



Queensland Law Society

78th Annual Report 2005/06

The collage consists of several overlapping advertisement panels. Each panel features a different professional image and the text 'SOLICITORS. YOUR EXPERTS IN THE LAW.' and 'Find a solicitor at www.findasolicitor.qls.com.au'. The panels include:

- Portraits of men and women with the text 'You could face this alone...' and '...call him.' or '...call her.'
- A yellow bus with a solicitor's photo on the back and the text 'SOLICITORS. YOUR EXPERTS IN THE LAW.' and 'Find a solicitor at www.findasolicitor.qls.com.au'.
- A billboard on a road with a solicitor's photo and the text 'SOLICITORS. YOUR EXPERTS IN THE LAW.' and 'Find a solicitor at www.findasolicitor.qls.com.au'.
- A man in a suit sitting at a desk with the text 'You could negotiate this alone...' and '...call him.'

solicitors.

your experts in the law.

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July 2005: The law year begins with a special ceremony at St John’s Cathedral attended by the Governor, Ms Quentin Bryce AC, the judiciary and members of the profession, including QLS management.

31 October 2006

Hon Kerry Shine MP
Attorney General and Minister for Justice and Women
GPO Box 149
BRISBANE QLD 4001

Dear Attorney

I submit the Annual Report of the Queensland Law Society for 2005/06.

The year was, in some ways, a new beginning for the Society. With the establishment of the Legal Services Commission and the new regulatory regime, the Society was relieved of responsibility for some regulatory functions and, associated with that change, a sizeable portion of its previous income stream. This created some pain and necessitated some adjustments to our operations.

In a short period of time we had to adapt to the requirements of the new Act, the *Legal Profession Act 2004*, a smaller Council, a leaner organisation, a new and more professional governance ethos, and a new CEO. At the same time we embarked on a program to increase our engagement with our essential stakeholders, our members, the government, the judiciary, the BAQ, the media, other professional groups and the broader community that we all serve.

All this took place while we strove to increase the level of services and support provided to our members, in keeping with our goal of repositioning the QLS from being more of a regulator, to less a regulator and more of a modern professional body dedicated to advancing the concurrent interests of its members and their clients, the public of Queensland.

Thus there were new realities and new challenges - conceptually, administratively, financially, policy-wise.

The whole team - the staff of the QLS and their elected Council - met that challenge.

Council adopted a strict code of conduct, thereby bringing our governance body into line with corporate best practice. The council policy preparation and agenda apparatus were reformed. Council meetings became more focussed, a clear demarcation was made between regulatory and other council functions, and a new independently chaired Audit Committee was appointed to improve the already strict financial accountability of the organisation, a new, expanded more independent board of Lexon (the profession's insurer) was appointed, and work has begun with the insurer on developing a new risk rated premium model.

We also implemented a strict regime to ensure any potential conflicts of interest were identified and properly quarantined in a way consistent with the interests of the profession and the public.

While the regulatory changes caused some pain, it provided a catalyst for broader (and arguably overdue) reforms to the organisation itself. I believe the Society today is the far better for it. Our organisation is revitalised, our primary focus has been directed to the provision and enhancement of member services and our finances have stabilised.

What chiefly marked our 'new beginning' - at least as far as the wider community was concerned - was a higher public profile for the Society in a positive light as a commentator on, and instigator of, public policy issues which are related to the profession. Issues ranged from a debate about the benefits of a judicial commission to handle complaints about judicial officers, the appointment process for judges, a possible Charter or Bill of Rights, the double jeopardy rule, majority verdicts and - perhaps most importantly - the most serious matter of legislation at both federal and state level to counter perceived threats of terrorism.

In that matter, we liaised closely with the Bar Association to develop and articulate well-researched papers warning of the inherent dangers to civil liberties posed by so much of this legislation. I am grateful to the leaders of the Bar, and to the many lawyers of both our organisations, who worked on these matters under enormous time constraints.

Another strong and on-going feature of the year were our attempts to convince your Government to either radically revise or, even better, scrap the *Civil Liability Act*. I hope that one day injured citizens in Queensland (and in those other states which have even more vile analogues of this legislation) will be treated the same as everyone else, rather than kicked when they are down just to subsidise the insurance industry.

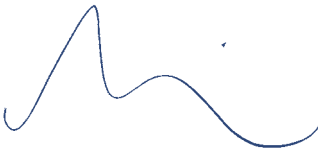
Despite our differences over this Act and occasional differences over some other areas of policy, the Council were mindful, and grateful, that we have enjoyed a mutually respectful and professional relationship with you as Attorney and with your Government. This relationship has enabled much to be achieved behind the scenes for the profession and, by extension, the general community. On a personal note, I congratulate you on your recent re-election to parliament and on your reappointment as Attorney General for Queensland and QLS looks forward to a continuing and beneficial engagement with you on matters of public interest.

I believe that the Society is now very well poised to move forward as an organisation that has the respect and support of its members and the community. I hope this and future Councils will continue the reform agenda that this Council so courageously, and unflinchingly, implemented.

My personal thanks go to all Council members, Society staff and the many fellow practitioners who so generously give of their talent, time and energy to help devise important policy within the Section structure and elsewhere.

I also thank those who took the time to contact me and complain about things that they believed the Society was not doing, or was not doing properly. Every organisation is better for constructive criticism. Nobody has a monopoly on what is right, or wrong, in QLS. But everyone involved in its governance is acutely aware that we have been entrusted to do that what we believe is right and in the interests of our members and the community we serve.

Yours faithfully



Rob Davis
Immediate Past President



July 2005: New QLS President Rob Davis settles into the chair, informing members about legal interests and concerns in the August edition of *Proctor*.

The Queensland Law Society is the professional association for more than 6000 solicitors in Queensland. It is incorporated under an Act of Parliament - the *Legal Profession Act 2004* - and is governed by a Council, elected by the membership.

While the Society is defined as a statutory authority in the *Financial Administration & Audit Act*, it remains an independent professional body, subject to the governance of its elected Council. The Attorney-General is represented by a nominee who is a Queensland solicitor in private practice.

The Society is funded mainly from annual fees paid by its members. Any person entitled to engage in legal practice in Australia is eligible for membership of the Society. Associate membership is also available.

The Society has specific statutory responsibilities in relation to the regulation and discipline of solicitors in Queensland.

In addition to its statutory responsibilities, the Society has objectives including the preservation and maintenance of the integrity of the profession.

The functions and responsibilities of the Society include:

- issuing of practising certificates and maintaining records relating to solicitors
- providing continuing legal education for solicitors
- providing services and support to members
- researching and making submissions to government on matters of legal importance
- investigating complaints of unsatisfactory professional conduct against solicitors referred to it by the Legal Services Commission
- administering the Fidelity Guarantee Fund
- trust account controls and receivership of trust property
- providing a public referral service for solicitors and mediators.

Increasing community understanding of the law, helping protect the rights of the individual and advising the public about benefits solicitors can provide are principle objectives.

The Society conducts ongoing programs to inform the community about the law and the legal profession including the Schools and Higher Education Service and promotion of pro bono (free) work undertaken by the many solicitors who provide legal advice to charities, other organisations and individuals.

Stakeholders

The Society has a wide range of stakeholders including:

- our members
- the legal profession
- the Queensland Government
- the judiciary
- the people of Queensland
- government agencies
- advocates for law reform
- legal educators.

Our vision

QLS leads and promotes a strong, independent profession of the highest integrity which serves the community according to law and justice.

“QLS will lead and promote a strong, independent profession of the highest integrity, which serves the community according to law and justice.”



Council

Rob Davis (President)
Joe Pinder (Deputy President)
Megan Mahon (Vice-President)
Glenn Ferguson (Immediate Past-President)
Don Armit
Ian Berry
Peter Eardley
Lyn Galvin
Raoul Giudes
Brian Kilmartin (Attorney-General's nominee)

Executive committee

Rob Davis (President)
Joe Pinder (Deputy President)
Megan Mahon (Vice-President)
Glenn Ferguson (Immediate Past-President)



front row (l to r): Megan Mahon (Vice-President), Rob Davis (President), Joe Pinder (Deputy President)
middle row (l to r): Peter Carne (CEO), Don Armit, Brian Kilmartin, Peter Eardley
back row (l to r): Raoul Giudes, Lyn Galvin, Ian Berry, Glenn W Ferguson (Immediate Past-President)



Speech delivered to the Queensland Law Society Annual General Meeting on 25 October 2006 by incoming President Joe Pinder

Councillors and fellow practitioners.

It is with very great pride that I address this Annual General Meeting as President.

I joined the Council in 1994 and have served with eleven Presidents and I can honestly say that my sense of commitment, of enthusiasm and of purpose - far from becoming jaded or diminished with the passing of the years - has grown, and continues to grow. There is no greater honour in this profession in this State than to be elected President of the Queensland Law Society and be given the opportunity for a year to occupy the key leadership role.

I have served with remarkable Presidents - all individuals in their own right - who have brought their own skills, talents, perspectives and agendas to this role and I have learned a lot from each and every one. I'm indebted to them for that and indebted to the membership for their continuing support since 1994.

At the President's Dinner at the end of July, I made the point that every President had their fair share of stresses and turmoil during their term of office and that I expected nothing less. I also said then that I was humbled by the trust shown by the membership and that I looked forward to repaying that with dedication, hard work and service. I have held to that undertaking and I will continue to hold to that undertaking until I hand over the responsibilities of this office to my elected successor.

I have made the point in interviews and speeches since my election that it's all about the members. QLS, now with a smaller Council and a leaner organisation in the post *Legal Profession Act 2004* environment has shown itself to be a resilient, pro-active and focussed organisation. The regulatory changes were the catalyst for reforms of the organisation itself and we are much the better for it.

Our member services are recognised as second to none and we are constantly considering new initiatives, continually reviewing and refining existing services and always welcoming of new ideas. That is as it should be and how it will continue to be.

Our library research facilities which provide such a high standard of service for members are at the core of member services and we are committed to ensuring that this standard of service is maintained. We do not try and run away from the fact that there is a review of this service underway and that different options are on the table about how this service could be delivered. In fact, we would be remiss in our responsibility if we didn't seek new and better and more cost-effective ways of delivering this service and - let's be honest - what is important is the quality and immediacy of the service, not how, why and from where it is delivered.

In a robustly competitive environment, we provide high quality compulsory professional development courses and continuing legal education programs and this quality is reflected in the success and acceptance they enjoy. Clearly, we are meeting that need in a cost-efficient, professional way.

When it comes to financial accountability, we have an independently chaired Audit committee to even further improve our strict financial accountability and a new, expanded and more independent Lexon board was appointed and the important work to develop the long-anticipated new risk rated premium model is underway.

I have acted to reach out on behalf of the profession and the Society to key stakeholders and decision makers who are important to the day-to-day professional life of members. So far, two informal lunches have been held and we have been honoured with the attendance of the leading lights of the property, finance and insurance industries and these have been targeted opportunities to press our cause, network with top-level operatives in the public and private sectors, make new contacts and strengthen and enhance existing ones. For what are very modest investments, we reap incalculable benefits for our members.

The two informal lunches already held have proven to be outstandingly successful and they are templates for further similar events.

I believe very strongly in reaching out and, for example, will be attending the Bundaberg District Law Association conference early next month to address local members and to watch, listen and learn. Every Councillor shares my belief that we can only discharge our responsibilities and duties if we remain alert to the majority view on matters of concern.

“Our member services are recognised as second to none.”

Incoming president's speech

In a couple of days or so, we will have a new Attorney-General.

Much has to be done to complete the reform process. Prior to the election being announced, the then Attorney gave us to understand that a Bill comprising a considerable bundle of amendments would be ready for Parliament later this year with the major item to be addressed being the yet unproclaimed provisions in the Act dealing with incorporated legal practices. There are some minor amendments to these unproclaimed provisions.

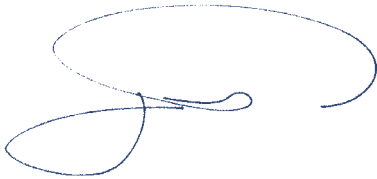
Of course, the election delayed that consideration and the sad resignation of the Attorney has inevitably meant another road bump in terms of delay on the path to a final resolution of these issues but I will be meeting the new Attorney General as soon as possible to brief him and discuss other important issues and I assure you that our advocacy will be firm and well documented. As always, our agenda is first and last the interests of the members.

I have already flagged our belief that the Society should be an independent body, not shackled by the anachronistic requirements of a statutorily incorporated body. The amount of time, resources and money that are required to devote to reporting and compliance provisions is considerable and every dollar would be better spent on member services. Our brother/sister organisation, the Bar Association of Queensland, is not subject to all of this and there is no reason we should either.

Our work for the members can only be discharged confidently and honestly if we listen to the members. We have almost seven thousand throughout the State and each and every one has an equal value and an equal right to be heard.

I welcome very much this AGM - and I am proud to be your President.

Thank you.



Joe Pinder

“ I have acted to reach out on behalf of the profession and the Society to key stakeholders and decision makers who are important to the day-to-day professional life of members. ”



The Annual Report covers my first year as CEO of the Queensland Law Society. I came into this position following 30 years in private practice in Brisbane, including nine years on the QLS Council and a term as President in 1999-2000.

Morale and culture

The solicitors in Queensland and QLS as the member organisation have had to accommodate significant changes brought about by the implementation of the *Legal Profession Act 2004*. For QLS as an organisation, the major impact has been a significant reduction in staff and resources as well as the cultural change from being a regulator of the profession to being solely a member organisation.

Such a fundamental cultural change has had a significant impact on the morale of the organisation. In my first year at QLS I have focused on improving morale and also ensuring that QLS fully embraced the new culture of being solely a member-driven organisation. I believe that in the past 12 months there has been significant improvement in the morale of the Society. This has resulted in a positive flow-on effect in serving our members, the solicitors of Queensland, and key stakeholders.

In addressing the morale issue I was conscious, having been a practising solicitor, that the morale in our profession was also low. For far too long the profession has come to believe its own bad publicity. I wanted to turn this around and have our members take pride in who they are and the excellent service they provide to the consumers of legal services.

To that end, in early 2006, I implemented a marketing campaign: **Solicitors. Your Experts in the Law**. This was a landmark marketing and public education campaign aimed at overcoming old-fashioned public perceptions about who solicitors are and what solicitors do. The cover of the Annual Report is a montage of visuals from the marketing campaign.

An exciting and enterprising initiative, this very visual campaign was spearheaded by a revolving billboard campaign placed on major highways around the State. With supporting promotional products including bus packs, posters, mouse mats, postcards and stickers, reports were received that promotional materials were popping up in local libraries, schools, community displays and legal offices.

As a proud member of the Queensland legal profession, I am, personally, very pleased to have been involved in the development of an innovative and positive marketing campaign that acknowledges and promotes all Queensland solicitors for what we truly are - **Experts in the Law** - and I look forward to using this campaign as a springboard for ongoing promotional opportunities in the upcoming year.

Financial performance

The year delivered a consolidated financial profit of \$7.9m. The Society, as the parent entity, had an operating profit of \$394,417. This is an excellent result that will be invested in continuing to serve the solicitors in Queensland.

The Finance Director, in his report, goes into more detail in regard to the financial performance of QLS.

Audit

In any organisation transparency is most important. The QLS as a statutory body is subject to an audit by the Queensland Audit Office (QAO). This is, as it should be, an extremely thorough process.

As well, an internal Audit committee has been implemented. The committee is chaired by Bill East FCA, former audit partner of PriceWaterhouseCoopers. Mr East brings independence to the role of Chair of this very important committee.

Membership growth

The QLS continues to grow. The Secretary, Bernie O'Donnell, in his report details the growth of the profession.

The statistics of the profession published in the Annual Report highlight the significant proportion of our profession which are under 34 years of age. The demographics of the profession are relevant to how QLS delivers services to its members into the future.

“In my first year at QLS I have focused on improving morale and also ensuring that QLS fully embraced the new culture of being solely a member-driven organisation.”

Legal and policy

An important role carried out by QLS is the preparation of submissions in response to proposed State legislation. Members would have first hand experience of the volume and complexity of the legislation being enacted by the Queensland Parliament. Unfortunately, the practice of government is to provide unrealistically short time periods to respond to proposed legislation. Members are referred to the report of General Counsel, Mal Hinton, which outlines the excellent work carried out by his department. During the year I have ensured that adequate resources are provided to the Legal and Policy department to meet this very important role.

It is in this area that QLS members contribute significantly. This is through the work of the Sections and Committees. I believe that as a member of the profession it is important that we each contribute back into the profession and it is through the work of the Sections and Committees that solicitors are able to contribute worthwhile work.

As can be seen from the General Counsel's report, one of the areas in which a great deal of work was carried out was in relation to the reform of the legal profession. Significant work was done in providing submissions to the Attorney to enable the implementation of incorporated legal practices in Queensland. The promulgation by the Attorney of the ILP provisions contained in the *Legal Profession Act 2004* continues to be a priority for QLS.

Membership services

The area of membership services is the core role of the Society. The Director's report outlines the significant achievements in this area. The delivery of education to our members is important as it ensures the maintenance of a highly-skilled profession well able to service the needs of legal consumers in Queensland.

The results of the Continuing Legal Education (CLE) section have been outstanding in the past year. This is a good platform upon which future growth will occur.

Information technology

As a service organisation, communication is a priority. For QLS to communicate effectively there needs to be a stable and reliable IT platform in place.

There has been a thorough review of the existing IT system and recommendations for improvement. A significant budget outlay has now been allocated to the upgrade of the IT system which will deliver improved stability and performance. This will also improve access to our web-based services for members.

Acknowledgement

The outstanding performance delivered by QLS in the 2005/06 year is due to the contribution of all who play a part in this organisation. It has been a team effort.

I thank the President, the Council and all the great staff at QLS for their valuable contribution.



Peter Carne

Good corporate governance is essential to ensure our strategic goals, performance targets and operational objectives are met within our legal and policy framework. Strict adherence to best practice corporate governance principles is unconditional at the Society.

Our procedures, policies, practices and operation are founded on a clear determination to operate ethically, honestly and effectively and a belief that performance must be benchmarked to the highest standards.

Representing and promoting the profession are our primary responsibilities and those tasks can only be done in a planned, coherent way if we have a system that allows flexibility, ongoing review, accountability and secure safeguards against any possible failure.

Our commitment to achieving the best possible organisation extends naturally to ensuring that have the best available people and that our team is dedicated to our core beliefs.

Council

The Society is governed, under the *Legal Profession Act 2004*, by an elected Council of not less than seven and not more than twelve members namely:

- an Australian legal practitioner appointed by the Minister
- the President, any Deputy-President and the Vice-President and
- members of the Society, elected or appointed under a society rule.

In addition to the members listed above, the Immediate Past President is a council member for the year following that person's presidency.

Elections for Council are held in June of every second year, with full Society members eligible to vote. The President is elected for a term of one year, with the Deputy-President succeeding to the office of President at the beginning of the second term.

Council meets regularly throughout the year and provides the policy directions for the Society. A network of Sections/Committees in a wide range of areas assists Council in the performance of its duties.

The current Council members are:

Rob Davis (President)
 Joe Pinder (Deputy President)
 Megan Mahon (Vice-President)
 Glenn Ferguson (Immediate Past-President)
 Don Armit
 Ian Berry
 Peter Eardley
 Lyn Galvin
 Raoul Giudes
 Brian Kilmartin (Attorney-General's nominee)

Executive committee

Four (4) members of Council, including the President, form the Executive committee.

The committee usually meets every second month or when necessary. The role of the Executive Committee is to assist Council with administration of the Society and implementation of Council's directions.

The current Executive committee members are:

Rob Davis (President)
 Joe Pinder (Deputy President)
 Megan Mahon (Vice-President)
 Glenn Ferguson (Immediate Past-President)

President

The President leads the Council and ensures it focuses on its key role of setting the corporate direction and goals and monitoring the performance of the Society.

In this role, the President's responsibilities include:

- chairing Council and Executive Committee meetings and setting the agenda for business conducted at those meetings
- ensuring an effective flow of information between the Council and the organisation, through the CEO
- representing or speaking on behalf of the Society in discussions or negotiations with key stakeholders, including the media, government, the judiciary, the Bar Association, the Law Council of Australia, and other Law Societies
- monitoring and reviewing the performance of the Council, CEO and the organisation
- consulting and communicating with members to ensure their views are heard and understood in Council - a responsibility shared with all Council members.

The President works closely with the CEO to ensure effective corporate governance and this includes facilitating the contribution of Council members to particular projects and activities as detailed in the annual business plan.

Within this framework, it is common for a President to bring a specific emphasis to one or more key issues when he/she comes into office and this is an important factor shaping priorities of the Council and the organisation during the term of his/her presidency.

Chief executive officer (CEO)

The CEO is accountable to Council for overall performance. The Council sets the strategic agenda by determining its overall goals, priorities and policies and the CEO manages the organisation to ensure resources are focused to deliver the services agreed by Council in the annual business plan.

The CEO also plays a key role in the development of the strategic direction by Council by identifying and analysing strategic risks and opportunities, political issues, member needs, formulating high level and detailed strategies and informing Council of issues and developments.

The role of the CEO includes:

- developing and overseeing implementation and reporting to Council on the annual business plan and budget
- ensuring sound financial management, including compliance with relevant financial management standards and legislation
- ensuring sound corporate governance policies and mechanisms
- representing the Society to Government and other key stakeholders and ensuring the views of the Society are communicated effectively
- representing and marketing the Society at seminars, presentations and conferences
- contributing to national and international forums including the Law Council of Australia, LAWASIA and the International Institute of Law Association Chief Executives
- leading and providing direction to the Senior Management Team
- overseeing the development and continued improvement of the Society's staff, technologies, assets, systems, policies, work practices and procedures to ensure effective and efficient operations.

Senior management team

The Senior Management Team (SMT), the body responsible for the day to day running of QLS, is chaired by the CEO and includes all directors and senior managers. The President can attend by invitation.

The SMT generally meets fortnightly. At every meeting directors give a brief oral report on the activities and achievements of their departments since the previous meeting and highlight any significant issues for discussion.

Issues relevant to the strategic direction of the Society are discussed as the SMT is primarily responsible for the implementation of the Corporate Planning process.



July 2005: The QLS night of the year, marking the presidential changeover, is held at Customs House. The event also marks the first day in office for new Attorney-General and Justice Minister Linda Lavarch.
pictured from left to right: incoming QLS President Rob Davis, Qld Attorney-General the Hon Linda Lavarch MP, QLS Councillor Lynette Galvin, Bryan Galvin

Finance and administration

The *Financial Policy and Procedure Manual* - which is available to all relevant officers - has been updated recently to ensure compliance with legislative requirements and sound financial governance guidelines.

Internal controls are in place to ensure protection of assets and revenue. The CEO reviews internal controls on an ongoing basis to ensure continued applicability and relevance.

The Audit Committee is reviewing its charter to determine whether its role should be expanded to incorporate the risk management framework and policies.

The Finance department has responsibility for managing investments - specifically the professional indemnity insurance funds. An independent investment consultant is retained to give advice to the Council and that advice, in conjunction with actuarial reports, ensures investment time horizons are matched to the expected claims liability profile.





Management profiles

Peter Carne BA LLB FAICD MAIM

Peter commenced as the Chief Executive Officer on 6 June 2005.

Peter has extensive experience as a practising solicitor having prior to commencing as the CEO, been in private practice for 30 years. During that period he was a partner in a Brisbane CBD law firm for 25 years. In 1992 Peter was elected to the Council of the Queensland Law Society. He held various positions on QLS committees. He was President of QLS from 1999-2000. He then held the position as Chair of the Specialist Accreditation Board.

Peter is a Director of Lexon Insurance Pte Ltd and the College of Law (Qld) Pty Ltd. He is a Fellow of the Australian Institute of Company Directors (FAICD).

He was awarded the Centenary Medal for his contribution to the legal profession.

Secretary to the Society

Bernie O'Donnell LLB

Bernie O'Donnell is a graduate of Victoria University, Wellington, New Zealand. He was admitted as a Barrister & Solicitor of the High Court of New Zealand in 1973 and the Supreme Court of Victoria in 1984. He was admitted as a Solicitor of the Supreme Court of Queensland in 1985. He practised as an employed solicitor, a sole practitioner, a partner in private practice and as the Officer-in-Charge of the Legal Aid Office at Maroochydore prior to joining the Society in 1989 as a solicitor in the Law Claims department. He became Assistant Secretary/Insurance Manager in 1996, Deputy Secretary of the Society in 1998 and Secretary in 2002.

General Counsel

Malcolm Hinton LLB (Hons) LLM GradCertAppMgt

Malcolm Hinton is a graduate of the Queensland University of Technology. His professional qualifications include: solicitor of the Supreme Court of Queensland, barrister of the Supreme Court of New South Wales and solicitor/barrister of the Supreme Court of the Australian Capital Territory. His career background includes working as a police officer in Queensland and East Timor, working in private practice and he was previously the Society's General Manager of Legal Investigations and Prosecutions and Director of Professional Standards.

Director, Professional Standards

David Franklin BBus

David Franklin completed a Bachelor of Business Degree at the Central Queensland University. He has been a CPA (Certified Practising Accountant) since 1976. He joined the Queensland Law Society as an investigating accountant in January 1985. He was the Manager of the Society's Audit branch from 1989 to December 2002 and the Assistant Director of the Professional Standards department from 1994 to 2002.



Director, Finance

Anthony Walduck CA

Anthony completed a Bachelor of Commerce at the University of Queensland and has been a member of the Institute of Chartered Accountants since 1994. Prior to joining the Society as Director of Finance he has held the roles of Finance Manager for QBE Insurance Group in Malaysia and Papua New Guinea, Audit Manager for PricewaterhouseCoopers in Brisbane and Papua New Guinea and Business Analyst for Suncorp.

