

A REPORT ON CONTINUED MEMBERSHIP OF THE LAW COUNCIL OF AUSTRALIA

The purpose of this report

1. The Victorian Bar (Vic Bar) is member of the Law Council of Australia (LCA). The members (referred to as constituent bodies) pay an annual membership fee which is calculated by reference to the size of the membership of the constituent body. The annual fee currently paid by Vic Bar is approximately \$229,000. This fee will increase next year.
2. The issues upon which I have been asked to report are:
 - To provide an analysis of the costs and benefits arising from Vic Bar's membership of the LCA.
 - Having regard to those costs and benefits, whether Vic Bar should continue to be a member of the LCA.

Recommendation

3. The LCA is an important organisation. It is recognised as the peak body representing the Australian legal profession. It has established links with governments and government regulators. It advises governments, courts and government agencies on ways in which the law and the justice system can be improved for the benefit of the community.
4. There are two approaches to the question whether or not Vic Bar should remain a member of the LCA. One is to consider the question from the perspective of the functions that the LCA performs. On that approach the LCA is an influential peak body that advances the broad interests of its members. The LCA speaks on issues of national and international importance; it makes submissions to governments on ways in which

the legal system might be improved; it conducts legal education for its members and so on. While its influence cannot be measured, it is apparent that it is an effective representative of the legal profession.

5. The other approach is to view the question from the perspective of Vic Bar, an organisation that represents barristers who are confronted by a decline in the number of cases that go to trial, face significant competition from solicitors for both pre-trial work (pleadings, advices, case preparation and the like) and trial work and must deal with issues arising from increasingly rapid changes in technology. In that context the LCA plays a very limited role.
6. One reason for this is that the interests of LCA members (representing barristers and solicitors) do not coincide. For example, the large law firms are modelling their work practices so that they now undertake work traditionally performed by barristers. It must be accepted that the LCA will never play a significant role in protecting and promoting the separate interests of barristers.
7. I have reached the conclusion that, notwithstanding the obvious importance of membership of a peak body that is both active and influential, the difficulties that now confront, and will continue to confront, barristers are so significant that an organisation such as Vic Bar should devote as much of its resources as it is able to deal with those difficulties. Put directly, the immediate and future interests of barristers will be better served if the annual membership fee which goes to the LCA is directed toward attempting to overcome problems that confront barristers.

The Structure of the LCA

8. The LCA's constituent bodies are the 15 law societies and Bars of each State and Territory and LLFG Ltd (the large law firm group). Each constituent body appoints a member to the board of LCA. In addition, there are six elected board members.
9. The voting rights of constituent bodies at general meetings and the voting rights of directors at board meetings are unequal. The voting rights are dependent upon the subject matter of the issue being considered and upon the number of members of the constituent body.
10. Attachment A contains a summary of the voting rights. The point to note is that this structure gives the Bars minority voting power both at general meetings and at board meetings.

The administrative regime of the LCA

11. The LCA has four administrative divisions and five sections that each represent an area of law. The administrative divisions are:
 - Corporate Services
 - Communications
 - International
 - Legal Policy.
12. The specialist legal sections cover:
 - Business Law
 - Family Law
 - Federal Litigation and Dispute resolution
 - International Law
 - Legal practice.

13. There are nine advisory committees dealing with a variety of issues including access to justice, indigenous issues, legal education and professional ethics.
14. There are ten working groups which deal with discrete issues such as contingency fees, litigation funding, military justice and national occupational health and safety.
15. A chart providing more details of the structure is Attachment B.

LCA finances

16. Attachment C is LCA's profit and loss statement for the period ended 30 September 2015 which is a consolidation of the affairs of the general fund and Sections. Attachment D is LCA's consolidated balance sheet as at 30 September 2015. The following information is extracted from these accounts.
17. The total income for the period was \$8,957,429 which included \$6,182,462 from capitation fees, \$702,050 from memberships and \$1,457,941 from conferences. The principal items of expenditure were wages \$4,628,118 followed by travel, namely \$1,295,369 (domestic) and \$440,410 (international). Expenses for meetings and conferences was \$662,169. In addition there were operating expenses of \$859,775. It will be apparent that the cost of travel is a significant expense.
18. The LCA has a formal travel policy. It provides that, ordinarily, the LCA will meet the travel costs of (i) directors and Section chairs attending two board meetings and other board meetings as approved, (ii) executive members attending all board meetings, executive meetings and other approved meetings, conferences, seminars or other events, (iii) LCA participants attending advisory committee and working group meetings, (iv) LCA representatives attending approved meetings, conferences, seminars or other events, and (v) guests and contractors attending approved meetings, conferences,

seminars or other events. For domestic travel it is expected that the travel will be in economy class.

