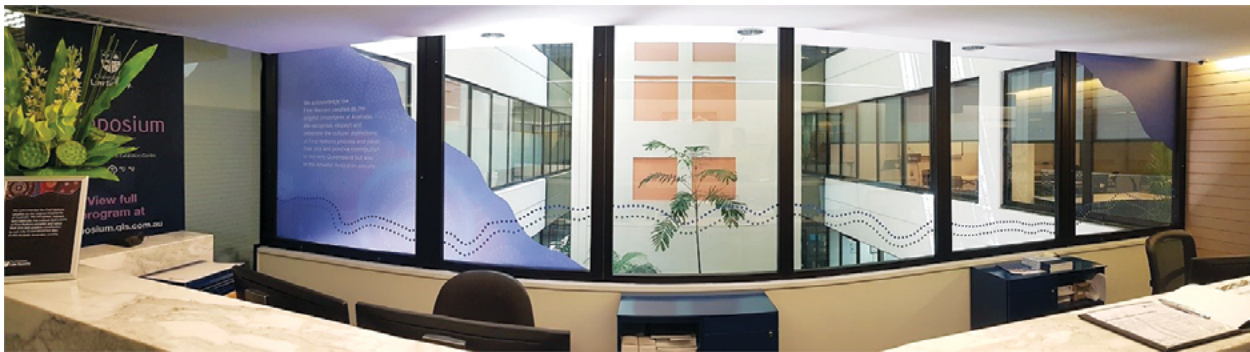
Jurungal room

The print canvas, ‘Harmony’ has been the centrepiece of Jurungal room, a room used by patrons within the legal industry and members for mediation and other alternative dispute resolution purposes. Jurungal means serenity’ in Yuggera language and dedicating a language name to a room ensures that culturally significant practices have a permanent and visible place within the fabric of our organisation. A poem of the meaning written in in language is also featured in Jurungal room.



Our Acknowledgment of Country

The Society goes further to embed and uphold the importance of language and culture by permanently affixing an enlarged Acknowledgement of Country on the reception level windows. The unveiling was celebrated with a special morning tea with Elders in February 2018 to pay tribute to the 10-year anniversary of the Apology by former Prime Minister, the Hon. Kevin Rudd to the Stolen Generations, and was a well-attended and respected event. There have been other significant developments to the public interface on the QLS website, devoting a First Nations webpage where culturally appropriate information and resources for our members and the public can be accessed, as well as regular updates that provide insight to culturally inclusive practices and progress of our reconciliation action plan.



Mural

Another extraordinary display of cultural expression that exudes the spirit of reconciliation is located at Law Society House. The Society recognises and thanks Terry Stedman, QLS awards winner* and First Nations Committee member, for donating an extensive and impressive mural from the Logan Ganyjuu Family Support Service in May 2017, which now adorns the entire wall of our level 3 Board conference room. We encourage members and guests to appreciate the mural and other First Nations artwork that we have on display at Law Society House.

*QLS 2018 Equity Advocate Award winner as well as the Community Legal Centre Member of the Year award winner.

MEDIA

Queensland Law Society again increased and improved our media reach and activity during the past year to guarantee a stronger and clearer voice both nationally and throughout Queensland on the key legal topics to have lasting impacts on the profession and wider community.

The external media team from the newly created Policy, Public Affairs and Governance division maintained and extended its role during 2017-18 to provide greater expert and explanatory commentary, myriad policy and advocacy views and education on the law from the Society's key office holders, our committee heads and members.

The team, which evolved from the External Affairs Division created in 2016, has been proactive in engaging and encouraging mainstream media to tap into QLS's more than 13,000 members when seeking authoritative and insightful comment on various complex legal issues and publicly debated topics.

This ongoing and ever-evolving strategy is designed and dedicated to guarantee media will make the Society its first point of contact for advice on who is an opinion leader or expert for comment on all legal matters. QLS has provided proactive media on diverse topics including cyber-security in conveyancing and legal financial transactions, claims farming, an ongoing campaign in support of elder abuse prevention, the appointment of Queensland's first Indigenous District Court judge and the Queensland Supreme Court's landmark decision granting a woman the right to start a family using the sperm of a boyfriend who died almost two years earlier.

Extending our outstanding reputation and reach

Our increased activity has netted positive results, with 2834 mentions of Queensland Law Society in media reports: 1634 in broadcast media, 262 in print media and 938 online. The Society also produced 48 media releases. Our coverage represents an increase of 41 percent over the previous year's record-breaking result.

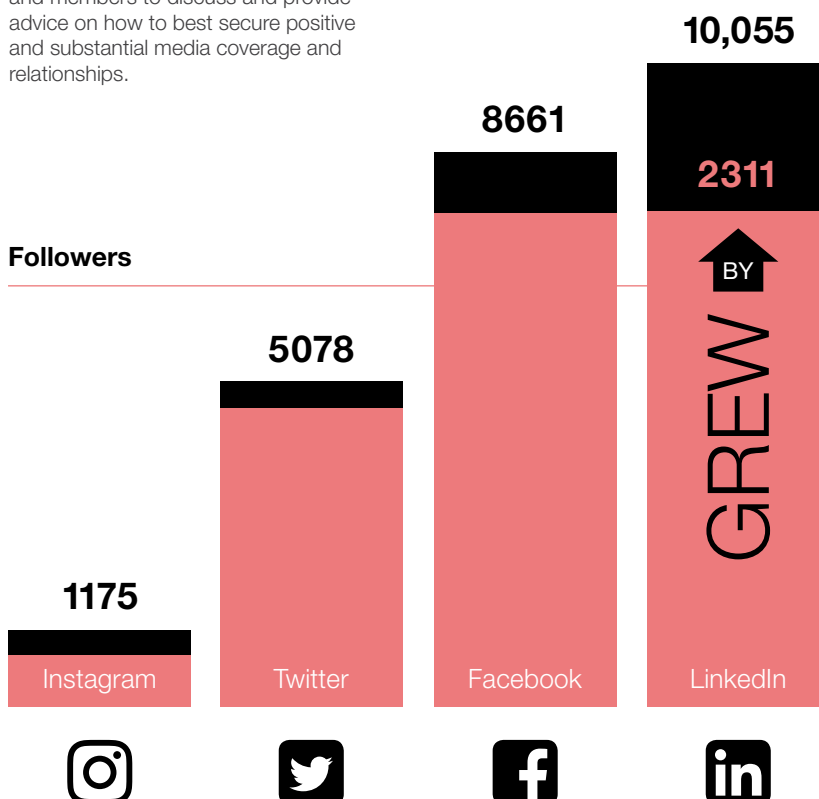
Leading established media outlets to publish content or comment mentioning QLS included:

- **Print:** *The Courier-Mail*, *The Australian*, Quest Community Newspapers, Australian Regional Newspapers
- **Broadcast:** National, Metro and Regional – Channel 9, Channel 7, Channel 10, ABC TV; and on radio, 4BC and Fairfax Media Network, as well as regional radio
- **Online:** ABC, *Brisbane Times*, *The Courier-Mail*, *The Guardian*, Quest Community Newspapers, Australian Regional Newspapers, *The Australian*, and News Limited and Fairfax national mastheads.

Supplying expert media to QLS membership and profession

The Policy, Public Affairs and Governance division has been active in supplying and inviting members to benefit from the team's advice and ideas on how to best engage with the media across Queensland and Australia. Members of the team have spoken in various forums and meetings with key stakeholders, QLS committees and members to discuss and provide advice on how to best secure positive and substantial media coverage and relationships.

Followers



OUR GOVERNANCE FRAMEWORK

Our Council

In accordance with the *Legal Profession Act 2007* (LPA), Queensland Law Society Council is comprised of 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, and the president is elected 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 setting and review of the strategic plan and the Society's operating performance as reported via the CEO. Council is also responsible for approving the annual budget and overseeing the financial management of the Society's affairs. Our Council ensures QLS meets the needs of, and represents, our legal profession.

Council is committed to excellence in corporate governance and believes good corporate governance is consistent with respect, integrity and service – the Society's core values. Our Council uses the Australian Institute of Company Directors' *Good Governance Principles and Guidance for Not-for-profit Organisations* and the ASX Corporate Governance Principles and Recommendations as its benchmarks and as key guidance resources 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 2017

Our biennial Council election was held in October 2017. The conduct of the election was governed by the LPA and the Legal Profession (Society) Rules 2007, and was for the first time conducted via an online e-elections platform supported by BigPulse, a Government Information Technology Contracting (GITC) accredited organisation. There were 9633 QLS members eligible to participate in the election, and of that number, 18 members were sent hard copy notices in the post because the Society did not hold an email address for them. There were multiple nominations for each available position on the Council.

By the close of the election, 2597 members had submitted and confirmed their votes (2594 electronic votes and three postal ballots). This is just under 27% of eligible members. The level of voter participation increased almost 2% from 2015, reflecting a greater level of engagement in the process. The Society's website received exceptional traffic throughout the election, with 10,328 unique page views of election pages: a 49.5% increase from 2015.

Council subcommittees

Council has delegated a range of its powers to committees to ensure the efficient management of the Society's responsibilities. Council operates three subcommittees to help it carry out its core business:

1. **Executive Committee** – which makes decisions on practising certificate matters and related occupational matters arising under the LPA, and considers operational matters where required
2. **Finance and Risk Committee (FRC)** – which is responsible for overseeing and ensuring the integrity of the financial reporting process, monitoring the Society's risk management framework, and overseeing the responsible investment of surplus funds in accordance with the Society's investment policies
3. **Governance Committee** – responsible for reviewing and providing recommendations to Council on corporate governance policies, processes and practices.

Our FRC is led by an independent chair, who is not a member of the Council but was appointed by Council, based on a selection and recruitment process in February 2012. The chair was then reappointed in November 2017 by Council for a two-year term. The chair provides leadership to the FRC in fulfilling its duties and responsibilities, with the benefit of having current accountancy qualifications and other financial expertise and experience. Our current FRC chair is Grant Wallace, Director at Libertate Family Office. Grant is a qualified chartered accountant and advisor with more than 30 years' industry experience spanning all facets of accounting and financial services.

During the financial year, the FRC chair received remuneration of \$1200 per month plus GST from 1 July 2017 to 31 October 2017, and \$1800 per month plus GST from 1 November 2017 to 30 June 2018.

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

During the year the FRC, in observing its charter, addressed matters relating to finance, management and strategy, considered financial statements, investments, fraud and risk management and made recommendations to Council.

During the year, following review and recommendations of the Governance Committee, Council approved the Membership Committee Charter, approved the role descriptions for the president, deputy president, vice president and immediate past president, amended the Society Rules, reviewed the Council charter and approved the continuing professional development (CPD) charter and public interest disclosure (PID) policy. Council also approved the delegations manual and noted the operationally approved Queensland Law Society Procurement Policy – which aligns with the Queensland Procurement Policy – accepted the audit recommendations and performance audit recommendations by Queensland Audit Office (QAO). Council has been kept up to date and noted interim audit reports and progress.

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 managing 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 Continuing Professional Development units each 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 the Council. Each committee is supported by an appropriately qualified and experienced Society staff member.

Queensland Law Society Council 2017-18

Member	1 July-31 December 2017	1 January-30 June 2018
Christine Smyth Accredited Specialist (Succession Law), Partner, Robbins Watson Solicitors	President	Immediate Past President
Ken Taylor Accredited Specialist (Personal Injuries), Director, Purcell Taylor Lawyers	Councillor	President
Bill Potts Criminal Lawyer, Director, Potts Lawyers	Immediate Past President	Deputy President
Kara Cook Director and Principal Lawyer, CookLegal	Vice President*	–
Christopher Coyne Accredited Specialist (Commercial Litigation), Coyne and Associates	Councillor Vice President**	Vice President
Michael Brennan Trustee in Bankruptcy and Official Liquidator, Managing Principal, Offermans Partners	Councillor	Councillor
Jennifer Hetherington Accredited Specialist (Family Law), Lawyer and Founder, Hetherington Legal	Councillor*	–
Chloe Kopilovic Lawyer, FC Lawyers	Councillor	Councillor
Peter Lyons Principal Solicitor, Prisoners Legal Service	–	Councillor
Kirsty Mackie Solicitor, Pippa Colman & Associates	–	Councillor
Luke Murphy Accredited Specialist (Personal Injuries), Partner, MurphySchmidt Solicitors	–	Councillor
Travis Schultz Accredited Specialist (Personal Injuries), Legal Practice Director, Travis Schultz Law	–	Councillor
Elizabeth Shearer Legal Practice Director, Affording Justice	Councillor	–
Kara Thomson Accredited Specialist (Personal Injuries), Solicitor, Cooper Grace Ward	Councillor	Councillor
Paul Tully Accredited Specialist (Personal Injuries), Legal Practice Director, McInnes Wilson Lawyers	Councillor	Councillor
Karen Simpson Solicitor, Gordon Legal Pty Ltd	Councillor Attorney-General's nominee	Councillor [^] Attorney-General's nominee

*Vice President Kara Cook and Councillor Jennifer Hetherington resigned from Council 31 August 2017.

**Council appointed Councillor Chris Coyne as Vice President 1 September 2017-31 December 2017.

[^]Councillor Karen Simpson was reappointed by the Attorney-General 13 February 2018-12 February 2020.

2017 Council



Back row: **Chloe Kopilovic, Ken Taylor, Bill Potts** (Immediate Past President),
Chris Coyne, Kara Thomson, Paul Tully

Middle row: **Michael Brennan, Kara Cook, Jennifer Hetherington,**
Elizabeth Shearer

Front row: **Christine Smyth, Matt Dunn** (Acting CEO)



Karen Simpson

2018 Council



Back row: **Luke Murphy, Peter Lyons, Paul Tully, Chloe Kopilovic,**
Chris Coyne

Middle row: **Bill Potts, Christine Smyth, Travis Schultz, Kara Thomson**

Front row: **Ken Taylor, Rolf Moses** (CEO)



Michael Brennan



Kirsty Mackie



Karen Simpson

Council and Finance and Risk Committee meetings

During the financial year, seven Council meetings and seven Finance and Risk Committee (FRC) meetings were held. The attendance list for Council and FRC meetings is (in alphabetical order):

2017-18	QLS Council		FRC	
Member	Eligible to attend	Attended	Eligible to attend	Attended
Michael Brennan 2017-18 Councillor	7	4 ^{**}	7	3 ^{**}
Kara Cook 2017 Vice President*	-	-	1	0
Christopher Coyne 2017 Councillor and Vice President**/2018 Vice President	7	7	7	6
Jennifer Hetherington 2017 Councillor*	-	-	-	-
Chloe Kopilovic 2017-18 Councillor	7	5	-	-
Peter Lyons 2018 Councillor	4	3	-	-
Kirsty Mackie 2018 Councillor	4	3	-	-
Luke Murphy 2018 Councillor	4	4	-	-
Bill Potts 2017 Immediate Past President/2018 Deputy President	7	7	7	7
Travis Schultz 2018 Councillor	4	4	-	-
Elizabeth Shearer 2017 Councillor	3	3	3	2
Karen Simpson 2017-18 Attorney-General's nominee	6 [^]	5	-	-
Christine Smyth 2017 President/2018 Immediate Past President	7	6	7	5
Kara Thomson 2017-18 Councillor	7	7	5	5
Ken Taylor 2017 Councillor/2018 President	7	7	7	7
Paul Tully 2017-18 Councillor	7	6	7	7
Karen Simpson 2017-18 Attorney-General's nominee	6 [^]	5	-	-

*Vice President Kara Cook and Councillor Jennifer Hetherington resigned from Council 31 August 2017.

**Council appointed Councillor Chris Coyne as Vice President 1 September 2017 to 31 December 2017.

[^]Councillor Karen Simpson's appointed term expired on 31 December 2017. Councillor Karen Simpson was reappointed by the Attorney-General effective 13 February 2018 to 12 February 2020.

^{**}On 26 April 2018 Council approved a leave of absence for Councillor Michael Brennan from 26 April 2018 until 23 July 2018.

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 FRC and Council. We perform risk assessments routinely when developing business cases, Council submissions and in the normal course of business. We also supply the FRC and Council with quarterly reports on the Society's risk register. The Society's in-house legal unit provides advice on risk and compliance issues and delivers regular compliance training to staff.

In the 2015-16 financial year, the Society moved to a new risk register reporting template to improve accessibility and efficiency, and to assist executive staff to identify, classify, assess and monitor risk. During the 2017-18 financial year, the Society continued to use the risk register to mitigate current risks, analyse residual risk trends as well as to identify, assess, monitor and report new risks to the FRC and Council, in line with good governance practice. Following the Queensland Audit Office's *Fraud Risk Report 6: 2017-18* (accessible at www.qao.gov.au), the FRC also considered and recommended to Council a review of the Fraud Risk Assessment – stage 1, with the view to continue through stages 2-5 of fraud risk assessment. This framework of fraud risk assessment is to be developed in the next financial year, in tandem with preparing a draft and corruption policy based on the Crime and Corruption Commission's Fraud and Corruption Control: Best Practice Guide (accessible at www.ccc.qld.gov.au)

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, which was approved by the Attorney-General in May 2016. The Society is reviewing the code, with reference to the Queensland Audit Office's *Fraud Risk Report 6: 2017-18*, with revisions to continue into the next financial year. QLS encourages its Council, committee members, and business colleagues to partner with us in implementing our code. New staff are educated in the importance of the code, requirements to ensure adherence and potential impacts if the code is breached. This training is included in on-boarding of all new staff. The code was also integral in assisting with the drafting and finalisation of the Society's Public Interest Disclosure (PID) policy.

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

Recordkeeping

During 2017-18 the Society undertook archival activities in accordance with our obligations under the *Public Records Act 2002*. The Society has policies to meet our obligations regarding the destruction of temporary public records and the transfer of permanent public records to Queensland State Archives (QSA).

We continue our review of QSA's Queensland Disposal Authority Number 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 their 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 their awareness of regulatory obligations. Additionally, staff members 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 and government agencies. The Society supports RTI principles by operating in an open, transparent and accountable manner, while endeavouring to protect the privacy of members, the public and staff. The Society is required to report the number of applications made to us 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 currently being reviewed and updated.