Director, Membership and Corporate Services

Peter Lyons LLB LLM MA (Justice Studies)

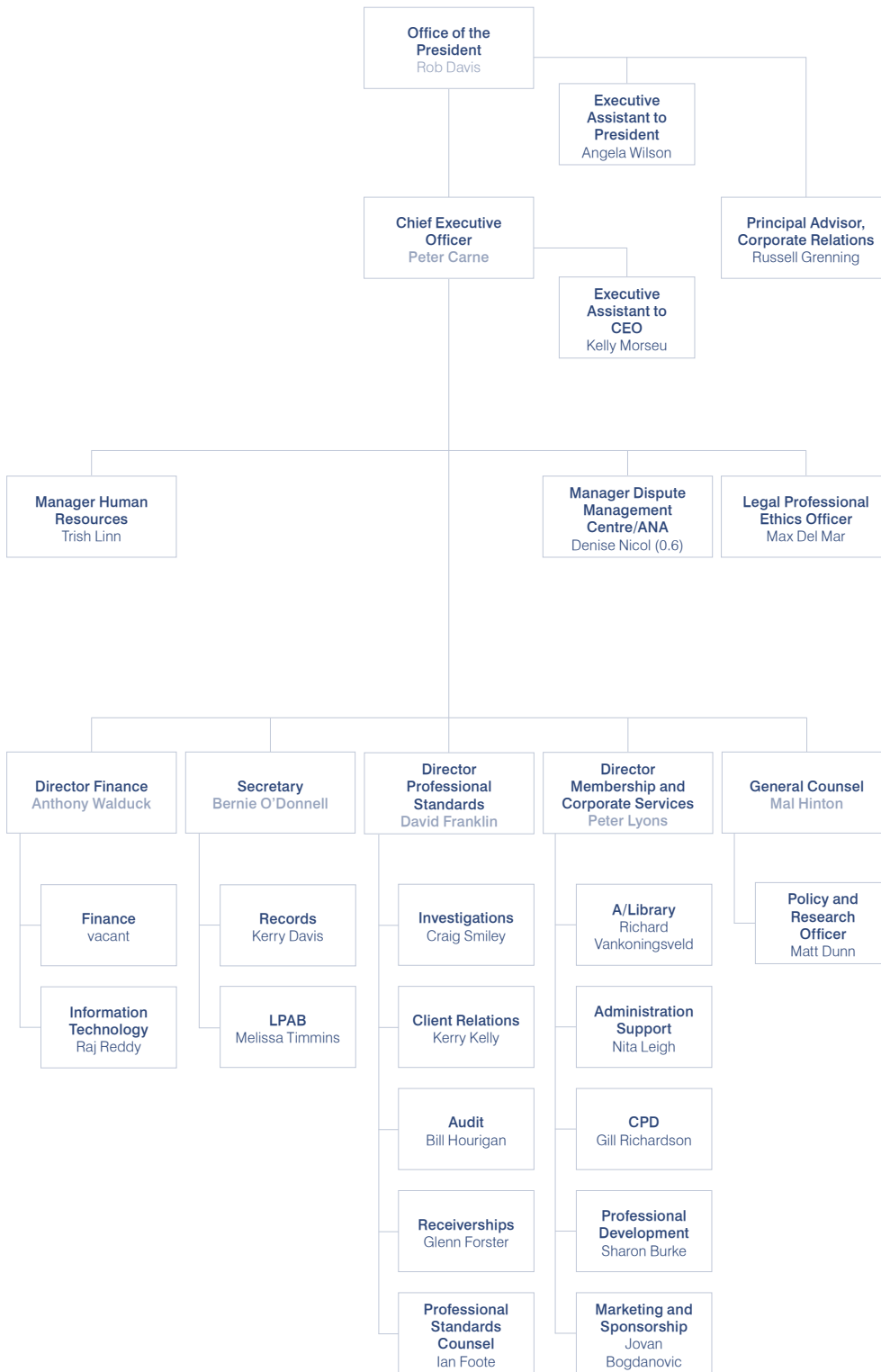
Peter Lyons is a graduate of the Queensland University of Technology and was admitted as a solicitor in October 1986. He was further admitted as a solicitor of the High Court in 1990 and admitted as a barrister of the Supreme Court of Queensland in 1995. He began in his current position with the Society in October 2004 and previously had been Deputy General Counsel and Manager, Investigations. He held legal positions with the Crime and Misconduct Commission and was a practitioner for 10 years in private practice.

Manager, Human Resources

Patricia Linn DipBusSHRM DipBusPMER

Patricia has over 20 years experience in human resources both in consulting practice and in management roles in both NZ and Australia. Patricia has special expertise in Strategic HRM, Change Management and Organisational Development having worked across a broad spectrum of organisations both in the public and private sector. Patricia has introduced a blend of strategic and best practice to the Society and has an interest in providing members with support in growing strong businesses based on sound Human Resource principles.

Organisational chart
as at 30 June 2006



Membership and corporate services – a year of consolidation

The core commitment of the Society is to provide professional, innovative and worthwhile member services. The year was a time of consolidation for membership and corporate services and key internal contributors - professional development (incorporating continuing legal education, practice management and specialist accreditation), continuing professional development, publications, library, administration and membership marketing and sponsorship - have developed and strengthened and introduced new services to practitioners.

Professional development

The Professional Development section amalgamated core educational programs into one cohesive section which includes:

- continuing legal education
- specialist accreditation
- practice management course
- schools and community education service, and
- business partners.

Continuing legal education program

In the past two years, the Society's continuing education program has witnessed unprecedented growth.

CLE continues to provide relevant, topical and informative educational programs with the assistance of valuable practitioner input. Highlights of the CLE year included the introduction of a regional CLE program, the 2006 Symposium, expanded use of video conferencing to reach remote and regional practitioners, the successful marketing of the CLE program and increased emphasis on educational research and development of programs.

In 2005/06 the CLE section successfully ran 165 conferences and seminars.

The CLE curriculum continues to provide a diversity of events and non-traditional programs into the core program, including the Soft Skills Series and Newsflash Series. In 2005 the CLE program moved to an 'events by series' format. This style of programming allowed members to identify an event that would most suit their needs. All in house seminars offered by CLE are made available by video conferencing facilities to regional ports or DVDs. The continued expansion in both event numbers and topic diversity will continue.

Specialist accreditation

The Specialist Accreditation program continues to grow, with a criminal law, commercial law and business law programs being added. The Specialist Accreditation Conference in March 2006 was a resounding success, with almost 300 practitioners attending this multi-streamed specialist event.

In March 2006 the Society launched the Specialist Accreditation newsletter, an industry newsletter targeting specialisation-specific areas of interest to accredited specialists. This newsletter received significant positive feedback and consequently an e-newsletter is now published quarterly.

Being a formal accreditation program, all specialisation programs require a significant personal commitment of committee members' time and expertise. From reviewing initial applicants, to setting program guidelines to undertaking formal assessment procedures, all 'expert' committee members volunteer substantial hours of expertise to ensuring the success of those programs-at no cost to the Society.

With plans for new programs to be introduced, specialist accreditation remains an integral element of the Society's Professional Development section.

Practice management

2005/06 saw the introduction of a more streamlined and practitioner friendly Practice Management Course. In recognition of the continuing demands placed on practitioner's time the course was, in conjunction with the business school of the University of Queensland and College of Law, reviewed and on line learning modules introduced to replace the mandatory requirement for written assignments.



July 2005: More than 50 practitioners lather up at the Simulated Opposed Action Program (SOAP) workshop with Justice James Barry.

Further, the mandatory requirement for attendance at face to face presentations was reduced from four to one day.

For the first time the Society was able to offer a tutorial day in Cairns to avoid practitioners in Northern Queensland having to attend at Brisbane. It is hoped, subject to practitioner numbers, to increase the number of regional tutorials in 2007.

Schools and community education scheme (SCES)

Formerly called the Schools and Higher Education Scheme (SHES), a more 'pastoral' approach was introduced into this program - with a change of name being the first step in reflecting the expanded focus of this subscription service. The SCES subscriber magazine, *The Verdict*, also reflected this community approach by adding informative articles from respected community organisations. Further activities in which the SHES participated include:

- 2005 Art Competition - entries were received from a significant number of schools through Queensland, winning entries were featured in the 2006 QLS calendar
- Law Week - the Society participated in a one-day trade show held at the Magistrates Court at Brisbane
- QLS tertiary essay competition - to encourage greater engagement with tertiary law students, the Society ran a successful essay competition to which all universities contributed
- fact sheets - the Society launched a series of 'fact sheets' to replace the outdated resources packs, a wide cross section of members and other external organisations contributed to the content of these fact sheets
- State Legal Educators' Conferences - the Society successfully ran the annual conference which was capped to 200 registrants; in recognition of the increasing number of trainee and young practitioners attending the conference and the changing focus of SCES, the conference was expanded in 2006 to include seminar content for young lawyers.

Continuing professional development

The Queensland Continuing Professional Development (CPD) Scheme was introduced by Council in 2004, in response to changes to the law and the environment and has completed its' inaugural year on 31 March 2006.

Under the *Queensland Law Society Administration Rule 2005*, the Council established a CPD Committee with jurisdictional powers to:

- administer the CPD program
- establish and publish procedures and guidelines
- make recommendation to Council for amendments to the program
- quality assure CLE external and in house providers
- hear applications with respect to exemptions, and
- recommend to Council that action be taken against a practitioner for failing to fulfil CPD obligations.

The Committee has been active during the CPD scheme year, reviewing submissions and applications received from the profession and external education providers and playing an integral part in making recommendations to Council for amendments to the Administration Rule. One such amendment resulted in the change of term from Accreditation to that of Quality Assurance for in house and external course providers. The Quality Assurance program has been favourably embraced by the Profession with over 100 Quality Assured Providers being endorsed during 2005/06.

Towards national CPD guidelines

At a meeting on Friday 4 November 2005, and at the instigation of the Society, a National CPD Taskforce was formed to discuss existing and proposed CPD schemes throughout Australia. The Taskforce consisted of representatives for the majority of Australian law societies and regulators. The purpose of the meeting was to consider whether national guidelines should be developed to identify areas where harmonisation might be achieved, taking into account the *National Legal Profession Model Laws*. Due to the Society's initiative, a draft national statement is currently being developed by the Taskforce and it is envisaged this document will prompt discussion amongst those involved in the provision of post-admission legal education and will assist the development of national guidelines for continuing post-admission education.



August 2005: More than 170 delegates attend the inaugural QLS Criminal Law Conference at Parliament House, soaking up a wide range of topics, including 'Has the pendulum swung too far in the direction of victims?'

Publications

Proctor

The Society's flagship publication, *Proctor*, continued to gain in both popularity and size during the year, with its official Circulation Audit Bureau (CAB) circulation increasing to more than 7000 copies per issue and its regular size increasing from 60 to 68 pages in response to growing advertising demands.

Editorially, *Proctor* continued to lead the way as the chief publication within Queensland's legal fraternity, engaging readers with legal news and case notes, industry information and feature interviews that, during the year, included Attorney-General and Justice Minister Linda Lavarch MP, magistrate Di Fingleton and Chief Justice Paul de Jersey AC.

Proctor also highlighted the need for a work-life balance by including non-legal features on topics as diverse as fashion and buying an apartment in Paris, along with a regular wine column, DVD reviews and humour.

The Society's weekly electronic newsletter, *QLS Update*, was upgraded to a fresh format during the year, and continues to provide practitioners with up-to-date legal news and information. The Publications section was also involved in the continuing development of *Newsletter of the Law* and the transition of SCES publication *The Verdict* from an online to hard-copy format.

Library

The Members' Library provides legal research and document delivery, and there were many positive changes to these services.

Addlib

Addlib continues to be published monthly, no longer sent in hard-copy, but downloadable PDF available from the website. New content added to *Addlib* includes book reviews, a monthly Spotlight feature on a subject of current importance, and summaries of Queensland quantum decisions.

The monthly library page in *Proctor* continues with a focus of providing practical information for practitioners on accessing information from the QLS webpage.

Research facility

The research capabilities provided by the library have been upgraded to provide online subscriptions from the CD format or the printed format. The library has a highly resourced legal collection which is monitored and upgraded regularly.

The research facility continues to be well used by membership. Although an increasing amount of information is now freely available online, the library still completed 7184 requests in 2005/06. Members can request by fax or online through the website. The majority of requests are now received online. New scanning equipment purchased for the library means information can now be sent to members more efficiently via email.

The library continues to promote the use of online subscription services which are available to members who visit the library. The number of visitors to the library increased from last year to 3526, with a significant number of College of Law students now using the library. The library has purchased software that will enable an online current awareness service for members to be created. This will alert members to new journal articles and library resources matching their specific areas of interest. This service is still currently under development.

Membership services

In 2005/06 the Society looked at ways of increasing its profile with members by testing their reactions to a number of events not traditionally staged by the Society. The Society wanted to move beyond the bounds of continuing legal education and regulation and broaden its appeal to members. Stronger ties with members will increase the relevancy of law society membership and in turn attract more members.

All services provided by the Society are of benefit to members and not just the commercial benefits offered by third party providers. The member engagement strategy succeeded in increasing members' awareness of the benefits of membership.

Each event was designed to engage members, be cost neutral, and enhance the reputation of the Society. In promoting these events a stronger working relationships between the Society and Queensland law firms has developed.



September 2005: QLS members learn all about new Attorney-General and Justice Minister Linda Lavarch in a feature interview in *Proctor*.

The campaign demonstrated that by creating an environment for a 'professional community', that up to 40% of members chose to interact with their law society through these new events within the first year. Of note is that the society stayed within its traditional communication channels to expand its relevance to its members. Indicating that members both actively use the Society's communication channels to gain information and that members were also willing to be involved in these non-traditional events. These new events in themselves are part of the benefits of membership and this campaign clearly demonstrated an increase in awareness and acceptance of those benefits.

In its first year, the member engagement strategy managed to strengthen its relationship with over 3100 members choosing to interact with their society through the following events:

Dreamworld family fun day

Over 180 members and their families took advantage of the reduced ticket price to enter Dreamworld on the designated Queensland Law Society Family Fun Day.

Toshiba smartest lawyer competition

In its inaugural year the competition managed to attract participants from around Australia and overseas with the majority of the 80 entries from Queensland. The competition uses a combination of online, timed questions covering general knowledge, trivia and brainteasers released to participants over four weeks. The Society understands it is the only competition of its kind in Australia for any profession, let alone the legal fraternity. Prizes to the value of \$3500, \$1200 and \$200 were awarded to the winners and runners up. Furthermore there were lucky door prizes to the value \$500 provided on the evening. If an increase in participation can be achieved over the next year or two, we anticipate taking the competition to the profession nationally.

AMEX QLS touch football competition

The very first QLS mixed touch football competition was held in September 2005, attracting 23 teams, with an estimated 350 participants and supporters attending on the day. Congratulations to Legal Aid Queensland as the inaugural winners and to Jensen McConaghy as inaugural runners up. WHD Lawyers received an encouragement award for their efforts.

Shirt studio shopping nights

Brisbane retailer Shirt Studio invited Society members to several 'member only' shopping nights. These well supported events measured their member satisfaction in shopping bags.

Women in law cocktail function

As part of the events to celebrate 100 years of women in the law in Queensland the society held a successful cocktail function for 160 delegates.

Barefoot bowls

In conjunction with Queensland Young Lawyers, the Society held its first Barefoot Bowls competition at Booroodabin Bowls Club.

Boutique wine tasting evening

A wine tasting evening held at the society attracted 50 young lawyers and wine buffs to a participant funded evening.

Movie ticket giveaways

QLS Update includes a regular competition for members to win a movie tickets to selected screenings at the Dendy Cinema in Brisbane by answering a riddle. In the 2005/06 financial year, just under 5000 entries have been received from 1600 participants who tried to win a seat at the movies.

iPod giveaways

In conjunction with the introduction of online renewals, members went into a draw to win one of three Apple iPods provided by QLS Home Shopping. Two Apple iPods were provided for regional members and one for Brisbane members as prizes for practitioners who completed their renewals online. Over 680 members participated.



September 2005: Some 23 touch footy teams take to the field to battle for the inaugural AMEX QLS Touch Challenge Trophy. The end of the day sees Legal Aid Queensland triumph over Jensen McConaghy.

Member benefits

The financial year saw the introduction of a number of new benefits to Queensland Law Society members. Council approved the following guidelines when considering a third party service provider to become a 'member benefit' provider.

Criteria for defining a member benefit

On 2 December 2004 the Council considered a submission of the Membership Committee entitled *Membership Development Plan 2005-2006*. Upon review, the Council resolved to authorise the implementation of the membership development plan.

A strong member benefits program will both support the *Membership Development Plan for 2005-2006* and at the same time create a revenue stream for the Society.

There are many benefits to membership of the Queensland Law Society. One of which is access to third party commercial benefits. In order for the products and services of a third-party commercial provider to be considered of benefit to the membership of the Society it is respectfully submitted that the following criteria need to be assessed.

- 1 *The products or services on offer can be considered of benefit to members and that any price reduction represents a genuine discount:*
 - (a) *the product or service must be accessible to all members across Queensland*
 - (b) *the benefit or discount could not have otherwise been facilitated individually by members.*
- 2 *The providing organisation agrees to a regular level of reporting:*
 - (a) *acquisition rates must be measurable*
 - (b) *the success of promotions can be gauged.*
- 3 *The Society can demonstrate a financial return from the relationship that can manifest itself in either one or a combination of the following:*
 - (a) *payment to the Society based on acquisitions*
 - (b) *advertising or sponsorship arrangements with the Society*
 - (c) *conference lucky door prizes*
 - (d) *savings to members.*
- 4 *Members must want the service:*
 - (a) *there must be a minimum demand for the service as set by market forces and experiences in other markets*
 - (b) *members may demand the service to be included.*
- 5 *The Society is not at risk by being involved with the providing organisation:*
 - (a) *there must be sufficient safeguards to protect the Society's intellectual property.*

Advertisers and sponsors who offer products or services which fall outside the scope of these criteria may be no less important to members; however, organisations that facilitate their relationship solely with members through the mechanisms of sponsorship and advertising cannot be considered as member benefit providers.

There is an increase in the number of members who take advantage of the products and services provided by the Queensland Law Society as member benefits. For instance, the number of members who use the Automotive and Car Broking Service has doubled in the last year.

There has also been over a 70% increase in the number of members who have acquired a Queensland Law Society American Express Card over the last year. All indications are that number will continue to grow with the introduction of QLS American Express Gold Business Card and QLS Platinum Card.

The year also saw the introduction of the ING Professionals Life Plan, QLS Home Shopping, Stella Resorts (now VIP Lounge) and the re-launch of Hertz car rentals and QANTAS Club Membership.



NEW: QLS MEMBER SHOPPING SERVICE!

SAVE \$340 SONY \$1159

SAVE \$1190 LG \$3089

SAVE \$50 LG \$359

let's go iPod shopping . . .

all-new iPod Nano Shuffle iPod U2

From \$224 From \$144 Just \$104 From \$444

QLS Home Shopping - From iPod to plasma, kitchen to laundry

QLS Home Shopping offers quality information, services and attractive savings in over 1000 products ranging from consumer electronics, home theatre systems and appliances to PCs, digital cameras and more.

QLS members are guaranteed substantial savings on consumer products from manufacturers such as Toshiba, Hitachi, Kenwood, LG, Kenmore, Apple, Sony and more others, with thousands of products ranging from the most cutting edge to tried and tested high standards. It is convenient, safe and cost-effective for you. All purchases are delivered to your door and are guaranteed to be the best value for your money.

QLS Home Shopping members have been delighted for you to view the full catalogue of products and prices online. To receive our latest member information, visit the site today or call 1300 655 062 and save you retail prices again!

www.qls.com.au

Check the website for the latest specials, the best deals, member news etc.

The QLS website is a member benefit from best use of the internet. By using the internet you provide ongoing support of QLS member services.

and more great benefits . . .

American Express Apply today for the QLS Gold Card! Phone 1300 655 062

AMP Save thousands with the QLS home loan package. Phone 1300 655 062

Autoservice Buying & Finance Service Buying is so easy! Save time and money. Phone 2415 100 000

Hertz Car Rental Save on car rental rates for business & leisure. Phone 13 24 38 38 and loans 027 118 118

Qualitas Club Save on QLS Club membership. Phone 2415 100 000

Carfax Gold Standard The best way to manage your car expenses. Phone 01 3462 9815

Farrell Moore Pty Ltd Specialists in providing advice on all aspects for the protection of you, your family, your business. Phone 41 228 1122

QLS Shopping Service Members only! Save again! Call 1300 655 062 - members only!

More services >>>

October 2005: QLS members get stuck into Christmas shopping with the arrival of the QLS member shopping service, providing a huge selection of electrical goods at heavily discounted prices.

Income stream from member benefits

The Society continues to receive a financial benefit from members' use of these services. These funds are then used to provide further services to members.

Members' privacy and member benefits

The Society respects the privacy of its members and does not supply personal details to any third-party service provider. QLS may use a mailing house to send information to members' work postal addresses to keep them informed of current member benefits. Mailing houses do not retain members' details.

Administration

The Administration branch has delivered timely and professional services for staff, members of the Society and external stakeholders throughout 2005/06. Administration continues to develop and implement procedures to facilitate the efficient daily running of the Queensland Law Society encompassing the areas of call centre, reception and room reservations, catering, purchasing, publications, and general administrative support services.

The Call Centre provides a professional 'first point-of-contact' that has met the needs of members and the general public. During the period, May 2005 to June 2006, the centre has given 35,554 referrals to our member practitioners and specialists registered with this legal advice referral service.

There has been a substantial increase in reservations of the facilities, resources and use of catering services, in particular, the Auditorium and the Mediation Centre. These services have been delivered in a professional manner by Reception in conjunction with the Functions Coordination section to meet the requirements and expectations of both our internal and external clients. Videoconferencing is a new facility offered and members are beginning to utilise this service especially in the area of Mediation.

Administration's purchasing policies continue to meet Queensland Audit Office guidelines. Our purchasing initiatives have included the procurement of new technology across photocopying and scanning services to enhance the electronic delivery of Council and Executive agendas. These scanning facilities have allowed the concept of a paperless environment to emerge and this has been embraced by the Client Relations Centre.

QLS public information brochures continue in popularity not only with our members but also with associated professions who use these resources to service their clients and ultimately promote our members. Update 9 of *Land Titles Practice Manual*, published in conjunction with the Department of Natural Resources, Mines and Water, has included major changes to the *Land Title Act* as well as the *Water Act* and members have been eagerly awaiting this next release. This publication is also sought by associated professions apart from our members.

The Society has successfully negotiated a contract for the next three years with a supplier for the *QLS Diary*. In addition, the contract includes penalty clauses to encourage timely delivery and distribution to meet the needs of members.

In addition to general administrative support provided to all sections of the Society, Administration has provided dedicated administrative support to *Proctor* advertising, subscription and distribution as well as the Dispute Management Centre.

Building Services have continued to work cooperatively with Society, Body Corporate members and tenants of Law Society House giving prompt attention to ongoing maintenance of premises, facilities, equipment, plant and security. In accordance with *Workplace Health and Safety Act 1995*, safe work practices have been promoted across Law Society House. A tender process, in conjunction with Architect's Bligh Voller Nield, has been undertaken for façade rectification to address water ingress to Society floors with these works to be completed by mid December 2006.

Peter Lyons

Director, Membership and Corporate Services



October 2005: The QLS stars at the LAWASIA Conference on International Trade Law in Ho Chi Minh City, with president Rob Davis, past president Glenn Ferguson, CEO Peter Carne and the chair of the QLS International Relations Section, Rob Winter, in attendance.

Finance and information technology

During the year the Society changed its financial year from 30 April to 30 June to better align itself with the whole-of-Government financial period, resulting in a one off 14 month reporting period. All funds and subsidiaries operated by the Society now share the same reporting period which has aided to simplify the reporting processes and brought the Society in line with the Government's funding year.

I am pleased to report the consolidated financial result for the Society was a profit of \$7.9m. The consolidated result includes the Society's private membership activities, the professional indemnity insurance company Lexon Insurance Pte Ltd and the Law Claims Levy Fund, and the regulatory responsibilities imposed by legislation.

I encourage all members to review the financial statements which provide a thorough analysis of the Society's financial position, however as a summary, the key contributors to the result include:

Parent entity, Queensland Law Society Incorporated

- increases in membership service and event revenues with the number of courses and resources offered and participants increasing significantly following a restructure in the CLE department, combined with booking of a additional revenue in relation to the Law Asia conference held in the prior financial year
- increases in investment income due to increased funds managed as a result of the timing of payments combined with increased investment returns achieved following market movements
- reversal of the previously written down investment in Lexon Insurance Pte Ltd
- the 14 month financial period has resulted in 14 months of expenditure, however, certain income streams (ie membership fees) include only 12 months of income.

Lexon Insurance Pte Ltd

- underwriting profit of \$157k, with only the 2003 year not reserved above the company retention limit
- investment returns of \$5.3m as a result of increased funds under management combined with another above average year of investment returns
- while this is a solid result for the company the Board is required to increase the capital base in the short term to ensure the company remains solvent to met all likely future claims. This is balanced against retaining the premium at the lowest possible level.

During the year the Audit Committee was extremely active in reviewing and implementing additional financial policies to ensure the Society continues to have sound fiscal management.

Information technology

Information technology is an area of growing importance to the members as more information is made available electronically. The year just past has been extremely challenging with a large number of projects being undertaken combined with some significant issues being identified throughout the year which caused some instability with the web platform.

The start of the year saw the Society focused on finalising the conversion of the web site which commenced the year before - this was no small exercise. Since taking over in February, the Society has had two reviews finalised with some major changes being made and planned to improve the performance of the department.

The most significant changes have been improvements to the help desk, an upgrade to the firewall to allow greater volumes of traffic combined with increased stability and the planned rollout of new web servers which will provide increased reliability.

We hope to enhance the web site and features to make the members' experience more enjoyable.

Anthony Walduck
Director, Finance



October 2005: Another popular annual conference, this one on succession law, draws droves of practitioners to the Novotel Brisbane for the one-day event.

Professional standards

As a result of the Society's decision to change its reporting period to the twelve (12) month period ending 30 June, rather than the twelve (12) month period ending 30 April, this report of the department's activities covers the fourteen (14) month period from 1 May 2005 to 30 June 2006.

The department, managed by David Franklin, consists of four operational branches:

- Complaint Investigations
- Client Relations Centre
- Audit
- Fidelity Fund/External Intervention.