19. Putting to one side first class or business class travel for overseas conferences, directors' meetings (where most directors attend) are almost always face-to-face and therefore expensive to conduct. Little or no effort has been made to introduce teleconferencing as a means of cutting down travel costs. Returning to the attendances at other meetings, conferences and seminars, there is a general feeling (though difficult to test) that an excessive number of LCA representatives attend conferences.
20. If this general criticism is correct it suggests inadequate oversight of expenditure. In part this may be the product of an unusual internal policy. As a result of an agreement reached in 2009 each Section has control over its own reserves, though for accounting purposes Section accounts appear in the consolidated statements.
21. The value of the reserves under the control of the Sections is significant. As at 31 January 2016 the total accumulated funds and reserves under their control was \$3,185,423 with the Business Law Section (\$1,274,604) and the Family Law Section (\$1,068,590) holding by far the largest amounts.
22. The precise status of these reserves is a source of continuing debate. The question of their "ownership" seems never to have been resolved. If "ownership" is unknown so is the identity of the person(s) who is ultimately responsible to oversee how the funds are expended – the LCA or the relevant Section. This is an unsatisfactory state of affairs.

Key activities of the LCA

23. Before any decision is taken concerning Vic Bar's continued involvement with the LCA it is important to know what are the LCA's key activities. These are set out below. The point to note (and emphasise) is that only a few are directed toward the direct

advancement of barristers. The outstanding exceptions are legal aid and diversity, and, to a lesser extent, judicial appointments.

Legal Aid

24. The LCA has developed and is attempting to coordinate the nationwide Legal Aid Matters campaign. This is of significance to the legal profession as a whole and the criminal bar in particular.
25. The objective of the campaign is (in LCA's words) "to bring the crisis in legal aid to national attention with a view to encouraging the major parties to commit to providing adequate funding to the Australian legal assistance sector – Legal Aid Commissions, Aboriginal and Torres Strait Islander legal services, Community Legal Centres, and Family Violence Prevention legal Services."
26. The LCA has a campaign website that encourages members of the public to send emails to their local MP. It has obtained media coverage (print, online, radio and TV) the advertising value of which is around \$1.75 million.
27. This campaign is primarily directed to the federal sphere.
28. David Neal QC is the campaign co-chair.

Anti-money laundering

29. The proposed anti-money laundering and counter-terrorism financing legislation may impose reporting obligations on barristers and solicitors about "suspicious transactions". The LCA is engaging with government in an attempt to ensure that the new measures do not significantly increase the regulatory burden on barristers and solicitors and do not adversely affect client/lawyer confidentiality.

30. The LCA has obtained undertakings that government will conduct a cost benefit analysis of the proposed regime as it relates to the legal profession.

Diversity

31. The LCA has worked for over a decade to support women lawyers. It has developed a charter that has been unanimously adopted by constituent bodies.
32. The LCA has recently finalised an agreement for the development for an unconscious bias training program and will fund that program. The program will be available both online and face-to-face for end users and will be marketed through CLE programs.
33. The LCA has recently revised a model National Equitable Briefing Policy in conjunction with constituent bodies, government and corporate counsel.

Cybersecurity

34. The LCA is working with its constituent bodies and others to formulate a cybersecurity information campaign which will include a specific component addressing the needs of barristers.

Indigenous issues

35. The LCA consults with government in relation to reforms of the *Native Title Act 1993*, the *Racial Discrimination Act 1975* and the *Aboriginal Land Rights (Northern Territory) Act 1976*. It engages with national indigenous and non-indigenous organisations on policy issues. It is involved in the process for a referendum on the constitutional recognition of indigenous Australians.
36. In this circumstance, the LCA was engaged by the Expert Panel on Constitution Recognition to conduct round tables including with senior members of Vic Bar.