Information privacy

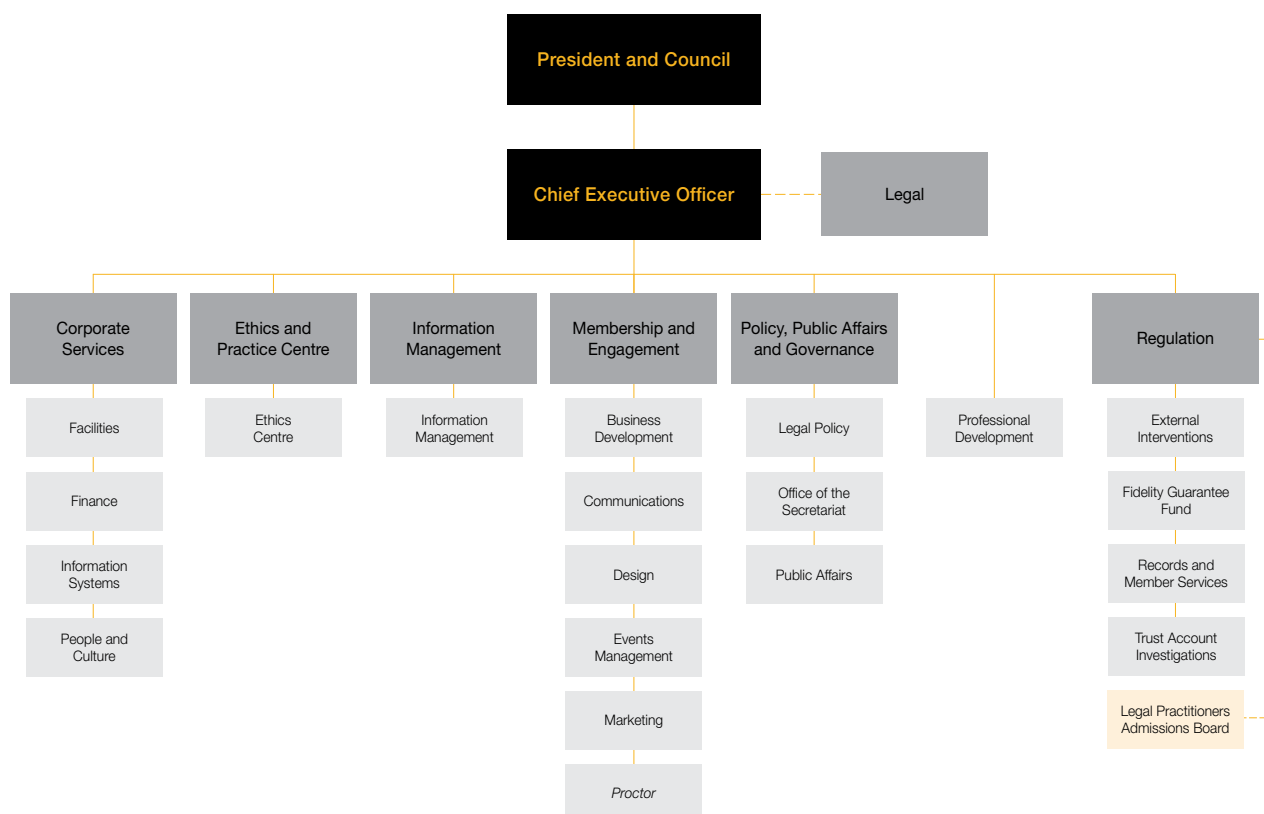
The Society is committed to ensuring that personal information collected is dealt with in accordance with the Information Privacy Principles contained in the *Information Privacy Act 2009* (Qld) and the Australian Privacy Principles contained in the *Privacy Act 1988* (Cth).

We continually review the procedures in place to prevent unauthorised access to, and use of, the 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. The Society's Privacy Policy and Privacy Code of Practice can be found on our website: qls.com.au.

Our corporate structure

There are seven departments and one team that report to the chief executive officer:

1. **Legal:** provides in-house legal advice to the Society
2. **Corporate Services:** oversees the Society's finances, IT, People and Culture and in-house Facilities
3. **Ethics and Practice Centre** (formerly known as Ethics Centre): provides legal ethics and practice support guidance and education to QLS members
4. **Information Management:** oversees the management of the Society's information, databases and associated business processes
5. **Membership and Engagement:** provides marketing and communications services (excluding media releases) with an in-house design team and events team
6. **Policy, Public Affairs and Governance:** advocates for the Society through submissions, public hearings, consultation and updates to the profession; oversees the Society's reach in mainstream media through public comment, speeches and media releases and also includes the office of the secretariat which oversees the governance of the Society, including risk management, insurance and implementation of the reconciliation action plan
7. **Professional Development:** oversees the Society's provision of continuing professional development, seminars, conferences, Symposium, and masterclasses (including the practice management course and specialist accreditation board)
8. **Regulation** (formerly known as Professional Leadership): oversees the Society's regulatory arm in trust account investigations, external interventions, the management of the Legal Practitioners' Fidelity Guarantee Fund, Records and Member Services as well as supporting the Legal Practitioners Admissions Board.



OUR LEADERSHIP TEAM

Rolf Moses



Chief Executive Officer

An inspirational and dynamic leader, Rolf joined Queensland Law Society in March 2018 as CEO. Rolf has over 20 years' human resources and general management experience working in large, international legal firms throughout Australia and Asia. Rolf is the former chair, and a current member, of the Queensland Law Society Wellbeing Working Group and faculty member of the Practice Management Course.

Sally Castle



Chief Financial Officer and General Manager Corporate Services

BA, BBS, DipPP, CA

Sally joined the Society in September 2017 from bric housing, a not-for-profit company in the community housing sector. Before migrating to Australia in 2003, Sally had a varied management career in the New Zealand public sector. Since arriving in Australia Sally has worked in a range of finance, governance and general management roles in government, both state and federal, and in the not-for-profit sector. Sally's areas of expertise include finance, governance, strategy and planning, human resources, IT management, business process improvement, project management, records management and administration. Sally has been an adjudicator on the Australasian Reporting Awards Panel for eight years, is honorary treasurer for a national not-for-profit organisation and also does voluntary work in the local community.

Matt Dunn



General Manager, Policy, Public Affairs and Governance

BSc LLB (Hons)

Matt started at QLS in a policy and in-house legal role in 2005, establishing a successful policy team for the Society. He led that team until he took on the role of first Director of Policy at the Law Council of Australia in 2014. Matt returned to QLS in 2015 to take on the role of Government Relations Principal Advisor, growing and maintaining the Society's vital relationships with government, the Parliament and government departments at both state and federal levels. In February 2017 Matt became Acting CEO and led the transition to Rolf Moses as CEO in March 2018, following which he returned to a General Manager position with its heart in legal policy, public affairs and media engagement and corporate governance. Matt shares his love of fine wine in a long-running and popular column in the Law Society's publication, *Proctor*.

Tony Keim



Media Manager

BA (Journalism)

Tony joined Queensland Law Society in early 2016 as the Media Manager of the newly created External Affairs division. He is responsible for promoting the Society's image with members, stakeholders and the general public, as well as representing its 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*.

Kathleen March



Director, Information Management

Kathleen has a broad range of skills developed during a 25+ year career in information technology, systems and data management across industries including engineering, procurement and construction, professional services, oil and gas exploration and training organisations. Kathleen has brought to QLS her experience in global information management, data management, change management and project roles which drive improvements in IM maturity.

**Jason
Olsson-Seeto**



**General Manager,
Membership and Engagement**

Jason 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 in a variety of industries. He has worked with many renowned brands, including University of Queensland Business School, UnitingCare Queensland, BDO and the Queensland Theatre Company.

**Louise
Pennisi**



**Acting Corporate
Secretary**

BA/LLB LLM TEP GIA (Cert) GAICD

Louise is tasked with overseeing corporate governance for Queensland Law Society as well as managing and monitoring risk management and compliance policies and processes. She is also responsible for working with Council and the executive leadership team to develop and implement strategy and manage reporting. Louise joined the Society in 2010 and commenced in this role in March 2017. Louise was admitted to practise as a solicitor in the Supreme Court of Queensland in 2006 and has extensive experience in succession and commercial law private practice as well as governance, risk management and policy law reform. Louise completed the AICD course in 2014 and is currently a non-executive director and vice president of the Australian Breastfeeding Association.

**Stafford
Shepherd**



Director, Ethics and Practice Centre

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

Stafford is the Director of QLS Ethics and Practice Centre, which is responsible for providing ethical and practice support guidance to the profession, and delivering legal ethics learning and professional development to members, university students and students undertaking practical legal training. Stafford previously practised in partnership and as a sole practitioner, 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,
Regulation**

LLB (Hons)

Craig joined Queensland Law Society in June 2004 and heads the Society's Regulation division. Craig's leadership spans Trust Account Investigations, the Legal Practitioners' Fidelity Guarantee Fund and External Interventions. Craig also leads the Society's Records and Member Services team. Craig also works with the Legal Practitioners Admissions Board, the body responsible for making recommendations to the Supreme Court in respect of applications for admission to the legal profession in Queensland, to ensure the Society provides smooth-running and efficient secretariat services. He has practised as a solicitor and barrister, as well as a government lawyer.

BUILDING A TEAM TO TAKE US FORWARD

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

Staff development

QLS's key focus for 2017-18 has been to continue our commitment to workplace wellness, advocating against domestic and family violence, supporting our reconciliation action plan (RAP) initiatives, and professional development for all staff. We do this via our QLS lunch and learn sessions, mental health first aid training and bringing continued awareness to domestic and family violence with staff information sessions and by supporting our community partnerships.

Over the past year, QLS has invested \$70,000 in training which is, on average, \$671 per staff member, comprised of:

- 33 staff members now being accredited mental health first aid officers, and QLS continuing to provide mental health awareness sessions focused on managing mental health concerns and identifying early warning signs
- domestic and family violence workshop for general and middle managers
- one-hour lunch and learn sessions with topics including law 101, professional leadership and ethics 101, RAP 101 and LinkedIn 101
- wellbeing sessions including work-life integration and activating potential mindfulness
- cultural awareness training including compulsory completion of the 'Share our Pride' online course, as well as a two-hour workshop with an external consultant
- study assistance for team members

- annual refreshers of our workplace health and safety and regulatory and compliance requirements
- attendance at external workshops and conferences.

The Society is committed to attracting and retaining quality staff. As part of this, QLS has become an endorsed work180 employer, which is the only advertising platform that pre-screens employers to ensure they meet the required selection criteria.

QLS welcomed 37 new team members this year across departments, all of whom took part in a comprehensive induction program. The majority of staff (62.5%) are employed full-time.

QLS continues to provide and promote flexible work arrangements with over 35% working flexibly, including working from home, job-sharing, compressed working weeks and flexible start and finish times.

In addition to these arrangements, the Society has a dedicated "bub hub" for working parents and encourages a family friendly atmosphere with a quarterly morning tea for employees to bring in their babies and young children. Due to the dedication and commitment of the People and Culture Team, in September 2017 Queensland Law Society became the first Law Society in Australia to be a Breastfeeding Friendly Accredited Workplace.

During 2017-18, total redundancy-related payments were \$29,290.44.

No early retirement packages were paid during this period.

Key focus and outcomes for 2017-18

- We launched an internal wellbeing working group to drive wellbeing initiatives across QLS.
- We continued internal support for QLS RAP, through cultural awareness training for existing staff, and inclusion of RAP on-boarding and cultural awareness training as part of the new employee induction program.
- We became an endorsed work180 employer.
- We enhanced the QLS Parental Leave Policy.
- We continued compliance with the *Workplace Gender Equality Act 2012* for 2017-18.
- We became an accredited breastfeeding friendly workplace.

Workforce demographics

Item	Number
Headcount	120 (FTE: 104.3)
Employment type	Full-time: 75 (62.5%) Part-time: 26 (21.7%) Casual: 2 (1.7%) Fixed term: 12 (10%) Parental leave: 5 (4.2%)
Gender	Male: 33 (27.5%) Female: 87 (72.5%)
New team members	37
Permanent separation (turnover) rate	29%

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 that we protect the environment through our internal processes.

Energy

Despite electricity network charges remaining high, the Society's power reduction initiatives have returned some good results.

The November 2017 level 4 heating, ventilation and air conditioning upgrade has resulted in a 21.40% power reduction against the comparable eight-month period the previous year. There remains two units on ground and level 5 to complete the upgrade on Society-owned floors.

The January 2018 level 3 lighting change to LED has seen a 38.88% reduction in power use in the period from January to June 2018, compared with the same period in 2017.

In May 2018, a power factor correction meter was installed on the mains electrical board to further reduce power costs. We envisage a return on investment in power savings within 18 months.

Recycling

Of total waste (27.335 tonnes) generated at Law Society House, 82.62% of general waste went to landfill, with 17.38% diverted through recycling of plastics, aluminium, glass and cardboard.

The Society also recycles office paper, magazines and brochures, toner cartridges and fluorescent tubes as well as e-waste, including computers, photocopiers and DVDs.

QLS has recycled 17.8525 tonnes of paper through combined recycling of office paper and secure document destruction.

Lighting and batteries

Eco Specifier Global lists linear fluorescent lamps as containing between 5 milligrams and 22 milligrams of mercury, hazardous to environment and health. Recycling 800 lamps last year, the Society diverted at least 4 kilograms of toxic mercury away from landfill and the possibility of contaminating ground water and water bodies downstream of landfill dumps.

Batteries are diverted from landfill and deposited in collection bins at Officeworks.

Food wastage reduction

After last year's high food wastage of 32.12%, reducing food wastage across all catering items was again our focus in 2017-18. The Society's target to reduce food wastage to 20% was achieved in November, and for six months of the year we held wastage in the 20-29% range. It increased to 32-35% for four months and peaked with 46% in December and 38% in January.

Although high food wastage rates again kept the overall average up at 29.62%, this still represents a 2.5% reduction on last year's result.

Attention to milk rotation saw zero out-of-date wastage registered for six months of the year, with five months registering between 2% and 6% wastage. High food wastage in January of 41%, likely due to staff holidays, resulted in an overall milk wastage of 4.5% for 2017-18.

Savings to the environment

Calculated where 1 tonne recycled paper equals:

	QLS saved
13 trees	232 trees
4 metres ³ landfill	71.41metres ³
4100 kilowatt hours of electricity	73,195.25 kilowatt hours
31,780 litres water	567,352.45 litres
2.5 barrels of oil	44.63 barrels
0.40 tonne of carbon emissions	7.14 metric tonnes

A HOME FOR OUR MEMBERS

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

With growing demand for meeting and mediation rooms, level 3 meeting rooms were equipped to accommodate QLS committees and free level 2 rooms for member bookings.

These new rooms 301, 302 and 303 have recorded use of 25%, 16%, 11%, respectively. This represents a diversion of 490 bookings from level 2 to level 3.

While reservation hours are down on the previous year, use across all the level 2 meeting rooms has been more consistent in 2017-18, ranging between 56% and 70%. The previous year saw a wide variance in use between rooms ranging from 40% to 80%.

Auditoriums continue to be underused, with the highest use being 47% for combination rooms.

This provides an opportunity for further business development.

During 2017-18, the facilities team has serviced 29,473 clients, comprised of:

- meeting and mediation rooms – 14,961
- auditorium bookings – 11,163
- level 3 rooms – 3349.



Customer service

Member satisfaction survey ratings over 10 months: 4.77 out of 5.
(No surveys were sent during staff absences/changes or to temporary staff.)

Mediation and meeting room usage	2017-18	2016-17
Bookings	2746	2871
Reserved hours	15,758.46	16,436
Total attendees	18,310	18,603
Auditorium usage		
Bookings	365	444
Reserved hours	1747	2615
Total attendees	11,163	9749



INFORMATION MANAGEMENT STRATEGIC OBJECTIVES

The strategic objectives for this program closely support the broader QLS strategic objectives to:

1. Drive information governance across the business to ensure compliance and management of a single information asset through:
 - a. establishment of an information management governance board
 - b. continuous improvement in development of, and education around, governing process, policy and procedure
 - c. establishment of a rolling information roadmap for the next three years.
2. Extract best value from information management investment in QLS to exploit opportunities and avoid waste through:
 - a. successful delivery of information capability supported by integrated line of business systems
 - b. strategic alignment for delivery of services
 - c. improved member and public satisfaction with a focus on efficient, effective, informed and timely service provision.

Following a rigorous tender process, a contract for the provision of the electronic document and records management system (EDRMS) was awarded in May 2018. The implementation is underway, focusing on design according to QLS's legal obligations including the automation of business processes, retention and disposal schedules, online web forms and migration of existing records into the new environment.

A review of the member management system is in progress, and the website renewal project is expected to be completed and launched by early 2019. The learning management system project will see initial requirements executed via the EDRMS, with full functionality expected in 2019.

INITIATIVES

The Information Management Business Initiatives (IMBI) Program of Work was planned in 2016 as part of the original IT Roadmap. The IMBI Program of Work is comprised of several projects:

- a new electronic document and record management system (EDRMS)
- a refreshed QLS website
- review of the current membership management system
- implementation of an online learning management system.

The overarching goal for the program of work is to refine information management governance, aligning with organisational governance (as stated in the strategic and operating plans). This will allow QLS to continue to grow its level of digital maturity, ensuring we can continue to improve member services to practitioners and further, the community, within the Queensland legal sector.

KNOWING OUR MARKET

QLS is continually looking for ways to better service our members, and the more we know them the more we can tailor our products and services. We have moved away from organising our offerings solely according to post-admission experience segments to a more sophisticated understanding of our diverse range of members, their careers and their communities.

Much of our focus during 2017-18 has been on four main groups:

1. Early career lawyers (ECLs)

ECLs continue to be a growing segment in the market, due largely to the increased volume of students that universities accept. The segment has increased by 11% in the past five years to 3262. We continue to engage and work with our ECL Committee in a number of areas to nurture and guide ECLs and ensure membership is more compelling for them. The committee is a mix of ECLs from across Queensland, from various-sized firms. This engagement is vital to tailoring education and upskilling – as well as industry networking opportunities – for our members in the ever-changing workplace.

2. Regional lawyers

QLS is working to engage our regional membership to ensure regional lawyers feel like they are a valued part of the Society, regardless of their geographical location. Approximately 14.6% of our entire membership live and work in regional areas of Queensland. Members of the 19 district law associations (DLAs) across Queensland are key stakeholders for us, and we will continue to work with DLAs and other regional lawyers as we develop a new regional strategy to ensure we are providing the most effective support for regional lawyers. There are 19 DLAs across Queensland, with 1458 DLA lawyers holding QLS membership.

3. Large law firm lawyers

The impetus is on QLS to ensure we are providing value to large law firms and their staff by offering a great breadth of knowledge and timely support. The Society currently has 1805 large law firm members, with a conversion rate of 95% of practising certificate holders to members.

4. In-house counsel (IHC)

QLS has identified the In-house Counsel segment as a growth area, and in early 2018 we created a dedicated committee to ensure IHCs are being supported. IHCs are the fastest-growing segment and so we are working to ensure the Society understands the unique needs of IHCs and is delivering for them. There are currently 1194 IHC practising certificate holders, including 829 QLS members.

REFOCUSING OUR MEMBERSHIP VALUE PROPOSITION

QLS provides a wide variety of products and services in our continuing efforts to offer value for our members. We call this our membership value proposition.

We have worked with members and the broader legal community to develop our approach over the past 12 months. Our eight key offerings are:



1. **Protection** – QLS offers protection to its members, their practices and the profession in general via professionals' financial, legal profession insurance, and regulation of the profession.



2. **First to know** – we ensure our members are the first to know about legislative changes and impacts, emerging trends and issues. This helps our members to identify opportunities, manage risks and provide better advice for their clients.



3. **Learning opportunities** – from the moment members are admitted, they are on a continuous learning journey with us; whether they are an early career lawyer wanting skills they can use immediately or a leader who is ready to take the leap into a business management role, we have tailored programs to suit all members throughout their career.