The Professional Standards Committee, a Committee of the Council of the Queensland Law Society Incorporated, oversees the operations of the Complaint Investigations, Audit branch and the Client Relations Centre. The Committee, which met monthly, was chaired by former Council member Michael Meadows. The other members of the Committee were immediate past President, Glenn Ferguson, Council members Ian Berry, Raoul Giudes and Brian Kilmartin, and lay members, Bill East and Ken Hinds.

The Committee of Management, another Committee of the Council of the Queensland Law Society Incorporated, oversees the operation of the Fidelity Guarantee Fund and in particular, the consideration of claims made against the Fund by clients who claim to have suffered financial loss as the result of a dishonest default by an associate of a law practice. This Committee, which met bi-monthly during the reporting period, was chaired by the Society's Vice President, Megan Mahon. The other members of the Committee were Council members Don Armit and Peter Eardley, and former Council member, Ian Hughes.

Complaint investigations

Since 1 July 2004 when the Legal Services Commissioner ('the Commissioner') became responsible for the receipt and investigation of complaints about practitioners and law practice employees, the branch's role has been to:

- investigate complaints allocated to the branch for investigation by the Commissioner
- prepare reports to the Commissioner in respect of investigations
- make recommendations as to whether complaints should be dismissed, or result in disciplinary action
- prepare draft disciplinary applications and compile briefs of evidence in support thereof for those matters that are the subject of a recommendation to take disciplinary action.

The Complaint Investigations branch was managed by Craig Smiley, who was assisted by 7.6 full-time investigators and a senior solicitor who had the task of finalising the department's reports (with draft disciplinary applications and briefs of evidence) when the recommendation was that disciplinary action be taken.

At the beginning of the period (1 May 2005), the branch was investigating 542 complaints, most of which were made to the Society before the Commissioner became responsible, on 1 July 2004, for the receipt and investigation of complaints.

The Commissioner set the Society the target of finalising, before 30 June 2006, the investigation of all complaints made to the Society before 1 July 2004. The Investigations staff of 7.6 full-time investigators included 2.6 full-time investigators, engaged on a contract basis to 30 June 2006, to help achieve this goal.

During the fourteen (14) month period, the Commissioner assigned to the branch a further 376 new complaints to investigate. Accordingly, the branch was responsible for investigating 918 complaints during the fourteen (14) month period ended 30 June 2006. The investigation of 756 of these complaints, including all complaints that were made before 1 July 2004, was finalised during the period. The number of complaints being investigated by the branch as at 30 June 2006 was 162.



November 2005: Surprised *Proctor* readers open the November edition of their magazine to find its first fashion spread, an eight-page special feature starring six game practitioners modelling gear for the festive season.

The Council of the Society have delegated to the Director, Professional Standards and the Manager, Complaint Investigations the power to recommend to the Commissioner that a complaint be dismissed, pursuant to s274(1)(a) of the *Legal Profession Act 2004*, if it is their assessment that there is no reasonable likelihood of a disciplinary body making a finding of professional misconduct, or unsatisfactory professional conduct in respect of the conduct complained about. Of the 756 complaint investigations finalised during the 14 month period, 621 were the subject of a recommendation by the director or the manager that the complaint be dismissed pursuant to s274(1)(a).

The remaining 135 complaints were referred to the Professional Standards Committee and were dealt with by the Committee as follows:

Recommended to the Commissioner that the complaint be dismissed pursuant to s274(1)(a)	26
Recommended to the Commissioner that the complaint be dismissed pursuant to s274(1)(b) in circumstances where it was considered there was a reasonable likelihood of a finding of professional misconduct, or unsatisfactory professional conduct, but it was in the public interest to dismiss the complaint	47
Recommended that the complaint investigation be placed in abeyance, or made no recommendation	3
Recommended to the Commissioner that disciplinary action be taken against the relevant practitioner, or practitioners	59
Total	135

It is reassuring that most of the Society's recommendations are adopted by the Commissioner. During the reporting period, there have been:

- nine instances (a little more than 1%) where the Commissioner decided to take disciplinary action when the Society recommended that the complaint be dismissed
- eight instances (a little more than 1%) where the Commissioner decided to dismiss a complaint after the Society recommended that disciplinary action be taken.

As a result of having finalised the backlog of complaints and the Commissioner's decision to assign more of the complaints to his staff to investigate, the Society has, with effect from 1 July 2006, reduced the size of the Complaint Investigations branch to five investigators, including the Manager, and 1.5 administrative assistants.

Client relations centre

The Client Relations Centre ('the Centre'), managed by Kerry Kelly, was staffed by two full-time Client Relations Officers, one part-time Client Relations Officer and one administrative assistant.

Since the Legal Services Commissioner became responsible for the receipt and investigation of complaints, the Centre's main function has been to act as an early intervention unit by taking telephone calls from members of the public with concerns about the manner in which legal services have been provided to them by law practices.

The Centre takes a proactive approach to negotiate outcomes satisfactory to the member of the public and the law practice. This is usually achieved by making a series of telephone calls to the enquirer and the law practice. On occasions, the Centre facilitates a mediation process.

The Centre also receives telephone calls and written communications, on a confidential basis, from solicitors and other law practice employees seeking ethical advice.

During the fourteen (14) month period from 1 May 2005 to 30 June 2006, the Centre dealt with 8,370 enquiries (an average of almost 600 each month). Approximately 20% of these matters were ethical enquiries from solicitors and other law practice employees. The other 80% represented enquiries made by members of the public.

It is extremely pleasing that the vast majority of enquiries from members of the public were satisfactorily resolved by the Centre. Less than 3% of matters referred to the Centre by members of the public resulted in a written complaint to the Commissioner. For the reporting period, only 167 inquiries resulted in a formal complaint being accepted for investigation by the Commissioner.

The Centre also investigates a small number of consumer disputes referred by the Commissioner. During the reporting period, the Commissioner referred a total of 22 such matters to the Centre (an average of 1.5 per month).



November 2005: The centenary of women in law in Queensland is marked by a number of events, including a celebratory cocktail party at the Stamford Plaza, Brisbane, with the inaugural Agnes McWhinney award for outstanding contributions to the law and the community going to former Governor Leneen Forde AC, DStJ, pictured from left to right: QLS President Rob Davis, QLS Vice-President Megan Mahon, honoree Leneen Forde AC DStJ, Attorney-General the Hon Linda Lavarch MP, the Hon Chief Justice de Jersey AC

The matters handled by the Centre resulted in 12,468 telephone calls. A break-up of those calls is set out hereunder:

category	total	%
acting without instructions	38	0.30%
advertising	24	0.19%
advice - ethical	11	0.09%
advice - how to make a complaint	33	0.26%
advice - legal process/system	937	7.52%
alteration of documents	31	0.25%
another party's solicitor	20	0.16%
breach of confidentiality	18	0.14%
breach of legal profession act	35	0.28%
breach of qls act or rules	45	0.36%
client agreements	24	0.19%
competence & diligence	858	6.88%
conflict of interest	151	1.21%
contacting another solicitor's client	10	0.08%
costs - disbursements	2	0.02%
costs - estimates	5	0.04%
costs - explanation	330	2.65%
costs - failure to enter costs agreement	11	0.09%
costs - failure to provide detailed account	59	0.47%
costs - inquiry	844	6.77%
costs - no disclosure	95	0.76%
costs - not complying with agreement	121	0.97%
costs - overcharging	767	6.15%
costs - transfer without authority	25	0.20%
discourtesy	24	0.19%
ethical inquiry	2722	21.83%
failure - account for trust money	130	1.04%
failure - carry out instructions	123	0.99%
failure - comply with trust accounts act	38	0.30%
failure - pay a third party	2	0.02%
failure - transfer documents/files	251	2.01%
false statement/affidavit	0	0.00%
fraud/misappropriation/stealing	13	0.10%
general inquiry	1910	15.32%
informal complaint	3	0.02%
lack of communication	384	3.08%
lack of supervision	5	0.04%
liens	104	0.83%
loss of documents	62	0.50%
misleading conduct	111	0.89%
misleading/dishonest conduct in court	17	0.14%
negligence	392	3.14%
not complying - undertaking	22	0.18%
other	938	7.52%
personal interest undisclosed	4	0.03%
poor representation	66	0.53%
practising without certificate	11	0.09%
pressure to enter costs agreement	1	0.01%
referral	157	1.26%
refusal to release money	18	0.14%
request for legal advice	103	0.83%
sue for bill	6	0.05%
threatening/abusive conduct	92	0.74%
trust account inspection	1	0.01%
undue delay	205	1.64%
undue pressure	6	0.05%
withholding moneys	53	0.43%
total of new inquiries	12,468	100.00%
existing complaints	183	
total of all calls	12,651	
total time (hours)	2,257.0	



November 2005: The centenary of women in law in Queensland is marked by a number of events, including a celebratory cocktail party at the Stamford Plaza, Brisbane, with the inaugural Agnes McWhinney award for outstanding contributions to the law and the community going to former Governor Leneen Forde AC, DStJ. pictured: women lawyers from all strands of the profession unite to celebrate one hundred years of women in the law

The main areas of law that these matters related to are:

area of law	total
conveyancing	1,419
family law	1,250
personal injury	878
deceased estates	628
litigation	446
criminal	268

Audit

The four (4) primary roles of the Audit branch (managed by Bill Hourigan) are:

- to provide assistance to law practices and law practice auditors to ensure that law practices maintain their trust accounting records in accordance with the requirements of the *Trust Accounts Act* and in accordance with good accounting practices
- to detect fraud, or improper handling, of trust money
- to analyse Audit Reports lodged with the Society by law practice appointed trust account auditors, and
- provide assistance to the Fidelity Fund/External Intervention section, as required.

During the reporting period, the number of accountants employed by the Society to discharge the section's functions was increased from three to four. The number of clerks and administrative assistants remained constant at three.

Section 31 examinations

The branch conducted 276 audit examinations during the fourteen (14) month period compared to 256 in the previous year. The examinations are conducted pursuant to the provisions of s31 of the *Queensland Law Society Act 1952*.

A report is prepared in respect of each examination. The report is sent to the relevant law practice with a request that the law practice provide its comments on the matters reported and that it advise what steps have been taken, or will be taken, to address the matters of concern.

The time taken to finalise an examination after the audit examination depends on the matters disclosed by the examination. It can range from one week to several months.

Of the 327 examinations finalised in the fourteen (14) month period, 105 were referred to the Professional Standards Committee for consideration. The table below summarises the resolutions passed by the Committee in respect of these examinations:

result	no of examinations	
resolved to conduct a follow up examination of the law practice to check whether procedural changes have been properly implemented (in most of these instances the committee also resolved to request the principals of the law practices to attend a trust account seminar)	94	29%
resolved to recommend to the commissioner that disciplinary action be taken against a practitioner, or practitioners, for matters disclosed by the audit examination	8	2%
resolved to request the law practice's appointed auditor to review certain aspects of the operation of the trust account and report back to the society	3	1%
total	105	32%

No further action was taken in respect of the other 222 examinations finalised during the period.

A number of the examinations raised concerns about the relevant law practice's method of billing outlays. The Professional Standards Committee decided to refer these concerns to the Commissioner in February 2006. That referral resulted in the Commissioner requesting the Society to refer all such matters to him for review and issuing Guidelines to be observed by law practices for billing outlays and disbursements.



November 2005: A statewide schools art contest run by the QLS Schools and Community Education Scheme culminates with the announcement of winners. Winning entries in the popular competition were featured in the 2006 QLS calendar.

Audit reports

The branch is responsible for ensuring that law practices lodge an audit report by their appointed auditor. Upon receipt, these reports are analysed by the Society to determine whether any action should be taken in respect of matters disclosed in the reports. The reports relate to the twelve (12) month period ending 31 March and are required to be lodged with the Society by 31 May.

The Society received 1,275 audit reports for the year ended 31 March 2005 and 1,222 audit reports for the year ended 31 March 2006. Follow up action was being taken, as at 30 June 2006, in relation to 90 outstanding audit reports.

Action taken by the section following the analysis of these reports included:

- corresponding with the relevant auditor to clarify matters reported
- corresponding with the relevant law practice to ensure that appropriate action was taken by the practice about matters reported
- officers of the Audit section conducted an audit examination.

During the fourteen (14) month reporting period, recommendations were made to the Commissioner that disciplinary action be taken against seven (7) practitioners who failed to lodge audit reports for the twelve (12) month periods ended 31 March 2004 and 31 March 2005.

Fidelity fund/external interventions

This branch, managed by Glenn Forster, discharges the following functions:

- receipt and investigation of claims for reimbursement from the Fidelity Guarantee Fund ('the Fund') of pecuniary losses alleged to have been suffered as the result of a dishonest default by an associate of a law practice
- controlling solicitors' trust accounts in respect of which officers of the Society have been appointed as Supervisor
- administering the winding up of law practices to which officers of the Society have been appointed Receiver.

Mr Forster was assisted by a solicitor and an administrative assistant who both worked on a part-time basis. He was also assisted, from time to time, as required, by the staff of the Audit branch.

Fidelity fund

A report is prepared in respect of each claim made against the Fund. These reports are considered by the Committee of Management. It is the Committee of Management that decides whether a claim should be admitted for payment from the Fund.

During the period under review, the Committee considered 43 claims and admitted 30 for payments totalling \$531,879.85. In addition, two claims that were initially rejected by the Committee, were settled for a total of \$200,000.00 after the claimants lodged appeals with the Supreme Court against the Committee's decisions to reject their claims.

It is pleasing to report that the balance of the Fund, after providing for payment of all notified claims expected to result in claim payments, increased by more than \$1.4 million during the 14 month period from \$1.044 million to \$2.488 million. This increase was due to the fact that the Society received very few valid claim notifications during the period.

External interventions

Pursuant to s319 of the *Legal Profession Act 2004*, the Council of the Society can appoint an external intervener to a law practice if one or more of the circumstances prescribed by s318 of the Act is satisfied and the Society considers that, having regard to the interests of the clients, owners and employees of the practice and to other matters that the Society considers appropriate, external intervention is warranted.

The Act provides for three different types of external interventions:

- the appointment of a Supervisor of trust money received by a law practice
- the appointment of a Manager for the law practice, and
- the appointment of a Receiver for the law practice.



November 2006: Clayton Utz Brisbane takes out the 2005 Employer of Choice Award, an annual competition organised by the Equalising Opportunities in the Law Committee.

During the fourteen (14) month period, the Council appointed officers of the Society as the Supervisor of trust money received by four law practices. Mr Forster, the part time solicitor in the section and accountants employed in the Audit branch have been appointed as joint-Supervisors in respect of these four practices. As Supervisor, they have the powers and duties of the practice in relation to trust money, including the power to receive trust money on behalf of the practice, the power to open and close trust accounts and the power to disburse money from the trust accounts.

In addition, the Council appointed these officers as the Receiver for a further four practices during the period. It is the role of the Receiver to take possession of regulated property (trust money, other trust property, client files and Safe Custody documents) and return that property to the persons entitled thereto, in accordance with their directions.

The period immediately after a receivership appointment is an extremely busy period, requiring urgent communication with clients to advise them of the appointment and the need for them to appoint a new solicitor to represent them.

Whilst most of the work associated with these appointments was handled by Mr Forster and the part time solicitor in the Receivership/External Intervention branch, they received a substantial amount of assistance from the staff of the Audit branch.

David Franklin
Director, Professional Standards



December 2005: The annual QLS Christmas cocktail function attracts a good turnout to Customs House. Practitioners recognised for their achievements included President's Award winners Michael Meadows, Julie-Anne Schafer and Peter Short.

General counsel

During the course of the 2005/06 reporting year, the General Counsel's area of the Queensland Law Society consisted of Malcolm Hinton, General Counsel, Matthew Dunn, Policy & Research Officer and Denise St John, Senior Administrative Assistant.

The General Counsel's area provides advice on legal and policy matters, particularly in relation to new legislation, legal advice generally to Council and senior Society officers as well as being responsible for ensuring compliance by the Society with the *Freedom of Information Act 1992* (Qld) and the *Queensland Privacy Guidelines*.

A major part of the work of the General Counsel's area during the year was in relation to the continuing process of regulatory reform of the legal profession in Queensland. The General Counsel's area received and provided advice in relation to an early consultation draft of a Bill amending the *Legal Profession Act 2004*, to update that legislation to incorporate those parts of the National Model Bill which had been refined or implemented after that legislation was enacted. Additionally, General Counsel collaborated extensively with the Law Council of Australia and was a member of the following LCA working groups:

- Professional Standards Legislation Working Group (concerning the national legislation - the Federal Treasury Legislation Amendment (Professional Standards) Act - which allows associations to make application to the Commonwealth to extend state Professional Standards Legislation schemes to cover certain liabilities under federal law)
- National Model Laws Practice Working Group which provides technical and operational expertise in relation to regulation of the legal profession. The work of the Group aims to ensure the reforms are workable and operationally sound for the benefit of all jurisdictions and it provides day to day input on the drafting of the model legislation and the proposed amendments to the model reforms which fall within the scope of agreed Law Council policy only
- Financial Services Regulation Working Group which deals with a number of FSR issues which impact upon the constituent bodies (eg Submissions to Commonwealth Treasury on its Discussion Paper on the Review of Regulation of Discretionary Mutual Funds and Direct Offshore Foreign Insurers and applying for permanent relief from ASIC of the application of the FSR provisions of the *Corporations Act 2001*)
- Model Conduct Rules Working Group which provides technical and operational expertise in relation to Legal Profession Rules. The Group is responsible for reviewing the Law Council's Model Conduct Rules, and managing and monitoring the adoption of the Rules in Australia.

In addition to the work on the *Legal Profession Act 2004*, the General Counsel's area was involved extensively on the drafting, refinement and consultation of the *Legal Profession (Solicitors) Rule 2006*. This rule was based on National Model provisions and was anticipated to replace the remaining parts of the *Queensland Law Society Rules 1987*. As of the end of the financial year 2005/06, the *Queensland Law Society Rules 1987* was repealed, but various provisions were continued. The General Counsel's area expects the content of its *Legal Profession (Solicitors) Rule* to be operative sometime in the 2006-2007 year.

Further work was performed by the General Counsel's area in preparation for the implementation of incorporated legal practices, including the revision and development of approved forms and refinement of the professional indemnity insurance provisions to adequately respond to the inception of this new business structure. As at the end of the year, the Society was awaiting advice from the Attorney as to when this structure would be available to Queensland practitioners.

The General Counsel's area developed several amending rules to implement changes arising out of the 2006-2007 practising certificate renewal process and further refined various parts of the *Queensland Law Society Administration Rules 2005*, the *Society Rule of the Queensland Law Society 2005* and the *Queensland Law Society Indemnity Rule 2005*.

The General Counsel's area contributed to and coordinated the production of a joint submission by the QLS and the Bar Association of Queensland to the Senate Inquiry into the provisions of the *Anti-Terrorism Bill (No. 2) 2005*, as well as providing a significant body of work to the Law Council of Australia to incorporate into its submission on this issue.



December 2005: The annual QLS Christmas cocktail function attracts a good turnout to Customs House. Then President of the Australian Legal Practice Management Association, Peter Scanlan (left), presents Paul Agnew (right) with the Practice Management Court Outstanding Achievement Award for 2004/05.

The General Counsel's area also contributed to numerous other submissions to Council on a variety of issues, including:

- the future role of the Society in the regulation of the legal profession
- the future structure of the Society, a consideration of privatisation and an ongoing discussion with government, and
- stamp duty exemption for legal practices incorporating.

The General Counsel's area has also taken a proactive approach toward developing an application to the Professional Standards Council to limit members civil liability for professional negligence and has dealt with the incorporation of cost-inclusive policies into the Queensland legislation. The development of the application to implement a scheme on behalf of the Law Society members has been made possible through a grant from the Law Foundation.

In many situations the General Council's area has dealt with issues of policy for the Society and has proposed a position for the Society to adopt, which has included instances such as:

- FSR implications arising in the context of the provision of certain QLS member benefits
- the scope of 'in-house legal services' and the entitlements of the holder of a corporate practising certificate
- the circumstances in which practitioners are obliged to hold professional indemnity insurance under the *Legal Profession Act 2004*
- the operation of the *Trans-Tasman Mutual Recognition Act* and its effect on the issue of practising certificates, and
- privacy of information implications for the renewal of practising certificates.

Malcolm Hinton
General Counsel



February 2006: The innovative 'Solicitors. Your Experts in the Law' campaign gathers pace across Queensland, with billboards, postcards, mouse mats and more grabbing the attention of the public.

Secretariat

The Secretariat, headed by the Secretary, Bernie O'Donnell, provides compliance advice to the Society, undertakes numerous regulatory functions and maintains member records.

Under the *Legal Profession Act 2004* and ancillary legislation, the Secretary's responsibilities include regulatory obligations such as the issuing of practising certificates and related matters dealing with Practice Management Course and Continuing Professional Development requirements, maintaining the roll of members, conducting Council elections, conducting the Society's Annual General Meeting and liaising with Lexon Insurance Pte Ltd in respect of professional indemnity insurance matters.

The Secretary is the initial contact for the profession in respect of a wide range of issues related to practising law in Queensland including opening and closing of legal practices, sharing of receipts, sharing of premises, certificates of currency, show cause notices relating to convictions and bankruptcy and general practice requirements.

One of the main functions of the Secretariat is to provide assistance to the Society's Council and Executive Committee in respect of agendas and minutes and co-ordinating meetings. The Secretariat has been assisted by General Counsel, Malcolm Hinton in providing advice to the Council, the President, the Executive Committee, other departments and sections/committees.

The Secretariat and General Counsel have been called upon regularly during the last year to make submissions on behalf of the Society to both State and Federal Governments on a range of issues. These submissions are often generated by the Society's sections/committees, which have been co-ordinated by the Secretariat. The assistance provided by volunteer members of the Society's section/committees has been invaluable.

The Membership/Records section is a vital division of the Secretariat. It maintains the database of all Queensland Solicitors and is responsible for the issuing and renewal of practising certificates, third party trust account authorities, certificates of fitness and miscellaneous matters involving membership/records.

The statistics from the Membership/Records section indicate as follows:

- 755 legal practitioners were admitted during the year
- 530 of those practitioners successfully applied for practising certificates as solicitors
- a total of 7,122 practising certificates were issued during the year being:
 - 2,443 principal practising certificates
 - 3,240 unrestricted employee practising certificates, and
 - 1,439 restricted employee practising certificates

The Secretariat also provides administrative support to the Legal Practitioners Admissions Board, which is now located at Law Society House.

The Secretariat's main achievements during the 2005/06 year were:

- the 2005 AGM held on 27 July 2005
- the Convocation for District Law Associations held at Law Society House on 4 April 2006
- assisting in the organisation of the 2005/06 professional indemnity insurance for the profession
- liaising with various stakeholders and the Society's General Counsel in respect of the implementation of legal profession reform introduced by the *Legal Profession Act 2004* and ancillary legislation
- liaising with the Society's sections and committees in providing submissions to government in respect of various legal issues.
- liaising with the IT section in respect of improvements to the QLS website
- liaising with the IT section in respect of the introduction of the practitioner profile
- liaising with the IT section in respect of the introduction of online renewals.

It has been a challenging year for the Secretariat with both internal and external changes continuing to flow from the legal profession reform process.

Bernie O'Donnell
Secretary



February 2006: The innovative 'Solicitors. Your Experts in the Law' campaign gathers pace across Queensland, with billboards, postcards, mouse mats and more grabbing the attention of the public.

Practising certificates issued

	1995/1996	2005/2006
Principal level	2350	2441
Conditional level	221	1441
Employee level	2253	3227
total	4824	7109

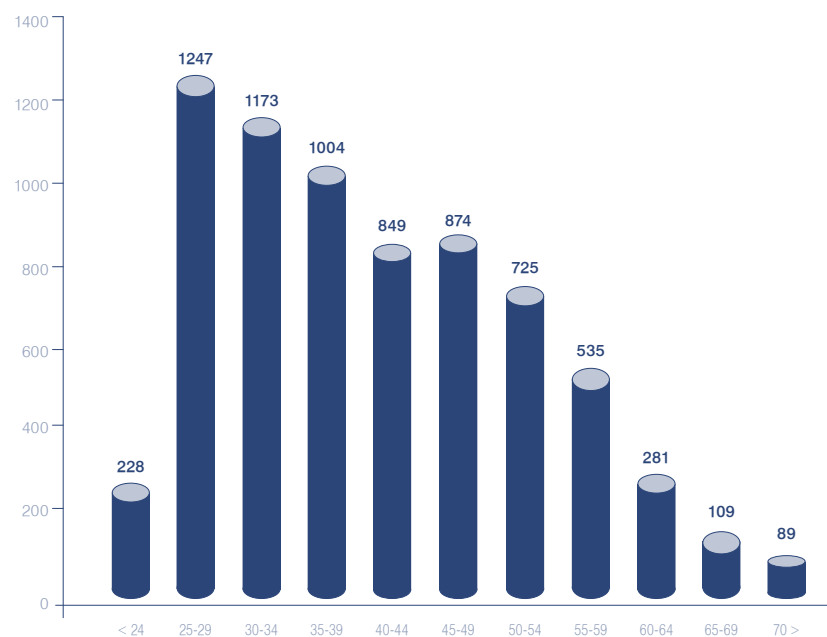
Admissions to practise in Queensland

	1995/1996	2005/2006
Admissions	536	784

Membership

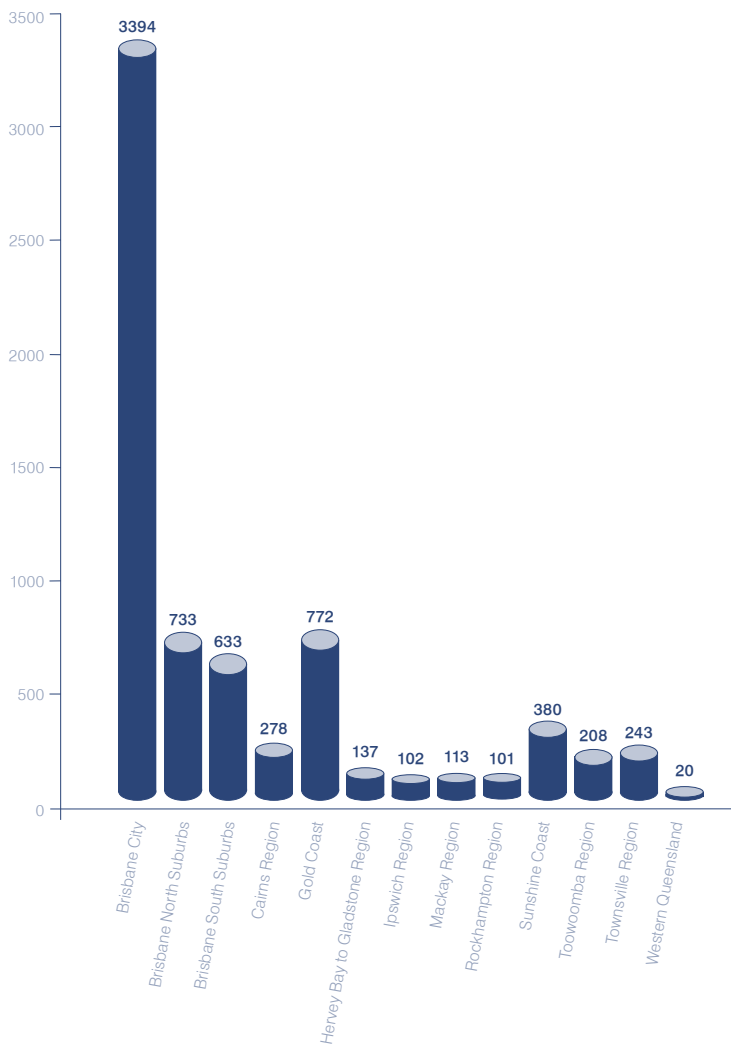
	1995/1996	2005/2006
Members	4967	7058
Associate members	30	113
Student members	–	776
Complimentary members	36	54
Honorary members	8	12
total	5011	8013

Age of solicitors practising in Queensland

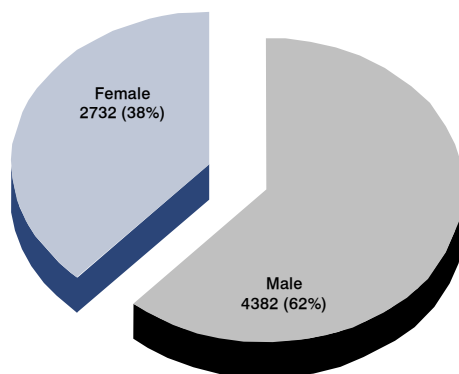


February 2006: The innovative 'Solicitors. Your Experts in the Law' campaign gathers pace across Queensland, with billboards, postcards, mouse mats and more grabbing the attention of the public.