Federal judicial appointments

37. The LCA regularly presses the government to properly resource all federal courts and fill judicial vacancies through a transparent and merit based appointment process.

Criminal justice law reform

38. The LCA played an important role in ensuring that federal criminal and national security laws did not contain mandatory minimum penalties for firearms trafficking offences. It did this by persuading cross bench senators to oppose the legislation.

Human rights

39. The LCA regards the promotion of human rights within Australia and the region as one of its key objectives.
40. It recently adopted the Policy Statement on Human Rights and the Legal Profession which sets out the LCA's approach to issues affecting human rights and individual liberties. It is working with the International Bar Association (IBA) on a curricular and handbook on business and human rights.
41. It is vocal in its support of a national bill of rights.

The legal profession

42. The LCA's Legal Profession Futures Committee is chaired by Colbran QC. It was established to assist the profession, including barristers, in identifying the major factors driving change in the legal profession.
43. The Futures Committee is currently preparing a document to guide barristers on how to deal with technological change.

LCA's international activities

44. In 2015 the LCA established the Transnational Practice Division with the objective of pursuing opportunities overseas for Australian lawyers. This involves providing input to Australian government trade negotiators in relation to access to overseas work, seeking the removal of compulsory resident requirements that exist in some foreign jurisdictions and working with law societies and Bar associations to implement seminars to provide information that will assist barristers to engage in international work.
45. The LCA has developed access principles the objective of which is to have the principles adopted by foreign jurisdictions looking to implement a foreign lawyer regulatory system. The principles have been promoted in Korea, Japan, China and India.
46. The LCA represents the Australian legal profession internationally by working with peak international organisations. The organisations include the IBA (perhaps the most recognised international association of Bars and law societies), the Commonwealth Lawyers Association (whose activities include advocacy, research and acting as a forum for Commonwealth lawyers to meet and share information and ideas) and LAWASIA (a forum which seeks to bring together peak bodies in the Asian region).

The work of the Sections and Vic Bar barristers' involvement

47. There are 46 Victorian barristers on committees of the Business Law Section (BLS). Matters currently under consideration by the BLS include input into the program for the IBA's Annual Conference, the establishment of a BLS Young Lawyers' Advisory Group and a review of BLS By-laws.
48. So far during 2016 the BLS lodged 20 submissions with government or governmental agencies including submissions relating to managed investment schemes, the transpacific partnership, aspects relating to intellectual property, the cause of the

collapse of national retailers and the removal of appeal rights for decisions under the ASX Listing Rules.

49. During 2016 BLS representatives have participated in many meetings, including with FIRB, the National Tax Liaison Group, the National Innovation and Science Agenda and have appeared at some Senate Committee hearings.
50. There are 18 Vic Bar members on the Federal Litigation and Dispute Resolution Section (FLDRS). In recent times FLDRS has made submissions relating to the resources of the federal courts, timely filling of judicial vacancies and amendments to the Corporations Act regarding insolvency jurisdiction to the Federal Circuit Court.
51. The FLDRS engages in regular liaison with the Chief Justices of the Federal Court and the Federal Circuit Court and the President of the AAT.
52. There are two Vic Bar members on the Legal Practice Section (LPS). The LPS has made submissions to government regarding the new foreign resident tax withholding regime which will have an impact across legal practice as well as the business community.
53. The LPS has prepared, or is in the process of preparing, submissions on issues such as superannuation, efficiency and competitiveness, the ACL, public benevolent institutions, and the insurance code of conduct.
54. The LPS' Australian Property Law Group is engaged in the development of the national electronic conveyancing system. The Personal Injuries and Compensation Committee is working with government in the rollout of NDIS and NIIS with a view to protecting common law rights.

55. There are two Vic Bar members on the International Legal Section (ILS). The aim of this Section is to provide a platform for lawyers and others interested in international law.
56. ILS has a regular international law seminar series. In conjunction with BLS it promotes the IBA to Australian lawyers. It has established “self funding international chapters” in Hong Kong, New York and London. These chapters provide an opportunity for visiting barristers to engage with Australian lawyers in those jurisdictions.