4. **Guidance** – QLS offers ethical guidance, practice support and information for the profession and the public. Whatever the issue, we're here to help our members navigate their way to a solution.



5. **A voice for all** – with an ever-changing political, social and legal landscape, QLS offers a professional voice in the media, community and with government on matters of legal policy and reform, as well as leading the profession in championing diversity and reconciliation.



6. **Support** – being a lawyer can present unique challenges and pressures like no other career. QLS understands this and offers services to help our members find balance, manage workplace challenges and lead a healthy life.



7. **Connection** – the Society offers plenty of opportunities to network and connect within the industry throughout the year, which helps members socialise, stay anchored to the industry, build their practice and learn from others.



8. **Recognition** – QLS recognises hard work, sacrifice and commitment – both in our members professionally, and in the community.

The questions we continually ask:
“What do our members need and how can we better deliver it for them?”

THE LEGAL LANDSCAPE AND PLANS FOR THE FUTURE

Queensland Law Society's strategic and operating plans form its short- and long-term roadmaps. We produced and approved the strategic plan prior to the 2017-18 financial year, after considering member feedback, previous corporate results, and other internal and external factors.

Strategic plan

Just after the six-month point of the first year of our strategic plan, Councillors and the executive leadership team undertook a SWOT analysis examining the strengths, weaknesses, opportunities and threats for the Society and the broader legal profession, and reviewed the strategic plan. Findings and observations from that analysis fed into the development of the 2018-19 operating plan and were then expanded into a Council planning day scheduled in July 2018. No amendments were made to the strategic plan.

The legal landscape and the future

One of the key environmental factors identified in our SWOT analysis and Council discussions was the uptake of technology and the impact it has in shaping the Society in delivering its services to members, as well as the practice of law broadly across the Queensland legal profession. Technology and innovation are key focuses for the Society into the next financial year and the Society will look to dedicating resources and reporting on developments in this space.

Operating plan 2018-19

Our new operating plan, effective 1 July 2018, continues the strategic goals, objectives and key performance indicators of our strategic plan, with a focus on five priority areas:

1. Position QLS as a trusted advisor of law reform in Queensland by engaging with government in areas of legislative reform important to our members and the community.
2. Implement the information management and business processes systems upgrades and improvements.
3. Develop a member services capability expanding the QLS Ethics Centre offering into practice care, practice support and career advancement.
4. Develop a leading accessible technology-supported learning and development offering.
5. Strengthen our QLS culture. Our culture will be collaborative and collegial, there will be clear and strong inclusive leadership, operationally and strategically. We will develop our talent. We will focus on wellbeing, diversity and inclusion and on our staff's contribution to the community. Staff will be rewarded based on equity, merit and performance. We will focus our second year reconciliation action plan on our staff and work towards a QLS solicitor graduate program and becoming a citation holder as an employer of choice for gender equity.

A high level summary of our operating plan is set out below and also accessible at qls.com.au/plans

OUR OPERATING PLAN 2018-19 AT A GLANCE

Advocate

Advocate for the role of solicitors in the community and speak out for justice and the rule of law

- **PRIORITY** • Position QLS as a trusted advisor of law reform in Queensland by engaging with government in areas of legislative reform important to our members and the community
- Educate and engage with our members in areas of law reform where QLS can advocate on behalf of the profession and the community
- Demonstrate a position of credibility and authority to the profession and the community by positively and strategically engaging the media on issues affecting the law

Protect

Protect and regulate to uphold the good standing of all solicitors

- Introduce a membership based, personally funded Group Life and Salary Continuance insurance plans
- Introduction of Cyber Risk insurance option for member firms

Guide

Guidance to encourage the professional values of fidelity, service and courage

- **PRIORITY** • Development of a member services capability expanding the QLS Ethics and Practice Centre offering into practice care, practice support and career advancement
- Overhaul so as to align with the law and the basic tenets of fairness the Society's collection, use and distribution of private information obtained in the course of the provision of all services by the Society

Improve

Continuously improve our member experience, with a focus on service, connectedness, convenience, accessibility collegiality and technology

- **PRIORITY** • Implement our information management and business processes systems upgrades and improvements
- Implement our business continuity and disaster recovery plans
- Finalise and promote our member service value proposition with a focus on:
 - Early career lawyers
 - District Law Associations and rural, regional and remote practice support
 - Large law firms
 - In-house counsel

Our vision

Good law. Good lawyers. Public good.

Our purpose

Supporting our members to have more satisfying, balanced and rewarding legal careers and businesses. Promoting the value of solicitors in the community and supporting the professional values of fidelity, service and courage. Being the authoritative voice of solicitors in Queensland, speaking out for justice and the rule of law

Strategic objectives 2018-19

- Be at the forefront of identifying issues and market trends that may affect solicitors, helping them to prepare for the future by actively producing resources to assist them in the practice of law
- Promote the benefits of solicitors and positively differentiating the services of solicitors from other providers of legal services
- Actively represent Queensland solicitors with lawmakers and law enforcers, promoting laws that are necessary, just and workable
- Better connect and engage with our members and promote collegiality
- Continue to promote our professional values of fidelity, service and courage as a basis for active public involvement
- Continue to support good corporate governance and best practice governance arrangements

Key performance indicators 2018-19

- Proportion of members holding practice certificates grows each financial year
- Members express high levels of satisfaction with our facilities, events, website, guidance and committees
- Measurable evidence of being listened to by government and members of Parliament
- We achieve our annual financial targets
- Staff are engaged, collaborative and productive and there is a reduction of staff turnover

Connect

Connect the profession with each other and the public

- Launch a revised job board and recruitment portal to members
- Undertake a public marketing campaign to reposition the online find a solicitor service and reach out to the community
- Promote the use of expert solicitors in ADR processes in Queensland

Educate

Educate to develop the reputation and expertise of members and their businesses

- **PRIORITY** • Development of a leading accessible technology supported professional development offering
- Guide the profession in emerging issues, in particular cyber security and new technologies, anti-money laundering and the Legal Profession Uniform Laws

QLS Culture

PRIORITY • Our QLS culture will be collaborative and collegial, there will be clear and strong inclusive leadership, operationally and strategically. We will develop our talent. We will focus on wellbeing, diversity and inclusion and on our staff's contribution to the community. Staff will be rewarded based on equity, merit and performance

- Focus our second year Reconciliation Action Plan around our staff, broaden our service offering to consult to members and develop a stretch RAP 2019-22 for Council approval in 2019
- Develop an internal QLS graduate solicitor program
- Improving organisational culture procedures and processes to become a citation holder as an Employer of Choice for gender equity and application for the Workplace Gender Equality Agency and Employer of Choice for Women Award

Sustain

Deliver results that balance the value provided to members and the public with the need to ensure ongoing financial viability while managing our risks and challenges

- Enhance financial management practices to maximise efficiency and effectiveness

OUR FINANCIAL PERFORMANCE

Queensland Law Society's Group consolidated financial results are comprised of 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.

Group results

In 2017-18, the Group made an operating surplus of \$2.9m before tax and net assets at 30 June 2018 were \$157m. This was an increase of \$13.9m over the previous year, primarily due to an uplift of \$10.5m in the value of Law Society House (see below) and an increase of \$2.2m in investment values. The continued increases in retained surpluses support the Group's ability to remain sustainable and to take advantage of opportunities to deliver strategic improvements for members.

Revenue from membership services and fees grew by \$0.4m, mainly due to continued growth in numbers of practising lawyers. Insurance levies once again fell due to a further reduction in base levies offered to practitioners, which delivered the lowest level of insurance levy bands since the gross fee income based model was introduced in 2007-08. Investment returns (distributions plus fair value movements through profit and loss) fell from \$10.3m in 2016-17 to \$6.6m in 2017-18. This was in line with market movements. The prior year benefited from a strong equity performance which was not replicated in 2017-18.

Employee expenses for the Group were 3.6% (\$0.5m) higher this year, mostly due to adjustments in remuneration levels due to salary increments and an increase in the provision for annual leave. Overall, however, group expenses fell by almost \$4.8m, with the main decreases being in membership services and events expenses (\$274k), office administration and insurance (\$201k), information technology (\$480k) and professional and consulting fees (\$452k) as well as lower insurance scheme costs (\$4m), partially offset by the \$0.5m increase in employee expenses.

Insurance scheme

Insurance scheme results are from Lexon and the LCLF. The scheme recorded an operating surplus before tax of \$3m (2017: \$4.3m).

Levies collected decreased due to a reduction in insurance levy bands. Investment income fell compared with the previous year's income, which was made in the context of a strong equity performance that was not replicated in 2017-18. Claims expenses fell by 6.1% from \$19.6m to \$18.4m, largely due to a slight increase in prior year releases.

Queensland Law Society Incorporated (parent)

Queensland Law Society Incorporated exceeded its overall financial targets, with a surplus of \$0.4m achieved against a budgeted deficit of \$1.2m. \$0.7m of the underspend against budget related to the Information Management program of works (see below); however, the Society received \$0.6m more in operating revenue than expected and also made savings in expenses, contributing to the achievement of a \$0.9m operating (non-project) surplus, compared with a budgeted operating (non-project) surplus of \$0.1m. The variance to budget is outlined in the table below.

Parent entity			
	Budgeted surplus/(deficit) \$m	Actual surplus/(deficit) \$m	Variance \$m
	(1.2)	0.4	1.6
Components of variance to budget:			
Operating surplus			0.9
Project underspend			0.7
Total			1.6

Information Management (IM) program of works

In 2016, Council approved \$1.9m to be drawn from the Society's retained members' funds over the 2016-17 and 2017-18 financial years to fund major information management programs that would improve QLS's core systems and processes thus providing significant benefits to our members. Key initiatives are a new membership database, website and electronic document and records management system. A total of \$0.8m was spent on these essential programs in 2016-17 and the remaining \$1.1m was expected to be spent in 2017-18; however, due to the complex nature of QLS systems, progress has been somewhat slower than initially expected and just \$0.4m was spent. In July 2018, Council approved a further \$1.9m for the second stage of the program of works, as well as funding for cybersecurity initiatives, with the full program expected to be completed by June 2020. Spending on the IM program of works in 2018-19 and 2019-20 is expected to result in a parent entity deficit, representing the drawdown of funds from retained members' funds. The drawdown will be offset by any operating (non-project) surpluses achieved in the parent entity.

Assets

Parent net assets at 30 June 2018 were \$64.6m, an increase of \$10.9m. This was primarily due to the \$10.5m uplift in value of Law Society House following an independent valuation as at 30 June 2018. While the uplift in value is not recognised in the operating result, it is reported as 'other comprehensive income' and impacts the net asset position through an increase in the asset revaluation surplus.

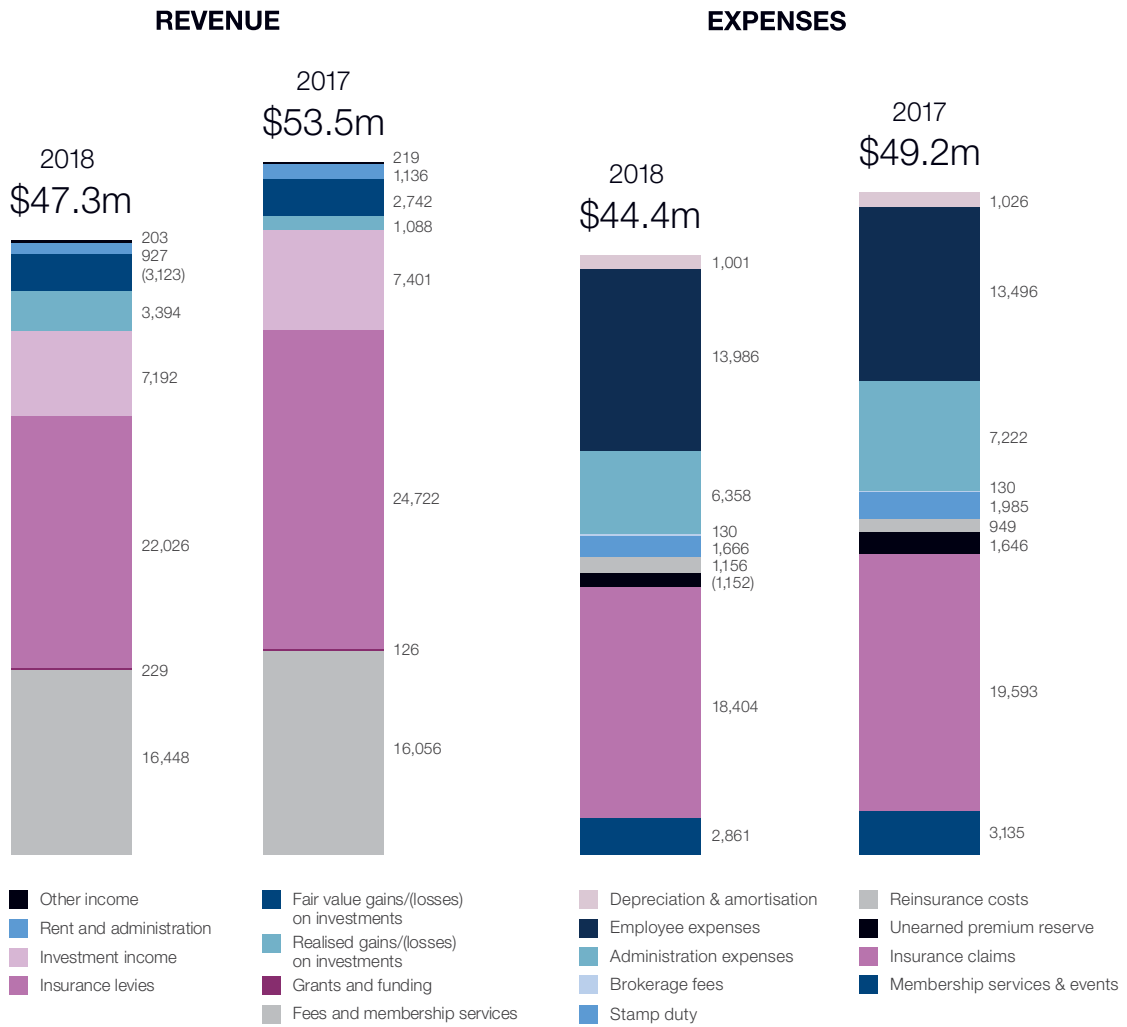
Revenue

Membership and practitioner fees rose by 3.3% to \$13m, compared with \$12.6m in 2016-17. This can be attributed primarily to growth in the number of practising lawyers; the membership fee was not increased from 2016-17 and practising certificate fees rose by only 1.5%. Membership services and events revenue was stable at \$3.4m.

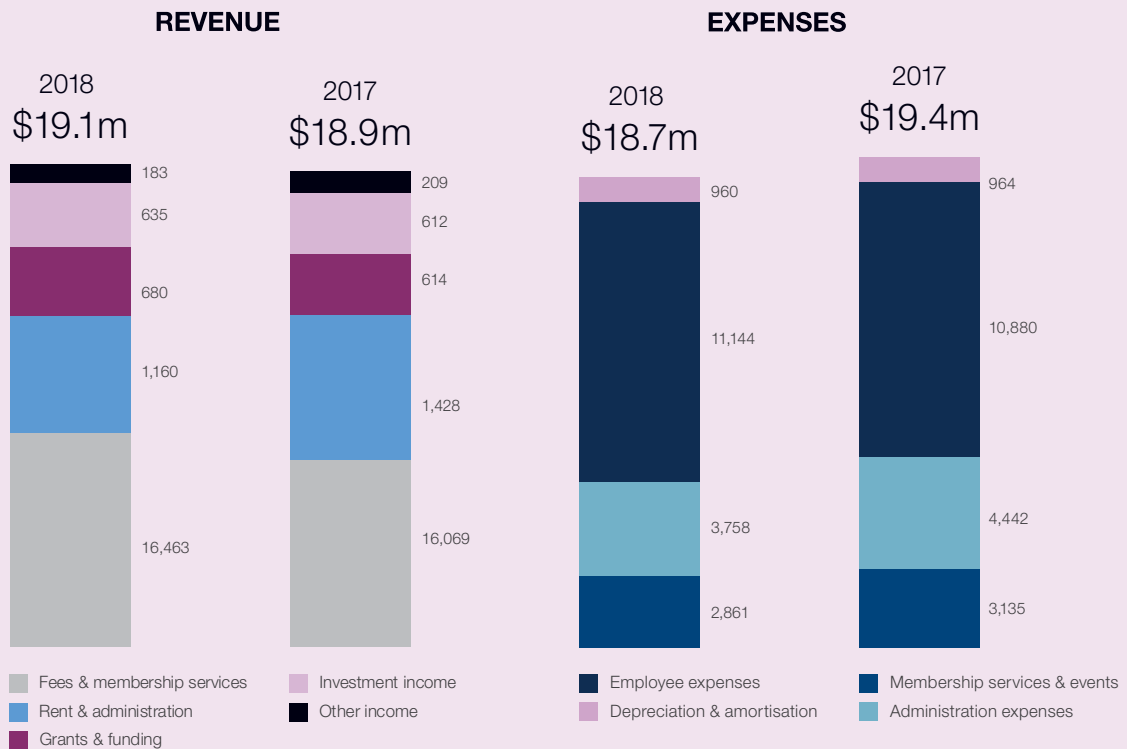
Expenses

Membership services and events expenses fell by 8.7% to \$2.9m, compared with \$3.1m in the previous year. In the context of stable revenue from membership services and events, this indicates improved efficiency in the provision of these services.

CONSOLIDATED



PARENT



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*All amounts are denoted in Australian currency.