Geographical distribution of solicitors practising in Queensland



Gender of solicitors practising in Queensland



February 2006: The innovative 'Solicitors. Your Experts in the Law' campaign gathers pace across Queensland, with billboards, postcards, mouse mats and more grabbing the attention of the public.

Sections and committees

The Sections and Committees of the Queensland Law Society carry out a wide range of functions including:

- policy development and implementation
- expert advice to Council
- commenting on policy/legislative initiatives and reports by Government and relevant authorities, and
- bringing attention to problems with the law and seeking appropriate amendments.

The Sections and Committees also provide a forum for consideration of practical problems being experienced by members and as a source of information on various issues for dissemination to members.

The Council considers that the Section and Committee system is vital to the operation of QLS and vital to the strength of the legal profession in Queensland.

Matt Dunn
Principal Policy Officer

Access to justice/pro bono section

The Access to Justice/Pro Bono section is chaired by Mr Pat Mullins.

The Access to Justice/Pro Bono section of the Queensland Law Society deals with developments in the law relating to access to justice and funding, access, availability and provision of pro bono services.

Highlights 2005/06

The Access to Justice/Pro Bono section met twice during 2005/06.

During the course of 2005/06, the QLS Access to Justice/Pro Bono section considered numerous issues, the most noteworthy relate to:

- Pro Bono Pie Program project
- Bill of Rights
- preparing and submitting with the national pro bono resource centre a survey on pro bono legal practice in Queensland
- Queensland Public Interest Law Clearing House proposal for the co-ordination of pro bono legal referral services for disadvantaged Queenslanders
- discussion paper on the accessibility of administrative justice prepared by the legal and constitutional committee of Queensland parliament, December 2005
- consultation paper by Legal Aid Queensland on the civil law legal aid scheme, November 2005.

Members of the Access to Justice/Pro Bono section will also be presenting and participating in the National Access to Justice and Pro Bono Conference to be held on 11-12 August 2006 in Melbourne.

Pat Mullins
Chair

Accident compensation/tort law section

The Accident Compensation/Tort Law section is chaired by Mr Gerald Anthony Murphy AM, of MurphySchmidt, Brisbane.

The Accident Compensation/Tort Law section of the Queensland Law Society deals with developments in the law relating to all forms of accident compensation and tort law reform.

Highlights of 2005/06

The Accident Compensation/Tort Law section met four times during 2005/06.

During the course of 2005/06, the QLS Accident Compensation/Tort Law section considered numerous issues including:

- reform of the ISV scale - personal injury accredited specialists
- discussion on the No Fault Care Forum, Sydney



February 2006: The innovative 'Solicitors. Your Experts in the Law' campaign gathers pace across Queensland, with billboards, postcards, mouse mats and more grabbing the attention of the public.

- attending the Law Council's Tort Law Reform Working Group, the Law Council Personal Injury and Compensation Forum, the National Workers Compensation Summit 2005
- NCP review of the *Worker's Compensation and Rehabilitation Act 2003*
- contributing to personal injuries workshop and conferences scheduled in February/ March 2006 and August 2006.

The Accident Compensation/Tort Law section has considered and contributed to the following submissions:

- a submission to the General Manager of Workplace Health and Safety on the *Worker's Compensation and Rehabilitation Act 2003*
- a response to the Attorney-General on reforming the *Civil Liability Act* and increasing civil jurisdiction of the Queensland courts
- Law Council's report on national trends in personal injury litigation: before and after lpp
- a submission to the Attorney-General concerning the application of representative proceedings and the *Personal Injuries Proceedings Act*
- continuing to work toward the removal of the ISV scale and in particular the removal of the applicability of that scale to the Queensland CTP scheme, involving, if necessary, the commission of actuarial evidence as already recommended by the section and
- monitoring and supporting the Law Council of Australia in its tort law reform agenda.

Gerry Murphy
Chair

Alternative dispute resolution section

The Alternative Dispute Resolution section was chaired by Mr George Fox until February 2006, and since his resignation from the position, by Mr Rob Davis.

The Alternative Dispute Resolution section of the Queensland Law Society formulated its mission statement in 2006 as its membership includes practicing members of the profession and academic members of the profession from Bond University, the University of Queensland and the Queensland University of Technology who specialise in the field of ADR.

Highlights of 2005/06

The ADR section met seven times during 2005/06.

Its most significant achievements during this year include:

- formulation of a mission statement:
 - To be recognised by the community as the leader in dispute resolution by promoting the delivery of ADR services of the highest standard by its members*
- formulation and adoption of an ADR section strategic plan for development of ADR services
- implementing stages of the strategic plan, to date including:
 - identifying 50 possible users of ADR services and initiating contact with a view to ascertaining key needs and market requirements of ADR users
 - investigating the possibility of mediation becoming an area of specialist accreditation
- reviewing and updating the LAMS kit and pro forma mediation agreement for the QLS website.

During the course of 2005/06, the ADR section considered and responded to discussion papers, including:

- *Draft Proposal for National Mediator Accreditation Standards* - the ADR section also co-hosted a public information seminar conducted by Professor Laurence Boule in relation to the proposals
- letter from the Attorney-General in relation to s75 of the PLA
- Family Law section collaborative law document (in progress)
- Unlawful Termination Assistance Scheme and Alternative Dispute Resolution Assistance Scheme under the WorkChoices legislation.



February 2006: The innovative 'Solicitors. Your Experts in the Law' campaign gathers pace across Queensland, with billboards, postcards, mouse mats and more grabbing the attention of the public.

The ADR section oversees the function of the Dispute Management Centre at QLS that is managed by Denise Nicol. During the year 2005/06, the Dispute Management Centre actively promoted the practice of ADR. The Dispute Management Centre:

- manages the administration of the QLS Authorised Nominating Authority including processing applications, appointment of adjudicators, meeting the data entry requirements of the overriding government authority, the Building and Construction Industry Payments Agency, reviewing adjudicator performance and presenting an annual adjudicator update seminar for professional development criteria - during this time the ANA information for the website has been completed and is now available on the QLS website
- manages the LAMS list - during this time an audit has been conducted of the approximately 370 LAMS member to ascertain compliance with criteria to remain on the LAMS list, the first audit in some five years - this has involved conducting a number of courses to enable practitioners to comply with the requirements, both in Brisbane and in Cairns; and, as a result of the audit, approximately 170 LAMS practitioners have been removed from the list and all those remaining have now been entered onto the Contact database to generate automatic follow-up
- manages the appointment of mediators and other experts
- manages the QLS arbitrators list - all arbitrators have been contacted to ascertain that they wish to remain listed.

Courses conducted by the Dispute Management Centre 2005/06 include:

- Training in Mediation Law and Practice - Brisbane
- Training in Mediation Law and Practice - Cairns
- Commercial Negotiation - Cairns
- Arbitration Law and Training - Brisbane
- Mediation Update (2) - Brisbane
- Simulated Mediation Workshop - Brisbane
- Adjudicator Update
- Public information seminar for the BCIPA.

Further direction for 2006-2007

The ADR section proposes to continue with the implementation of the strategic plan, work has commenced to prepare a draft clause for appointment of an expert with accompanying information to be loaded on to the QLS website, further courses already planned include Advanced Arbitration Training, Mediation Update for 2007, and Adjudicator Update for 2007.

Throughout the year members of the section have actively contributed to meetings of the section and I thank them for their involvement.

Rob Davis
Chair



February 2006: The innovative 'Solicitors. Your Experts in the Law' campaign gathers pace across Queensland, with billboards, postcards, mouse mats and more grabbing the attention of the public.

Business law section

The Business Law section is chaired by Mr David Grace.

The Business Law section of the Queensland Law Society deals with all developments in the law relating to business and is comprised of the following committees:

- Banking and finance
- Revenue law
- Insolvency (which is part of the Law Council of Australia)
- Intellectual property and information technology and telecommunications law
- Franchising
- Industrial law

Highlights of 2005/06

The Business Law section met five times during 2005/06 in addition to meetings of the individual committees.

During the course of 2005/06 the QLS Business Law section considered and discussed numerous issues including:

- agreeing to participate in the Red Tape Task Force
- reviewing draft Revenue Ruling, *Duties Act*, draft *Anti-Money Laundering Act*, draft Food Bill and draft Integrated Planning and Other Legislation Amendment Bill
- recommendations concerning electronic funds transfers from solicitors' trust accounts and the issue of the single penalty for Australia's consumer protection business discussion paper, and
- Issues Paper: *State Purchasing Policy Review*.

The Business Law section provides direction to the above committees which have dealt with various matters and contributed to and drafted submissions on the following:

Banking and finance committee

Chair: Randal Dennings

The Banking and Finance committee met four times during 2005/06 and have dealt with many issues most notably:

- made a submission on the Solicitors Lending and Instalment Contract Consumer Credit Code Consultation Package, 9 December 2005
- provided a submission on the Retail Credit Pre-contractual Disclosure Consultation, 3 April 2006
- made a submission on Mandatory Comparison Rates, 17 February 2006
- organising a seminar with the Society on Unfair Contracts (Qld Perspective), held on 27 July 2006
- organised a conference, Banking and Finance Law Review, 14 March 2006
- considering advice on reliance on corporate constitutions, mortgagor identification, personal property reform and e-commerce amendments to the *Uniform Consumer Credit Code*.

Revenue law committee

Chair: Peter Allen

The Revenue Law committee met once during 2005/06 and made a submission to the Commissioner for State Revenue on revenue ruling 20.2D 'Self Assessors', the *Duties Act 2001*, *Taxation Administration Act 2001*, 2 February 2006. The committee reviewed the issue relating to tax invoices for solicitors in respect of fees for lease and mortgage transactions.



February 2006: The Chief Justice of Queensland, Paul de Jersey AC, features in a frank interview in *Proctor*, revealing a man with a palpable passion for justice and the law.

Intellectual property and information technology and telecommunications law committee

Chair: *Jacqui Rigby-King*

The Intellectual Property and IT and Telecommunications Law committee met three times during 2005/06 and have been involved in the following:

- a seminar on Issues in Intellectual Property, 8 March 2006
- discussions on accreditation for IP professionals
- case law on patents.

Industrial law committee

Chair: *Anne Milner*

The Industrial Law committee have considered the following:

- legal representation before tribunals
- educating the legal profession on risk management issues arising from new legislation - contracts of employment, business sales, due diligence, ADR requirements and service trusts
- IR legislation
- provided a response on Work Choice for the *State Purchasing Policy Review*.

Franchising committee

Chair: *Derek Sutherland*

The Franchising committee have reported on the following:

- no major legislative changes in this area though there have been some minor changes due to case law
- discussed the role of the Trade and Practice committee of the Law Council of Australia and the disciplinary powers of the Franchising Society of Australia
- the general issue of compliance.

Insolvency committee

Chair: *Peter Schmidt*

The Insolvency committee is part of the Law Council of Australia and usually meets on the last Monday of each month. The committee deals with both personal insolvency and corporate insolvency matters. The committee usually provides supplementary submissions as corporate insolvency is generally dealt with at a federal level. The committee has been working on several complex submissions and is dealing with the possible extension of the jurisdiction of the Federal Magistrates Court.

In my report of 19 January 2006, I highlighted the potential for more effective contribution of the individual committees forming part of my section and I think that the work on the *State Purchasing Policy Review* is an example of just how that can work effectively and in a co-ordinated way so that there is an overview by my committee of sub-committee works where it is appropriate to co-ordinate all of the responses.

Work in progress/projects pending

There is a review pending of the *Franchising Code of Conduct* and this is being looked at by the Franchising committee under the chairmanship of Derek Sutherland. The state government's review of red tape is ongoing and Glenn Ferguson is participating in that process. No report has at the date of this report been produced in relation to that project. This section will continue to maintain vigilance in respect of that process.

It is noted that the Attorney's review of multi disciplinary practices is ongoing and that it is likely that an amending Bill will be produced to the Parliament over the next several months. We will need to monitor that carefully.

It is anticipated that a draft paper for consideration on the issue of the penalty infringement notices will issue from the Department of Local Government and we will need to carefully see how the draft reads, particularly having regard to the comments of the people who attended the President and myself for a conference in June.

There is also a proposal for a meeting with person for the Office of State Revenue regarding IT issues and we will need to keep a close brief on these proposals insofar as it will affect legal practitioners in Queensland.

David Grace
Chair



March 2006: QLS Practice Symposium 2006 draws crowds to the Hilton Hotel Brisbane for two days of learning and networking.
pictured from left to right: Michele Sheehan, Jody Wright, Peter Harkin, Phillip McGowan

Children's law section

The Children's Law section is chaired by Mr Graham Quinlivan.

The Children's Law section of the Queensland Law Society deals the rights and representation of children and juveniles in Queensland in education, juvenile justice, immigration, disability and health services, child safety and legal issues as they affect young indigenous persons.

Highlights of 2005/06

The Children's Law section has met nine times during 2005/06.

During the course of 2005/06, the Children's Law section has been actively involved in a number of focal issues surrounding the law as it relates to children and juveniles, the most noteworthy issues relate to:

- enthusiastically advocating reform to include 17 year olds in the juvenile justice system, which was supported by criticism of Queensland by the UN Committee on the Convention on the Rights of the Child in its report in September 2005
- through section member Catherine Moynihan's presentation of a CLE NewsFlash session, informing the profession of the three stage *Child Safety Legislation Amendment Act* and what these legislative and policy reforms mean for practitioners acting for parents in child protection proceedings and those acting as separate representatives
- changes to the Blue Card system and their impact on indigenous foster families
- encouraging the expansion of Youth Murri Courts across Queensland, and
- making representations to the Education Department about the inequities of the disciplinary processes proposed by the Education (General Provisions) Bill 2006.

The Children's Law section has drafted for the Society various submissions to government, including:

- submissions regarding inclusion of 17 year olds in the juvenile justice submission
- a submission regarding the rates of young indigenous persons in detention, and
- a submission supporting Legal Aid and the Youth Advocacy Centre regarding the Education (General Provisions) Bill 2006.

Section member Simon Cleary also successfully published in *Proctor* an article concerning the findings of the UN committee on the Convention on the Rights of the Child, focusing especially on Queensland position as the only State in Australia to still include 17 year old persons in the adult criminal justice system.

Graham Quinlivan
Chair

Company law section

The Company Law section is chaired by Mr Greg Vickery AM, Brisbane Chairman of Deacons.

The Company Law section of the Queensland Law Society co-sits as the Law Council of Australia Business Law section Corporations Committee chapter in Queensland and deals with developments in the law relating to the regulation of corporations and their officers. As corporations law is largely regulated on a national basis, the section primarily contributes to the production of submissions on behalf of the Law Council at a national level.

Highlights of 2005/06

The Company Law section met ten times during 2005/06, most notably with a meeting hosted by ASIC at their Brisbane office and a meeting hosted by Justice Berna Collier at the Federal Court complex.

During the course of 2005/06 the QLS Company Law section considered numerous discussion papers issued by regulatory and representative bodies. Amongst the morass of papers, the most noteworthy issues related to:

- three CAMAC discussion papers concerning 'Corporate Duties Below Board Level', 'Personal Liability for Corporate Fault' and 'Long Tail Liabilities'
- *Financial Services Regulation* anomalies which affect corporate transactions
- the Parliamentary Joint committee inquiry into corporate responsibility and triple bottom-line reporting



March 2006: QLS Practice Symposium 2006 draws crowds to the Hilton Hotel Brisbane for two days of learning and networking.
pictured: John Briton (left) and Rob Brittan (right)

- the exposure draft of the Corporations Amendment Bill (No 2), and
- the development of the law with respect to corporate social responsibility.

The Company Law section has contributed to and drafted submissions to various bodies regarding many of the above issues, most notably:

- Bruce Crowley drafting the submission in response to the CAMAC paper on Personal Liability for Corporate Fault, and
- Professor Paul von Nessen drafting a submission concerning Rights Issues for the Takeover Panel.

In a collaboration with the Society's Professional Development section, the Company Law section presented a very successful half day company law workshop on 24 February 2006, focusing on accounting issues, director's duties, mass tort liability and shareholder actions.

Throughout the course of the year representatives of the Federal Bench, ASIC, the ASX and the Takeovers Panel have attended and contributed to meetings of the Company Law section.

Greg Vickery
Chair

Criminal law section

The Criminal Law section is chaired by Mr Sean Reidy.

The Criminal Law section of the Queensland Law Society deals with developments relating to all aspects of criminal law. The section has been active in representing the Society and its members in discussions convened by the Supreme Court on listings and on criminal justice system issues generally.

Highlights of 2005/06

The Criminal Law section met three times during 2005/06, most notably with a meeting hosting Shirley Watters and Fiona Guthrie who have been engaged by the Legal Aid Office to evaluate the Committals Pilot.

During the course of 2005/06 the QLS Criminal Law section considered numerous issues, the most noteworthy related to:

- the provision of s93A tapes of child witnesses to defence representatives in criminal proceedings
- sponsoring and supporting the formation of the Human Rights Research committee to deal with issues raised by the *Human Rights Act*
- criminal compensation and proceeds of crime
- double jeopardy majority verdicts and a Bill of Rights
- child protection offender register
- treatment of 17 year olds in the criminal justice system
- evaluating the committals pilot, Legal Aid Office and
- proposed reform of the Federal Anti-money Laundering Laws.

The Criminal Law section contributed to joint submissions with the Queensland Bar to the Law Council of Australia, Senate Enquiry and the State Legislation on complex Anti-Terrorism legislation of both the federal and state governments. As well, the Chair has represented the Society in a meeting with the Premier and the Attorney-General concerning this terrorism legislation.

Arising out of this terrorism and sedition legislation, the section formed a Human Rights Research committee which has taken on research projects on a number of issues. The first product of this work has been a submission to the Queensland Government on a Bill of Rights which has now been completed.

Sean Reidy
Chair



April 2006: The winners of the annual QLS University Prize are recognised with a function at Law Society House and presented with prizes by the Attorney-General and Minister for Justice, Linda Lavarch.
pictured: 2005 prize winners with the Hon Linda Lavarch MP

Elder law section

The Elder Law section is chaired by Ms Annie O'Connor, Phillips Fox Lawyers.

The Elder Law section of the Queensland Law Society is primarily concerned with areas of law that impact on the elderly. These include estate planning (wills, powers of attorney, capacity), elder abuse, retirement village law and practice, and the health and care of the elderly.

Highlights of 2005/06

The Elder Law section met six times during 2005, holding their meetings bi-monthly. However, sub-committees of the section met frequently to consider in further detail some of the matters detailed below.

Some of the key issues discussed included:

Retirement Villages Amendment Act 2006

The Elder Law section had a strong involvement in discussion on the proposed Retirement Villages Amendment Bill with Mr. Mark Zgrejewski of the Office of Fair Trading as well as with stakeholders of retirement villages. In April 2005, QLS (through the Elder Law section) made a detailed submission on the bill, to the Office of Fair Trading and has continually given ongoing input on the proposed amendments. Mr. Mark Zgrejewski (also a member of the Elder Law section) was a regular attendee at meetings held, and overall the section felt that the Office of Fair Trading was complimentary of the role of the Elder Law section in their proposals in relation to this amendments.

Retirement Villages Good Business Guide

The section also gave valuable input to the Office of Fair Trading on the preparation of a *Retirement Villages Good Business Guide* and it is intended that similar input will be given on a *Good Business Guide for Consumers*, yet to be prepared.

AMA collaborative project

For several years the Elder Law section have been concerned with the part that the medical profession plays in determining the capacity of elderly persons. The section has approached the Australian Medical Association (AMA) offering assistance in educating their members who are called upon to determine the question of capacity in respect of wills, powers of attorney and advance health directives. This is an important and ongoing project.

Interstate committees

The section has considered the possibility of collaborating with other state committees. Mr David Walsh, chair of the ACT Law Society, attended December's committee meeting and the section has continued to have dialogue with him.

The Adult Guardian

The then Adult Guardian for Queensland, Paula Scully, attended the section's August 2005 meeting and was able to discuss with the section the difficulties her department faces in terms of workload and available personnel. In turn she was receptive to the section's concerns regarding aspects of the *Guardianship and Administration Act* and the *Powers of Attorney Act*.

The Role of the Public Advocate

The section invited Ms M Howard, Public Advocate, to make a presentation during June 2006's meeting where she outlined the focus and objectives of the Public Advocate. A conclusion was reached that lobbying to the Attorney-General concerning the legal framework for elder abuse law reform be considered. The section is actively involved in ensuring that this be progressed.

Other notable activities included:

- hosting Elder Law symposia in September 2005 and June 2006 - the Minister for Health & Aging, The Honourable Julie Bishop, gave the opening speech for the September 2005 symposium and Professor Sol Encel, did likewise for the 2006 symposium - both conferences were well attended and all attendees were highly complimentary of their content
- members of the section presenting at the Queensland Public Interest Clearing House seminars entitled 'Guardianship Administration Tribunal Act Training' on capacity



April 2006: District Law Association presidents turn out in force for the annual Convocation at Law Society House, including a morning tea with QLS management.

- members of the section presenting at other elder law related seminars, namely:
 - Lexis Nexis - The Retirement Village Act Review (November 2005)
 - Investing in your Retirement - legal issues on retirement (November 2005) for the Australian Public Service Sector
 - the Association of Independent Retirees - Legal issues relating to retirement
- making submissions to the Department of Justice relating to certain aspects of the *Guardianship Administration Act* and the *Powers of Attorney Act*
- giving feedback to the Department of Communities who prepared user friendly handouts for various communities relating to elder law - powers of attorney, making of wills, retirement villages, etc.

The Elder Law section of the Queensland Law Society has been most fortunate to have had excellent and committed attendance by its members who have a strong expertise in Elder Law.

Annie O'Connor
Chair

Equalising opportunities in the law committee

The Equalising Opportunities in the Law committee of the Queensland Law Society is primarily concerned with the promotion of equal opportunity within legislation, the law, and the legal structure in general. The Committee is chaired by Ms Terry Hutchinson who is a Senior Lecturer at the Queensland University of Technology.

Highlights of 2005/06

The Equalising Opportunities in the Law Committee met several times during 2005 and 2006, generally holding their meetings bi-monthly. The Committee focussed its work on three main programs during this time. These were the Employer of Choice Award, LawLink and the analysis of the Practitioner Survey conducted in 2003.

Employer of Choice Awards

The Chair of the EOL committee, along with the President of the QLS, is primarily responsible for evaluating the nominees and deciding the recipient of the annual Employer of Choice Award. Each year the Awards are advertised in *Proctor* and normally these are presented during the QLS Symposium. The 2005 Award was presented to Mr Geoffrey Harley Clayton Utz at a morning function on 22 May 2005. The recipient for 2006 is Hoggood Ganim Lawyers who will be awarded during a ceremony to be held on 17 October 2006.

LawLink

The EOL committee has organised three successful LawLink programs, with the first being conducted in 2003. The aims of the Indigenous Law Students Liaison Program (LawLink) are 'to enable Aboriginal and Torres Strait Islander students to gain some familiarity with different arms of legal profession and the various types of work solicitors do and to strengthen students network with members of the legal profession'.

The initial program in 2003 included a cultural awareness discussion and launch, along with meetings at various law firms and Mr John Logan's chambers. Firms that have hosted the students and committee members for these mentoring evenings in 2003 and 2004 include Sparke Helmore Lawyers, Mullins Lawyers, Conroy and Associates, and Philips Fox Lawyers. The first two programs were specifically organised with the QUT Faculty of Law's Wendy Cusack and the QUT Oodgeroo Unit's Maureen Ah Sam.

The 2006 program included students from three Brisbane universities: QUT, Griffith University and the University of Queensland. Students took part in sessions at Mullins Lawyers, Clayton Utz and Mr Dan O'Gorman's chambers. Students were also hosted to a tour of the Magistrates Courts by the Chief Magistrate Marshall Irwin, the Deputy Magistrate Brian Hyne, and Magistrates Rick Sarre and Jacqui Payne.