Advantages of LCA membership

57. There are many advantages.
- Governments look to peak bodies such as the LCA for advice on law reform. When government wants the views of stakeholders on particular issues, peak bodies are often identified for their standing and expertise or for their reach into particular interest groups.
 - The LCA is an effective advocate for the legal profession.
 - Peak body involvement in law reform is often critical, particularly where their constituents have neither the capacity nor the resources to participate.
 - The LCA has well established Sections and Section Committees that cover a wide range of legal practice. The Sections and Committees have large research facilities available to them which could not be duplicated (or easily duplicated) by a smaller organisation. The Sections and Committees are able to respond to government within a short timeframe. In the result, LCA law reform work is quality work and very effective.
 - Membership provides a venue for the interchange of ideas etc.
 - The education function (seminars etc) is an important aspect of the continuing education of the members of the legal profession.

- The value of the LCA's international connections manifests in a variety of ways including the updating of local professional standards and work practices, the contribution to the international human rights networks and the assistance to foreign law societies that are in need of help, particularly law societies in the Asian region.
- The LCA does bring about changes to the law and to practice in courts that advantage barristers.

Reasons for leaving the LCA

58. The LCA is a costly organisation to maintain, its annual operating expenditure being around \$9 million. There is reason to doubt that there is adequate oversight of its expenditure.
59. The cost to Vic Bar is significant. Vic Bar's annual fee of approximately \$229,000 is one of its largest items of expense.
60. While the work of the LCA is significant in a societal sense much of it is of little immediate benefit to practicing barristers. That is, the work of the LCA does not address areas of potential, if not real, difficulty confronting practice at the Bar, except in two or three select areas. The matters that require investigation and, in all probability, that need to be addressed include:
 - The dramatic increase in the cost of litigation.
 - The increased uncertainty of litigation outcomes leading to dissatisfaction with the legal system.
 - The loss of funding by Legal Aid – which in large measure is a State responsibility only partially dealt with by the LCA.
 - The loss of work resulting from the increase in cost of access to justice.

- The loss of work to solicitors – including to solicitor advocates.
- The expansion of in-house legal departments.
- The lack of direct access by clients
- Solicitors outsourcing legal services to foreign entities.
- Dealing with the global market for legal services.
- The lack of diversity in briefing where women barristers remain at a distinct disadvantage notwithstanding efforts by the LCA and others.
- The challenges faced from the digital revolution as a result of which (i) it is relatively straight forward for clients to obtain documentation and advice once could only be provided by barristers, (ii) there is now a demand for the delivery of legal services with greater speed and efficiency and at less cost than before which barristers need to accommodate, perhaps by significant changes in the way they carry on practice, (iii) there has been the growth of the integrated (full service) firm that can deliver accounting, financial and legal advice in competition with the Bar.

61. Eventually resources should/must be directed to dealing with these challenges which, if not addressed can have a long term adverse effect on barristers.

Impact of Vic Bar leaving

62. In a commercial sense the loss of Vic Bar fees, some 2.9% of the LCA's gross income, will have little or no effect upon LCA's operations. At best it might be an irritant.

63. However, if other Bars followed Victoria's lead, there will be a decline in the LCA's reputation and as a loss of the intellectual input that is made to its workings by the Bars. No doubt, individual barristers will still be members of LCA Sections and be involved in their work and of the Committees. But that may decline.

64. In a practical sense the LCA will become a solicitors' institution, where the Bars (if they follow Vic Bar's lead) will cease to have an impact upon the LCA's decision making and activities. The LCA's work may also be affected by reduced resources (the loss of capitation fees).

Is the ABA Australian Bar Association a substitute?

65. The ABA Australian Bar Association (ABA) was established to encourage the continued existence and growth of an independent bar in all states and territories and to promote the interests of barristers.