QUEENSLAND LAW SOCIETY INCORPORATED

Statement of Comprehensive Income for the year ended 30 June 2018

		Consolidated		Parent Entity	
	NOTE	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Revenue					
Fees and membership services	B1-1	16,448	16,056	16,463	16,069
Rent and administration revenue	B1-2	927	1,136	1,160	1,428
Grants and funding	B1-3	229	126	680	614
Insurance levies	B1-4	22,026	24,722	-	-
Investment income	B1-5	7,192	7,401	635	612
Realised gains/(losses) on investments	C4	3,394	1,088	-	-
Fair value gains/(losses) on investments	C4	(3,123)	2,742	-	-
Other income		203	219	183	209
Total revenue		47,296	53,490	19,121	18,932
Expenses					
Membership services and events	B2-1	2,861	3,135	2,861	3,135
Administration expenses	B2-2	6,358	7,222	3,758	4,442
Employee expenses	B2-3	13,986	13,496	11,144	10,880
Depreciation and amortisation	C5	1,001	1,026	960	964
Insurance claims	B1-4	18,404	19,593	-	-
Movement in unearned premium reserves	C8-2(b)	(1,152)	1,646	-	-
Reinsurance costs	B1-4	1,156	949	-	-
Stamp duty	B1-4	1,666	1,985	-	-
Brokerage fees		130	130	-	-
Total expenses		44,410	49,182	18,723	19,421
Operating surplus before income tax		2,886	4,308	398	(489)
Income tax expense	F1-1	(471)	376	-	-
Operating surplus after income tax		3,357	3,932	398	(489)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to operating result					
Increase in asset revaluation surplus	C5-1	10,492	819	10,492	819
Total comprehensive income		13,849	4,751	10,890	330

QUEENSLAND LAW SOCIETY INCORPORATED

Statement of Financial Position as at 30 June 2018

		Consolidated		Parent Entity	
	NOTE	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current assets					
Cash and cash equivalents	C1	61,404	58,840	32,674	49,879
Receivables	C2	1,951	1,424	679	904
Income tax receivable	F1-2	1,039	1,603	-	-
Reinsurers' share of unearned premiums	C8-2(b)	1,200	1,176	-	-
Insurance contract liabilities ceded	C8-2(a)	325	921	-	-
Total current assets		65,919	63,964	33,353	50,783
Non-current assets					
Investment in controlled entities	C3	-	-	19,000	19,000
Investments	C4	174,612	172,394	-	-
Property, plant and equipment	C5	30,739	21,104	30,627	20,967
Deferred tax assets	F1-3	4,183	3,048	-	-
Insurance contract liabilities ceded	C8-2(a)	652	1,427	-	-
Total non-current assets		210,186	197,973	49,627	39,967
TOTAL ASSETS		276,105	261,937	82,980	90,750
Current liabilities					
Payables	C6	39,498	37,874	17,136	35,936
Accrued employee benefits	C7	1,486	1,361	1,060	966
Unearned premium reserves	C8-2(b)	5,360	6,512	-	-
Provision for outstanding claims	C8-2(a)	15,604	15,681	-	-
Total current liabilities		61,948	61,428	18,196	36,902
Non-current liabilities					
Accrued employee benefits	C7	230	176	202	156
Provision for outstanding claims	C8-2(a)	56,945	57,200	-	-
Total non-current liabilities		57,175	57,376	202	156
TOTAL LIABILITIES		119,123	118,804	18,398	37,058
NET ASSETS		156,982	143,133	64,582	53,692
EQUITY					
Accumulated surplus		131,605	128,248	39,205	38,807
Asset revaluation surplus		25,377	14,885	25,377	14,885
TOTAL EQUITY		156,982	143,133	64,582	53,692

QUEENSLAND LAW SOCIETY INCORPORATED

Statement of Changes in Equity for the year ended 30 June 2018

Consolidated		Asset Revaluation Surplus	Accumulated Surplus	Total
	NOTE	\$'000	\$'000	\$'000
Balance as at 1 July 2016		14,066	124,316	138,382
Operating result				
Operating surplus after income tax		-	3,932	3,932
Other comprehensive income				
Increase/(decrease) in asset revaluation surplus	C5-1	819	-	819
Balance at 30 June 2017		14,885	128,248	143,133
Operating result				
Operating surplus after income tax		-	3,357	3,357
Other comprehensive income				
Increase/(decrease) in asset revaluation surplus	C5-1	10,492	-	10,492
Balance at 30 June 2018		25,377	131,605	156,982

Parent Entity		Asset Revaluation Surplus	Accumulated Surplus	Total
	NOTE	\$'000	\$'000	\$'000
Balance as at 1 July 2016		14,066	39,296	53,362
Operating result				
Operating surplus after income tax		-	(489)	(489)
Other comprehensive income				
Increase/(decrease) in asset revaluation surplus	C5-2	819	-	819
Balance at 30 June 2017		14,885	38,807	53,692
Operating result				
Operating surplus after income tax		-	398	398
Other comprehensive income				
Increase/(decrease) in asset revaluation surplus	C5-2	10,492	-	10,492
Balance at 30 June 2018		25,377	39,205	64,582

QUEENSLAND LAW SOCIETY INCORPORATED

Statement of Cash Flows for the year ended 30 June 2018

		Consolidated		Parent Entity	
		2018	2017	2018	2017
	NOTE	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Receipts from the profession		39,407	42,535	17,414	18,413
Receipts from commissions and funding		451	52	902	540
Payments to suppliers and employees		(23,496)	(27,327)	(15,081)	(17,206)
Receipts collected for Society entities		-	-	22,026	22,199
Payments to Society entities		-	-	(42,013)	(9,125)
Receipts collected for Legal Practitioners' Fidelity Guarantee Fund		480	892	480	892
Payments to Legal Practitioners' Fidelity Guarantee Fund		(1,235)	(424)	(1,235)	(424)
Reinsurance payments		(1,156)	(949)	-	-
Claims and claims related payments		(18,784)	(10,288)	-	-
Interest received		896	848	635	545
GST receipts		3,220	1,357	966	697
GST paid to ATO		(1,331)	(2,290)	(1,179)	(2,290)
Income tax paid	F1-2	(100)	(6,130)	-	-
Net cash (used in)/generated from operating activities	C1	(1,648)	(1,724)	(17,085)	14,241
Cash flows from investing activities					
Purchase of investments	C4	(77,168)	(26,305)	-	-
Proceeds from investment redemptions	C4	81,516	26,295	-	-
Cash distributions received		1	196	-	-
Proceeds from disposal of property, plant and equipment		38	-	40	-
Payments for property, plant and equipment	C5	(175)	(343)	(160)	(195)
Net cash generated from/(used in) investing activities		4,212	(157)	(120)	(195)
Net increase/(decrease) in cash and cash equivalents held		2,564	(1,881)	(17,205)	14,046
Cash and cash equivalents at the beginning of the year		58,840	60,721	49,879	35,833
Cash and cash equivalents at the end of the year	C1	61,404	58,840	32,674	49,879

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

A1 BASIS OF FINANCIAL STATEMENT PREPARATION**A1-1 GENERAL INFORMATION**

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.

A1-2 COMPLIANCE WITH PRESCRIBED REQUIREMENTS

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 2017.

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 Flows 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 E3.

A1-3 PRESENTATION**Currency and rounding**

Amounts included in the financial statements are in Australian dollars and rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

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 Comprehensive Income.

Comparatives

Comparative information reflects the audited 2016-17 financial statements and has been restated where necessary to be consistent with disclosures in the current reporting period.

Current/non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within twelve (12) months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within twelve (12) months after the reporting date, or the Group does not have an unconditional right to defer settlement to beyond twelve (12) months after the reporting date.

All other assets and liabilities are classified as 'non-current'.

A1-4 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements are authorised for issue by the President and Chief Executive Officer of the Society at the date of signing the management certificate.

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

A1 BASIS OF FINANCIAL STATEMENT PREPARATION (continued)

A1-5 BASIS OF MEASUREMENT

Historical cost is used as the measurement basis in this financial report except for the following:

- strata title building which is measured at fair value;
- investments which are measured at fair value; and
- accrued employee benefits expected to be settled 12 or more months after reporting date, which are measured at their present value.

Historical cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Fair value

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.

Fair value is determined using one of the following three approaches:

- The *market approach* uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The *cost approach* reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current replacement costs methodology.
- The *income approach* converts multiple future cash flows amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

Where fair value is used, the fair value approach is disclosed.

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 the Financial Statements for the year ended 30 June 2018

A1 BASIS OF FINANCIAL STATEMENT PREPARATION (continued)**A1-5 BASIS OF 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 market 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.

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 approximates to their fair value. 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.

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, is outlined in Notes C4 and C5, respectively.

Present value

Present value represents the present discounted value of the future net cash inflows that the item is expected to generate (in respect of assets) or the present discounted value of the future cash outflows expected to settle (in respect of liabilities) in the normal course of business.

A1-6 THE REPORTING ENTITY

The consolidated financial statements include all income, expenses, assets, liabilities and equity of the Society ("Parent Entity") and the entities it controls where these entities are material (refer to Note A3). The controlled entities are the Law Claims Levy Fund (LCLF) and Lexon Insurance Pte Ltd (Lexon). The Parent Entity and the controlled entities are referred to as "the Group". All transactions and balances internal to the Group have been eliminated in full.

The Parent Entity financial statements include all income, expenses, assets, liabilities and equity of the Society only.

A2 THE SOCIETY'S OBJECTIVES

The Society is responsible for specific statutory obligations under the *Legal Profession Act 2007* (Qld) which includes the issuance of practising certificates, maintenance of solicitors' records, and regulating the operation of solicitors' trust account records. The Society also provides membership services and events, continuing professional education, advisory support to members and the general public, and administers 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 for practising certificates and membership, continuing professional education to the legal profession, investment income, and insurance levies.

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

A3 CONTROLLED ENTITIES

The Society wholly controlled the following entities at the reporting date:

- Law Claims Levy Fund (LCLF): LCLF 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. LCLF was wholly controlled for the whole year.
- Lexon Insurance Pte Ltd (Lexon): This Company was established on 23 June 2001 in Singapore and is 100% owned by the Society. The principal activity of Lexon is that of a captive insurer providing professional indemnity insurance to members of the Queensland legal profession via a Master Policy with the Society. Lexon was wholly controlled for the whole year.

Details of controlled entities are outlined below.

2017-18

Name of Entity	Controlling Interest %	Total Assets \$m	Total Liabilities \$m	Total Revenue \$m	Operating Result \$m
Law Claims Levy Fund	100	79.6	21.8	24.4	3.5
Lexon Insurance Pte Ltd	100	154.3	100.7	22.8	(0.5)

2016-17

Name of Entity	Controlling Interest %	Total Assets \$m	Total Liabilities \$m	Total Revenue \$m	Operating Result \$m
Law Claims Levy Fund	100	75.5	21.1	28.0	3.1
Lexon Insurance Pte Ltd	100	154.5	100.4	26.9	1.3

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 Group 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.

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

B1 REVENUE**B1-1 FEES AND MEMBERSHIP SERVICES**

Memberships and practitioner fees are recognised as revenue within the period. Prepayment of fees is recognised as income in advance.

Membership services and events income is recognised as revenue when the service or event occurs. Prepayment of membership services and events is recognised as income in advance.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Membership and practitioner fees				
Practising certificate fees	6,908	6,580	6,908	6,586
Member fees	5,111	4,998	5,121	5,003
Limitation of liability scheme	655	630	655	630
Specialist accreditation fee	246	273	246	273
Certificate of fitness	78	65	78	65
Late application levy	43	76	43	76
	13,041	12,622	13,051	12,633
Membership services and events				
Courses, conferences and events	2,219	2,252	2,224	2,254
Membership services and products*	433	526	433	526
Advertising and subscriptions**	303	340	303	340
Marketing and sponsorship	452	316	452	316
	3,407	3,434	3,412	3,436
Total fees and membership services	16,448	16,056	16,463	16,069

* In 2016-17 this category was "Publications, DVDs and membership products"

** In 2016-17 this category was "Proctor advertising and subscription"

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

B1 REVENUE (continued)**B1-2 RENT AND ADMINISTRATION REVENUE**

Rental revenue is recognised as income as it is received.

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

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Rent	255	273	262	283
Body corporate administration fee	15	15	15	15
Management fee and recovery expenditure				
Lexon Insurance Pte Ltd	-	-	184	253
Law Claims Levy Fund	-	-	42	29
Legal Practitioners' Fidelity Guarantee Fund	145	130	145	130
Legal Practitioners Admissions Board	512	718	512	718
Total rent and administration revenue	927	1,136	1,160	1,428

B1-3 GRANTS AND FUNDING

Grants, donations and gifts are non-reciprocal in nature and are recognised as revenue in the year in which the Society obtains control over them.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Queensland Law Foundation (QLF)	229	126	229	126
Law Claims Levy Fund (LCLF)	-	-	451	488
Total grants and funding	229	126	680	614

Queensland Law Foundation (QLF) provided grants for a number of projects and initiatives to benefit members, including LawCare services, the annual Symposium, webinars, and regional workshops.

The Law Claims Levy Fund (LCLF) is reimbursing costs incurred by the Society for execution of discrete projects relating to risk management in the profession. This includes the development of resources and educational units designed to reduce the exposure of solicitors with respect to compensation and/or damages claims. These resources include legal project management, the QLS Legal Ethics Course and Solicitor Advocates Course and publications for practice support and risk management.

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

B1 REVENUE (continued)**B1-4 INSURANCE LEVIES**

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.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Insurance levies	22,026	24,722	-	-
Unearned premium reserves (Note C8-2(b))	1,152	(1,646)	-	-
Reinsurance costs	(1,156)	(949)	-	-
Net premium revenue	22,022	22,127	-	-
Claims expense	(19,335)	(21,601)	-	-
Reinsurance and other recoveries	931	2,008	-	-
Net claims incurred (Note C8-2(a))	(18,404)	(19,593)	-	-
Stamp duty	(1,666)	(1,985)	-	-
Underwriting expenses (Lexon administrative and operating expenses)	(5,460)	(5,647)	-	-
Underwriting result	(3,508)	(5,098)	-	-

B1-5 INVESTMENT INCOME

Distribution from investments income is recognised when declared by fund managers.

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.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Distributions from investments	6,296	6,488	-	-
Interest income	896	913	635	612
Total investment income	7,192	7,401	635	612

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018**B2 EXPENSES****B2-1 MEMBERSHIP SERVICES AND EVENTS**

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Courses, conferences and events	755	1,287	755	1,287
Membership services and products*	749	515	749	515
Printing and publications**	271	296	271	296
Law Council of Australia capitation fees	1,086	1,037	1,086	1,037
Total membership services and events expenses	2,861	3,135	2,861	3,135

* In 2016-17 this category was "Publications, DVDs and membership products"

** In 2016-17 this category was "Proctor advertising and subscription"

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

B2 EXPENSES (continued)

B2-2 ADMINISTRATION EXPENSES

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Administration Expenses				
Office administration and insurance	819	1,020	541	775
Actuarial fees	111	146	-	-
Audit fees*#	202	189	88	89
Bad debts	(45)	11	-	(10)
Body corporate, electricity, rates and taxes	593	490	584	474
Captive managers fee	96	93	-	-
Catering, functions and entertainment	184	81	165	74
Regulatory audits and investigations	28	34	28	34
Directors' fees (Note E2)	407	360	-	-
Bank fees and finance costs	142	174	145	148
Information technology and related costs	683	1,163	367	886
Investment management fees	397	319	-	-
Office rent	160	150	-	-
Presentations, donations and gifts	126	52	125	50
Professional and consulting fees	976	1,428	492	704
Repairs and maintenance	256	277	255	274
Travel and vehicle costs	468	451	214	160
Liability capping scheme	263	267	263	267
	5,866	6,705	3,267	3,925
Council and committee costs				
Honoraria	415	382	414	382
Travel and accommodation	58	103	58	103
Catering and functions	19	32	19	32
	492	517	491	517
Total administration expenses**	6,358	7,222	3,758	4,442

*Total audit fees paid to Queensland Audit Office for both the Society and its controlled entity relating to the 2017-18 financial year are estimated to be \$97,400 (2017: \$95,300). There are no non-audit services included in this amount.

#PricewaterhouseCoopers (PWC) 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 \$94,538 (2017: \$81,167). Taxation fees paid to PWC Brisbane are disclosed in the professional and consulting fee line above and amount to \$43,126 (2017: \$53,758).

** In 2016-17 Administration Expenses included staff costs of \$803k (consolidated) and \$651k (parent entity) (comprising other employee benefits, staff training and development, workers' compensation premiums and payroll tax). From 2017-18 these costs are disclosed along with other employee expenses in Note B2-3. The comparatives for Employee Expenses in the Statement of Comprehensive Income have been restated.

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

B2 EXPENSES (continued)**B2-3 EMPLOYEE EXPENSES**

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Employee benefits				
Wages and salaries	11,911	11,359	9,501	9,119
Employer superannuation contributions	1,081	1,131	875	938
Movement in annual leave provision	213	201	214	172
Movement in long service leave provision	(50)	2	(89)	-
Staff training and development*	101	108	70	100
Employee related expenses				
Workers' compensation premiums*	47	30	42	24
Payroll taxes*	637	626	492	494
Other employee benefits*	46	39	39	33
Total employee expenses	13,986	13,496	11,144	10,880

* Previously disclosed as Administration Expenses.

Employee numbers

	Consolidated		Parent	
	2018	2017	2018	2017
Employees at year end	135	138	120	123
Full-time equivalent employees at year end	120	123	105	108

Accounting policy – wages and salaries

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates. As the Society expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Accounting policy – superannuation

Superannuation contributions are made to eligible complying superannuation funds based on the rates specified in the relevant conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period. Any contributions due but unpaid at reporting date are recognised in the Statement of Financial Position at current rates. As the Society expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Accounting policy – workers' compensation premiums

The Society pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing staff, but is not counted in an employee's total remuneration package. It is not an employee benefit and is recognised separately as employee related expenses.

Key management personnel and remuneration disclosures are detailed in Note E1.

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

C1 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 accounts are interest bearing accounts which are readily convertible to cash at the Group's option.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash at bank	6,649	3,113	2,569	2,656
Cash deposit accounts	54,755	52,727	30,105	47,223
Term deposits	-	3,000	-	-
Total cash and cash equivalents	61,404	58,840	32,674	49,879

Reconciliation of operating result to net cash (used in)/generated from operating activities

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	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Operating surplus after income tax	3,357	3,932	398	(489)
Adjustments for:				
Investment income	(6,567)	(10,318)	-	-
Add/(less) non-cash items:				
Depreciation and amortisation	1,001	1,026	959	964
Profit on sale of property, plant and equipment	(7)	-	(7)	-
Change in assets and liabilities:				
(Increase)/decrease in assets				
Receivables	(413)	304	294	165
Movement in provision for bad debts	(114)	-	(69)	-
Increase/(decrease) in liabilities:				
Payables	1,624	(1,694)	(18,800)	13,492
Accrued employee benefits	179	141	140	109
Provision for outstanding claims	(137)	10,639	-	-
Tax related balances	(571)	(5,754)	-	-
Net cash (used in)/generated from operating activities	(1,648)	(1,724)	(17,085)	14,241

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

C2 RECEIVABLES

Receivables 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 receivables 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.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Accounts receivable	509	535	357	354
Reinsurance recoverable	835	228	-	-
Less: provision for bad debts	(35)	(149)	-	(69)
	1,309	614	357	285
Prepaid expenses and other receivables	642	810	322	619
Total receivables	1,951	1,424	679	904

C3 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.

C4 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 documented investment strategies. Assets in this category are presented as current assets if they either held for trading or are expected to be realised within 12 months after the reporting date. At 30 June 2018, investments are classified as non-current assets as they are kept long term and the full value will not be realised within the accounting year.