LawLink sessions are primarily focused on introducing Indigenous students to the legal community but the sessions also give the opportunity for lawyers involved with this scheme a chance to receive increased knowledge and awareness of issues facing indigenous law students. Articles on this scheme, along with the Indigenous Cadetship Scheme, have been prepared by committee members Heron Loban and Roland Davies with both articles being published in *Proctor*.



May 2006: Law Week 2006 activities see the QLS working closely with Legal Aid Queensland, the Public Trustee, Officer of Fair Trade and Department of Justice and Attorney-General to provide an informative and stimulating experience for participants.

The programs have formed the basis for a paper presented to the Law Council of Australia EOL committee in December 2005 by Dan O’Gorman and Terry Hutchinson. This paper recommended that:

‘The Equalising Opportunities in the Law committee recommends that the Law Council of Australia investigate ways to achieve better representation of indigenous persons in the legal profession throughout Australia in an attempt to reduce the injustice Indigenous persons often suffer as a result of, inter alia, the small number of Indigenous lawyers available to represent Indigenous people as users of the legal system.

It is suggested the Law Council should investigate the feasibility of at least three possible ways to increase the number of indigenous lawyers practising in Australia:

- (1) the establishment of a formal mentoring program for indigenous law students*
- (2) the establishment of mechanisms to ensure indigenous law students have the best possible opportunity of obtaining, and keeping, positions as solicitors and*
- (3) the establishment of mechanisms to ensure that indigenous lawyers are encouraged and assisted to go to, and remain at, the private Bar.’*

This paper was endorsed by the Law Council and a working party has been formed at a national level to look at ways of implementing further action.

Practitioner survey

The EOL Committee has continued to research and analyse the results for the practitioner survey conducted in 2003. Funding has been granted by the QLS and the analysis is due to be completed in 2006.

Model conduct rules

Members of the Society’s Equalising Opportunities in the Law Committee considered the circulated the draft documents: the *Legal Profession (Solicitors) Rule 2005 - Public Consultation Draft* and the national *Law Council of Australia Model Rules of Professional Conduct and Practice*. The committee raised the concern that the Queensland proposal does not include any specific material or rulings relating to discrimination, sexual harassment or workplace bullying designed to reflect the current law and to stress the importance not only of protecting solicitors in their workplaces, but also protecting and respecting the rights of clients and third parties.

The current members of the committee are:

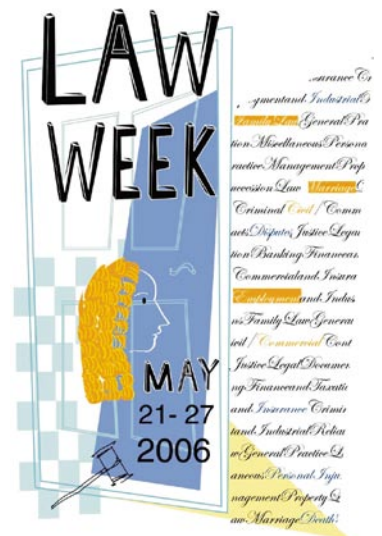
Samantha Kane	SamanthaKane@CrownLaw.qld.gov.au
Rachael Murray	r.murray@hopgoodganim.com.au
Graham Quinlivan	gquinliv@legalaids.qld.gov.au
Grace Kahlert	gracekahlert@adcq.qld.gov.au
Gillian Shepherd	g.shepherd@hopgoodganim.com.au
Gerry Neal	gmneal@bigpond.com

Past members during this time were:

- Heron Loban
- Roland Davies
- Kylie Torlach
- Karen McLeod
- Jan Logan
- Alison Ross

Active support to the section has been provided by:

- Dan O’Gorman
- John Stannard
- Terry Stedman
- Wendy Cusack
- John Tapp



May 2006: Law Week 2006 activities see the QLS working closely with Legal Aid Queensland, the Public Trustee, Officer of Fair Trade and Department of Justice and Attorney-General to provide and informative and stimulating experience for participants.

The Equal Opportunities in the Law committee of the Queensland Law Society has been most fortunate to have had excellent and committed attendance by its members who have a strong expertise and interest in ensuring that the profession maintains its ethical and anti-discriminatory record.

Terry Hutchinson
Chair

Family law section

The Family Law section is chaired by Ms Julie Harrington, Harrington Family Lawyers.

The Family Law section of the Queensland Law Society is concerned with developments in the law relating to Family Law matters, and highlighting existing concerns with current regulatory schemes. As family law is largely regulated on a federal basis, the section primarily contributes to the production of submissions on behalf of the Law Council on a national level.

Highlights of 2005/06

During this period the Family Law section met nine times and considered numerous discussion papers issued by regulatory and representative bodies. Some of the key issues discussed were:

- concerns with the Family Law Amendment (Shared Parental Responsibility) Bill 2005, including proposed evidentiary provisions and the interpretation of the 'no need to consult' provisions
- the duty of the section in creating direct liaison with the Family Court with respect to the suggested Family Relationship Centres
- problems with delay in the Family Court, lack of trial dates, and the problems associated with having too many matters before one magistrate
- suggestions about reforms to the new divorce forms and kit
- the single registry reforms
- the new pilot schemes being tested by the Family Court, including the Family Violence Screening pilot, the Working with Men pilot, Family Relationship Centres, and the Children's cases project
- the possibility of having CLE courses with topics such as how to deal with difficult clients, and 'back to basic' sessions for family law practitioners, and
- changes in practice by the Family Court regarding the liberty to apply in consent orders that involve super-splitting.

The Family Law section also contributed to and drafted submissions to various bodies regarding many of the above issues, most notably:

- a submission on behalf of the president to the Federal House of Representatives Standing Committee on Legal and Constitutional Affairs regarding the inquiry into the exposure draft of the Family Law Amendment (Shared Parental Responsibility) Bill 2005
- a submission to the Family Law Council on relocation
- a letter to the Family Law section on collaborative law.

Throughout the course of the year representatives of the Family Court have attended and contributed to meetings of the Family Law section.

Julie Harrington
Chair

Government lawyers' section

Mission statement –

Our mission is to represent the interests of Queensland's Government Lawyers by:

- facilitating a mutually beneficial relationship between the Queensland Law Society and government lawyers
- liaising with the Society about the needs of government lawyers and assisting it to respond to those needs
- participating in the national government lawyers' forum
- promoting excellence in the practice of government law
- promoting closer professional relationships between government lawyers
- acting as spokesperson for Queensland's government lawyers.

Background

Over the past ten years the committee has focused on ensuring the availability of continuing legal education seminars of particular interest to government lawyers, ensuring that the Society's annual symposium caters for the interests of government lawyers and arranging conferences designed to meet the needs of government lawyers. It has also arranged regular speakers of interest to both public and private sector lawyers in order to promote networks between public and private sector lawyers. The committee is chaired by Fiona FitzPatrick.

Meetings

The committee met six times during 2005/06.

Government lawyers' conference

The section organised a Government Lawyers' Conference which was held in April, with approximately 100 delegates from both the public and private sector. The feedback from the conference was positive, and another is being planned for 2007.

National activities – membership of the Pacific Rim Public Sector Lawyers sub-committee

The primary activity of this group during the year was the preparation of a draft *Government Legal Care Handbook* for government lawyers nationally.

Disseminating information of interest to government lawyers and promoting engagement and communication between the Society and government lawyers

For example, the committee utilised its email distribution list to promote the commencement of the first Queensland CPD scheme year on 1 July 2005. It also utilises this channel to communicate its activities to government lawyers, and to seek feedback on the needs of government lawyers.

Promoting the benefits of membership of the Society to government lawyers

An associate membership package for government lawyers has been developed by the Society, and will be formally launched in August 2006.

Liaising with other sections and committees as arranged by the society and identifying and progressing issues impacting on government lawyers

For example, the committee wrote to the Society to highlight the obstacles for government lawyers wishing to undertake pro bono work.

Fiona FitzPatrick
Chair

International law/relations section

The International Law/Relations section was chaired by Mr Robert Winter who stepped down in March 2006 and is presently chaired by Associate Professor Jennifer Corrin Care.

The International Law/Relations section of the Queensland Law Society deals with developments in international law and relations with associations of legal practitioners in other countries.

Highlights of 2005/06

The International Law/Relations section met five times during 2005/06, including a meeting with Mr Seiji Iseki, who gave a short presentation on his upcoming trip to Tokyo and meeting with the Dai-Ichi Tokyo Bar Association.

During the course of 2005/06, the QLS International Law/Relations section considered numerous issues, the most noteworthy dealing with:

- **China** - attending a reception for the new Chinese Consul in Brisbane, arranged by the section and LAWASIA - discussions on how to forge productive links with China All Lawyers Association
- **The Fiji Islands** - a submission was made to the Fiji Islands government expressing concern over the proposed Truth and Reconciliation Legislation
- **PNG** - discussion and watching brief on proposed legislation of foreign ownership of legal practices
- **Vietnam** - a working party was created, with information supplied by LAWASIA member organisation, Ho Chi Minh City Bar Association on current state of legal/professional development - Robert Winter and other QLS members attended the LAWASIA international Trade Law Conference in Ho Chi Minh City on 8 October 2005 and discussed ways of assisting practitioners in Vietnam - an information evening for Vietnamese law students was held at the Society
- **South Pacific** - discussion on establishing an exchange scheme for young practitioners from Vanuatu or the Solomon Islands, HIV/AIDS essay competition, and providing materials to the Solomon Islands on legal training
- **LAWASIA** - discussion on rule of law issues in Nepal, provision of opportunities for QLS practitioners to speak at events, eg international trade law conference in Vietnam, October 2005, labour law conference in Malaysia, August 2006, LAWASIA 40th Anniversary conference in September/October 2006 in Goa, arranging QLS interaction with and reporting on developments at the Law Society Convention in the Fiji Islands, assisting with efforts of Mr Iseki to broker a relationship with Tokyo bars and proposing a Managing Partners Conference in Queensland
- **Japan** - resolution to investigate formalisation of a link with the Daiichi-Tokyo Bar Association and the Daini-Tokyo Bar Association.

Jennifer Corrin Care
Chair

Litigation and rules section

The Litigation and Rules section is chaired by Mr Peter Eardley.

The Litigation and Rules section of the Queensland Law Society deals with developments in the law relating to litigation and rules of practice within the legal profession.

Highlights of 2005/06

The Litigation and Rules section met five times during 2005/06, most notably with a meeting hosting Tim Connard of the Federal Court.

During the course of 2005/06 the QLS Litigation and Rules section considered numerous issues, the most noteworthy related to:

- the Vexatious Proceedings Bill
- liaising with the Supreme Court and the Justice Department in respect of the Supreme Court E-Litigation Model
- the effect of GST in relation to recoverable costs on party and party taxations
- advising the Society on the increase in monetary limits of the Magistrates and Federal Courts

- the proposed barristers' protocol on fee dispute resolution, and
- critical overview of cases relating to the *Uniform Civil Procedure Rules*.

In addition to the scheduled meetings, the section also participated and provided submissions on:

- the taxation process and matters relating to the solicitors' certification of costs statements to the *Supreme Court Rules* committee
- the *Federal Court Rules* Revision Project
- review of the Registry of the Superior Courts in respect of communication issues.

The section is in the process of drafting a recommended client agreement and reviewing costs assessments under the *Uniform Civil Procedure Rules*.

Peter Eardley
Chair

Practice development and management section

Rationalisation of committees at the Queensland Law Society witnessed the transformation of the Small Practice committee to the upgraded status of the Practice Development and Management section.

This section had the continued responsibility to assist members of small practices which has now been accepted as involving a self practitioner to a practice of four or less partners.

The advantage of this section has increased by the diversity of its section members. The perspectives of geography, levels of specialisation, partnership size and composition, gender and age are all relevantly represented. The members devoted their time not only in the midweek meeting but on a week end when the planning strategies and in particular the retirement seminar.

At the outset section members decided that information gathering was a vital part of the section's strategic plan. Our survey results ascertained the extent to which members had exit or retirement plans in place. The response from our members was particularly encouraging. I believe the seminar was well received.

The section has found other issues which as expected will be of major significance to our members which include staff shortages and retention, mentoring, human relations, technology and in keeping pace with its change, business operations and finance.

The section's future is underpinned by the perennial goal in assisting members in supporting other members where needed, balancing life and building more profitable businesses.

The continuing strategy is for the Practice Development and Management section to interact with other societies and associations with a view to establish links and understand trends and exchange ideas.

Ian Berry
Chair

Property and development law section

The Property and Development Law section is chaired by Mr Paul Newman.

The Property and Development Law section of the Queensland Law Society deals with all developments in the law relating to commercial and residential property. The following committees also form part of the Section:

- Construction and Infrastructure Law committee
- Planning and Environment Law committee.

Highlights of 2005/06

The Property and Development Law section met eight times during 2005/06 the most notable with Mr D Molloy, the general manager of the REIQ.

During the course of 2005/06, the QLS Property and Development Law section considered numerous issues, the most noteworthy being:

- discussions on status of electronic conveyancing in Queensland and liaising with the Law Council E-Conveyancing Working Party

- practitioners being prosecuted under s480(2) of the *Duties Act* and seeking a ruling from OSR on this issue
- dangers in signing blank attachments to conveyancing transactions
- amendments to and compliance issues relating to the *Property Agents & Motor Dealers Act* and the *Land Sales Act*
- amendments to the REIQ contract and changes to the QLS website
- meeting with representatives of Queensland Transport on the Property Search System Steering Committee Briefing Paper
- detailed discussions on the Conveyancing Protocol
- discussions with the Department of Natural Resources, Mines and Water on Form 24 Transfers
- conducting the Property Law Conference, 18 November 2005
- planning the Property Law Conference which is due to occur on 11 November 2006
- discussion of National Electronic Conveyancing System (NECS) Consultation Forum, 8 May 2006 and
- discussions on proposed amendment to s 75(6) and (7) of the *Property Law Act*.

The Property and Development Law section prepared the following:

- submission to the Attorney General, Minister for Trading and the Premier on the *Property Agents & Motor Dealers Act*
- article in *QLS Update* on Form 24 Transfers
- submission to the Registrar of Titles on Form 24 Transfers, and
- seeking practice ruling from OSR on s 480(2) of the *Duties Act*.

Planning and environment committee

Chair: Russell Bowie

The Planning and Environment committee met four times during 2005/06 and considered numerous discussion papers and draft bills, the most noteworthy issues related to:

- the Environmental Protection and Other Legislation Amendment Bill 2005
- the *Currency Periods Option* paper
- Integrated Planning and Other Legislation Amendment (IPOLA) Bill
- the future of the Planning and Environment Court, and
- the *Integrated Planning Act* (IPA) 1997.

The Planning and Environment committee drafted and made detailed and lengthy submissions on:

- the *Options Paper* and IPOLA Bill 2005 Drafting Instructions to Mr Graeme Ballard of the Department of Local Government, Planning, Sport and Recreation, 10 October 2005
- the draft IPOLA Bill 2006 to Mr Graeme Ballard of the Department of Local Government, Planning, Sport and Recreation, 6 February 2006
- a summit on the IPA on 14 March 2006
- IPA review to the Department of Local Government Planning Sport and Recreation, 3 April 2006.

Construction and infrastructure committee

Chair: Ross Williams

The Construction and Infrastructure committee met four times during 2005/06 and considered numerous issues most notably:

- participating in the Property Law Conference, 18 November 2005
- discussions concerning the ongoing training and monitoring of adjudicators under the ANA and general ANA updates
- participating in an industry wide task force project on reversing the declining standards in project documentation within the building and construction industry, Engineers Australia

- review of the *Building and Construction Industry Payment Act 2004*, and
- liaising with LCA Construction committee.

The Construction and Infrastructure committee has contributed to and drafted submissions on:

- *Building and Construction Industry Payment Act*, and
- declining quality of project documentation within the construction industry.

Paul Newman
Chair

Succession law section

The Succession Law section of the Queensland Law Society, chaired by Dr John de Groot, deals with developments in the law relating to the distribution of property on a person's death and issues associated with the practice of this branch of law in Queensland in light of the ongoing work of the Uniform Succession Laws Project.

Highlights of 2005/06

The Succession Law section met four times during 2005/06, most notably with a meeting hosting representatives of the NSW Law Reform Commission and discussion of their *Issues Paper 26: Uniform succession laws: intestacy* and a meeting hosting Pam Suttor, Chair of the Law Society of NSW Elder Law committee and Annie Kirwan, representative of the Queensland Community Foundation.

During the course of 2005/06 the QLS Succession Law section considered numerous issues, including:

- the Succession Amendment Bill 2005
- the NSW Law Reform Commission and discussion of their *Issues Paper 26: Uniform succession laws: intestacy*
- issues raised in the April 2005 *Proctor* article entitled 'Deceased Estates Administration Fee'
- powers of appropriation and difficulties associated with s31 of the *Trust Act 1973*
- the establishment of a Wills Register in Queensland and
- the implications to beneficiaries of superannuation of the tax concessions in this year's budget.

In addition to the scheduled meetings the section also considered and provided to government separate submissions regarding:

- the first consultation draft of the *Succession Amendment Bill*
- the second consultation draft of the *Succession Amendment Bill*
- the uniformity of Succession Laws arising from the Succession Laws reform project, and
- the Attorney-General's proposed timetable of reform for the balance of the uniform succession laws project.

John de Groot
Chair

Young lawyers section

The Young Lawyers section was chaired by Patrick Sutton of Connolly Suthers for 2005/06.

The Young Lawyers section of the Queensland Law Society aims to identify, and contribute to the alleviation of, issues that affect young lawyers in Queensland. The primary avenues used by the committee to support young lawyers are education and interaction with peers. The committee is actively involved in determining the structure and content of the Young Lawyers CLE series and contributes educational materials where possible to the regional and Schools and Community Education Service (SCES) programs. The committee also seeks to promote social networking functions for young lawyers so they can meet and discuss issues concerning their practice of law.

Highlights of 2005/06

The Young Lawyers committee met five times in 2005/06. The most notable activities undertaken by the committee were:

- determination of topics and structure for the Young Lawyers CLE series for 2006
- active participation in SCES, including contributions to the *Verdict* magazine and undertaking speaking engagements at schools where necessary
- contribution towards the regional series of CLE events, including the provision of speakers and chairs where necessary
- consideration and active organisation of the Fiji exchange program
- assistance with the organisation of social networking functions in regional areas.

Patrick Sutton
Chair

District law associations

The Society represents the interests of the most geographical widespread legal profession in Australia. The vastness of Queensland has nurtured the growth and strength of the district law associations. Their enthusiastic involvement in local community activities and their support in the Society's efforts to inform and educate Queenslanders of their rights and responsibilities under the law are of immense value.

The district law associations' presidents held a successful Convocation at Law Society House on 4 April 2006. The main issues arising from the Convocation included as follows:

- the necessity to standardise the structure of district law associations
- the necessity to standardise the terms of district law association presidents and other office bearers
 - the necessity for district law associations to be an integral part of the Society and to act as conduits for information to and from the Society
 - the necessity for the Society to assist district law associations in maintaining up to date lists of members
 - the necessity for the Society to provide induction kits for district law association presidents
 - the necessity for the Society to develop a web page for the district law associations on the Society's website.

Set out below are details of the current presidents of the active district law associations in Queensland.

Bundaberg Law Association			
Glen Krebs	Payne Butler Lang	PO Box 649	Bundaberg Qld 4670
Caboolture Law Association			
Kurt Fowler	Watling Fowler Solicitors	PO Box 822	Caboolture Qld 4510
Central Queensland Law Association			
Jill Williams	South & Geldard	PO Box 560	Rockhampton Qld 4700
Downs and South-West Law Association			
David Meara	Davidson & Sullivan	PO Box 599	Toowoomba Qld 4350
Fraser Coast Law Association			
Kellie Grainger	Carswell & Company	PO Box 127	Maryborough Qld 4650
Far North Queensland Law Association			
Nerida Wilson	The Law Office	PO Box 1927	Cairns Qld 4870
Gladstone Law Association			
Stacey O'Gorman	Kenny & Partners	The Old Court House Building 16 Yarroon Street	Gladstone Qld 4680
Gold Coast Law Association			
Ted Skuse	Skuse & Co	PO Box 331	Mudgeeraba Qld 4213
Gympie Law Association			
Stephen Manthey	Neilson Stanton & Parkinson	PO Box 356	Gympie Qld 4570
Ipswich and District Law Association			
Vanessa Brown	Brown & Baker	PO Box 499	Ipswich Qld 4305
Mackay District Law Association			
Brad Shanahan	S R Wallace & Wallace	PO Box 733	Mackay Qld 4740
North Brisbane Lawyers Association			
Michael Coe	Michael Coe Solicitor	PO Box 3255	Stafford DC Qld 4053
North Queensland Law Association			
Melissa Masters	Nelson Lawyers	PO Box 4282	Kirwan Qld 4817

North West Law Association			
Jayne Cox	L A Evans Solicitor	PO Box 311	Mount Isa DC Qld 4825
Sunshine Coast Law Association			
Michelle Beatty	McAlister & Cartmill	PO Box 75	Coolum Beach Qld 4573
Southern District Law Association			
Bryan Mitchell	Mitchells Solicitors & Business Advisors	PO Box 95	Moorooka Qld 4105
Townsville District Law Association			
Patrick Sutton	Connolly Suthers	PO Box 991	Townsville Qld 4810

Senior counsellors

Senior counsellors are experienced practitioners available to advise a practitioner on any professional or ethical problem.

Some of the areas a senior counsellor may be able to assist include:

- advice on a professional or ethical problem
- career advice on options such as employment and partnership offers
- whether to report a particular situation to the Society
- whether a notification should be made to a professional indemnity insurer
- acting as an intermediary between the Society and a practitioner wishing to remain anonymous.

Communication between a practitioner and a senior counsellor attracts the same degree of confidentiality as communications between a solicitor and their client.

Set out below are details of the current Senior Counsellors and their geographical locations.

Brisbane			
J R Byrne	James Byrne & Rudz	GPO Box 900	Brisbane Qld 4001
P D Carne	Queensland Law Society Inc	GPO Box 1785	Brisbane Qld 4001
J D Carroll	WHD Lawyers	GPO Box 2471	Brisbane Qld 4001
M B Conroy	Conroy & Associates	PO Box 586	Toowong DC Qld 4066
P L Cooper	Cooper Grace & Ward	GPO Box 834	Brisbane Qld 4001
C C Endicott	Macrossans Lawyers	GPO Box 2763	Brisbane Qld 4001
J D Fitzgerald	Biggs Fitzgerald Pike	PO Box 396	Chermside South Qld 4032
F M Fitzpatrick	Office of Fair Trading	GPO Box 3111	Brisbane Qld 4001
R G Forgione	Forgione Lawyers	PO Box 5116	Algester Qld 4115
G J Hutchinson	Cooke & Hutchinson	PO Box 130	Redcliffe Qld 4020
J P Kelly	Corrs Chambers Westgarth	GPO Box 9925	Brisbane Qld 4001
G E Klein	Public Trustee of Queensland	GPO Box 1449	Brisbane Qld 4001
M O Klug	Clayton Utz	GPO Box 55	Brisbane Qld 4001
A MacGillivray AM	Lex MacGillivray	Ground Level 193 North Quay	Brisbane Qld 4000
J G Mann AM		University of Queensland	St Lucia Qld 4072
M A Miller	Quinlan Miller & Treston	GPO Box 2500	Brisbane Qld 4001
G A Murphy AM	MurphySchmidt	PO Box 7042	Riverside Centre Qld 4001
J A Nagel	John Nagel & Co	PO Box 44	Mount Gravatt Qld 4122
P G Nolan	Queensland Police Union of Employees	PO Box 13008	Brisbane George Street Qld 4003
T A Nulty	Phillips Fox	PO Box 7804	Waterfront Place Qld 4001
T P O’Gorman AM	Robertson O’Gorman	PO Box 13026	George Street Post Shop Qld 4003
R G Perrett	Clayton Utz	GPO Box 55	Brisbane Qld 4001
W T Purcell	W T Purcell Chadwick & Skelly	PO Box 958	Brisbane Qld 4001
M P Quinn	Gilshenan & Luton	GPO Box 5276	Brisbane Qld 4001
D G Searles	Deacons	GPO Box 407	Brisbane Qld 4001
D P Spence	Thynne & Macartney	GPO Box 245	Brisbane Qld 4001
G J Vickery AM	Deacons	GPO Box 407	Brisbane Qld 4001

Airlie Beach			
J C Ryan	John Ryan & Co	PO Box 977	Airlie Beach Qld 4802
Atherton			
F J Liston	Lilley Grose & Long	PO Box 156	Atherton Qld 4883
Ayr			
B J Baxter	Ruddy Tomlins & Baxter	PO Box 590	Ayr Qld 4870
Caboolture			
G P D Maskiell	Maskiells	PO Box 779	Caboolture Qld 4510
Cairns			
R J Beer	MacDonnells Law	PO Box 5046	Cairns Qld 4870
A L English	Bottoms English	PO Box 5196	Cairns Qld 4870
R J Reaston	Reaston Lawyers	PO Box 395	Bungalow Qld 4870
G R Smith	Mellick Smith & Associates	PO Box 627	Cairns Qld 4870
Gold Coast			
R B Attwood	Richard Attwood	PO Box 264	Tweed Heads Qld 2485
R C Barnes	Hickey Lawyers	PO Box 5559	Gold Coast Mail Centre Qld 9726
W G Jones	Jones Mitchell Lawyers	PO Box 2552	Southport BC 4215
P E M McCafferty	Stacks/Gray	Level 1 32 The Esplanade	Paradise Point Qld 4216
W M Potts	Price & Roobottom	PO Box 455	Southport DC Qld 4215
Gladstone			
C A Trevor	Chris Trevor & Associates	62 Goondoon Street	Gladstone Qld 4680
Gympie			
G R Neilson	Neilson Stanton & Parkinson	PO Box 356	Gympie Qld 4570
Innisfail			
V J Vandeleur	Vandeleur & Todd	PO Box 862	Innisfail Qld 4860
Ipswich			
P M Fallu	Dale & Fallu	PO Box 30	Ipswich Qld 4350
R Zande	Richard Zande & Associates	PO Box 42	Ipswich Qld 4305
Mackay			
A P Guhsn	Macrossan & Amiet	PO Box 76	Mackay Qld 4740
G C Paterson	Macrossan & Amiet	PO Box 76	Mackay Qld 4740
J C Taylor	Taylor Solicitors	PO Box 687	Mackay Qld 4740
Maryborough			
T W Young	Carswell & Company	PO Box 127	Maryborough Qld 4650
Rockhampton			
A R Batts	Connolly Schirmer & Batts	PO Box 309	Rockhampton Qld 4700
H C Grant	Grant & Simpson	PO Box 50	Rockhampton Qld 4700
V N Jackson	South & Geldard	PO Box 560	Rockhampton Qld 4700
J L Shaw	Swanwick Murray Roche	PO Box 111	Rockhampton Qld 4700