66. The ABA is a small organisation, with little staff and undertakes limited activities. It has plans to expand its activities. Presently being discussed is the establishment of the following committees:

- Indigenous issues – which will provide advice on specific topics referred to it and where requested assist in the formulation of policies.
- Equitable briefing/gender diversity – to provide advice on the adoption of equitable briefing practices and to monitor the progression of women in the law, the judiciary and the wider community.
- Futures – to deal with threats or risks to the Bars.
- Asia – to enhance access to and relationships with international legal services, markets for Australian lawyers with particular reference to the Asian region.
- Legal Aid.
- Conferences.

67. Many of the proposed activities overlap with the current activities of the LCA. "Futures" is the important exception.

68. The ABA regularly issues press releases on matters relating to barristers, attends meetings at international law conferences through representatives, conducts an advocacy training course, organises the silks' dinner and an annual overseas conference attended by many barristers.
69. The ABA currently is not in a position where it could advocate for barristers in the many areas where advocacy is necessary. To perform that function the ABA would need to be substantially transformed. It would need additional funds, presumably paid by all the Bars, assuming they agree. In any event, any significant change is a medium to long term project.
70. A decision regarding continued membership of the LCA should not be influenced by the prospect that the ABA might fill the gap.



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Attachment A

1. The LCA's constitution divides resolutions at general meetings into two types, class one resolutions and class two resolutions. Speaking generally, class one resolutions are resolutions that deal with (i) applications for membership, (ii) the acknowledgement in the constitution that the Australian legal profession includes barristers and solicitors, (iii) the restriction that neither the LCA nor any director will resolve at a meeting or speak publicly on any matter affecting existing rights of a constituent body, (iv) the formulation of model codes of conduct or model rules of practice, (v) amendments to the constitution, and (vi) matters directly related to litigation, advocacy or the judiciary. Class two resolutions are all resolutions that are not class one resolutions.
2. For class one resolutions voting depends upon the number of members of the constituent body. Constituent bodies who have less than 250 members (small constituent bodies) have one vote between them. All other members have one vote each. For class two resolutions LLFG Ltd has three votes, constituent bodies with more than 1000 members have three votes, constituent bodies with a membership between 250 and 999 have two votes and all other constituent bodies have one vote each.
3. The LCA is governed by a board of 23 directors. Each constituent body nominates one director and six are elected. The voting rights of directors depend upon the type of resolution dealt with at a directors' meeting. They are divided into class three resolutions and class four resolutions. Class three resolutions are the same as class one resolutions with the addition of a resolution dealing with the election of members of the executive and resolutions to fill a casual vacancy. Class four resolutions are all resolutions that are not class three resolutions.
4. For class three resolutions, directors appointed by small constituent bodies have one vote between them. All other directors have one vote each. For class four resolutions members of the Law Council Executive (there are six members) have one vote each. Other directors have votes that align with votes that the constituent bodies that appointed them at general meetings.



Law Council Weighted Voting System

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Law Council Weighted Voting System

As set out in the Law Council of Australia Constitution

The terms 'class one', 'class two', 'class three' and 'class four' resolutions are used for convenience to refer to different types of resolution at general meetings and Directors meetings of the Law Council. These terms are not defined terms in the Law Council constitution.

Note that entitlement to vote at a General meeting or Directors' meeting may be prejudiced if annual subscriptions are overdue (see clauses 21.3 and 38.4). Where votes are equal, the Chair of the meeting has an additional casting vote (see clauses 22 and 39).

'Class one' resolutions – General meetings (see clauses 2.3 – 2.5 and 21.1)

'Class one' resolutions are resolutions made at a General meeting regarding:

- an application for membership as a Constituent Body;
- object clause 2.3 of the constitution (acknowledging that the profession comprises of 'Practitioners', including 'Barristers', 'Solicitors' and 'Barristers and Solicitors');
- object clause 2.4 of the constitution (making resolutions or speaking publicly about issues that affect the existing rights of a Constituent Body without obtaining that Constituent Body's consent);
- object clause 2.5 of the constitution (that the Law Council and committees may form model codes of conduct and rules of practice to be recommended for jurisdictional adoption);
- a resolution to amend the constitution;
- a matter directly related to litigation, advocacy or the judiciary.

For 'class one' resolutions, voting entitlements are as follows.