Realised gains/losses represent the net gains/losses on the sale of investments and are recognised when investments are sold during the course of the year. Fair value gains/losses are recognised monthly based on fluctuations in market prices of investments.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Investments				
Opening balance	172,394	162,262	-	-
Additions	77,168	26,305	-	-
Additions via reinvestment	6,295	6,292	-	-
Disposal proceeds	(81,516)	(26,295)	-	-
Gain/(loss) on disposal	3,394	1,088	-	-
Fair value movements	(3,123)	2,742	-	-
Closing balance	174,612	172,394	-	-

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

C4 INVESTMENTS (continued)**Fair value measurements**

Categorisation of fair values recognised as at 30 June 2018 are as follows:

		Consolidated		Parent	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Fair Value Input	Type				
Level 1	None	-	-	-	-
Level 2	Investments	174,612	172,394	-	-
Level 3	None	-	-	-	-
	174,612	172,394	-	-	-

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

Financial asset investments are placed with the following fund managers:

Lexon Insurance Pte Ltd

- Queensland Investment Corporation
- UBS Global Asset Management (exited December 2017)
- AMP Capital Investors (exited December 2017)
- MFS Investment Management (exited December 2017)
- Nikko Asset Management (exited December 2017)
- Denning Pryce (exited December 2017)
- Schroder Investment Management (exited December 2017)

Law Claims Levy Fund

- Queensland Investment Corporation
- UBS Global Asset Management
- AMP Capital Investors
- MFS Investment Management
- Nikko Asset Management
- Ironbark Asset Management
- Schroder Investment Management
- State Street Global Advisors

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

C5 PROPERTY, PLANT AND EQUIPMENT

C5-1 CONSOLIDATED

	Strata Title Building \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Computer Equipment \$'000	Software \$'000	Total \$'000
2018						
Cost or valuation						
At the beginning of the year	17,640	1,452	4,496	854	1,721	26,163
Additions	-	-	163	12	-	175
Reclassification	-	-	2	(1)	(1)	-
Disposals	-	-	(19)	(140)	-	(159)
Revaluations	9,610	-	-	-	-	9,610
At the end of the year	27,250	1,452	4,642	725	1,720	35,789
Depreciation						
At the beginning of the year	(441)	(256)	(2,776)	(505)	(1,081)	(5,059)
Reclassification	-	-	-	-	-	-
Charge for the year	(441)	(40)	(288)	(102)	(130)	(1,001)
Disposals	-	-	19	109	-	128
Revaluations	882	-	-	-	-	882
At the end of the year	-	(296)	(3,045)	(498)	(1,211)	(5,050)
Net book value at 30 June 2018	27,250	1,156	1,597	227	509	30,739
2017						
Cost or valuation						
At the beginning of the year	16,800	1,452	4,496	594	1,638	24,980
Additions	-	-	-	260	83	343
Revaluations	840	-	-	-	-	840
At the end of the year	17,640	1,452	4,496	854	1,721	26,163
Depreciation						
At the beginning of the year	-	(212)	(2,484)	(406)	(910)	(4,012)
Charge for the year	(420)	(44)	(292)	(99)	(171)	(1,026)
Revaluations	(21)	-	-	-	-	(21)
At the end of the year	(441)	(256)	(2,776)	(505)	(1,081)	(5,059)
Net book value at 30 June 2017	17,199	1,196	1,720	349	640	21,104
Property, plant and equipment is stated as follows:						
30 June 2018						
At valuation	27,250	-	-	-	-	27,250
At cost	-	1,452	4,642	725	1,720	8,539
	27,250	1,452	4,642	725	1,720	35,789
Depreciation	-	(296)	(3,045)	(498)	(1,211)	(5,050)
	27,250	1,156	1,597	227	509	30,739
30 June 2017						
At valuation	17,640	-	-	-	-	17,640
At cost	-	1,452	4,496	854	1,721	8,523
	17,640	1,452	4,496	854	1,721	26,163
Depreciation	(441)	(256)	(2,776)	(505)	(1,081)	(5,059)
	17,199	1,196	1,720	349	640	21,104

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

C5 PROPERTY, PLANT AND EQUIPMENT (continued)

C5-2 PARENT ENTITY

	Strata Title Building \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Computer Equipment \$'000	Software \$'000	Total \$'000
2018						
Cost or valuation						
At the beginning of the year	17,640	1,452	4,319	658	1,240	25,309
Additions	-	-	151	9	-	160
Disposals	-	-	-	(35)	-	(35)
Revaluations	9,610	-	-	-	-	9,610
At the end of the year	27,250	1,452	4,470	632	1,240	35,044
Depreciation						
At the beginning of the year	(441)	(255)	(2,596)	(349)	(701)	(4,342)
Charge for the year	(441)	(41)	(287)	(84)	(107)	(960)
Disposals	-	-	-	3	-	3
Revaluations	882	-	-	-	-	882
At the end of the year	-	(296)	(2,883)	(430)	(808)	(4,417)
Net book value at 30 June 2018	27,250	1,156	1,587	202	432	30,627
2017						
Cost or valuation						
At the beginning of the year	16,800	1,452	4,319	465	1,238	24,274
Additions	-	-	-	193	2	195
Revaluations	840	-	-	-	-	840
At the end of the year	17,640	1,452	4,319	658	1,240	25,309
Depreciation						
At the beginning of the year	-	(211)	(2,310)	(260)	(576)	(3,357)
Charge for the year	(420)	(44)	(286)	(89)	(125)	(964)
Revaluations	(21)	-	-	-	-	(21)
At the end of the year	(441)	(255)	(2,596)	(349)	(701)	(4,342)
Net book value at 30 June 2017	17,199	1,197	1,723	309	539	20,967
Property plant and equipment is stated as follows:						
30 June 2018						
At valuation	27,250	-	-	-	-	27,250
At cost	-	1,452	4,470	632	1,240	7,794
	27,250	1,452	4,470	632	1,240	35,044
Depreciation	-	(296)	(2,883)	(430)	(808)	(4,417)
	27,250	1,156	1,587	202	432	30,627
30 June 2017						
At valuation	17,640	-	-	-	-	17,640
At cost	-	1,452	4,319	658	1,240	7,669
	17,640	1,452	4,319	658	1,240	25,309
Depreciation	(441)	(255)	(2,596)	(349)	(701)	(4,342)
	17,199	1,197	1,723	309	539	20,967

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

C5 PROPERTY, PLANT AND EQUIPMENT (continued)**C5-3 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 leasehold improvements are recognised upon acquisition if the initial cost exceeds \$10,000 excluding GST.

C5-4 DEPRECIATION AND AMORTISATION

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

Assets are depreciated or amortised 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 or adjusted useful life of the asset. Depreciation and amortisation 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. 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:

	2018	2017
Asset Class		
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% - 30%

C5-5 IMPAIRMENT OF PLANT AND EQUIPMENT

All plant and equipment assets are assessed for indicators of impairment on an annual basis, or when the asset is measured at fair value, for indicators of a change in fair value or service potential since the last valuation was completed.

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 the Statement of Comprehensive Income.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's 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 asset in prior years. A reversal of impairment loss for an asset is recognised in the Statement of Comprehensive Income.

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

C5 PROPERTY, PLANT AND EQUIPMENT (continued)**C5-6 MEASUREMENT USING FAIR VALUE**

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 using the market approach, less any subsequent accumulated depreciation. The building is independently revalued at least every three years to ensure the carrying amount does not materially differ from the fair value at reporting date.

An independent valuation of the strata title building was carried out as at 30 June 2018 by Peter Zischke, a member of the Institute of Valuers of Australia, and was on the basis of the open market value of Law Society House in vacant possession with all units combined. The resulting increase in the open market value was \$10.5 million, which has been recognised as Other Comprehensive Income in the Statement of Comprehensive Income.

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 change in the index. Revaluation increments are recognised in the asset revaluation surplus 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.

A revaluation increment of \$819k was recognised in 2016-17 using this method and this increment was recognised as Other Comprehensive Income in the Statement of Comprehensive Income. The Implicit Price deflator was not used in 2017-18 as an independent valuation was carried out.

Categorisation of fair values recognised as at 30 June 2018 are as follows:

		Consolidated		Parent	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Fair Value Input	Type				
Level 1	None	-	-	-	-
Level 2	Strata Title Building	27,250	17,199	27,250	17,199
Level 3	None	-	-	-	-
		27,250	17,199	27,250	17,199

Accounting for Changes in Fair Value

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that assets class.

For assets revalued using indices, accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses. This is generally referred to as the "gross method".

For assets revalued using a market or income-based valuation approach, accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for the revaluation. This is generally referred to as the "net method".

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

C6 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.

Income in advance relates primarily to receipts for insurance, membership fees and practising certificates for the upcoming year received during the renewal period prior to year end.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Income in advance	13,329	12,306	13,329	12,306
Unearned insurance levies/premiums	21,736	21,131	-	-
Trade creditors	565	357	376	178
Legal Practitioners' Fidelity Guarantee Fund	(3)	752	(3)	752
Law Claims Levy Fund	-	-	1,000	21,151
Reinsurance payable	1,200	1,176	-	-
Other payables and accruals	2,671	2,152	2,434	1,549
Total payables	39,498	37,874	17,136	35,936

C7 ACCRUED EMPLOYEE BENEFITS**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 and 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 Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current				
Annual leave	760	637	620	498
Long service leave	726	724	440	468
Total current accrued employee benefits	1,486	1,361	1,060	966
Non-current				
Long service leave	230	176	202	156
Total non-current accrued employee benefits	230	176	202	156
Current long service leave	726	724	440	468
Non-current long service leave	230	176	202	156
Total accrued long service leave	956	900	642	624

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

C8 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.

C8-1 INSURANCE CONTRACTS**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.

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 measureable 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.

C8-2 INSURANCE LIABILITIES

Insurance liabilities comprise provision for outstanding claims and unearned premium reserves.

(a) Provision for outstanding claims**Central estimate**

Full provision is made for the estimated cost of all claims admitted or intimated but not settled at balance 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 balance date. 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 to reinsurance recoveries based on the gross central estimate.

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

Risk margin

Risk margins are determined by the Lexon 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 the Financial Statements for the year ended 30 June 2018

C8 PROVISIONS (continued)**C8-2 INSURANCE LIABILITIES (continued)****(a) Provision for outstanding claims (continued)****Outstanding claims**

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

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Opening provision for outstanding claims	72,881	64,708	-	-
Claims incurred	19,444	20,640	-	-
Claims paid during the year	(19,666)	(13,428)	-	-
Movement in claims handling provision	(110)	961	-	-
Closing provision for outstanding claims	72,549	72,881	-	-
Opening insurance contract liabilities ceded	(2,348)	(3,607)	-	-
Movement in reinsurance recoveries	374	(18)	-	-
Reinsurance receivables invoiced	997	1,277	-	-
Closing insurance contract liabilities ceded	(977)	(2,348)	-	-
Net outstanding claims	71,572	70,533	-	-
Law Claims Levy Fund	-	-	-	-
Lexon Insurance Pte Ltd	71,572	70,533	-	-
Net outstanding claims	71,572	70,533		

Disclosed in the Statement of Financial Position as:	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current insurance contract liabilities ceded	(325)	(921)	-	-
Non-current contract liabilities ceded	(652)	(1,427)	-	-
Insurance contract liabilities ceded	(977)	(2,348)	-	-
Current provision for outstanding claims	15,604	15,681	-	-
Non-current provision for outstanding claims	56,945	57,200	-	-
Provision for outstanding claims	72,549	72,881	-	-
Net outstanding claims	71,572	70,533	-	-

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

C8 PROVISIONS (continued)

C8-2 INSURANCE LIABILITIES (continued)

(a) Provision for outstanding claims (continued)**Outstanding claims (continued)****Maturity analysis**

	<1 year	1 to 5 years	>5 years	Total
2018	\$'000	\$'000	\$'000	\$'000
Gross central estimate	15,604	30,507	2,875	48,986
Reinsurance recoveries	(325)	(668)	(5)	(998)
Net central estimate	15,279	29,839	2,870	47,988
Discount				(2,006)
Risk margins				20,133
Claims handling				5,457
Net claims outstanding				71,572
	<1 year	1 to 5 years	>5 years	Total
2017	\$'000	\$'000	\$'000	\$'000
Gross central estimate	15,681	30,742	3,470	49,893
Reinsurance recoveries	(921)	(1,470)	(2)	(2,393)
Net central estimate	14,760	29,272	3,468	47,500
Discount				(1,945)
Risk margins				19,412
Claims handling				5,566
Net claims outstanding				70,533

Risk margin

The risk margin included in the net outstanding claims is 41.2% (2017: 42.6%) of the central estimate, with a probability of sufficiency of approximately 90% (2017: 90%).

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Notes to the Financial Statements for the year ended 30 June 2018

C8 PROVISIONS (continued)**C8-2 INSURANCE LIABILITIES (continued)****(a) Provision for outstanding claims (continued)****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 2018			For the year ended 30 June 2017		
	Current year	Prior years	Total	Current year	Prior years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross claims incurred						
Undiscounted	19,799	(2,278)	17,521	18,120	(2,487)	15,633
Discount	(948)	845	(103)	(898)	566	(332)
	18,851	(1,433)	17,418	17,222	(1,921)	15,301
Reinsurance recoveries						
Undiscounted	(45)	443	398	(24)	90	66
Discount	3	(27)	(24)	1	(87)	(86)
	(42)	416	374	(23)	3	(20)
Net claims						
Undiscounted	19,754	(1,835)	17,919	18,096	(2,397)	15,699
Discount	(945)	818	(127)	(897)	479	(418)
	18,809	(1,017)	17,792	17,199	(1,918)	15,281
Risk margins	6,033	(5,311)	722	6,473	(3,122)	3,351
Claims handling expenses	1,814	(1,924)	(110)	1,940	(979)	961
Net claims incurred (Note B1-4)	26,656	(8,252)	18,404	25,612	(6,019)	19,593

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 have assessed the provisions for outstanding claims based upon an independent actuarial assessment as at 30 June 2018 by Mr Andrew Cohen (FIAA) and Mr Collin Wang (FIAA) of Finity Consulting Pty Ltd. The key assumptions are detailed in Note D1.

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

C8 PROVISIONS (continued)**C8-2 INSURANCE LIABILITIES (continued)****(b) Unearned Premium Reserves**

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.

Unearned premium and premium reserves	2018	2017
	\$'000	\$'000
Opening unearned premiums	21,131	23,654
Movement in unearned premiums during the year	605	(2,523)
Closing unearned premiums	21,736	21,131
Opening unearned premium reserves	6,512	4,866
Movement in unearned premium reserves	(1,152)	1,646
Closing unearned premium reserves	5,360	6,512
To be earned within 12 months	27,096	27,643
To be earned in greater than 12 months	-	-
Total unearned premiums	27,096	27,643

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.

Net premium liabilities	2018	2017
	\$'000	\$'000
Unearned premiums	21,736	21,131
Unearned premium reserves	5,360	6,512
Total unearned premiums	27,096	27,643
Reinsurers' share of unearned premium reserves	(1,200)	(1,176)
Net unearned premiums	25,896	26,467

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Notes to the Financial Statements for the year ended 30 June 2018

C8 PROVISIONS (continued)**C8-2 INSURANCE LIABILITIES (continued)****(b) Unearned Premium Reserves (continued)****Expected present value of future cash flows for future claims including risk margin**

	2018	2017
	\$'000	\$'000
Undiscounted central estimate	20,142	19,412
Discount to present value	(1,439)	(1,349)
Discounted central estimate	18,703	18,063
Reinsurance and other costs	2,242	3,652
Claims handling costs	1,889	1,824
Risk margin	4,262	4,104
Expected present value of future cash flows for future claims including risk margin	27,096	27,643
Unearned premiums	21,736	21,131
Deficiency	5,360	6,512

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 the Statement of Comprehensive Income by establishing a provision for losses arising from the liability adequacy test.

The probability of adequacy of the unearned premium reserves differs from the probability 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 Group 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 2018 (deficiency at 30 June 2017).

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Notes to the Financial Statements for the year ended 30 June 2018

C8 PROVISIONS (continued)

C8-2 INSURANCE LIABILITIES (continued)

(b) Unearned Premium Reserves (continued)**Maturity analysis**

	<1 year	1 to 5 years	>5 years	Total
2018	\$'000	\$'000	\$'000	\$'000
Unearned premium reserves				
Unexpired risk reserve				
Gross central estimate	3,163	14,773	3,612	21,548
Unexpired risk reserves - reinsurance	(20)	(150)	(36)	(206)
Reinsurance recoveries	(1,200)	-	-	(1,200)
Net central estimate	1,943	14,623	3,576	20,142
Discount				(1,444)
Risk margins				4,262
Duty and other costs				1,047
Claims handling				1,889
Net unearned premium reserves				25,896
2017				
Unearned premium reserves				
Unexpired risk reserve				
Gross central estimate	2,313	15,147	3,324	20,784
Unexpired risk reserves - reinsurance	(11)	(151)	(33)	(195)
Reinsurance recoveries	(1,176)	-	-	(1,176)
Net central estimate	1,126	14,996	3,291	19,413
Discount				(1,354)
Risk margins				4,104
Duty and other costs				2,480
Claims handling				1,824
Net unearned premium reserves				26,467

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Notes to the Financial Statements for the year ended 30 June 2018

D1 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.

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 policyholder claims.

Actuarial methodology for estimate for policyholder claims

The Group's estimates for reported and unreported losses, establishing resulting provisions and related reinsurance recoverables 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 adjustors) and the assumption that past experience is an appropriate basis for predicting future events.

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

The projected future claims payments for each 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 losses, 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.

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 Year						
Development Factor	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8
Current Year	21.3%	18.9%	13.2%	7.0%	5.1%	3.5%	2.3%
Prior Year	20.5%	18.1%	10.6%	7.0%	5.1%	3.5%	2.3%

- The average cost per solicitor (used in the BF method) adopted is \$3,000 (2017: \$3,400).
- The Group has assumed reinsurance recoveries will be fully recoverable on a prompt basis.
- The Group has applied the zero-coupon yield for Government issued bonds to the expected future cash flows. This has resulted in a uniform discount rate of 2.13% (2017: 1.99%) per annum.
- The Group has assumed future inflation will be the same as average rate of 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 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.

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Notes to the Financial Statements for the year ended 30 June 2018

D1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**Key assumptions (continued)**

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

- The average cost per solicitor adopted is \$3,000 (2017: \$3,000)
- The estimated growth in solicitor numbers is 3.5% (2017: 3.5%)

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 valuation methodology.

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

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 \$91.1 million (2017: \$81.0 million) before risk margins; and \$70.2 million (2017: \$60.8 million) after allowing risk margins to the 90th probability of sufficiency.

The Group's results and Statement of Financial Position 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% (2017: 10%) reserve under estimation results in an additional gross undiscounted reserve of \$4.9 million (2017: \$5.0 million) and net discounted reserve (after risk margins) of \$6.5 million (2017: \$7.0 million) or 9.1% (2017: 9.9%) of the discounted net central estimate plus risk margins.
- Reserve over estimation: If estimated reserves on all years improved by 10% (2017: 10%) then it would result in a decrease in gross undiscounted reserve of \$4.9 million (2017: \$5.0 million) and the total net provision (after risk margins) would decrease by \$7.1 million (2017: \$7.0 million) or 10.0% (2017: 9.9%) of the discounted net central estimate plus risk margins.
- Discount rate: A half a percentage point decrease in discount rate (from 2.13% (2017: 1.99%) to 1.63% (2017: 1.49%)) would increase the provision by \$0.7 million (2017: \$0.7 million) or 1.0% (2017: 1.0%) 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 the provision by \$0.5 million (2017: \$0.6 million) or 0.8% (2017: 0.8%) of the discounted net central estimate plus risk margins.
- Cost per solicitor under estimation: An increase in the cost per solicitor from \$3,000 to \$3,500 (2017: \$3,400 to \$3,900) increases our provision by \$2.2 million (2017: \$2.0 million) or 3.0% (2017: 2.8%) of the discounted net central estimate plus risk margins.
- Cost per solicitor over estimation: A reduction in the cost per solicitor from \$3,000 to \$2,500 (2017: \$3,400 to \$2,900) reduces our provision by \$2.2 million (2017: \$2.0 million) or 3.0% (2017: 2.8%) of the discounted net central estimate plus risk margins.