Sunshine Coast			
M D Bray	Bradley & Bray	PO Box 243	Nambour Qld 4560
G W Ferguson	Ferguson Cannon Lawyers	PO Box 5851	Maroochydore BC Qld 4558
M O Richardson	Cartwrights Tebbett & Ostwald	PO Box 132	Noosa Heads Qld 4567
Toowoomba			
G C Fox	Wonderley & Hall	PO Box 838	Toowoomba Qld 4350
J O'Sullivan	Laherty & O'Sullivan	PO Box 1360	Toowoomba Qld 4350
T M Sullivan	Davidson & Sullivan	PO Box 599	Toowoomba Qld 4350
K M Walker	Walkers	PO Box 1514	Toowoomba Qld 4350
Townsville			
C O Harkness	Wilson/Ryan/Grose	PO Box 1113	Townsville Qld 4810
P G B Mackey	Mackey & Wales	PO Box 6080	Townsville Qld 4810
Warwick			
N D Maxwell	Maxwell & McMeniman	PO Box 200	Warwick Qld 4370

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Queensland Law Society Incorporated
Income Statement
for the financial period 1 May 2005 to 30 June 2006

	NOTE	Consolidated		Parent Entity	
		2006 \$	2005 \$	2006 \$	2005 \$
Revenue from Ordinary Activities					
Membership and Practitioners Fees	7	4,542,916	4,781,521	4,542,916	4,781,521
Department of Justice Grant		2,740,922	2,558,624	2,740,922	2,558,624
Rent and Administration Revenue	8	589,233	546,927	589,233	646,927
Membership Services and Events	9	4,287,027	1,752,796	4,287,027	1,752,796
Investment Income		7,940,882	5,578,410	1,051,060	506,502
Commissions and Funding		781,599	860,200	781,599	860,200
Claims Management		617,338	487,114	–	–
Insurance Premiums, Levies and Deductibles		24,100,764	20,839,821	–	–
Other Income		227,000	122,099	227,000	122,099
Revaluation of Shares Previously Written down		–	–	2,125,362	728,745
Financial Assets	6	–	1,173,109	–	–
Total Revenue from Ordinary Activities		45,827,681	38,700,621	16,345,119	11,957,414
Expenses from Ordinary Activities					
Administration Expenses	10	11,728,859	7,587,810	10,528,072	7,154,367
Membership Services and Events	9	1,750,800	1,658,480	1,750,800	1,658,480
Council and Committee Costs	11	737,154	551,089	737,154	551,089
Law Council Capitation Fees		446,797	420,392	446,797	420,392
Other Expenses		362,517	322,218	362,517	322,218
Reinsurance Premium		5,456,667	4,691,669	–	–
Claims Paid		12,959,852	5,820,936	–	–
Provision for Outstanding Claims	12	18,059,880	12,999,402	–	–
Losses Recoverable	12	(14,256,661)	–	–	–
Commission Expense		140,000	–	–	–
Total Expenses from Ordinary Activities		37,385,865	34,051,996	13,825,340	10,106,546
Surplus before Income Tax		8,441,816	4,648,625	2,519,779	1,850,868
Income Tax Expense	25	(495,631)	–	–	–
Surplus after Income Tax		7,946,185	4,648,625	2,519,779	1,850,868

The Income Statement is to be read in conjunction with the accompanying Notes to and forming part of the Financial Statements.

Queensland Law Society Incorporated

Balance Sheet

as at 30 June 2006

	NOTE	Consolidated		Parent Entity	
		2006 \$	2005 \$	2006 \$	2005 \$
Current Assets					
Cash Assets	23(a)	861,194	154,091	795,969	68,734
Receivables and Prepayments	13	2,608,099	2,465,782	2,091,499	1,333,805
Other Financial Assets	23(a)	55,182,187	42,187,460	36,442,602	4,981,329
Total Current Assets		58,651,480	44,807,333	39,330,070	6,383,868
Non-Current Assets					
Investment in Lexon Insurance Pte Ltd	5	–	–	9,000,000	6,874,638
Other Financial Assets	6	67,092,193	33,186,806	–	–
Property, Plant and Equipment	15	13,568,350	10,110,149	13,453,354	10,110,149
Insurance Contract Liabilities Ceded	12	14,256,661	–	–	–
Total Non-Current Assets		94,917,204	43,296,955	22,453,354	16,984,787
TOTAL ASSETS		153,568,684	88,104,288	61,783,424	23,368,655
Current Liabilities					
Payables	14	39,149,583	8,208,212	34,052,063	1,999,223
Current Income Tax Liabilities	25	1,233,149	–	–	–
Solicitors' Deductibles		103,214	103,213	–	–
Accrued Employee Benefits	19	433,275	519,002	433,275	519,002
Provision for Outstanding Claims	12	14,749,704	3,104,269	–	–
Total Current Liabilities		55,668,925	11,934,696	34,485,338	2,518,225
Non-Current Liabilities					
Accrued Employee Benefits	19	410,019	364,017	410,019	364,017
Deferred Income Tax Liability	26	1,318,650	–	–	–
Provision for Outstanding Claims	12	48,414,444	42,000,000	–	–
Total Non-Current Liabilities		50,143,113	42,364,017	410,019	364,017
TOTAL LIABILITIES		105,812,038	54,298,713	34,895,357	2,882,242
NET ASSETS		47,756,646	33,805,575	26,888,067	20,486,413
EQUITY					
Retained Funds		32,985,155	27,713,684	16,914,301	14,394,522
Reserves	17	14,771,491	6,091,891	9,973,766	6,091,891
TOTAL EQUITY		47,756,646	33,805,575	26,888,067	20,486,413

The Balance Sheet is to be read in conjunction with the accompanying Notes to and forming part of the Financial Statements.

Queensland Law Society Incorporated
Statement of Changes in Equity
for the financial period from 1 May 2005 to 30 June 2006

Parent Entity	NOTE	Contribution Distribution Account \$	Asset Revaluation Reserve \$	Fair Value Reserve \$	Retained Profits \$	TOTAL \$
Opening Balance – 1 May 2004		7,929,790	4,941,443	–	12,543,654	25,414,887
Distributions Received	16	267,851	–	–	–	267,851
Transfer to Legal Practitioners Interest on Trust Accounts Fund	16	(8,197,641)	–	–	–	(8,197,641)
Profit for the Period		–	–	–	1,850,868	1,850,868
Revaluation of Strata Title Building	17	–	1,150,448	–	–	1,150,448
Closing Balance – 30 April 2005		–	6,091,891	–	14,394,522	20,486,413
Profit for the Period		–	–	–	394,417	394,417
Revaluation of Investment in Lexon Insurance Pte Ltd		–	–	–	2,125,362	2,125,362
Revaluation of Strata Title Building	17	–	3,881,875	–	–	3,881,875
Closing Balance – 30 June 2006		–	9,973,766	–	16,914,301	26,888,067

Consolidated	NOTE	Contribution Distribution Account \$	Asset Revaluation Reserve \$	Fair Value Reserve \$	Retained Profits \$	TOTAL \$
Opening Balance – 1 May 2004		7,929,790	4,941,443	–	23,065,059	35,936,292
Distributions Received	16	267,851	–	–	–	267,851
Transfer to Legal Practitioners Interest on Trust Accounts Fund	16	(8,197,641)	–	–	–	(8,197,641)
Profit for the Period		–	–	–	4,648,625	4,648,625
Revaluation of Strata Title Building	17	–	1,150,448	–	–	1,150,448
Closing Balance – 30 April 2005		–	6,091,891	–	27,713,684	33,805,575
Profit for the Period		–	–	–	7,946,185	7,946,185
Effects of changes in accounting policies adjusted		–	–	1,869,500	(2,674,714)	(805,214)
Fair Value Gains on available for Sale Financial Assets		–	–	2,928,225	–	2,928,225
Revaluation of Strata Title Building	17	–	3,881,875	–	–	3,881,875
Closing Balance – 30 June 2006		–	9,973,766	4,797,725	32,985,155	47,756,646

The Statement of Changes to Equity is to be read in conjunction with the accompanying Notes to and forming part of the Financial Statements.

Queensland Law Society Incorporated
Statement of Cash Flows
for the financial period from 1 May 2005 to 30 June 2006

	NOTE	Consolidated		Parent Entity	
		2006 \$	2005 \$	2006 \$	2005 \$
Cash Flows from Operating Activities					
Receipts from the Profession		62,880,371	34,127,772	14,687,281	12,853,964
Receipts from Department of Justice		2,704,854	2,046,487	2,704,854	2,046,487
Payments to Suppliers and Employees		(31,901,964)	(22,534,299)	(12,578,072)	(13,326,840)
Receipts collected for Society entities		–	–	46,308,866	22,999,166
Payments to Society entities		–	–	(21,650,000)	(22,999,166)
Receipts collected for Legal Practitioners' Fidelity Guarantee Fund		3,734,216	1,974,240	3,734,216	1,974,240
Payments to Legal Practitioners' Fidelity Guarantee Fund		(1,894,270)	(1,974,240)	(1,894,270)	(1,974,240)
Interest Received		3,408,084	1,265,372	974,750	499,958
Net Cash Provided by/(Used in) Operating Activities	23(c)	38,931,291	14,905,332	32,287,625	2,073,569
Cash Flows from Investing Activities					
Net Term Deposit Payments		(44,000,000)	–	(19,000,000)	–
Interest from Non-current Investments		–	781,243	–	–
Redemption of Investments		–	6,041,380	–	–
Reclassification of Investments		–	–	–	–
Payments for Property, Plant and Equipment	15	(229,461)	(616,494)	(99,117)	(616,494)
Net Cash Provided by/(Used in) Investing Activities		(44,229,461)	6,206,129	(19,099,117)	(616,494)
Cash Flows from Financing Activities					
Contribution Distribution Account Receipts		–	617,625	–	617,625
Contribution Distribution Account Payments		–	(8,197,642)	–	(8,197,642)
Contribution Distribution Account Interest		–	93,691	–	93,691
Net Cash Provided by/(Used in) Financing Activities		–	(7,486,326)	–	(7,486,326)
Net Increase/(Decrease) in Cash held		(5,298,170)	13,625,136	13,188,508	(6,029,251)
Cash at the beginning of the Period	23(a)	42,341,551	28,716,415	5,050,063	11,079,314
Cash at the end of the Period	23(a)	37,043,381	42,341,551	18,238,571	5,050,063

The Statement of Cash Flows is to be read in conjunction with the accompanying Notes to and forming part of the Financial Statements.

Queensland Law Society Incorporated

Notes to and forming part of the Financial Statements

for the financial period 1 May 2005 to 30 June 2006

NOTES

Scope of operation

The Queensland Law Society Incorporated ('the Society') is the professional association for solicitors in Queensland and is incorporated under the *Legal Profession Act 2004* ('the Act'). While the Society is defined as a statutory body under the *Financial Administration and Audit Act 1977*, it remains an independent professional body, subject to the governance of its elected Council.

These accounts include the Society, other funds and subsidiaries and when combined are referred to as 'the Group'.

The Group is responsible for issuing of practicing certificates, providing continuing legal education, investigating complaints of unsatisfactory professional conduct against solicitors, administering funds under the control of the Group, providing services and support to members and the general public and providing general insurance and services as licensed under the Singapore Insurance Act. Major sources of income for the Society include annual fees paid by its members, contributions from the Department of Justice and Attorney-General, continuing legal education to the profession, investment income, and Insurance Premiums.

1 Statement of significant accounting policies

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

(a) Basis of preparation

The financial report is a General Purpose Financial Report which has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AeIFRS), the *Financial Administration and Audit Act 1977*, *Financial Management Standard 1997*, and other authoritative pronouncements.

The financial report has also been prepared on the basis of historical cost and except where stated does not take into account changing money values. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period and amounts in the report have been rounded to the nearest dollar.

(b) The reporting entity

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

The Society controlled the following entities at reporting date:

Law Claims Levy Fund

This Fund was wholly controlled for the whole period.

Lexon Insurance Pte Ltd (formerly QLS Insurance Pte Ltd)

This Company was established on 23 June 2001 in Singapore and is 100% owned by the Society. This Company was wholly controlled for the whole period.

The following controlled entity was deregistered during the financial period.

Queensland Law Society Superannuation Pty Ltd

(c) Principles of consolidation

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

(d) Taxation

The Society has been granted exemption from income tax by the Australian Taxation Office (ATO) per s24AK of the *Income Tax Assessment Act 1936* with the exception of Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the 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 balance sheet. 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 Insurance Pte Ltd (formerly QLS Insurance Pte Ltd) is registered in Australia for income tax and GST. Lexon Insurance Pte Ltd pays tax in Singapore and credits are available in Australia for any tax paid in Singapore.

Queensland Law Society Incorporated

Notes to and forming part of the Financial Statements

for the financial period 1 May 2005 to 30 June 2006

(d) Taxation (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(e) Revenue recognition

(i) Premium income

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

(ii) Interest income

Interest income is accrued on a time-proportion basis using the effective interest method.

(iii) Other income

Revenues are recognised at fair value of the consideration received net of any amount of GST payable to the ATO. Practitioner Fees are recognised when payment is received. Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset and is also recognised net of bank charges. Premium revenue is recognised in the financial statements at the commencement of the risk period covered by the policies.

(iv) Grants and other contributions

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

(v) Recovery of expenditure

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

(vi) 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.

(f) Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement 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 period in which termination takes place.

(g) Cash

For the purposes of the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June as well as deposits on call with financial institutions. The Cash Deposit Account is an interest bearing account which is readily convertible to cash on hand at the Society's option.

(h) Receivables

All receivables are carried at actual amounts and the collectability of trade debtors is assessed at reporting date and a specific provision is made for any doubtful accounts.

Queensland Law Society Incorporated
Notes to and forming part of the Financial Statements
 for the financial period 1 May 2005 to 30 June 2006

(i) 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 balance sheet date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due and that the event has a reliably measurable impact on the amount that the Group will receive from the reinsurer.

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

(j) Investments

(i) Recognition and derecognition

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Other financial assets are recognised when there is a contractual right to receive cash or financial assets; or to exchange financial instruments with another enterprise.

Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(ii) Initial measurement

Investments are initially recognised at fair value plus transaction costs.

(iii) Subsequent measurement

Investment assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Unrealised gains and losses arising from changes in the fair value of investments are recognised in the fair value reserve within equity. When investments are sold or impaired, the accumulated fair value adjustments in the fair value reserve within equity are included in the income statement.

(iv) Determination of fair value

The fair values of quoted investments are based on investment intermediaries' quotes at the balance sheet date. The carrying amount of current receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar investments.

(v) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

In the case of equity investments classified as investments, a significant or prolonged decline in the fair value of the investments below its cost is considered in determining whether the investments are impaired. If any such evidence exists for investments, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from the fair value reserve within equity and recognised in the income statement. Impairment losses recognised in the income statement on equity investments are not reversed through the income statement, until the equity investments are disposed of.

(k) Property, plant and equipment

(i) Acquisition of assets

All assets acquired are recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. All assets acquired are expensed unless the initial cost exceeds \$5,000. All library acquisitions are expensed in the year of purchase.

The Society has followed the Queensland Treasury guidelines in relation to intangible assets and as such expensed all software purchases less than \$100,000. This has resulted in a write off of software totalling \$116,242 which was included as an asset in last years accounts.

Queensland Law Society Incorporated

Notes to and forming part of the Financial Statements

for the financial period 1 May 2005 to 30 June 2006

(ii) Impairment of non-current assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the entity determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(iii) Depreciation

All assets including strata title buildings have limited useful lives and are depreciated using the straight line method over their estimated useful lives, taking into account estimated residual values.

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

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

<i>Asset Class</i>	2006	2005
Strata Title Building	2.5%	2.5%
Plant and Equipment	5% – 33%	5% – 33%
Computer Equipment	33% – 100%	33% – 100%

(iv) Revaluations

The strata title building is measured at fair value and is independently revalued every five years to ensure the carrying amount does not materially differ from the fair value at reporting date. In between independent valuations, the Society uses Implicit Price Deflator for non-residential buildings indices to index the carrying amount of the building where there has been a material variation in the index. Revaluation increments are recognised in the asset revaluation reserve except where amounts reversing a decrement previously recognised as an expense are recognised as revenues. Revaluation decrements are only offset against revaluation increments and any excess is recognised as an expense.

(I) Insurance liabilities

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

(i) Outstanding claims provision

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

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

(ii) Unearned premiums provision

The portion of premiums that relates to unexpired risk at the balance sheet 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.

(iii) Liability adequacy test

At each balance sheet date, liability adequacy test is 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 general insurance revenue account by establishing a provision for losses arising from liability adequacy tests.

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(m) Solicitors' deductibles

Solicitors' Deductibles represent an excess which has been charged to solicitors in accordance with the Master Policy agreement. These monies are accounted for as a current liability at balance date and are used to make future payments on files when costs are determined.

(n) 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.

(o) 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.

(p) Employee benefits

(i) Annual leave

Current annual leave entitlements represent present obligations resulting from services provided by employees up to balance date, calculated at undiscounted amounts based on remuneration rates that the entity expects to pay as at reporting date including related on-costs, such as, employer superannuation contributions, workers compensation insurance and payroll tax.

(ii) Sick leave

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to recur in future periods and therefore it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

(iii) Long service leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in remuneration rates including related on-costs and is based on experience of employee departure per year of service. Long service leave expected to be paid in the next 12 months is recorded as a current liability in the Balance Sheet. Long service leave expected to be paid later than one year is recorded as a non-current liability and is discounted using the Commonwealth Bond rate at the reporting date which most closely matches the terms of maturity of the related liabilities.

(q) Foreign currency

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

(r) Adoption of international financial reporting standards

The Financial Reporting Council determined that all entities preparing general purpose financial statements would apply the Australian Equivalents to International Financial Reporting Standards (AeIFRSs) for reporting periods beginning on or after 1 January 2005. The Society established an AeIFRS Work Group to assist in the implementation of the new reporting requirements. All Australian Equivalents to IFRSs have been reviewed for implications for policies, procedures, systems and financial impacts arising from such changes. Results of this review indicated that on adoption of AeIFRS, the Society was not required to make any adjustments to its comparative figures. Therefore, no adjustments have been made on conversion to AeIFRS in these statements.

(s) Legal Profession Act 2004

The *Legal Profession Act 2004* (Qld) came into effect on 25 May 2004. The provisions contained within the Act cover a range of matters including the establishment of the Legal Services Commission, Legal Practice Tribunal and Committee and the Legal Practitioners' Admissions Board, together with a number of technical measures including those relating to transitional provisions to facilitate the transfer to the new legislation.

Under the new Act, the Legal Practitioners' Fidelity Guarantee Fund was required to transfer its main operations of administration of disciplinary matters, audit of solicitors' trust accounts and receivership of solicitors' trust accounts to the Society. This change resulted in the Society receiving a share of trust account interest each year from the Legal Practitioner Interest on Trust Accounts Fund which was established under s208 of the Act and is administered by the Department of Justice and Attorney-General.

(t) Issuance of financial statements

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

Queensland Law Society Incorporated

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for the financial period 1 May 2005 to 30 June 2006

2 Change of financial year

During the period the Society altered its financial year for accounting purposes from 30 April to 30 June each year. The Society has adopted the whole-of-Government financial period ended 30 June, which is consistent with the Financial Administration and Audit Act 1977. The Society has undertaken this by adopting a 14 month reporting period, from 1 May 2005 to 30 June 2006, and will then continue to operate under the standard 12 month reporting period.

As a result, the financial statements of the reporting entity to 30 June 2006 reflect 14 months trading as opposed to the usual 12 months disclosed in the comparative year.

3 Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

Management discussed with directors the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. Certain critical accounting judgements in applying the Group's accounting policies are related to the policyholder claims.

(a) Actuarial methodology for estimate for policyholder claims

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

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

The projected future claims payments for each claim year are based on the claim estimates and an allowance for the development of claims (Incurred But Not Enough Reported – IBNER) especially for the recent claim years in respect of which limited claims information is available and estimates are therefore the most subjective.

The IBNER estimate has been calculated using the Incurred Claim Development ('ICD') factors for claim years 1987 to 2001 and fully developed average claim cost per claim made for the subsequent claim years.

(b) Key assumptions

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

- average past inflation rate of 4.5% per annum used for estimating past claims payments;
- past claims payments are made on an average 4 years after the date of claims notification;
- future payment inflation factor of 3.5% per annum over the expected cash flow;
- weighted average period to settlement of future claims is 3 years from time of claim;
- average claims incurred used for each claim year;
- discount rate of 5.5% per annum assumed to discount projected future claims payments; and
- no expense margin has been included in the liability estimate.

There have been no significant changes in the business underwritten by the entity or the way the insurance liabilities are estimated. As such no significant amendments have been made to the assumptions.

(c) Sensitivity analysis of key estimates

The reasonableness of the estimation process is tested by an analysis of sensitivity around several different scenarios. The change in the expected average cost of claim is the scenario that is the most critical to the assumptions used to estimate the liabilities. The entity believes that the liability carried at year end is adequate. However, an increase of 10% in the average cost of all claims would require the recognition of an additional loss of \$8,184,671 (\$941,362 net of reinsurance). Management has evaluated and determined that the impact of a change in the other assumptions used is not expected to be significant.

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4 Management of insurance and financial risk

A subsidiary, Lexon Insurance Pte Ltd is a captive insurer and issues a single insurance contract to its holding corporation that transfers insurance risks of its holding corporation to itself. This section summarises these risks and the way the Company manages them.

(a) Insurance risk

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

The primary insurance activity carried out by the entity assumes the risk of loss from persons that are directly subject to the risk – professional indemnity liability. Such risk may relate to liability that may arise from an insurable event. As such, the entity is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The entity also has exposure to market risk through its insurance and investment activities.

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

(i) Underwriting strategy

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

(ii) Reinsurance strategy

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

- to reduce risk, and
- to stabilise solvency.

To achieve such objectives, the entity 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 entity.

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

(iii) 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 entity's main product – professional indemnity liability and the ways in which it manages the associated risks.

(A) Product features

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

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

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

(B) Management of risks

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

Underwriting risk includes the risk of higher claims costs than expected owing to the random nature of claims and their frequency and severity and the risk of change in legal or economic conditions or behavioural patterns affecting reinsurance pricing and conditions of reinsurance cover. This may result in the entity 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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Claims development history – Lexon Insurance Pte Ltd

Underwriting year	2003 \$	2004 \$	2005 \$	2006 \$	Total \$
Estimate of ultimate claims costs:					
Gross					
– at end of reporting year	13,446,822	15,416,970	15,323,519	19,628,276	
– one year later	16,481,580	15,416,970	23,328,538	–	
– two years later	19,683,274	15,742,681	–	–	
– three years later	21,504,755	–	–	–	
Current estimate of cumulative claims	21,504,755	15,742,681	23,328,538	19,628,276	80,204,250
Cumulative payments to date	(8,880,125)	(5,040,987)	(4,992,125)	(1,367,702)	(20,280,939)
Liability recognised in the balance sheet	12,624,630	10,701,694	18,336,413	18,260,574	59,923,311
Liability in respect of prior years					2,843,602
Total outstanding claims included in the balance sheet					62,766,913
Net					
– at end of reporting year	13,446,822	15,416,970	15,323,519	15,558,636	
– one year later	16,481,580	15,416,970	16,721,504	–	
– two years later	19,683,274	15,742,682	–	–	
– three years later	17,924,768	–	–	–	
Current estimate of cumulative claims	17,924,768	15,742,681	16,721,504	15,558,636	65,947,589
Cumulative payments to date	(8,880,125)	(5,040,987)	(4,992,125)	(1,367,702)	(20,280,939)
Liability recognised in the balance sheet	9,044,643	10,701,694	11,729,379	14,190,934	45,666,650
Liability in respect of prior years					2,843,602
Total outstanding claims included in the balance sheet					48,510,252

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

(b) **Reinsurance risk**

The entity 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 entity'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 entity 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 entity considers their relative security. The security of the reinsurer is assessed from public rating information.

(c) **Concentration of risk**

The concentration of insurance risk before and after reinsurance is solely in Australia.

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(d) Financial risk

The entity's activities expose it to a variety of financial risks: foreign currency risk, cash flow and fair value interest rate risk, credit risk and liquidity risk.

(i) Foreign currency risk

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

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The entity's exposure to market risk for changes in interest rate relates primarily to the entity's cash deposits at bank.

(iii) Credit risk

There is no significant credit risk with respect to the collectability of premiums from its holding corporation despite that the entity underwrites risks from its holding corporation. This is because 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.

(iv) Liquidity risk

The entity's ability to meet its short term funding obligations is managed by maintaining sufficient cash and bank deposits.

5 Investment in Lexon Insurance Pte Ltd (formerly QLS Insurance Pte Ltd)

In June 2001, Lexon Insurance Pte Ltd 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. The \$9,000,000 share capital of the company is fully owned by the Society and the company is a controlled entity of the Society.

6 Other financial assets – non-current

Adjustment to Non-Current Investments which is contained on the Balance Sheet recognises the difference between Singapore and Australian Accounting standards for disclosure of non-current investments.

