

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 <ul style="list-style-type: none"> • 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 	 Our vision Good law. Good lawyers. Public good. <p>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</p>	 Connect Connect the profession with each other and the public <ul style="list-style-type: none"> • 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
 Protect Protect and regulate to uphold the good standing of all solicitors <ul style="list-style-type: none"> • Introduce a membership based, personally funded Group Life and Salary Continuance insurance plans • Introduction of Cyber Risk insurance option for member firms 	 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 <p>Strategic objectives 2018-19</p> <ul style="list-style-type: none"> • 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 	 Educate Educate to develop the reputation and expertise of members and their businesses <ul style="list-style-type: none"> • 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
 Guide Guidance to encourage the professional values of fidelity, service and courage <ul style="list-style-type: none"> • 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 	 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 <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • Enhance financial management practices to maximise efficiency and effectiveness
 Improve Continuously improve our member experience, with a focus on service, connectedness, convenience, accessibility, collegiality and technology <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • Early career lawyers • District Law Associations and rural, regional and remote practice support • Large law firms • In-house counsel 	 Key performance indicators 2018-19 <ul style="list-style-type: none"> • 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 	

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.

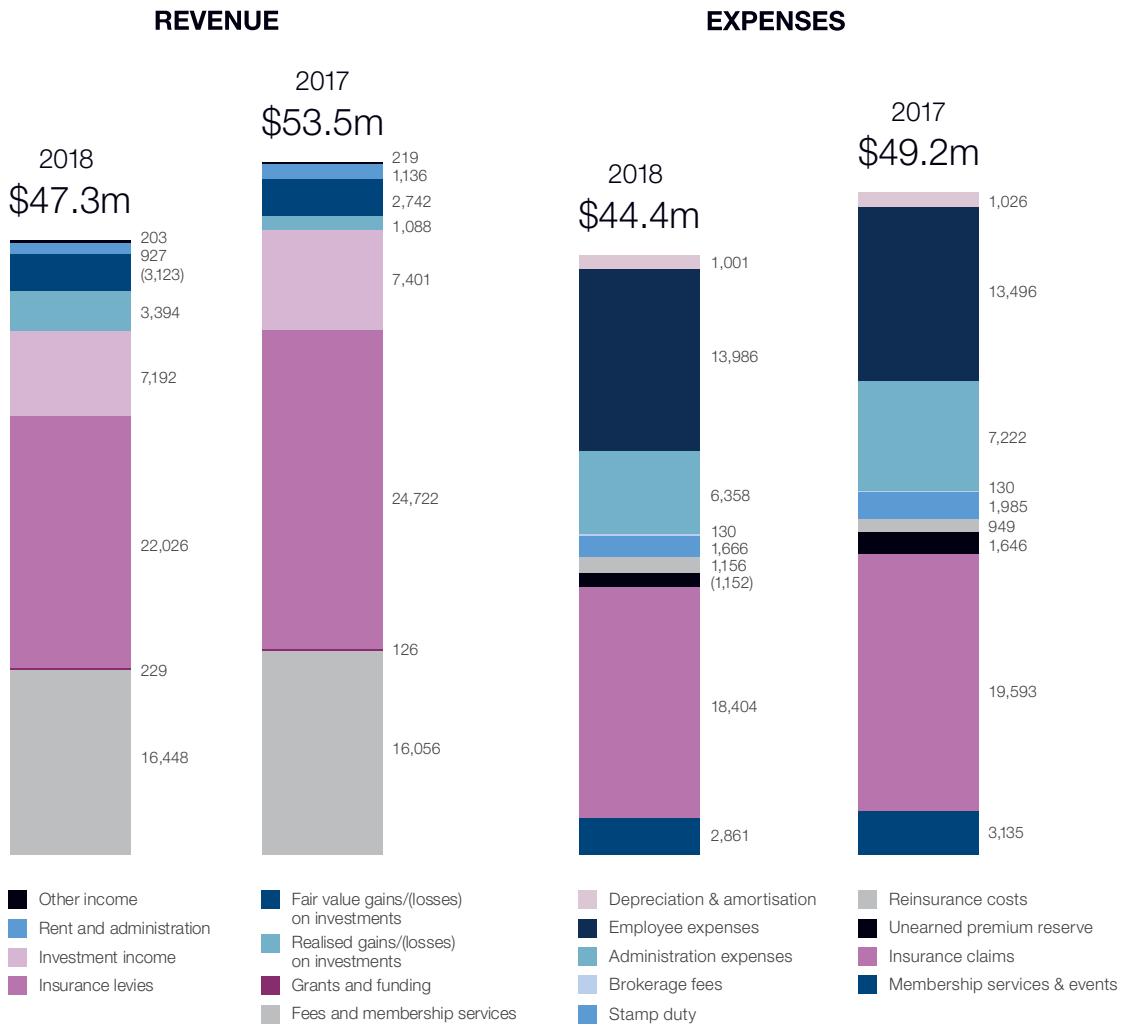
Revenue

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