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018**D1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)****Sensitivity analysis of key estimates (continued)**

The Group identified a premium deficiency. Sensitivity analysis in relation to the unearned premium reserves and premium deficiency is as follows:

- Solicitor number under estimation: A 10% (2017: 10%) under estimation results in an additional gross undiscounted reserve of \$2.5 million (2017: \$2.4 million) and net discounted reserve (after risk margins) of \$2.5 million (2017: \$2.4 million) or 9.5% (2017: 9.5%) of the discounted net unearned premium reserve estimate including risk margins.
- Solicitor number over estimation: A 10% (2017: 10%) over estimation results in a decrease in gross undiscounted reserve of \$2.5 million (2017: \$2.4 million) and net discounted reserve (after risk margins) of \$2.5 million (2017: \$2.4 million) or 9.5% (2017: 9.5%) of the discounted net unearned premium reserve estimate including risk margins.
- Cost per solicitor under estimation: An increase in the cost per solicitor from A\$3,000 to \$3,500 (2017: \$3,000 to \$3,500) increases our provision by \$4.1 million (2017: \$2.7 million) or 15.9% (2017: 15.9%) of the discounted net unearned premium reserve estimate including risk margins.
- Cost per solicitor over estimation: A reduction in the cost per solicitor from \$3,000 to \$2,500 (2017: \$3,000 to \$2,500) reduces our provision by \$4.1 million (2017: \$4.0 million) or 15.9% (2017: 15.9%) of the discounted net unearned premium reserve estimate including risk margins.

D2 MANAGEMENT OF INSURANCE AND FINANCIAL RISK**D2-1 INSURANCE RISK**

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

The risk in 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 a 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 strategy, reinsurance strategy and amendment to the terms and conditions of insurance contracts.

(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 the Society's members. Such a focus on one "insured" group does create a wider variability of outcomes than a balanced portfolio.

D2 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)**D2-1 INSURANCE RISK (continued)****(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 uncollectable 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.

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 provision of legal services by the insured 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 reserves. 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.

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 cost 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.

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Notes to the Financial Statements for the year ended 30 June 2018

D2 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

D2-1 INSURANCE RISK (continued)

(c) Terms and conditions of insurance contracts (continued)**Claims development history**

	2011/12 & prior \$'000	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	Total \$'000
Gross								
Estimate of ultimate claims								
Costs:								
• at end of reporting year		18,706	20,254	16,447	15,869	18,184	19,879	
• one year later		19,670	14,455	15,340	15,247	16,476		
• two years later		18,684	13,259	13,196	13,390			
• three years later		18,370	15,116	15,878				
• four years later		17,427	14,551					
• five years later		16,837						
Cumulative payments to date		(15,810)	(10,398)	(10,433)	(4,989)	(5,311)	(3,546)	
Estimate of claims reserve		1,027	4,153	5,445	8,401	11,165	16,333	
Effect of discounting		(31)	(114)	(163)	(278)	(517)	(949)	
Best estimate of claims liability	2,487	996	4,039	5,282	8,123	10,648	15,384	46,959
Risk margin								20,133
Provision for claims handling								5,457
Total gross outstanding claims included in the Statement of Financial Position								72,549
Annual incurred before discounting and margins	(286)	(590)	(565)	2,682	(1,857)	(1,709)	19,879	17,554
Movement in excess receivable								(33)
Gross claims incurred								17,521

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Notes to the Financial Statements for the year ended 30 June 2018

D2 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

D2-1 INSURANCE RISK (continued)

(c) Terms and conditions of insurance contracts (continued)**Claims development history (continued)**

	2011/12 & prior \$'000	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	Total \$'000
Net								
Estimate of ultimate claims								
Costs:								
• at end of reporting year		18,706	20,254	16,447	15,869	18,161	19,834	
• one year later		19,670	14,455	15,340	15,247	16,454		
• two years later		18,684	13,259	13,196	13,390			
• three years later		18,370	15,116	15,878				
• four years later		17,427	14,551					
• five years later		16,837						
Cumulative payments to date		(15,810)	(10,398)	(10,433)	(4,989)	(5,311)	(3,546)	
Estimate of claims reserve		1,027	4,153	5,445	8,401	11,143	16,288	
Effect of discounting		(31)	(114)	(163)	(278)	(516)	(946)	
Best estimate of claims liability	1,573	996	4,039	5,282	8,123	10,627	15,342	45,982
Risk margin								20,133
Provision for claims handling								5,457
Total net outstanding claims included in the Statement of Financial Position								71,572
Annual incurred before discounting and margins	156	(590)	(565)	2,682	(1,857)	(1,707)	19,834	17,953
Movement in excess receivable								(33)
Gross claims incurred								17,920

The Group 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 the Financial Statements for the year ended 30 June 2018

D2 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

D2-2 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 insurer is assessed from public rating information.

D2-3 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 (for the provision of legal services).

D2-4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Recognition of financial instruments

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

Classification of financial instruments

Financial instruments are classified and measured as follows:

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

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

Financial risk management

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

Management and the Council regularly review the Group's 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 predominantly hedged where a currency exposure exists.

D2 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)**D2-4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)****(a) Currency risk (continued)**

As part of the Group's investment mandate, it holds units in 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 an Australian fund manager.

The Group manages its exposure to interest rate risk through the setting of investment durations by the fund managers.

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

Duration and Tracking Error Limits (interest rate management)

The Modified Duration of the funds is constrained within a specified period either side of the Modified Duration of the Benchmark as contained in the relevant funds product disclosure statements.

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 (e.g. 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.

(c) Credit risk

There is no significant credit risk with respect to the collectability of premiums as the Group only underwrites risks from members. 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 nor impaired

At balance date no financial assets are past due nor 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.

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Notes to the Financial Statements for the year ended 30 June 2018

D2 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)**D2-4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)****(c) Credit risk (continued)****(i) Financial assets that are neither past due nor impaired (continued)**

Investments at 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 ensures appropriate credit rating of individual reinsurers and that concentration risk is reduced to acceptable levels.

(ii) Financial assets that are past due and/or impaired

Trade debtors includes excesses which are due in relation to claims.

Trade and other receivables include excess balances of \$111,724 (2017: \$95,500) which are more than one month past due. There is a provision of \$35,064 (2017: \$80,000) on these outstanding balances.

There were no reinsurance recoveries (2017: nil) outstanding more than one month.

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

(iii) Credit ratings

The following table shows the investment grades of balances due:

	Investment Grade (AAA to BBB) \$'000	Not rated \$'000	Total \$'000
At 30 June 2018			
Cash and cash equivalents	61,403	1	61,404
Reinsurers' share of outstanding claims reserves	977	-	977
Trade and other receivables	835	1,116	1,951
Financial assets at fair value through profit or loss	-	174,612	174,612
	63,215	175,729	238,944
At 30 June 2017			
Cash and cash equivalents	11,616	47,224	58,840
Reinsurers' share of outstanding claims reserves	2,348	-	2,348
Trade and other receivables	229	1,195	1,424
Financial assets at fair value through profit or loss	-	172,394	172,394
	14,193	220,813	235,006

(d) Liquidity risk

In the management of liquidity risk, 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 is provided in Note C8-2.

D2 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)**D2-4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (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. Capital is calculated in accordance with Australian Prudential Regulatory Authority's guidelines.

Lexon 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 date, Lexon has met the fund solvency requirement for its Offshore Insurance Fund and the minimum capital adequacy requirement.

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

(f) Sensitivity Analysis

Investments at fair value through profit or loss have had the following sensitivity analyses 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). Only negative results are included in the calculation.

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%. For unlisted equities, the fall is determined by increasing the dividend yield on the ASX 200 index by 3.0%.

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%.

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).

In relation to currency stress test, APRA requires each fund to calculate the upward and downward impact for each foreign currency. For each foreign currency, if the stress test results in a profit, the impact is adjusted to zero. Only stress test resulting in losses are included in the calculations.

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

D2 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)**D2-4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)****(f) Sensitivity Analysis (continued)**

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

	2018 \$'000	2017 \$'000
Stress Test		Upward impact
Interest rate	(352)	(19)
Inflation	(1,120)	792
Currency	(4,738)	(1,776)
		Downward impact
Interest rate	285	95
Inflation	946	(773)
Currency	(4,348)	852
Stress Test		Impact
Equity	(22,644)	(4,570)
Property	(1,577)	-
Credit spread	(4,608)	(2,213)

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Notes to the Financial Statements for the year ended 30 June 2018

D3 COMMITMENTS**D3-1 OPERATING LEASES**

Payments made under operating leases (net of any incentives received from the lessor) are taken to the Statement of 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 the termination takes place.

D3-2 NON-CANCELLABLE OPERATING LEASES

The future minimum lease payables under non-cancellable operating leases contracted for at 30 June 2018 but not recognised as liabilities, are as follows:

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Within one year	188	182	-	-
One to five years	350	538	-	-
Total non-cancellable operating leases	538	720	-	-

The Group's 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 \$108,031 (2017: \$108,031) in favour of the lessor of 307 Queen Street, Brisbane QLD 4000 which can be drawn upon in the event of a default in accordance with the rental agreement.

Note that accounting for non-cancellable operating leases will be affected by the implementation of AASB 16 with effect from 1 July 2019 (see Note D5).

D3-3 CAPITAL EXPENDITURE COMMITMENTS

There was no capital expenditure contracted for 30 June 2018 but not provided for (2017: Nil).

D4 CONTINGENT LIABILITIES AND EVENTS AFTER BALANCE DATE

There are no known contingent liabilities as at 30 June 2018. There are no events subsequent to reporting date requiring disclosure in the financial report.

D5 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 1058 Income of Not-for-Profit Entities

This standard will become effective from reporting periods beginning on or after 1 January 2019. As noted in the *Financial Reporting Requirements of Queensland Government Agencies for Reporting Periods beginning on or after 1 July 2017* (FRR) (Queensland Treasury, April 2018), AASB 1058 will apply to either of the following types of transactions:

- transactions where the consideration to acquire an asset, including cash, is significantly less than the fair value of the asset, and the difference is principally to enable the entity to further its objectives; or
- volunteer services.

The Group has carefully considered whether current and potential future transactions of the Group fall into either of these categories. After this consideration the Group has determined that AASB 1058 will not have a material impact on the Group. This determination will be reviewed on an annual basis.

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

D5 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE (continued)**AASB 15 Revenue from Contracts with Customers**

This standard will become effective from reporting periods beginning on or after 1 January 2019 and contains much more detailed requirements for 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 practitioner levies and sales of the Group's services, such that some revenue may need to be deferred to a later reporting period to the extent that the Group has received cash but has not met its associated obligations (such amounts would be reported as a liability (unearned revenue)). The impact of this is likely to relate to insurance levies and revenue from practitioner fees and memberships for the year after the receipt of cash. As this revenue is already recorded on the Statement of Financial Position as a liability (income in advance and unearned insurance levies), the impacts are not expected to be material but potential impacts will be assessed in greater detail prior to the commencement of the 2019-20 financial year using the decision process flowcharts provided in the FRR.

All impacts will be disclosed in the Statement of Comprehensive Income and the Statement of Financial Position from 1 July 2019, noting that in accordance with the FRR there will be no requirement to restate comparatives in the 2019-20 financial statements.

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 new standard also introduces expanded disclosure requirements and changes in presentation.

AASB 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group is undertaking a review of operating leases to determine any applicable impact of AASB 16. The principal impacts on the Group of the application of the new standard are expected to relate to:

- the lease for office premises for Lexon Insurance Pte Ltd at 307 Queen St, Brisbane;
- motor vehicles for Lexon Insurance Pte Ltd;
- leases of plant and equipment (such as photocopiers and other office equipment) above the \$10,000 threshold set in the FRR.

Some of the Group's commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

The Group currently has four motor vehicles and a rental agreement which will be impacted by the revised standard. The impacts of the new standard are as follows:

	\$'000
Increase in right to use assets	455
Increase in lease liabilities	(500)
Increase in income tax assets	14
Increase in expenses	31

The Society also acts as a lessor for parts of Law Society House. As noted in the FRR, lessor accounting under AASB 16 is largely unchanged from AASB 117 but the review of leases will encompass any impacts of the Society's activities as a lessor as well as the Group's activities as a lessee.

All impacts will be disclosed in the Statement of Comprehensive Income and the Statement of Financial Position from 1 July 2019, noting that in accordance with the FRR there will be no requirement to restate comparatives in the 2019-20 financial statements.

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

D5 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE (continued)***AASB 17 Insurance Contracts***

AASB 17 will come into effect for financial periods beginning on or after 1 January 2021.

AASB 17 measures insurance contracts either under the general model or a simplified version of this called the 'premium allocation approach'. The general model is defined such that at initial recognition an entity measures a group of contracts at the total of (a) the amount of fulfilment cash flows, which comprise probability-weighted estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks associated with those future cash flows and a risk adjustment for non-financial risk; and (b) the contractual service margin.

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows related to future services and the contractual service margin of the group at that date. The liability for incurred claims is measured as the fulfilment cash flows related to past services allocated to the group at that date.

An entity may simplify the measurement of the liability for remaining coverage of a group of insurance contracts using the premium allocation approach on the condition that, at initial recognition, the entity reasonably expects that doing so would produce a reasonable approximation of the general model, or the coverage period of each contract in the group is one year or less.

The Group has yet to determine to what extent the changes will have on the measurement of outstanding claim liabilities and how this will affect the Group's profit and classification of cash flows. Based on our preliminary assessment, given the Group only has short term insurance contracts we are not expecting a material impact to the figures reported in these financial statements.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

AASB 9 will come into effect for financial periods beginning on or after 1 January 2018. AASB 9 replaces AASB 139 Financial instruments: Recognition and Measurement and its relevant interpretations. The main impacts of these standards on the Group are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the department's financial assets.

AASB 9 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of such financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained earnings.

Under AASB 9, there are no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in OCI.

AASB 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under AASB 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation.

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

D5 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE (continued)

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (continued)

(i) Impact

The Group has reviewed the impact of AASB 9 on the classification and measurement of its financial assets. The following summarises the estimated impact (or ranges of estimates) of AASB 9 as it concerns the categorisation and valuation of the amounts reported in Notes D2-4:

- There will be no change to either the classification or valuation of the cash and cash equivalent item.
- Trade receivables will continue to be classified and measured at amortised cost, similar to the current classification of receivables. However, new impairment requirements will result that if a provision is required, it will result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The Group will be adopting the simplified approach under AASB 9 and measure lifetime expected credit losses on all trade receivables using a provision matrix approach as a practical expedient to measure the impairment provision.

Applying this approach, the Group has estimated that there is no requirement for provision for impairment for trade receivables on 1 July 2018.

- The investments are currently measured at fair value through profit and loss. However as these investments are held for strategic rather than financial purposes, the Group intends to make an irrevocable election on adoption of AASB 9 in 2018-19 that each individual investment will be categorised as Fair Value through Other Comprehensive Income (FVOCI). As such, while their fair value will be represented in the Statement of Comprehensive Income, changes in value will be recognised in OCI rather than operating surpluses. The amount will not be recycled through operating surpluses when the investments are disposed of.
- All financial liabilities will continue to be measured at amortised cost. The Group does not expect a material change in the reported value of financial liabilities.

(ii) Transition

The Group plans to adopt the new standard from 1 July 2018, in line with the transition provisions permitted under the standard. Comparatives for 2017-18 will not be restated.

Given the Group currently records financial assets at fair value through profit or loss, there should be no change to the current reported amounts as a result of the new standard.

(iii) Impairment of financial assets

We do not expect any financial assets will be subject to the expected credit losses impairment model under AASB 9.

We do not expect any change in the provision for impairment for the above financial assets and no change in opening retained profits is expected to arise from the application of the expected credit losses impairment model.

Other accounting standards

All other Australian accounting standards and interpretations with future effective dates are either not applicable to the Group's activities, or have no material impact.

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

E1 KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel (KMP) and remuneration disclosures are made in accordance with the FRR, consistent with additional guidance included in AASB 124 *Related Party Disclosures*.

The following details for KMP include those positions that had authority and responsibility for planning, directing and controlling the activities of the Society during 2017-18 and 2016-17. This is supported through the Council Charter which is available on the Society's website. Further information on these positions can be found in the body of the Annual Report.

The positions of President, Deputy President, and Vice President are supported by the elected Council members.

Position	Position Responsibility
President	Lead the Council in settling the corporate direction and goals and monitoring the performance of the Society. Each President is elected for a term of one calendar year. Supported by elected Council Members.
Deputy President	To provide direct support to President. The Deputy President succeeds to the office of President at the beginning of the second term.
Vice President	Supporting the President and Deputy President in the discharge of their duties. The Vice President holds office for a two year term.
Chief Executive Officer	To lead 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
President	Ken Taylor	01/01/2018	31/12/2018
President	Christine Smyth	01/01/2017	31/12/2017
Deputy President	William Potts	01/01/2018	31/12/2018
Vice President	Christopher Coyne	01/09/2017	31/12/2017
Vice President	Kara Cook	01/01/2016	31/08/2017
Chief Executive Officer	Rolf Moses	05/03/2018	Ongoing
Chief Executive Officer (Acting)	Matthew Dunn	31/01/2017	04/03/2018

KMP Remuneration Policy

Remuneration entitlements are set by the Council. The Society does not bear any cost of remuneration for its Councillors. Remuneration packages for key management personnel comprise the following components:

Short term employee expenses which include:

- base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specific position;
- performance payments recognised as an expense during the year; and
- non-monetary benefits – consisting of provision of car parking, kilometrage travel reimbursement and accommodation (including fringe benefits tax where applicable).

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

E1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)**KMP Remuneration Policy (continued)**

Long term employee benefits include long service leave entitlements accrued during the period. There were no longer term employee benefits paid in the reporting period.

Post-employment benefits include amounts in respect of employer superannuation contributions.

Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

KMP remuneration**1 July 2017 – 30 June 2018**

Position	Short Term Employee Expenses		Post Employment Benefits	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits			
	\$'000	\$'000	\$'000	\$'000	\$'000
President					
1 January 2018 – 30 June 2018	161	6	15	-	182
President					
1 July 2017 – 31 December 2017	131	22	12	-	165
Deputy President					
1 January 2018 – 30 June 2018	43	3	4	-	50
Vice President					
1 September 2017 – 31 December 2017	29	-	3	-	32
Vice President					
1 July 2017 – 31 August 2017	15	-	1	-	16
Chief Executive Officer					
5 March 2018 – 30 June 2018	98	2	9	-	109
Chief Executive Officer (Acting)					
1 July 2017 – 4 March 2018	193	5	18	-	216

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

E1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

KMP Remuneration Policy (continued)

KMP remuneration (continued)

1 July 2016 – 30 June 2017

Position	Short Term Employee Expenses		Post Employment Benefits	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits			
	\$'000	\$'000	\$'000	\$'000	\$'000
President					
1 July 2016 – 31 December 2016	131	25	12	-	168
President					
1 January 2017 – 30 June 2017	131	27	12	-	170
Deputy President					
1 July 2016 – 31 December 2016	43	4	4	-	51
Vice President					
1 September 2017 – 31 December 2017	43	-	4	-	47
Chief Executive Officer					
1 July 2016 – 10 February 2017	193	6	19	53	271
Chief Executive Officer (Acting)					
31 January 2017 – 30 June 2017	113	1	11	-	125

Performance payments

The remuneration package for the Chief Executive Officer provides for performance payments to be made conditional on the achievement of key performance indicators (KPIs) specified in the CEO's employment contract and subject to discretionary approval by the Council.

Achievement of each KPI is measured on an annual basis. The Council retains discretion as to whether performance payments are made.

No amount was expensed in 2017-18 (2016-17: \$12,500) for bonus payments for the Chief Executive Officer. Previous year comparative relates to the previous CEO.

As at the date of management certification of these financial statements, no provision has been made for a performance bonus for the incoming Chief Executive Officer as he commenced late in the performance assessment period.

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

E2 RELATED PARTY TRANSACTIONS

The following significant transactions took place between the Consolidated Group and related parties during the financial period on commercial terms agreed between the parties concerned.

	2018 \$	2017 \$
Management fees and recovery expenditure paid to the parent entity by:		
Lexon Insurance Pte Ltd	184,408	222,090
Law Claims Levy Fund	41,872	28,734
Legal Practitioners' Fidelity Guarantee Fund	145,116	129,576
Legal Practitioners Admissions Board	512,301	717,038
Gross premiums paid by Law Claims Levy Fund to Lexon	18,697,416	22,185,256
Grant paid by LCLF to parent entity	451,081	488,048
Professional fees paid to a firm of which a councillor of QLS is a member:		
• McInnes Wilson Lawyers	7,097	5,356
• Potts Lawyers	14,940	27,210
Professional fees paid to a firm of which a director of Lexon is a member:		
• McInnes Wilson Lawyers	565,426	501,368
• Potts Lawyers	42,664	75,751
Other non claim professional advice provided:		
• McInnes Wilson	7,000	18,300
• K&L Gates	-	6,890
Management fees paid to a firm of which a director of Lexon is a member:		
• AON Insurance Managers (Singapore) Pte Ltd	95,668	92,882
Consulting fees paid to Lexon Legal, a firm of which a QLS Councillor is a member:		
• Consulting fee	166,150	335,240
• Consulting fee – contribution to office costs	4,583	21,608
Key management personnel compensation Lexon:		
Directors' fees	416,400	392,155
Other officers		
• Salaries and other short term employee benefits	1,096,632	991,876
• Employer's contribution to defined contribution plans	78,646	70,866

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

E3 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN ACCOUNTING POLICY**Changes in Accounting Policy**

The Group did not voluntarily change any of its accounting policies during 2017-18.

Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2017-18.

Accounting Standards Applied for the First Time

Accounting Standards applied for the first time in the 2017-18 financial year had no material impact on the Group.

See Note D5 for future impacts of Australian Accounting Standards not yet adopted.

F1 TAXATION

Income tax is recognised on consolidation.

The Queensland Law Society Inc (parent entity) 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 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 ten 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 nor 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 balance date, and are recognised as income or expenses in the Statement of 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 the Financial Statements for the year ended 30 June 2018

F1 TAXATION (continued)

F1-1 INCOME TAX EXPENSE

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Tax expense attributable to profit is made up of:				
Current income tax	693	690	-	-
Deferred income tax	(1,135)	(314)	-	-
	(442)	376	-	-
(Over)/under provision in preceding financial year				
Current income tax	(29)	26	-	-
Deferred income tax (Note F1-3)	-	(26)	-	-
	(471)	376	-	-

The tax expense on results differs from the amount that would arise using the standard tax rate due to the following:

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Operating surplus before income tax	2,889	4,308	398	(489)
Tax calculated at a tax rate of 30% (2017: 30%)	867	1,292	119	(147)
Effects of:				
Income not subject to tax	(1,172)	(735)	(119)	147
Franking and other credits available	(166)	(181)	-	-
	(471)	376	-	-

QUEENSLAND LAW SOCIETY INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2018

F1 TAXATION (continued)

F1-2 CURRENT INCOME TAX LIABILITY

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Income tax at the beginning of the financial year	(1,603)	3,810	-	-
Income tax refunded/(paid)	(100)	(6,130)	-	-
Current year income tax	693	691	-	-
Under provision in preceding financial years	(29)	26	-	-
Income tax at the end of the financial year (Refund)	(1,039)	(1,603)	-	-

F1-3 DEFERRED INCOME TAX BALANCES

The movements in the deferred income tax accounts are as follows:

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets				
Balance at the beginning of the financial year	3,835	3,034	-	-
Credit to profit or loss:			-	-
• Claims handling provision	(33)	288	-	-
• Allowance for impairment of receivables	(13)	6	-	-
• Unearned premium deficiency	(346)	494	-	-
• Unrealised investment movements	787	-	-	-
• Tax-free distributions on investments	(62)	-	-	-
• Other timing differences	15	13	-	-
	4,183	3,835	-	-
Deferred tax liabilities				
Balance at the beginning of the financial year	(787)	(327)	-	-
Charge to Statement of Comprehensive Income:				
• Unrealised investment movements	440	(497)	-	-
• Tax-free distributions on investments	347	37	-	-
	-	(787)	-	-
Net deferred tax asset at the end of the financial year	4,183	3,048	-	-

QUEENSLAND LAW SOCIETY INCORPORATED

Management Certificate for the year ended 30 June 2018

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 2018 and of the financial position of the Group as at the end of 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
Ken Taylor

30/8/18



Chief Executive Officer
Queensland Law Society
Rolf Moses

30/8/18



QUEENSLAND LAW SOCIETY INCORPORATED

Independent Auditor's Report

To the Council of Queensland Law Society Incorporated.

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

OPINION

I have audited the accompanying financial report of Queensland Law Society Incorporated (the parent) and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the parent's and group's financial position as at 30 June 2018, and their financial performance and cash flows for the year then ended; and
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

BASIS FOR OPINION

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the parent and group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

RESPONSIBILITIES OF THE COUNCIL 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 *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Council is also responsible for assessing the parent's and group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the parent or group or to otherwise cease operations.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

QUEENSLAND LAW SOCIETY INCORPORATED

Independent Auditor's Report

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the parent's and group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

- I received all the information and explanations I required.
- In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



John Welsh
as delegate of the Auditor-General

31 August 2018

Queensland Audit Office
Brisbane

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*All amounts are denoted in Australian currency.

LAW CLAIMS LEVY FUND

Statement of Comprehensive Income for the year ended 30 June 2018

	NOTES	2018 \$'000	2017 \$'000
Revenue			
Insurance levies	B1-1	22,026	24,722
Total levies		22,026	24,722
Other income			
Interest income		68	71
Investment income		1,425	1,513
Realised gains/(losses) on investments		-	558
Fair value gains/(losses) on investments		966	1,083
Total other income	B1-2	2,459	3,225
Total revenue		24,485	27,947
Expenses			
Administration expenses	B2-1	597	613
Audit fees	B2-2	20	19
Insurance premiums	B2-3	18,702	22,185
Stamp duty	B2-3	1,666	1,985
Total expenses		20,985	24,802
Operating result for the year		3,500	3,145
Other comprehensive income		-	-
Total comprehensive income for the year		3,500	3,145

LAW CLAIMS LEVY FUND

Statement of Financial Position as at 30 June 2018

	NOTES	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	C1	23,877	2,009
Receivables	C2	1,009	21,155
Total current assets		24,886	23,164
Non-current assets			
Investments	C3	54,746	52,356
Total non-current assets		54,746	52,356
Total assets		79,632	75,520
Current liabilities			
Income in advance	C4	21,736	21,131
Payables	C5	46	39
Total current liabilities		21,782	21,170
Total liabilities		21,782	21,170
Net assets		57,850	54,350
Equity			
Accumulated surplus		57,850	54,350
Total equity		57,850	54,350

LAW CLAIMS LEVY FUND

Statement of Changes in Equity for the year ended 30 June 2018

	2018 \$'000	2017 \$'000
Accumulated surplus		
Balance at 1 July	54,350	51,205
Total comprehensive income for the year	3,500	3,145
Balance at 30 June	57,850	54,350

LAW CLAIMS LEVY FUND

Statement of Cash Flows for the year ended 30 June 2018

		2018 \$'000	2017 \$'000
	NOTES	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Receipts from the profession and reinsurers		42,781	9,125
Payments to suppliers		(20,978)	(24,899)
Interest receipts		65	80
Net cash generated from/(used in) operating activities	C1	21,868	(15,694)
Cash flows from investing activities			
Proceeds and distributions from investments		-	10,057
Payments for investments		-	(10,035)
Net cash flows (used in)/generated from investing activities		-	22
Net increase/(decrease) in cash and cash equivalents held		21,868	(15,672)
Cash and cash equivalents at the beginning of the year		2,009	17,681
Cash and cash equivalents at the end of the year	C1	23,877	2,009

LAW CLAIMS LEVY FUND

Notes to the Financial Statements for the year ended 30 June 2018

A1 BASIS OF FINANCIAL STATEMENT PREPARATION**A1-1 GENERAL INFORMATION**

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*.

The Fund was wholly controlled by the Society for the whole reporting period.

A1-2 COMPLIANCE WITH PRESCRIBED REQUIREMENTS

The Fund 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 2017.

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

A1-3 PRESENTATION**Currency and rounding**

Amounts included in the financial statements are in Australian dollars and rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparatives

Comparative information reflects the audited 2016-17 financial statements and has been restated where necessary to be consistent with disclosures in the current reporting period.

Current/non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within twelve (12) months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within twelve (12) months after the reporting date, or the Fund does not have an unconditional right to defer settlement to beyond twelve (12) months after the reporting date.

Investments are classified as 'non-current' as they are kept as long term and the full value will not be realised within the accounting year.

All other assets and liabilities are classified as 'non-current'.

A1 BASIS OF FINANCIAL STATEMENT PREPARATION (continued)**A1-4 BASIS OF MEASUREMENT**

Historical cost is used as the measurement basis in this financial report except where stated.

Historical cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

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.

Fair value is determined using one of the following three approaches:

- The *market approach* uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The *cost approach* reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current replacement costs methodology.
- The *income approach* converts multiple future cash flow amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

Where fair value is used, the fair value approach is disclosed.

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 market 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.

The fair value of investments is determined using the market approach and categorised into level 2 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

A1-5 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements are authorised for issue by the Queensland Law Society Incorporated's President and Chief Executive Officer at the date of signing the Management Certificate.

LAW CLAIMS LEVY FUND

Notes to the Financial Statements for the year ended 30 June 2018

A2 THE FUND'S OBJECTIVES

The Fund administers insurance matters (jointly with Lexon Insurance Pte Ltd) in accordance with the *Queensland Law Society Indemnity Rule 2005*. The main source of income is the collection of Professional Indemnity insurance levies for payment of insurance premiums to Lexon under the Master Policy in accordance with the Indemnity Rule.

The Fund continues to accumulate reserves in accordance with actuarial assessments for the benefit of all practitioners who have contributed to the Fund.

The fund is responsible for individual claims costs up to a predefined amount which varied per insurance year for the periods 1988 to 1995. In 2001, the fund entered into an aggregate policy with Lexon Insurance Pte Ltd to cap the sum of the individual claims that remained outstanding. This aggregate amount has not been exceeded and given the fund currently has no outstanding claims it is unlikely further claims expenses will be incurred.

B1 REVENUE**B1-1 INSURANCE LEVIES**

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.

All insurance levies collected via the Queensland Law Society Incorporated renewal process were transferred to the Law Claims Levy Fund. The levies collected and any surpluses of the Fund can only be used in accordance with the Indemnity Rules for insurance purposes.

B1-2 OTHER INCOME

Distribution from investments income is recognised when declared by fund managers.

Realised gains/losses represent the net gains/losses on the sale of investments and are recognised when investments are sold during the course of the year. Fair value gains/losses are recognised monthly based on fluctuations in market prices of investments.

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.

B2 EXPENSES**B2-1 ADMINISTRATION EXPENSES**

LCLF reimburses costs incurred by the Society for execution of discrete projects relating to risk management in the profession. This includes the development of resources and educational units designed to reduce the exposure of solicitors with respect to compensation and/or damages claims. These resources include legal project management, the QLS Legal Ethics Course and Solicitor Advocates Course and publications for practice support and risk management.

	2018 \$'000	2017 \$'000
Queensland Law Society		
Administration fees	42	25
Projects related to risk management in the profession	451	491
	493	516
Investment managers fees	40	51
Investment charges and fees	60	45
Sundry expenses	4	1
Total administration expenses	597	613

LAW CLAIMS LEVY FUND

Notes to the Financial Statements for the year ended 30 June 2018

B2 EXPENSES (continued)**B2-2 AUDIT FEES**

Total audit fees paid and payable to the Queensland Audit Office to perform the audit of the Fund's financial statement for 2017-18 are \$19,500 (2017: \$19,200). There are no non-audit services included in this amount.

B2-3 INSURANCE PREMIUMS

Insurance premiums are paid to Lexon Insurance Pte Ltd, a wholly owned entity of Queensland Law Society, under the Master Policy in accordance with the Indemnity Rules.

C1 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. 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:

	2018 \$'000	2017 \$'000
Current assets:		
Cash at bank	10	46
Short term deposits	23,867	1,963
Total cash and cash equivalents	23,877	2,009

Reconciliation of the operating result for the year to net cash generated from operating activities

	2018 \$'000	2017 \$'000
Operating result for the year	3,500	3,145
<i>Adjustments for:</i>		
Net investment income	(2,390)	(3,155)
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in receivables	20,146	(13,015)
Increase/(decrease) in payables	7	(146)
Increase/(decrease) in income in advance	605	(2,523)
Net cash (used in)/generated from operating activities	21,868	(15,694)

LAW CLAIMS LEVY FUND

Notes to the Financial Statements for the year ended 30 June 2018

C2 RECEIVABLES

Receivables represent investment redemption, levies, GST, interest and distributions earned on funds held up to balance date which have 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.

	2018 \$'000	2017 \$'000
Interest and distributions receivable	7	4
Levies receivable from QLS	1,000	21,151
GST receivable	2	-
Total receivables	1,009	21,155

C3 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 investment strategy.

	2018 \$'000	2017 \$'000
Investment in collective investment schemes	54,746	52,356

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

C4 INCOME IN ADVANCE

Income in advance relates to insurance levies collected from the profession during the renewals cycle in May in relation to the upcoming insurance year. Current year levies in advance relate to collections for the insurance year 1 July 2018 to 30 June 2019.

	2018 \$'000	2017 \$'000
Levies received in advance for next financial year	21,736	21,131

LAW CLAIMS LEVY FUND

Notes to the Financial Statements for the year ended 30 June 2018

C5 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.

	2018 \$'000	2017 \$'000
Amounts payable to Queensland Law Society	2	3
Investment management fees	19	17
Other payables and accruals	25	19
Total payables	46	39

D1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Fund 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.

D2 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**Recognition of Financial Instruments**

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 of Financial Instruments

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at amortised cost (see note C1)
- Receivables – held at amortised cost (see note C2)
- Investments – fair value through profit or loss (see note C3)
- Payables – held at amortised cost (see notes C5)

The Fund does not enter into transaction for speculative purposes, nor for hedging.

Financial risk

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

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 fund's investment mandate.

Management regularly reviews the performance and ensures all investments held are within the approved mandate.

All investments in income securities are predominantly 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.

LAW CLAIMS LEVY FUND

Notes to the Financial Statements for the year ended 30 June 2018

D2 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)**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. Investment of funds are subject to risk control limits and constraints as follows:

Duration and tracking error limits (interest rate management)

- The Modified Duration of the funds is 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 (e.g. 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.

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 percent. For unlisted equities, the fall is determined by increasing the dividend yield on the ASX 200 index by 3.0 percent.

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 percent.

LAW CLAIMS LEVY FUND

Notes to the Financial Statements for the year ended 30 June 2018

D2 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)**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 investments at fair value through profit or loss before tax and before any aggregation benefits.

	2018 \$'000	2017 \$'000
Stress Test		Upward impact
Interest rate	(76)	4
Inflation	150	241
Currency	(674)	(71)
		Downward impact
Interest rate	68	1
Inflation	(138)	(208)
Currency	(39)	(481)
Stress Test		Impact
Equity	(6,107)	5,788
Property	(80)	-
Credit spread	(1,264)	911

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.

LAW CLAIMS LEVY FUND

Notes to the Financial Statements for the year ended 30 June 2018

D3 CONTINGENT LIABILITIES AND EVENTS AFTER BALANCE DATE

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 2018, there are no claims against the Fund.

From 1 July 2001, 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 1995-1996 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 2018 (Finity – August 2018), the insurance in place with regard to the limits per file, and the overall Fund's aggregate limit as at 30 June 2018, 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.

There are no events subsequent to reporting date requiring disclosure in the financial report.

D4 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:

AASB1058 Income of Not-for-Profit Entities and AASB15 Revenue from Contracts with Customers

This Standard will become effective from reporting periods beginning on or after 1 January 2019 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, 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)).

This new standard is not expected to have a material impact on the Fund.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These standards will first apply to the Fund from its financial statements for 2018-19 with a 1 July 2018 date of transition. The main impacts of these standards on the Fund are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Fund's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The Fund has reviewed the impact of AASB 9 on the classification and measurement of its financial assets. The following summarises the estimated impact (or ranges of estimates) AASB 9 will have on the categorisation and valuation of the instruments referred to in Note C3:

- There will be no change to either the classification or valuation of the cash and cash equivalents.
- Receivables will continue to be classified and measured at amortised cost, similar to the current classification of receivables.
- The investments are currently measured at fair value through profit and loss. However as these investments are held for strategic rather than financial purposes, the Fund intends to make an irrevocable election on adoption of AASB 9 in 2018-19 that each individual investment will be categorised as Fair Value through Other Comprehensive Income (FVOCI). As such, while their fair value will be represented in the statement of comprehensive income, changes in value will be recognised in OCI rather than profit. The amount will not be recycled through profit when the investments are disposed of.
- All financial liabilities will continue to be measured at amortised cost. The Fund does not expect a material change in the reported value of financial liabilities.

E1 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN ACCOUNTING POLICY**Changes in Accounting Policy**

The Fund did not voluntarily change any of its accounting policies during 2017-18.

Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2017-18.

Accounting Standards Applied for the First Time

Accounting Standards applied for the first time in the 2017-18 financial year had no material impact on the Fund.

E2 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 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.