	2006 \$	2005 \$
Investments shown at Cost	–	27,454,025
Investments shown at fair Value	63,591,851	–
Add:	–	–
Adjustments for Lexon Insurance Pte Ltd non-current Investments	–	1,501,605
Current period adjustment to Lexon Insurance Pte Ltd non-current assets	–	1,173,109
Law Claims Levy Fund non-current Investments at fair value	3,500,342	3,058,067
Investments shown at fair value.	67,092,193	33,186,806

7 Membership and practitioner fees

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Practising Certificate Fees	2,731,651	2,607,061	2,731,651	2,607,061
Member Fees	1,535,665	1,911,695	1,535,665	1,911,695
Certificate of Fitness	19,900	12,815	19,900	12,815
Late Application Levy	18,800	21,450	18,800	21,450
Corporate Marketing Levy	236,900	228,500	236,900	228,500
	4,542,916	4,781,521	4,542,916	4,781,521

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8 Rent and administration revenue

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
General Trust Accounts Contribution Fund	–	7,258	–	7,258
Lexon Insurance Pte Ltd	–	–	–	100,000
Interest on Trust Accounts	–	13,673	–	13,673
Grants Fund	100,490	5,518	100,490	5,518
Legal Practitioners' Fidelity Guarantee Fund	48,699	220,070	48,699	220,070
Legal Practitioners Admissions Board	261,078	153,663	261,078	153,663
Rent	54,291	67,960	77,100	67,960
Car Parking	124,675	78,785	101,866	78,785
	589,233	546,927	589,233	646,927

9 Membership services and events

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Income				
Practice Management Course	494,836	469,167	494,836	469,167
Publications	55,904	37,700	55,904	37,700
QLS Diary	230,408	197,238	230,408	197,238
Seminars	1,469,725	444,713	1,469,725	444,713
College of Law Commission	164,321	–	164,321	–
Specialist Accreditation	275,790	79,552	275,790	79,552
Texts and Course Material	337,917	138,261	337,917	138,261
School and Student Services	55,946	58,243	55,946	58,243
Events and Functions	51,222	53,574	51,222	53,574
Membership Product and Services	583,654	12,308	583,654	12,308
Proctor Advertising and Subscription	377,810	255,222	377,810	255,222
Marketing and Sponsorship	189,494	6,818	189,494	6,818
	4,287,027	1,752,796	4,287,027	1,752,796

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9 Membership services and events (continued)

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Expenditure				
Continuing Professional Development	–	12,801	–	12,801
Library Services	328,023	268,166	328,023	268,166
Practice Management Course	85,456	85,611	85,456	85,611
QLS Diary	105,732	143,906	105,732	143,906
Seminars	517,257	151,147	517,257	151,147
Specialist Accreditation	15,173	3,505	15,173	3,505
Texts and Course Material	98,434	57,424	98,434	57,424
School and Student Services	9,085	24,322	9,085	24,322
Events and Functions	52,683	672,644	52,683	672,644
Membership Product and Services	274,013	52,246	274,013	52,246
Proctor Expenses	263,535	186,266	263,535	186,266
Marketing and Sponsorship	1,409	442	1,409	442
	1,750,800	1,658,480	1,750,800	1,658,480

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10 Administration expenses

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Actuarial Fees	–	14,068	–	–
Advertising	100,613	3,535	100,613	3,535
Audit Fees	101,536	83,070	90,236	62,495
Bad Debts	45,547	204,823	547	1,538
Catering and Functions	34,507	22,002	34,507	22,002
Committee Expense	–	10,514	–	10,514
Computer Maintenance	729,430	231,743	729,430	231,743
Depreciation – Computers	34,809	193,952	34,809	193,952
Depreciation – Plant and Equipment	132,665	200,440	117,317	200,440
Electricity	70,125	57,199	70,125	57,199
Entertainment	3,498	3,136	3,498	3,136
Foreign Exchange Loss	–	3,389	–	–
Fringe Benefits Tax	91,322	63,705	91,322	63,705
Fees and Charges	32,180	17,905	32,180	16,585
Insurance	216,121	212,189	216,121	212,189
Law Society House:				
Body Corporate Levies	232,887	133,769	232,887	133,769
Depreciation – Strata Title Building	369,420	235,620	369,420	235,620
Rates and Taxes	78,020	69,991	78,020	69,991
Lease Payments	78,823	–	–	–
Motor Vehicle Expense	16,698	9,092	16,698	9,092
Offsite Storage	40,333	31,296	40,333	31,296
Payroll Tax	325,957	210,926	325,957	210,926
Postage	110,500	74,784	110,500	74,784
Presentations and Gifts	15,419	18,553	15,419	18,553
Printing and Stationery	182,580	110,401	182,580	110,401
Professional and Consulting Fees	451,478	279,933	143,592	116,918
Registrations and Subscriptions	56,818	70,759	56,818	66,671
Repairs and Maintenance	127,626	123,127	127,626	123,127
Salaries and Wages	6,775,756	4,094,482	6,419,705	4,094,482
Staff Advertising	12,960	14,486	12,960	14,486
Staff Amenities	13,919	9,320	13,919	9,320
Staff Training	37,505	11,283	37,505	11,283
Staff Travel	222,111	56,948	61,942	56,948
Sundry Expenses	279,486	40,041	53,276	16,338
Superannuation	574,666	558,909	574,666	558,909
Taxis and Couriers	21,499	19,039	21,499	19,039
Telephone	112,045	93,381	112,045	93,381
	11,728,859	7,587,810	10,528,072	7,154,367

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11 Council and committee costs

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Sponsorship	23,650	15,750	23,650	15,750
Professional and Consultancy Fees	53,684	4,626	53,684	4,626
Travel and Accommodation	276,871	194,078	276,871	194,078
Honorarium	261,668	241,093	261,668	241,093
Convocation	4,315	4,262	4,315	4,262
District Law Association	14,000	8,100	14,000	8,100
Catering and Functions	102,966	83,180	102,966	83,180
	737,154	551,089	737,154	551,089

12 Provision for outstanding claims

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Opening Balance at start of year	45,104,268	32,104,867	–	–
Movement in Provision	18,059,880	12,999,402	–	–
Reinsurance Recoveries	(14,256,661)	–	–	–
	48,907,487	45,104,269	–	–
Current Liability	14,749,704	3,104,269	–	–
Non-Current Liability	48,414,444	42,000,000	–	–
Non Current Recoveries	(14,256,661)	–	–	–
	48,907,487	45,104,269	–	–
Law Claims Levy Fund	397,235	1,003,269	–	–
Lexon Insurance Pte Ltd	48,510,252	44,101,000	–	–
	48,907,487	45,104,269	–	–

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 2002. The fund's liability is \$397,235 (2006) compared to \$1,003,269 (2005).

Lexon Insurance Pte Ltd has assessed its provisions for outstanding claims based upon an independent actuarial assessment as at 30 June 2006 by Mr William Szuch, BSC, BA, MBA, FIA, FIAA, of WSA Financial Consulting Pty Ltd. The key assumptions are detailed in note 3.

13 Receivables and prepayments

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Accounts Receivables	674,567	1,493,062	307,803	108,817
Less: Provision for Doubtful Debts	(366,764)	(321,764)	–	–
	307,803	1,171,298	307,803	108,817
Prepaid Expenses and Other Receivables	2,300,296	1,294,484	1,783,696	1,224,988
	2,608,099	2,465,782	2,091,499	1,333,805

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14 Payables

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Creditors	1,449,905	1,352,217	1,444,605	1,352,217
Income in Advance (PC, Mem Fees, Insurance)	36,344,933	6,176,872	31,308,205	–
Other Payments & Accruals	1,354,745	679,123	1,299,253	647,006
	39,149,583	8,208,212	34,052,063	1,999,223

15 Property, plant and equipment

Parent entity

	Strata Title Building \$	Plant and Equipment \$	Computer Equipment \$	Total \$
2005/06				
Cost or valuation				
At the beginning of the year	10,734,725	1,016,129	486,394	12,237,248
Additions	–	92,654	6,463	99,117
Disposals	–	–	–	–
Revaluations/other	4,505,872	–	(127,670)	4,378,202
At the end of the year	15,240,597	1,108,783	365,187	16,714,567
Depreciation				
At the beginning of the year	(1,307,689)	(491,748)	(327,662)	(2,127,099)
Charge for the year	(369,419)	(117,317)	(34,809)	(521,545)
Disposals	–	–	–	–
Revaluations/other	(623,997)	–	11,428	(612,569)
At the end of the year	(2,301,105)	(609,065)	(351,043)	(3,261,213)
Net book value at 30 June 2006	12,939,492	499,718	14,144	13,453,354
2004/05				
Cost or valuation				
At the beginning of the year	9,424,693	810,738	580,226	10,815,657
Additions	–	482,653	133,841	616,494
Disposals	–	–	–	–
Revaluations/other	1,310,032	(277,262)	(227,673)	805,097
At the end of the year	10,734,725	1,016,129	486,394	12,237,248
Depreciation				
At the beginning of the year	(912,483)	(568,570)	(361,384)	(1,842,437)
Charge for the year	(235,620)	(110,948)	(90,348)	(436,916)
Disposals	–	–	–	–
Revaluations/other	(159,586)	187,770	124,070	152,254
At the end of the year	(1,307,689)	(491,748)	(327,662)	(2,127,099)
Net book value at 30 April 2005	9,427,036	524,381	158,732	10,110,149

Queensland Law Society Incorporated
Notes to and forming part of the Financial Statements
 for the financial period 1 May 2005 to 30 June 2006

15 Property, plant and equipment (continued)

Fixed assets are stated as follows:

30 June 2006				
At valuation	15,240,597	–	–	15,240,597
At cost	–	1,108,783	365,187	1,473,970
	15,240,597	1,108,783	365,187	16,714,567
Depreciation	(2,301,105)	(609,065)	(351,043)	(3,261,213)
	12,939,492	499,718	14,144	13,453,354
30 April 2005				
At valuation	10,734,725	–	–	10,734,725
At cost	–	1,016,129	486,394	2,502,523
	10,734,725	1,106,129	486,394	12,237,248
Depreciation	(1,307,689)	(491,748)	(327,662)	(2,127,099)
	9,427,036	524,381	158,732	10,110,149

Consolidated

	Strata Title Building	Plant and Equipment	Computer Equipment	Total
	\$	\$	\$	\$
2005/06				
Cost or valuation				
At the beginning of the year	10,734,725	1,016,129	486,394	12,237,248
Additions	–	155,009	74,452	229,461
Disposals	–	–	–	–
Revaluations/other	4,505,872	–	(127,670)	4,378,202
At the end of the year	15,240,597	1,171,138	433,176	16,844,911
Depreciation				
At the beginning of the year	(1,307,689)	(491,748)	(327,662)	(2,127,099)
Charge for the year	(369,419)	(121,334)	(46,140)	(536,893)
Disposals	–	–	–	–
Revaluations/other	(623,997)	–	11,428	(612,569)
At the end of the year	(2,301,105)	(613,082)	(362,374)	(3,276,561)
Net book value at 30 June 2006	12,939,492	558,056	70,802	13,568,350

Queensland Law Society Incorporated
Notes to and forming part of the Financial Statements
for the financial period 1 May 2005 to 30 June 2006

15 Property, plant and equipment (continued)

2004/05

Cost or valuation

At the beginning of the year	9,424,693	810,738	580,226	10,815,657
Additions	–	482,653	133,841	616,494
Disposals	–	–	–	–
Revaluations/other	1,310,032	(277,262)	(227,673)	805,097
At the end of the year	10,734,725	1,016,129	486,394	12,237,248

Depreciation

At the beginning of the year	(912,483)	(568,570)	(361,384)	(1,842,437)
Charge for the year	(235,620)	(110,948)	(90,348)	(436,916)
Disposals	–	–	–	–
Revaluations/other	(159,586)	187,770	124,070	152,254
At the end of the year	(1,307,689)	(491,748)	(327,662)	(2,127,099)

Net book value at 30 April 2005	9,427,036	524,381	158,732	10,110,149
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Fixed assets are stated as follows:

30 June 2006

At valuation	15,240,597	–	–	15,240,597
At cost	–	1,171,138	433,176	1,604,314
	15,240,597	1,171,138	433,176	16,844,911
Depreciation	(2,301,105)	(613,082)	(362,374)	(3,276,561)
	12,939,492	558,056	70,802	13,568,350

30 April 2005

At valuation	10,734,725	–	–	10,734,725
At cost	–	1,016,129	486,394	2,502,523
	10,734,725	1,016,129	486,394	12,237,248
Depreciation	(1,307,689)	(491,748)	(327,662)	(2,127,099)
	9,427,036	524,381	158,732	10,110,149

An independent valuation of the strata title building was carried out as at 31 December 2005 by Mr C R Guinare AAPI and is on the basis of the open market value of Law Society House in vacant possession with all units combined. The Council is of the opinion that this basis provides a reasonable estimate of recoverable amount.

The Society has plant and equipment with an original cost of \$684,453 and a written down value of zero still being used in the provision of services.

Queensland Law Society Incorporated
Notes to and forming part of the Financial Statements
 for the financial period 1 May 2005 to 30 June 2006

16 Contribution distribution account

This account represents the balance of moneys received from the General Trust Accounts' Contribution Fund, disbursements of which are subject to the Minister's approval. With the introduction of the *Legal Profession Act 2004*, all balances were transferred to the Legal Practitioner Interest on Trust Accounts Fund on 1 July 2004 which is administered by the Department of Justice and Attorney-General.

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Opening balance at start of year	–	7,929,790	–	7,929,790
Income				
Distribution received:				
General trust accounts' contribution fund	–	205,227	–	205,227
Interest	–	62,624	–	62,624
		267,851		267,851
Expenditure				
Distribution to Legal Practitioner Interest Trust Account Fund	–	8,197,641	–	8,197,641
	–	8,197,641	–	8,197,641
Net movement	–	(7,929,790)	–	(7,929,790)
Closing balance at end of year	–	–	–	–

17 Reserves

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Asset revaluation				
Opening balance at start of year	6,091,891	4,941,443	6,091,891	4,941,443
Add: revaluation increment on strata title building	3,881,875	1,150,448	3,881,875	1,150,448
Closing balance at end of year	9,973,766	6,091,891	9,973,766	6,091,891

18 Heal street building – grants fund

Funds of \$88,999 were received from the Grants Fund during 1988 to enable the purchase of a suitable property from which Caxton Legal Services could continue operation as a community legal service. The Society is currently in negotiation with the Department of Justice and Attorney-General regarding the status of the land and building at Heal Street. Heal Street was independently valued on 3 November 2004 by Ray White Valuers (Brisbane). The value of Heal Street property was assessed at \$730,000 and has not been recognised in the Society's Balance Sheet.

Queensland Law Society Incorporated
Notes to and forming part of the Financial Statements
for the financial period 1 May 2005 to 30 June 2006

19 Accrued employee benefits

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Current				
Provision for annual leave	433,272	415,922	433,272	415,922
Provision for long service leave	–	103,080	–	103,080
	433,275	519,002	433,275	519,002
Non-current				
Provision for long service leave	410,019	364,017	410,019	364,017
	410,019	364,017	410,019	364,017

Number of parent entity employees at year end 85 92

20 Commitments

(a) Operating leases

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Within one year	133,668	13,878	1,648	13,878
One to five years	528,080	1,395	–	1,395
	661,748	15,273	1,648	15,273

(b) Capital leases

Capital expenditure contracted for at 30 June 2006 but not provided for was nil (2005 – nil).

21 Related party transactions

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

	2006 \$	2005 \$
Management fees paid to holding corporation	–	100,000
Gross premiums received from holding corporation	20,150,000	19,690,000
Professional fees paid to a firm of which a director is a member	633,411	–
Management fees paid to a firm of which a director is a member	71,582	70,000
Honorary fees paid to President & Deputy President	261,668	241,092

22 Contingent liabilities

All known insurance claims have been actuarially assessed and expected liabilities have been brought to account as Provision for Outstanding Claims.

There are no other known contingent liabilities of a significant nature at balance date.

Queensland Law Society Incorporated
Notes to and forming part of the Financial Statements
 for the financial period 1 May 2005 to 30 June 2006

23 Notes to the statement of cash flows

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments on 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 balance sheet as follows:

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Cash at bank	861,194	154,091	795,969	68,734
Other financial assets comprise:				
Cash deposit accounts	36,182,187	42,187,460	17,442,602	4,981,329
Term deposit	19,000,000	–	19,000,000	–
	56,043,381	42,341,551	37,238,571	5,050,063

(b) Financing facilities

The Society has no credit facility with any financial institution to meet any financing requirements.

Queensland Law Society Incorporated
Notes to and forming part of the Financial Statements
for the financial period 1 May 2005 to 30 June 2006

(c) **Reconciliation of net cash provided by operating activities to the surplus/(deficit) for the year**

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Surplus/(deficiency) for the year	7,946,185	4,648,625	2,519,779	1,850,868
Adjustments for:				
Adjustment to non-current Investments	-	(1,473,416)	-	-
Investment income	(4,726,208)	(3,094,069)	-	-
Interest income	-	(861,685)	-	-
Tax	495,631	-	-	-
Contributions distribution account Accruals	-	(443,464)	-	(443,464)
Add/(less) non-cash items				
(Profit)/Loss on disposal of non-current assets	-	-	-	-
Write-off of intangible software	116,242	-	116,242	-
Depreciation	536,894	630,011	521,546	630,011
<i>Change in assets and liabilities</i>				
(Increase)/decrease in assets				
Accounts receivables	(767,196)	1,022,348	(757,694)	153,218
Investment in Lexon Insurance Pte Ltd	-	-	(2,125,362)	(728,745)
<i>Increase/(decrease) in liabilities</i>				
Accounts payables & unearned income	5,067,437	1,002,865	5,554,028	184,034
Employee benefits	(39,724)	427,647	(39,724)	427,647
Collections for society entities	26,498,812	-	26,498,812	-
Provision for outstanding claims	3,803,218	12,999,402	-	-
Solicitors deductibles	-	47,068	-	-
Net cash provided by/(used in) operating activities	38,931,291	14,905,332	32,287,625	2,073,569

Queensland Law Society Incorporated
Notes to and forming part of the Financial Statements
 for the financial period 1 May 2005 to 30 June 2006

24 Financial Instruments

(a) Interest rate risk exposure

The exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date are as follows:

	Floating Interest Rate		Non Interest Bearing		Total Carrying Amount		Weighted Average Interest Rate	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 %	2005 %
Financial assets								
<i>Current</i>								
Cash assets	–	–	861	154	861	154	–	–
Receivables	–	–	2,608	2,466	2,608	2,466	–	–
Other financial assets	55,182	42,187	–	–	55,182	42,187	5.65	5.09
	55,182	42,187	3,469	2,620	58,651	44,807		
<i>Non-current</i>								
Other financial assets	67,092	33,187	–	–	67,092	33,187	15.40	14.70
	67,092	33,187	–	–	67,092	33,187		
Total financial assets	122,274	75,374	3,469	2,620	125,743	77,994		
Financial liabilities								
<i>Current</i>								
Payables	–	–	2,805	2,031	2,805	2,031	–	–
Total financial liabilities	–	–	2,805	2,031	2,805	2,031		

(b) Credit risk exposure

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets of the consolidated entity which have been recognised on the balance sheet is the carrying amount of trade debtors, net of any provision for doubtful debts. The Society considers that there are no concentrations of credit risk.

Queensland Law Society Incorporated
Notes to and forming part of the Financial Statements
for the financial period 1 May 2005 to 30 June 2006

25 Income tax

(a) Income tax expense

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Tax expense attributable to profit is made up of:				
Current income tax	1,233,149	–	–	–
Deferred income tax (note 26)	(737,518)	–	–	–
	495,631			

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

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Profit before tax	5,459,179	728,745	–	–
Tax calculated at a tax rate of 30% (2006: 30%)	1,637,754	218,624	–	–
Expenses not deductible for tax purposes	–	668	–	–
Utilisation of tax losses previously unrecognised	(767,735)	(219,212)	–	–
Franking credits available	(374,388)	–	–	–
	495,631	–	–	–

Queensland Law Society Incorporated
Notes to and forming part of the Financial Statements
 for the financial period 1 May 2005 to 30 June 2006

26 **Deferred income tax liabilities**

The movement in the deferred income tax account is as follows:

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Balance at beginning of the financial period	–	–	–	–
Tax charge to income statement	(737,518)	–	–	–
Charged to fair value reserve	2,056,168	–	–	–
Balance at end of the financial period	1,318,650	–	–	–

The balance comprises temporary differences attributable to:

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Amounts recognised in the income statement				
– Investment income	(712,718)	–	–	–
– Other	(24,800)	–	–	–
	(737,518)	–	–	–
Amounts recognised directly in equity				
– Unrealised investments	2,056,168	–	–	–
	1,318,650	–	–	–

Certificate of Queensland Law Society Incorporated

The general-purpose financial report has been prepared pursuant to s46F(5) of the *Financial Administration and Audit Act 1977* ('the Act') and other prescribed requirements. In accordance with s46F(3) of the Act we certify that in our opinion –

- (a) the foregoing financial statements with other information and notes to and forming part thereof are in agreement with the accounts and records of the Queensland Law Society Incorporated and its controlled entities; and
- (b) in our opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the foregoing 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 period 1 May 2005 to 30 June 2006 and of the financial position as at the close of that period.

President
Joe Pinder

28 September 2006

Chief Executive Officer
Peter Carne

28 September 2006

Independent Audit Report

To the Council of the Queensland Law Society Incorporated

Matters relating to the electronic presentation of the audited financial report

The audit report relates to the financial report of the Queensland Law Society Incorporated for the period 1 May 2005 to 30 June 2006 included on the Queensland Law Society Incorporated's web site. The Council is responsible for the integrity of the Queensland Law Society Incorporated's web site. We have not been engaged to report on the integrity of the Queensland Law Society Incorporated's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Queensland Law Society Incorporated, to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including cd-rom.

Scope

The financial report

The financial report of the Queensland Law Society Incorporated includes the consolidated financial statements of the consolidated entity comprising the Queensland Law Society Incorporated and the entities it controlled at the end of the period or from time to time during the year. The financial report consists of the Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Notes to and forming part of the financial statements and certificates given by the Council and officer responsible for the financial administration of the Queensland Law Society, for the period 1 May 2005 to 30 June 2006.

The council's responsibility

The Council is responsible for the preparation and true and fair presentation of the financial report, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

As required by law, an independent audit was conducted in accordance with QAO *Auditing Standards*, which incorporate the Australian Auditing Standards, to enable me to provide an independent opinion whether in all material respects the financial report is presented fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included –

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial report;
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council;
- obtaining written confirmation regarding the material representations made in conjunction with the audit; and
- reviewing the overall presentation of information in the financial report.

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Audit opinion

In accordance with s46G of the *Financial Administration and Audit Act 1977* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of records have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Queensland Law Society Incorporated and the consolidated entity for the period 1 May 2005 to 30 June 2006 and of the financial position as at the end of that period.

B G GANLY
Audit Manager
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

Queensland Law Society Incorporated
Legal Practitioners' Fidelity Guarantee Fund
Income Statement
 for the financial period 1 May 2005 to 30 June 2006

	NOTES	2006 \$	2005 \$
Revenue from Ordinary Activities			
Standard Practitioners Fees		4,275	104,490
Additional Practitioner Fees	2	1,950,305	1,869,750
Distribution received from Interest on Trust Accounts		–	272,280
Interest on Investments		202,172	114,551
Solicitors Complaints Tribunal Fines		–	27,118
Other Income		5,260	14,061
Bad Debts Recovered		–	85,653
Costs Recovered	3	10,000	127,217
Total Revenue from Ordinary Activities		2,172,012	2,615,120
Expenses from Ordinary Activities			
Administration Expenses	4	140,059	612,095
Claims Payments		721,783	754,635
Notified Claims Expense		609,650	–
Complaint and Disciplinary Investigative Costs		–	17,091
Expenses Reimbursed to the Queensland Law Society Incorporated	5	36,058	172,977
Legal Ombudsman Expenses		–	6,622
Solicitors Complaints Tribunal Costs	6	–	68,701
Receivership Costs		54,094	61,407
Total Expenses from Ordinary Activities		1,561,644	1,693,528
Surplus/(Deficit) from Ordinary Activities		610,368	921,592

The Income Statement is to be read in conjunction with the accompanying Notes to the Financial Statements.

Queensland Law Society Incorporated
Legal Practitioners' Fidelity Guarantee Fund
Balance Sheet
 as at 30 June 2006

	NOTES	30 June 2006 \$	30 April 2005 \$
Current Assets			
Cash Assets	11(a)	17,391	10,518
Receivables	7	43,573	51,801
Cash Deposit Account	11(a)	3,178,558	2,408,418
Total Current Assets		3,239,522	2,470,737
Non-Current Assets			
Receivables	7	–	2,489
Total Non-Current Assets		–	2,489
Total Assets		3,239,522	2,473,226
Current Liabilities			
Payables	8	123,480	576,267
Provision for Notified Claims	9	609,650	–
Accrued Employee Benefits	10	9,335	13,351
Total Current Liabilities		742,465	589,618
Non-Current Liabilities			
Accrued Employee Benefits	10	21,418	18,337
Total Non-Current Liabilities		21,418	18,337
Total Liabilities		763,883	607,955
Net Assets		2,475,639	1,865,271
Equity			
Retained Profits/(Accumulated Losses)		2,475,639	1,865,271
Total Equity		2,475,639	1,865,271

The Balance Sheet is to be read in conjunction with the accompanying Notes to the Financial Statements.

Queensland Law Society Incorporated
 Legal Practitioners' Fidelity Guarantee Fund
Statement of Changes in Equity
 for the financial period 1 May 2005 to 30 June 2006

	30 June 2006 \$	30 April 2005 \$
Opening Balance	1,865,271	943,679
Profit for the Period	610,368	921,592
Closing Balance	2,475,639	1,865,271

The Statement of Changes in Equity is to be read in conjunction with the accompanying Notes to the Financial Statements

Queensland Law Society Incorporated
Legal Practitioners' Fidelity Guarantee Fund
Statement of Cash Flows
for the financial period 1 May 2005 to 30 June 2006

	NOTES	2006 \$ Inflows (Outflows)	2005 \$ Inflows (Outflows)
Cash Flows from Operating Activities			
Contributions by Practitioners and Cost Recoveries		1,989,059	2,444,920
Distribution Received from Interest on Trust Accounts		–	621,373
Claim Payments and Administration Expenses		(1,395,716)	(1,911,238)
Sundry Income		6,588	–
Interest Received		177,082	107,784
Net cash provided by/(used in) operating activities	11(c)	777,013	1,262,839
Cash Flows from Financing Activities			
Receipts from LPITAF		–	1,114,321
Transfers to Queensland Law Society		–	(1,114,321)
Net cash provided by/(used in) financing activities		–	–
Net Increase/(Decrease) in Cash held		777,013	1,262,839
Cash at the beginning of the Financial Year		2,418,936	1,156,097
Cash at the end of the Financial Year	11(a)	3,195,949	2,418,936

The Statement of Cash Flows is to be read in conjunction with the accompanying Notes to the Financial Statements.

Queensland Law Society Incorporated
Legal Practitioners' Fidelity Guarantee Fund
Notes to and forming part of the Financial Statements
for the financial period 1 May 2005 to 30 June 2006

NOTES

Scope of operation

The Queensland Law Society Incorporated ('the Society'), pursuant to s147 of the *Legal Profession Act 2004* ('the Act') is required to continue the existence of a fund called the Legal Practitioners' Fidelity Guarantee Fund (the 'Fund') as was required under s12 of the *Queensland Law Society Act 1952*. The Fund has been established for the purposes of providing a source of compensation for defaults by law practices arising from acts or omissions of associates of the law practices. The major source of income for the Fund is contributions from legal practitioners.

1 Statement of significant accounting policies

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

(a) Basis of preparation

The financial report is a General Purpose Financial Report which has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AeIFRS), the *Financial Administration and Audit Act 1977*, *Financial Management Standard 1997*, and other authoritative pronouncements.

The financial report has also been prepared on the basis of historical cost and except where stated does not take into account changing money values. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period and amounts in the report have been rounded to the nearest dollar.

(b) Change of financial year

During the period the Fund altered its financial year for accounting purposes from 30 April to 30 June each year. The Fund has adopted the whole-of-Government financial period ended 30 June, which is consistent with the *Financial Administration and Audit Act 1977*. The Fund has undertaken this by adopting a 14 month reporting period, from 1 May 2005 to 30 June 2006, and will then continue to operate under the standard 12 month reporting period.

As a result, the financial statements of the reporting entity to 30 June 2006 reflect 14 months trading as opposed to the usual 12 months disclosed in the comparative year.

(c) Taxation

The Fund has been granted exemption from income tax by the Australian Taxation Office (ATO) per s24AK of the *Income Tax Assessment Act 1936* with the exception of Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the 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 Balance Sheet.

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

(d) Revenue

Revenues are recognised at fair value of the consideration received net of any amount of GST payable to the ATO. Practitioner Fees are recognised when payment is received. Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset and is also recognised net of bank charges.

(e) Use and revision of accounting estimates

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(e) Cash and other financial assets

For the purposes of the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits on call with financial institutions. The Cash Deposit Account and Term Deposit Account are interest bearing accounts which are readily convertible to cash on hand at the Society's option. These investments are brought to account at fair value as indicated in Note 11(a). Interest income is brought to account on an accrual basis.

Queensland Law Society Incorporated
Legal Practitioners' Fidelity Guarantee Fund
Notes to and forming part of the Financial Statements
for the financial period 1 May 2005 to 30 June 2006

(f) Receivables

Interest receivable represents interest accruals for amounts received in the month after balance date.

The Fund has brought to account Fines and Cost Recoveries receivable from practitioners. These receivables have been recognised on an accrual basis and are carried at actual amounts and the collectability of trade debtors is assessed at reporting date and a specific provision is made for any doubtful accounts.

(g) Payables

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

(h) Employee benefits

Annual leave

Annual leave entitlements represent present obligations resulting from services provided by employees up to balance date, calculated at undiscounted amounts based on remuneration rates that the entity expects to pay as at reporting date including related on-costs, such as, employer superannuation contributions, workers compensation insurance and payroll tax.

Sick leave

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to recur in future periods and therefore it is unlikely that existing accumulated entitlements will be used by employees' and no liability for unused sick leave entitlements is recognised.

Long service leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in remuneration rates including related on-costs and is based on experience of employee departure per year of service. Long service leave expected to be paid in the next 12 months is recorded as a current liability in the Balance Sheet. Long service leave expected to be paid later than one year is recorded as a non-current liability and is discounted using the Commonwealth Bond rate at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

(i) Claims

Claims are brought to account in the year they are notified.

(j) Adoption of international financial reporting standards

The Financial Reporting Council determined that all entities preparing general purpose financial statements would apply the Australian Equivalents to International Financial Reporting Standards (AeIFRSs) for reporting periods beginning on or after 1 January 2005. All Australian Equivalents to IFRSs have been reviewed for implications for policies, procedures, systems and financial impacts arising from such changes. Results of this review indicated that on adoption of AeIFRS, the Fund was not required to make any adjustments to its comparative figures. Therefore, no adjustments have been made on conversion to AeIFRS in these statements.

(k) Change in accounting policy

During the year, the Committee of Management determined it would be more appropriate to bring to account claims notified but not yet approved.

This was so the accounts reflected a more accurate picture of the exposures at balance date.

As a result of the change, \$609,650 of claims have been brought to account. The prior year included \$1,391,343 of notified claims not booked but disclosed as contingent liabilities.

2 Additional practitioner fees

With a view to ensuring that the Fund is able to meet its financial commitments when they fall due, the Council of the Queensland Law Society resolved to levy each practitioner \$300 (2005: \$300) in accordance with s156 of the Act.

3 Costs recovered

	2006 \$	2005 \$
Claims	10,000	–
Defaulting Practitioners	–	127,217
	10,000	127,217

Queensland Law Society Incorporated
Legal Practitioners' Fidelity Guarantee Fund
Notes to and forming part of the Financial Statements
for the financial period 1 May 2005 to 30 June 2006

4 Administration expenses

	2006 \$	2005 \$
Audit fees – Fidelity Fund	8,950	16,000
Audit fees – Interest on Trust Accounts	–	2,000
Bad debt expense	–	79,516
Bank charges	100	137
Catering	–	187
Computer maintenance	–	5,249
Insurance	318	191
Offsite storage	–	5,145
Payroll tax	4,688	19,532
Photocopier expenses	–	581
Postage	–	2,457
Printing and stationery	–	2,903
Professional fees	14,240	2,543
Registrations and subscriptions	–	4,350
Rent and electricity	12,641	53,185
Salaries	90,886	372,282
Staff training	–	400
Sundry expenses	–	1,646
Superannuation	8,264	36,395
Taxi and couriers	–	998
Telephone	(28)	2,125
Travel and accommodation	–	64
Trust account audit expenses	–	4,209
	140,059	612,095

Queensland Law Society Incorporated
Legal Practitioners' Fidelity Guarantee Fund
Notes to and forming part of the Financial Statements
for the financial period 1 May 2005 to 30 June 2006

5 Expenses reimbursed to the Queensland Law Society Incorporated

The Fund, pursuant to s152 of the Act, is required to reimburse the Society for all costs and expenses incurred in the administration of the Fund. The Society performs all managerial and administrative tasks on behalf of the Fund.

The Fund has incurred the following listed administration costs to comply with the functions and duties which have been previously listed in the Scope of Operations note to the Accounts.

	2006 \$	2005 \$
Administration fees	36,058	53,713
Travel and accommodation	–	2,192
Insurance	–	7,104
Payroll tax	–	2,847
Photocopier	–	545
Postage	–	2,199
Printing and stationery	–	11,761
Rent	–	14,765
Salaries	–	62,169
Staff advertising	–	438
Staff amenities	–	2,106
Staff training	–	899
Superannuation	–	6,347
Taxi and courier	–	790
Telephone	–	5,102
	36,058	172,977

6 Solicitors complaints tribunal costs

	2006 \$	2005 \$
Clerk of the tribunal	–	47,599
Legal costs to investigations and prosecute	–	14,376
Shorthand fees	–	1,988
Sundry expenses	–	4,738
	–	68,701

Queensland Law Society Incorporated
Legal Practitioners' Fidelity Guarantee Fund
Notes to and forming part of the Financial Statements
for the financial period 1 May 2005 to 30 June 2006

7 Receivables

	2006 \$	2005 \$
Current		
Trade debtors	7,487	112,871
Less: Provision for doubtful debts	–	(73,396)
	7,487	39,475
Other receivables and accruals	35,994	12,285
GST receivable	92	41
	43,573	51,801
Non-current		
Trade debtors	–	2,489
	–	2,489

8 Payables

	2006 \$	2005 \$
Approved claims	110,769	51,114
Other payables and accruals	12,711	525,153
	123,480	576,267

9 Provision for notified claims

	2006 \$	2005 \$
Notified claims	609,650	–

This is the first year notified claims have been brought to account. Refer note 1 (l) for further details.

10 Accrued employee benefits

	2006 \$	2005 \$
Current		
Provision for annual leave	9,335	13,351
	9,335	13,351
Non-Current		
Provision for long service leave	21,418	18,337
	21,418	18,337

Number of employees at year end	1	1
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Queensland Law Society Incorporated
 Legal Practitioners' Fidelity Guarantee Fund
Notes to and forming part of the Financial Statements
 for the financial period 1 May 2005 to 30 June 2006

11 Notes to the statement of cash flows

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments on 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 balance sheet as follows:

	2006 \$	2005 \$
Cash assets	17,391	10,518
Cash deposit account	178,558	2,408,418
Term deposit account	3,000,000	–
	3,195,949	2,418,936

(b) Financing facilities

The Fund has no external non-cash financing or any standby credit facilities or any other loan facilities.

(c) Reconciliation of net cash provided by/(used in) operating activities to the surplus/(deficit) for the year

	2006 \$	2005 \$
Surplus/(deficit) for the period	610,368	921,592
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in receivables	10,717	585,196
(Decrease)/increase in creditors & claims	156,863	(6,047)
(Decrease)/increase in employee entitlements	(935)	(237,902)
Net cash provided by/(used in) operating activities	777,013	1,262,839

12 Contingent liabilities

Following the change in accounting policy (refer note 1(l)) there are no known contingencies at balance date (2005: \$1,391,343).

13 Operating lease expense commitments

The Fund has no operating lease commitments (2005: nil).

14 Financial instruments

(a) Interest rate risk exposure

The Fund's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets is detailed below:

Cash assets are represented by amounts held in bank accounts. The effective weighted average interest rate for the year ended 30 June 2006 was 5.55%.

No significant interest rate risk has been identified for receivables or payables.

(b) Credit risk exposure

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets of the fund which have been recognised on the statement of financial position is the carrying amount of trade debtors, net of any provision for doubtful debts.

(c) Fair value

The net fair value of cash, interest bearing term deposits, special deposit accounts, receivables and creditors approximate their carrying amount.

Certificate of Legal Practitioners' Fidelity Guarantee Fund

The foregoing financial statements have been prepared pursuant to s153 of *Legal Profession Act 2004* (Qld) and other prescribed requirements and we certify that –

- (a) the foregoing financial statements with other information and notes to and forming part thereof are in agreement with the accounts and records of the Legal Practitioners' Fidelity Guarantee Fund; and
- (b) in our opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) 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 Legal Practitioners' Fidelity Guarantee Fund for the financial period 1 May 2005 to 30 June 2006 and of the financial position as at the close of that period.

President
Joe Pinder

28 September 2006

Chief Executive Officer
Peter Carne

28 September 2006

Independent Audit Report

To the Council of the Queensland Law Society Incorporated

Matters relating to the electronic presentation of the audited financial report

The audit report relates to the financial report of the Queensland Law Society Incorporated for the period 1 May 2005 to 30 June 2006 included on the Queensland Law Society Incorporated's web site. The Council is responsible for the integrity of the Queensland Law Society Incorporated's web site. We have not been engaged to report on the integrity of the Queensland Law Society Incorporated's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Queensland Law Society Incorporated, to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including cd-rom.

Scope

The financial report

The financial report of the Legal Practitioners' Fidelity Guarantee Fund consists of the Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Notes to and forming part of the financial statements and certificates given by the President and officer responsible for the financial administration of the Legal Practitioners' Fidelity Guarantee Fund the period 1 May 2005 to 30 June 2006.

The council's responsibility

The Council is responsible for the preparation and true and fair presentation of the financial report, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards*, which incorporate the Australian Auditing Standards, to enable me to provide an independent opinion whether in all material respects the financial report is presented fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included –

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial report;
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council;
- obtaining written confirmation regarding the material representations made in conjunction with the audit; and
- reviewing the overall presentation of information in the financial report.

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Audit opinion

In accordance with s46G of the *Financial Administration and Audit Act 1977* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has 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 period 1 May 2005 to 30 June 2006 and of the financial position as at the end of that period.

B G GANLY CPA
 Audit Manager
 as Delegate of the Auditor-General of Queensland

Queensland Audit Office
 Brisbane

Queensland Law Society Incorporated
Law Claims Levy Fund
Income Statement
 for the year ended 30 June 2006

	NOTES	2006 \$	2005 \$
Revenue from Ordinary Activities			
Additional Levies	2	48,833	1,641,225
Realisation of Claim Management Fee	3	539,497	493,636
Investment Income		1,086,348	1,116,146
Total Revenue from Ordinary Activities		1,674,678	3,251,007
Expenses from Ordinary Activities			
Administration Expenses		–	2,142
Audit Fees		5,300	7,000
Claims Paid – Levy Fund and Deductibles		166,254	963,974
Claims Management Expense	3	547,376	507,273
Increase/(Decrease) in Provision for Outstanding Claims	4	(661,303)	(963,974)
Bad Debt Expense		–	94,000
Provision for Doubtful Debts		45,000	109,286
Total Expenses from Ordinary Activities		102,627	719,701
Surplus/(Deficit) from Ordinary Activities		1,572,051	2,531,306

The Income Statement is to be read in conjunction with the accompanying Notes to the Financial Statements.

Queensland Law Society Incorporated
Law Claims Levy Fund
Balance Sheet
as at 30 June 2006

	NOTES	2006 \$	2005 \$
Current Assets			
Cash Assets		48,079	(15,145)
Receivables	5	65,926	968,594
Other Financial Assets	7	13,901,937	11,533,902
Total Current Assets		14,015,942	12,487,351
Non-Current Assets			
Other Financial Assets	7	3,500,342	3,158,383
Total Non-Current Assets		3,500,342	3,158,383
Total Assets		17,516,284	15,645,734
Current Liabilities			
Income in Advance – Claims Management	3	3,777,866	2,817,364
Creditors and Accruals		5,300	6,000
Provision for Outstanding Claims	4	397,235	1,058,538
Solicitors' Deductibles		103,214	103,214
Total Current Liabilities		4,283,616	3,985,116
Net Assets		13,232,668	11,660,618
Equity			
Retained Profits/(Accumulated losses)		13,232,668	11,660,618
Total Equity		13,232,668	11,660,618

The Balance Sheet is to be read in conjunction with the accompanying Notes to the Financial Statements.

Queensland Law Society Incorporated
Law Claims Levy Fund
Statement of Changes to Equity
for the year ended 30 June 2006

	2006 \$	2005 \$
Opening Balance	11,660,618	9,129,312
Profit for the Period	1,572,051	2,531,306
Closing Balance	13,232,669	11,660,618

The Statement of Changes in Equity is to be read in conjunction with the accompanying Notes to the Financial Statements.

Queensland Law Society Incorporated
 Law Claims Levy Fund
Statement of Cash Flows
 for the year ended 30 June 2006

	NOTES	2006 \$ Inflows (Outflows)	2005 \$ Inflows (Outflows)
Cash Flows from Operating Activities			
Receipts from the Profession and Commutation Benefits		2,418,030	2,432,824
Claims and Expenses		(1,061,589)	(1,658,725)
Interest Received		1,074,819	781,404
Net Cash Provided by/(Used in) Operating Activities	6(c)	2,431,260	1,555,503
Cash Flows from Investing Activities			
Reclassification of Investments		-	(2,835,738)
Net Cash Provided by/(Used in) Investing Activities		-	(2,835,738)
Cash Flows from Financing Activities			
Receipts collected on behalf of controlled entities		-	9,845,000
Payments to controlled entities		-	(9,845,000)
Net Cash Provided by/(Used in) Financing Activities		-	-
Net Increase/(Decrease) in Cash held		2,431,260	(1,280,235)
Cash at the beginning of the Financial Year		11,518,756	12,798,991
Cash at the end of the Financial Year	6(a)	13,950,016	11,518,756

The Statement of Cash Flows is to be read in conjunction with the accompanying Notes to the Financial Statements.

Queensland Law Society Incorporated
Law Claims Levy Fund
Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

NOTES

Scope of operation

The Queensland Law Society Incorporated ('the Society'), pursuant to s227 of the *Legal Profession Act 2004* ('the Act') is authorised to establish and maintain a fund for the purposes of providing indemnity against loss arising from claims in respect of civil liability incurred by a practising or former practising practitioner. Therefore, the Law Claims Levy Fund ('The Fund') was created in 1987 to provide professional indemnity insurance to Queensland solicitors. The Law Claims Levy Fund is responsible for the professional indemnity insurance of practitioners for the years 1987 to 1995 and its role now is to administer the run off of insurance claims in the process of finalisation.

1 Statement of significant accounting policies

The significant accounting policies which have been adopted in the preparation of the Law Claims Levy Fund's financial statements are:

(a) Basis of preparation

The financial report is a General Purpose Financial Report which has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AeIFRS), the *Financial Administration and Audit Act 1977*, *Financial Management Standard 1997*, and other authoritative pronouncements.

The financial report has also been prepared on the basis of historical cost and except where stated does not take into account changing money values. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period and amounts in the report have been rounded to the nearest dollar.

(b) Revenue

Additional levies may be imposed in accordance with the indemnity rules and are accounted for separately and disclosed as income of the Fund. 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.

(c) Taxation

The Fund has been granted exemption from income tax by the Australian Taxation Office (ATO) per s24AK of the *Income Tax Assessment Act 1936* with the exception of Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

(d) Solicitors' deductibles

Solicitors' Deductibles represents an excess which have been charged to solicitors in accordance with the Master Policy agreement. These monies are accounted for as a current liability at balance date and are used to make future payments on files when costs are determined.

(e) Cash and other financial assets

For the purposes of the 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 Society's option. Investments are brought to account at fair value as indicated in Note 6(a). Interest income is brought to account on an accrual basis.

(f) Receivables

Interest receivable represents interest accruals for amounts received in the month after balance date.

The Fund has brought to account solicitors' deductibles and penalties receivable from practitioners. These receivables have been recognised on an accrual basis and are carried at actual amounts and the collectability of trade debtors is assessed at reporting date and a specific provision is made for any doubtful accounts.

(g) Claims

Claims are actuarially assessed and the movement in the actuarial assessment is disclosed in the income statement as Movement in Provision of Outstanding Claims. Actual claim payments are separately disclosed. Actual claim payments match the reduction in the provision for outstanding claims.

Queensland Law Society Incorporated
Law Claims Levy Fund

Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

(h) Professional indemnity insurance

The Queensland Law Society Incorporated entered into a Master Policy agreement with Professional Indemnity Insurers to limit the maximum liability of the Fund for both individual claims and aggregate amounts. The Fund incurs all expenses up to a prescribed amount per individual claim until such time as the aggregate amount has been reached at which time the Professional Indemnity Insurers incur all future costs. The respective individual liability per claim is listed in Note 8.

(i) Adoption of international financial reporting standards

The Financial Reporting Council determined that all entities preparing general purpose financial statements would apply the Australian Equivalents to International Financial Reporting Standards (AeIFRSs) for reporting periods beginning on or after 1 January 2005. All Australian Equivalents to IFRSs have been reviewed for implications for policies, procedures, systems and financial impacts arising from such changes. Results of this review indicated that on adoption of AeIFRS, the Fund was not required to make any adjustments to its comparative figures. Therefore, no adjustments have been made on conversion to AeIFRS in these statements.

2 Additional levies

	2006 \$	2005 \$
Additional levies – St Paul	13,833	67,500
Additional levies 1987-1995	35,000	58,750
Other additional levies	–	1,514,975
	48,833	1,641,225

3 Claims management

The Law Claims Levy Fund received contributions from practitioners to meet the claim management costs for the insurance year commencing 1 July 2002. Claims management fees for the insurance period 1987 to 1995 are met from existing reserves.

Future claims management fee	2006 \$	2005 \$
Opening balance	2,817,364	1,811,000
Contributions received	1,500,000	1,500,000
Less: Claims management fee paid	(539,497)	(493,636)
Closing balance at end of reporting period	3,777,867	2,817,364

Claims management expense	2006 \$	2005 \$
<i>Years of insurance</i>		
1987-1995	7,879	13,637
2002-2006	539,497	493,636
	547,376	507,273

Queensland Law Society Incorporated
Law Claims Levy Fund
Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

4 Provision for outstanding claims

	2006 \$	2005 \$
Opening balance at start of reporting period	1,058,538	2,022,512
<i>Less:</i> Movement in provision	(661,303)	(963,974)
Closing balance at end of reporting period	397,235	1,058,538

	2006 \$	2005 \$
Current liability	397,235	1,058,538
Non-current liability	–	–
	397,235	1,058,538

The Fund has a stop loss policy with Lexon Insurance Pte Ltd (formerly QLS Insurance Pte Ltd) which initially capped its liability for future payments at \$5,000,000 at 1 July 2002.

5 Receivables

	2006 \$	2005 \$
Current		
Trade debtors	366,764	366,764
<i>Less:</i> Provision for doubtful debts	(366,764)	(321,764)
	–	45,000
Interest receivable and prepayments	65,130	922,199
GST receivable	796	1,395
	65,926	968,594

6 Notes to the statement of cash flows

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments on 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 balance sheet as follows:

	2006 \$	2005 \$
Cash assets	48,079	(15,145)
Cash deposit account	13,901,937	11,533,901
	13,950,016	11,518,756

(b) Financing facilities

The Fund has no external non-cash financing or any standby credit facilities or any other loan facilities.

Queensland Law Society Incorporated
Law Claims Levy Fund

Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

(c) Reconciliation of net cash provided by operating activities to the surplus/(deficit) for the year

	2006 \$	2005 \$
Surplus/(deficit) for the period	1,572,051	2,531,306
<i>Adjustments for:</i>		
Managed funds investment income	(341,959)	(322,646)
<i>Changes in assets and liabilities:</i>		
Decrease/(increase) in accounts receivables	902,669	(737,247)
Increase/(decrease) in provision for outstanding claims	(661,303)	(963,974)
Increase/(decrease) in accounts payables	(700)	1,200
Increase/(decrease) in income in advance	960,502	1,006,364
Increase/(decrease) in solicitors' deductibles	-	40,500
Net cash provided by/(used in) operating activities	2,431,260	1,555,503

Due to the Fund acting as the collecting agent for insurance premiums, gross receipts and payments disclosed in the Statement of Cash Flows exceed revenue and expenditure disclosed in the Fund's Income Statement.

7 Other financial assets

	2006 \$	2005 \$
Managed funds at market value	3,500,342	3,158,383
Short term deposits at cost	13,901,937	11,533,902
	17,402,279	14,692,285

8 Contingent liabilities

Under the present insurance agreements the total liability of the Fund for the respective years of insurance is limited to \$100,000 (1987-1994) and \$500,000 (1995) per individual claim and this amount is reduced by the amount of the solicitors' deductible. Also an aggregate limit per respective year of insurance applies and this limits the total liability of the Fund.

Based on the actuarial advice in respect of the position of the Fund as at 30 June 2006, the insurance in place with regard to the limits per file, and the overall Fund's aggregate limit as at 30 June 2006, the Society is of the opinion that the funds on hand together with future investment income and deductibles, and in conjunction with Stop Loss cover (see note 4) will ensure that all future claims will be met as and when they fall due.

9 Financial instruments

(a) Interest rate risk exposure

The Fund's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets is detailed below.

Cash assets are represented by amounts held in bank accounts. Cash at Bank is a working cheque account and is not exposed to interest rate risk. Cash Deposit Account is held with Commonwealth Bank of Australia. The average interest rate for the year ended 30 June 2006 was 5.43%.

(b) Credit risk exposure

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The concentration of credit risk in relation to the Fund lies with Loan Receivable and has been assessed as minimal due to previous repayment history and the value and frequency of the repayment amount.

(c) Net fair value

The net fair value of cash, interest bearing term deposits, special deposit accounts, receivables and creditors approximate their carrying amount.

Certificate of Law Claims Levy Fund

The foregoing financial statements have been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1977* ('the Act') and other prescribed requirements and we certify that in our opinion:

- (a) the foregoing financial statements with other information and notes to and forming part thereof are in agreement with the accounts and records of the Law Claims Levy Fund; and
- (b) in our opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) 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 Law Claims Levy Fund for the financial year 1 July 2005 to 30 June 2006 and of the financial position as at the close of the year.

President
Joe Pinder

28 September 2006

Chief Executive Officer
Peter Carne

28 September 2006

Independent Audit Report

To the Council of the Queensland Law Society Incorporated

Matters relating to the electronic presentation of the audited financial report

The audit report relates to the financial report of the Queensland Law Society Incorporated for the period 1 May 2005 to 30 June 2006 included on the Queensland Law Society Incorporated's web site. The Council is responsible for the integrity of the Queensland Law Society Incorporated's web site. We have not been engaged to report on the integrity of the Queensland Law Society Incorporated's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Queensland Law Society Incorporated, to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including cd-rom.

Scope

The financial report

The financial report of the Law Claims Levy Fund consists of the Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Notes to and forming part of the financial statements and certificates given by the President and officer responsible for the financial administration of the Law Claims levy fund for the year ended 30 June 2006.

The council's responsibility

The Council is responsible for the preparation and true and fair presentation of the financial report, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards*, which incorporate the Australian Auditing Standards, to enable me to provide an independent opinion whether in all material respects the financial report is presented fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included –

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial report;
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council;
- obtaining written confirmation regarding the material representations made in conjunction with the audit; and
- reviewing the overall presentation of information in the financial report.

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Audit opinion

In accordance with s46G of the *Financial Administration and Audit Act 1977* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has 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 1 July 2005 to 30 June 2006 and of the financial position as at the end of that year.

B G GANLY CPA
 Audit Manager
 as Delegate of the Auditor-General of Queensland

Queensland Audit Office
 Brisbane