LAW CLAIMS LEVY FUND

Management Certificate for the year ended 30 June 2018

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 2018 and of the financial position of the Fund as at the end of 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
Ken Taylor

30/8/18



Chief Executive Officer
Queensland Law Society
Rolf Moses

30/8/18



LAW CLAIMS LEVY FUND

Independent Auditor's Report

To the Council of Queensland Law Society Incorporated.

REPORT ON THE AUDIT OF THE FINANCIAL REPORT**OPINION**

I have audited the accompanying financial report of the Law Claims Levy Fund.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2018, and its financial performance "and cash flows for the year then ended; and
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certificates given by the President and the Chief Executive Officer.

BASIS FOR OPINION

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

RESPONSIBILITIES OF THE ENTITY 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 *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Council is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

LAW CLAIMS LEVY FUND

Independent Auditor's Report

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

- I received all the information and explanations I required.
- In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



John Welsh
as delegate of the Auditor-General

31 August 2018

Queensland Audit Office
Brisbane

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*All amounts are denoted in Australian currency.

LEGAL PRACTITIONERS' FIDELITY GUARANTEE FUND

Statement of Comprehensive Income for the year ended 30 June 2018

	NOTES	2018 \$'000	2017 \$'000
Revenue			
Practitioner levies	B1-1	840	1,017
Investment income	B1-2	631	1,418
Realised gains/(losses) on investments		(20)	-
Fair value gains/(losses) on investments		901	253
Total revenue		2,352	2,688
Expenses			
Administration expenses	B2-1	38	28
Notified claims (net of reversals)	C6	125	920
Investment fees		56	54
Expenses reimbursed to the Queensland Law Society	B2-2	239	231
Total expenses		458	1,233
Operating result for the year		1,894	1,455
Other comprehensive income		-	-
Total comprehensive income for the year		1,894	1,455

LEGAL PRACTITIONERS' FIDELITY GUARANTEE FUND

Statement of Financial Position as at 30 June 2018

	NOTES	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	C1	489	542
Receivables	C2	73	753
Investments	C3	30,727	29,290
Total current assets		31,289	30,585
Total assets		31,289	30,585
Current liabilities			
Payables	C4	87	181
Income in advance	C5	267	769
Provision for notified claims	C6	287	881
Total current liabilities		641	1,831
Total liabilities		641	1,831
Net assets		30,648	28,754
Equity			
Accumulated surplus		30,648	28,754
Total equity		30,648	28,754

LEGAL PRACTITIONERS' FIDELITY GUARANTEE FUND

Statement of Changes in Equity for the year ended 30 June 2018

	2018 \$'000	2017 \$'000
Accumulated surplus		
Balance at 1 July	28,754	27,299
Total comprehensive income for the year	1,894	1,455
Balance at 30 June	30,648	28,754

LEGAL PRACTITIONERS' FIDELITY GUARANTEE FUND

Statement of Cash Flows for the year ended 30 June 2018

		2018 \$'000	2017 \$'000
	NOTES	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Contributions by practitioners and cost recoveries		1,018	424
Claim payments and administration expenses		(1,146)	(2,856)
Interest and distributions received		42	19
Net Cash (used in)/generated from operating activities	C1	(86)	(2,413)
Cash flows from investing activities			
Proceeds from/ (payments for) investments		33	1,400
Net cash (used in)/generated from investing activities		33	1,400
Net increase/(decrease) in cash and cash equivalents held		(53)	(1,013)
Cash and cash equivalents at the beginning of the financial year		542	1,555
Cash and cash equivalents at the end of the financial year	C1	489	542

LEGAL PRACTITIONERS' FIDELITY GUARANTEE FUND

Notes to the Financial Statements for the year ended 30 June 2018

A1 BASIS OF FINANCIAL STATEMENT PREPARATION**A1-1 GENERAL INFORMATION**

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).

A1-2 COMPLIANCE WITH PRESCRIBED REQUIREMENTS

The Fund has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2017.

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

A1-3 PRESENTATION**Currency and rounding**

Amounts included in the financial statements are in Australian dollars and rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparatives

Comparative information reflects the audited 2016-17 financial statements and have been restated where necessary to be consistent with disclosures in the current reporting period.

Current/non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within twelve (12) months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within twelve (12) months after the reporting date, or the Fund does not have an unconditional right to defer settlement to beyond twelve (12) months after the reporting date.

All other assets and liabilities are classified as 'non-current'.

A1-4 BASIS OF MEASUREMENT

Historical cost is used as the measurement basis in this financial report except where stated.

Historical cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Fair value

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.

LEGAL PRACTITIONERS' FIDELITY GUARANTEE FUND

Notes to the Financial Statements for the year ended 30 June 2018

A1 BASIS OF FINANCIAL STATEMENT PREPARATION (continued)**A1-4 BASIS OF MEASUREMENT (continued)****Fair value (continued)**

Fair value is determined using one of the following three approaches:

- The *market approach* uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The *cost approach* reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current replacement costs methodology.
- The *income approach* converts multiple future cash flows amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

Where fair value is used, the fair value approach is disclosed.

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 market 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.

The fair value of investments is determined using the market approach and categorised into level 2 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

A2 THE FUND'S OBJECTIVES

The Fund has been established for the purpose 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.

A3 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements are authorised for issue by the Queensland Law Society Incorporated's President and Chief Executive Officer at the date of signing the Management Certificate.

LEGAL PRACTITIONERS' FIDELITY GUARANTEE FUND

Notes to the Financial Statements for the year ended 30 June 2018

B1 REVENUE**B1-1 PRACTITIONER LEVIES**

Revenues are recognised at the consideration received net of any amount of GST payable to the ATO. Practitioner levies are recognised as revenue when payment for the applicable membership year is received.

B1-2 INVESTMENT INCOME

Distribution from investments income is recognised when declared by fund managers.

Realised gains/losses represent the net gains/losses on the sale of investments and are recognised when investments are sold during the course of the year. Fair value gains/losses are recognised monthly based on fluctuations in market prices of investments.

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset and is also recognised net of bank charges.

	2018 \$'000	2017 \$'000
Distributions from investments	590	1,399
Interest income	41	19
Total investment income	631	1,418

B2 EXPENSES**B2-1 ADMINISTRATION EXPENSES**

	2018 \$'000	2017 \$'000
Audit fees	11	10
Rent and electricity - QLS	14	15
Legal fees - QLS	10	-
Sundry expenses	3	3
Total administration expenses	38	28

Total audit fees paid and payable to the Queensland Audit Office to perform the audit of the Fund's financial statements for 2017-18 are \$10,400 (2017: \$10,100). There are no non-audit services included in this amount.

For 2017-18 payroll tax has been included in Expenses reimbursed to the Queensland Law Society (see Note B2-2).

B2-2 EXPENSES REIMBURSED TO THE QUEENSLAND LAW SOCIETY

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.

	2018 \$'000	2017 \$'000
Administration fees	121	115
Administration fees – reimbursement of payroll costs	118	116
Total expenses reimbursed to the Queensland Law Society	239	231

LEGAL PRACTITIONERS' FIDELITY GUARANTEE FUND

Notes to the Financial Statements for the year ended 30 June 2018

C1 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 is an interest bearing account which is readily convertible to cash on hand at the Fund's option.

	2018 \$'000	2017 \$'000
Cash at bank	171	19
Cash deposit account	318	523
Total cash and cash equivalents	489	542

Reconciliation of operating result for the year to net cash (used in)/generated from operating activities

	2018 \$'000	2017 \$'000
Operating result for the year	1,894	1,455
<i>Adjustments for:</i>		
Net investment income	(1,490)	(1,602)
Loss on disposal of investments	20	-
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in receivables	680	(416)
Increase/(decrease) in payables	(94)	88
Increase/(decrease) in income in advance	(502)	(157)
Increase/(decrease) in provision for notified claims	(594)	(1,781)
Net cash (used in)/generated from operating activities	(86)	(2,413)

C2 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 accruals basis and are carried at actual amounts and the collectability of trade debtors is assessed at reporting date with allowance being made for impairment.

	2018 \$'000	2017 \$'000
Interest receivable	-	1
Practitioner levies receivable from QLS	72	752
GST receivable	1	-
Total receivables	73	753

LEGAL PRACTITIONERS' FIDELITY GUARANTEE FUND

Notes to the Financial Statements for the year ended 30 June 2018

C3 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.

	2018 \$'000	2017 \$'000
Investment in managed funds	30,727	29,290

Fair value measurements

Categorisation of fair values recognised as at 30 June 2018 are as follows:

		2018 \$'000	2017 \$'000
Fair Value Input	Type		
Level 1	None	-	-
Level 2	Investments	30,727	29,290
Level 3	None	-	-
Total investment in managed funds		30,727	29,290

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

C4 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.

	2018 \$'000	2017 \$'000
Payable to QLS for annual leave entitlements	17	20
Payable to QLS for long service leave entitlements	48	46
Other payables and accruals	22	115
Total payables	87	181

C5 INCOME IN ADVANCE

Income in advance relates to Fidelity Fund levies collected from the profession in relation to the upcoming insurance year. Levies are collected by the Queensland Law Society Incorporated on behalf of the Fund. Current year levies in advance relate to collections in May and June 2018 paid to the Fund by the Society for the financial year 1 July 2018 to 30 June 2019.

	2018 \$'000	2017 \$'000
Fidelity Guarantee Fund levies for upcoming year	267	769

LEGAL PRACTITIONERS' FIDELITY GUARANTEE FUND

Notes to the Financial Statements for the year ended 30 June 2018

C6 PROVISION FOR NOTIFIED CLAIMS

A provision is recognised when there is a present legal, equitable or constructive obligation as a result of a past event. It is recognised at the amount expected at reporting date for which the obligation will be settled in a future period.

Key estimates

Notified claims represent the estimated liability in relation to claims which have been notified but not yet admitted as a claim. Claims are brought to account in the year they are notified.

	2018	2017
	\$'000	\$'000
Opening notified claims	881	2,662
Add notified claims (net of reversals)	125	920
Less payment of notified claims	(719)	(2,701)
Total provision for notified claims	287	881

D1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

Other than provision for notified claims disclosed in Note C6, 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.

D2 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**Recognition of Financial Instruments**

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 of Financial Instruments

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at amortised cost (see note C1)
- Receivables – held at amortised cost (see note C2)
- Investments – fair value through profit or loss (see note C3)
- Payables – held at amortised cost (see note C4)

The Fund does not enter into transaction for speculative purposes, nor for hedging. The Fund's financial instruments consist mainly of deposits with banks and investment in managed funds

LEGAL PRACTITIONERS' FIDELITY GUARANTEE FUND

Notes to the Financial Statements for the year ended 30 June 2018

D2 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)**Financial risk**

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

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.

Management regularly reviews the performance and ensures all investments held are within the approved mandate.

The Fund manages interest rate and price risks through sensitivity analysis. The sensitivity analysis is performed relating to the Fund's 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 interest rate and price as follows:

	2018 \$'000	2017 \$'000
Interest rate sensitivity analysis:		
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:		
Change in profit		
Increase in interest rate by 1%	5	14
Decrease in interest rate by 1%	(5)	(14)
	2018 \$'000	2017 \$'000

Price sensitivity analysis:

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:

Change in profit

Increase in managed funds unit price by 5%	1,536	1,422
Decrease in managed funds unit price by 5%	(1,536)	(1,422)

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.

LEGAL PRACTITIONERS' FIDELITY GUARANTEE FUND

Notes to the Financial Statements for the year ended 30 June 2018

D3 CONTINGENT LIABILITIES AND EVENTS AFTER BALANCE DATE

Contingent liabilities at 30 June 2018 were as follows:

	2018 \$'000	2017 \$'000
Potential claims relating to one North Queensland legal practice with a deficiency at year end of \$1,439,248 in its trust account. As at the date of this report, advice was received of two potential claims amounting to:	336	-
Total contingent liabilities	336	-

There are no events subsequent to reporting date requiring disclosure in the financial report.

D4 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 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

This Standard will become effective from reporting periods beginning on or after 1 January 2019 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 practitioner levies, 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).

The new standard is not expected to have a material impact on the Fund.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These standards will first apply to the Fund from its financial statements for 2018-19 with a 1 July 2018 date of transition. The main impacts of these standards on the Fund are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Fund's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The Fund has reviewed the impact of AASB 9 on the classification and measurement of its financial assets. The following summarises the estimated impact (or ranges of estimates) of AASB 9 will change the categorisation and valuation of the amounts reported in Note C2.

- There will be no change to either the classification or valuation of the cash and cash equivalent item.
- Receivables will be classified and measured at amortised cost, similar to the current classification of receivables. However, new impairment requirements will result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The Fund will be adopting the simplified approach under AASB 9 and measure lifetime expected credit losses on all trade receivables using a provision matrix approach as a practical expedient to measure the impairment provision.

Applying this approach, the Fund has estimated that there is no requirement for the provision for impairment for receivables on 1 July 2018.

- The investments are currently measured at fair value through profit and loss. However as these investments are held for strategic rather than financial purposes, the Fund intends to make an irrevocable election on adoption of AASB 9 in 2018-19 that each individual investment will be categorised as Fair Value through Other Comprehensive Income (FVOCI). As such, while their fair value will be represented in the statement of comprehensive income, changes in value will be recognised in OCI rather than profit. The amount will not be recycled through profit when the investments are disposed of.
- All financial liabilities will continue to be measured at amortised cost. The Fund does not expect a material change in the reported value of financial liabilities.

LEGAL PRACTITIONERS' FIDELITY GUARANTEE FUND

Notes to the Financial Statements for the year ended 30 June 2018

E1 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN ACCOUNTING POLICY**Changes in Accounting Policy**

The Fund did not voluntarily change any of its accounting policies during 2017-18.

Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted in 2017-18.

Accounting Standards Applied for the First Time

Accounting Standards applied for the first time in the 2017-18 financial year had no material impact on the Fund.

E2 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 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.

LEGAL PRACTITIONERS' FIDELITY GUARANTEE FUND

Management Certificate for the year ended 30 June 2018

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 2018 and of the financial position of the Fund as at the end of 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.


 Resident
 Queensland Law Society
 Ken Taylor

30/8/18


 Chief Executive Officer
 Queensland Law Society
 Rolf Moses

30/8/18

LEGAL PRACTITIONERS' FIDELITY GUARANTEE FUND

Independent Auditor's Report

TO THE COUNCIL OF QUEENSLAND LAW SOCIETY INCORPORATED.

Report on the audit of the financial report

OPINION

I have audited the accompanying financial report of the Legal Practitioners' Fidelity Guarantee Fund.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended; and
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certificates given by the President and the Chief Executive Officer.

BASIS FOR OPINION

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

RESPONSIBILITIES OF THE ENTITY 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 *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Council is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

LEGAL PRACTITIONERS' FIDELITY GUARANTEE FUND

Independent Auditor's Report

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



John Welsh
as delegate of the Auditor-General

31 August 2018

Queensland Audit Office
Brisbane

COMPLIANCE CHECKLIST

Summary of requirement		Basis for requirement	Annual report reference/ page no.
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant minister	ARRs – section 7	1
Accessibility	Table of contents	ARRs – section 9.1	1
	Glossary		145
	Public availability	ARRs – section 9.2	1
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	1
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 9.4	1
	Information Licensing	<i>QGEA – Information Licensing</i> ARRs – section 9.5	N/A
General information	Introductory information	ARRs – section 10.1	2, 10-11
	Agency role and main functions	ARRs – section 10.2	1-2, 4-9, 36-37
	Machinery of Government changes	ARRs – sections 31 and 32	N/A
	Operating environment	ARRs – section 10.3	1-2, 4-52
Non-financial performance	Government's objectives for the community	ARRs – section 11.1	N/A
	Other whole-of-government plans/specific initiatives	ARRs – section 11.2	N/A
	Agency objectives and performance indicators	ARRs – section 11.3	4-52
	Agency service areas and service standards	ARRs – section 11.4	4-52
Financial performance	Summary of financial performance	ARRs – section 12.1	51-52
Governance – management and structure	Organisational structure	ARRs – section 13.1	36-37, 41-43
	Executive management	ARRs – section 13.2	36-43
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	1
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	40
	Queensland public service values	ARRs – section 13.5	N/A

ARRs Annual report requirements for Queensland Government agencies

FAA *Financial Accountability Act 2009*

FPMS Financial and Performance Management Standard 2009

QGEA Queensland Government Enterprise Architecture

Summary of requirement		Basis for requirement	Annual report reference/ page no.
Governance – risk management and accountability	Risk management	ARRs – section 14.1	36, 39-40
	Audit committee	ARRs – section 14.2	36-37, 39-40
	Internal audit	ARRs – section 14.3	36
	External scrutiny	ARRs – section 14.4	106-107, 124-125, 141-142
	Information systems and recordkeeping	ARRs – section 14.5	40
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	44
	Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> Directive No.16/16 <i>Early Retirement, Redundancy and Retrenchment</i> (from 20 May 2016) ARRs – section 15.2	44
Open Data	Statement advising publication of information	ARRs – section 16	data.qld.gov.au
	Consultancies	ARRs – section 33.1	1
	Overseas travel	ARRs – section 33.2	1
	Queensland Language Services Policy	ARRs – section 33.3	N/A
Financial statements	Certification of financial statements	FAA – section 62	105
		FPMS – sections 42, 43 and 50	123
		ARRs – section 17.1	140
	Independent Auditor's Report	FAA – section 62	106-107
		FPMS – section 50	124-125
		ARRs – section 17.2	141-142

ARRs Annual report requirements for Queensland Government agencies

FAA *Financial Accountability Act 2009*

FPMS Financial and Performance Management Standard 2009

QGEA Queensland Government Enterprise Architecture

GLOSSARY

ARRs	Annual report requirements for Queensland Government agencies
ASX	Australian Stock Exchange
Call to parties	Queensland Law Society's pre-election document outlining the profession's concerns and priority areas
CBD	Central business district
CEO	Chief executive officer
CPD	Continuing professional development
Cth	Commonwealth
DLA	District Law Association
ECL	Early career lawyer
E-newsletter	Electronic newsletter
EVP	Employee value proposition
FRC	Finance and Risk Committee
FTE	Full-time equivalent
Guidance statements	Documents that outline Queensland Law Society's guidance on a particular subject
IP Act	<i>Information Privacy Act 2009</i>
KPI	Key performance indicator
LawCare	Counselling and wellbeing assistance program for Queensland Law Society staff and members
LawTalk	Queensland Law Society's blog (medium.com/qldlawsociety)
Law Week	Annual event held across Australia promoting the legal profession
Lexon	Lexon Insurance Pte Ltd, a wholly-owned subsidiary company of Queensland Law Society
LPA	<i>Legal Profession Act 2007 (Qld)</i>
Minds Count	Organisation promoting mental health and wellbeing in the legal profession – formerly known as the Tristan Jepson Memorial Foundation
Open rate	The number of times an email has been opened
PC	Practising certificate
PMC	Practice Management Course
Proctor	Queensland Law Society's monthly magazine
QLS	Queensland Law Society
QLS Update	Queensland Law Society's weekly e-newsletter
QSA	Queensland State Archives
RAP	Reconciliation Action Plan
RTI Act	<i>Right to Information Act 2009 (Qld)</i>

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