- Small Constituent Members who have less than 250 members have one vote between them.
- All other Constituent Members have one vote each.

'Class two' resolutions – General meetings (see clause 21.2)

'Class two' resolutions are resolutions made at a General meeting that are not 'class one' resolutions.

For 'class two' resolutions, voting entitlements are as follows.

- Large Law Firm Group has 3 votes.
- Constituent Members with 1000 or more members have 3 votes.
- Constituent Members with 250 – 999 members have 2 votes.
- Small Constituent Members with 0 - 249 members have 1 vote each.

'Class three' resolutions – Directors' meetings (see clause 38.1)

'Class three' resolutions are resolutions made at a Directors' meeting on:

- an application for membership as a Constituent Body;
- object clause 2.3 of the constitution (acknowledging that the profession comprises of 'Practitioners', including 'Baristers', 'Solicitors' and 'Barristers and Solicitors');
- object clause 2.4 of the constitution (making resolutions or speaking publicly about issues that affect the existing rights of a Constituent Body without obtaining that Constituent Body's consent);
- object clause 2.5 of the constitution (that the Law Council and committees may form model codes of conduct and rules of practice to be recommended for jurisdictional adoption);
- a matter directly related to litigation, advocacy or the judiciary;
- an election of members of the Executive or resolution to fill a casual vacancy in the Executive.

For 'class three' resolutions, voting entitlements are as follows.

- Directors appointed by Small Constituent Members have one vote between them.
- Other Directors have one vote each.

'Class four' resolutions – Directors' meetings (see clause 38.2 – 38.3)

'Class four' resolutions are resolutions made at Directors' meeting that are not 'class three' resolutions.

For 'class four' resolutions, voting entitlements are as follows.

- Members of the Law Council Executive have one vote each. There are six Executive members (President; President-Elect; Treasurer; and three Members).
- Director appointed by the Large Law Firm Group has 3 votes.
- Directors appointed by Constituent Members with 1000 or more members have 3 votes.
- Directors appointed by Constituent Members with 250 – 999 members have 2 votes.
- Directors appointed by Small Constituent Members with 0 - 249 members have 1 vote.

Extracts of Constitution of Law Council of Australia Limited as amended 14 March 2009

1.1 Small Constituent Member means a Constituent Member with less than 250 members (or in the case of a Constituent Member being a Representative of an Unincorporated Constituent Member, less than 250 members of the respective Unincorporated Constituent Body).

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2.2 The Council may only exercise the powers in section 124(1) of the *Corporations Act 2001* to:

- (a) carry out the objects in this clause 2; and
- (b) do all things incidental or convenient in relation to the exercise of power under clause 2.2(a).

2.3 The Council and the Constituent Bodies acknowledge that the Australian legal profession comprises those persons defined as 'Practitioners' in clause 1.1, including persons practising as Barristers, as Solicitors, or as both Barristers and Solicitors.

2.4 Neither the Council nor any Director in his or her capacity as a director of the Council will:

- (a) resolve in meeting; or
- (b) speak publicly

on any matter affecting existing rights of a Constituent Body (including the right to practise, entitlement to admission, the internal domestic rules of any Constituent Body and the structure and organisation of the profession within the respective State or Territory of a Constituent Body) without the concurrence of that Constituent Body.

2.5 Nothing shall prevent the Council or any of its committees from formulating model codes of conduct or model rules of practice to be recommended to Constituent Bodies for adoption by such bodies if they so decide.

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Votes of Members

21. Entitlement to vote

21.1 At general meetings, on:

- (a) any resolution in respect of an application for recognition as a Constituent Body;
- (b) any resolution in respect of any matter relating to clauses 2.3, 2.4 or 2.5;
- (c) any resolution to amend this Constitution; and
- (d) any matter that is directly related to litigation, advocacy or the judiciary, voting entitlements are, subject to clause 21.3, as follows:
 - (e) each Constituent Member, except the Small Constituent Members, has one vote; and
 - (f) the Small Constituent Members have between them one vote, such vote to be exercised in the manner described in clause 21.5.

21.2 In respect of all matters other than those specified in clause 21.1, voting entitlements at general meetings shall be calculated as follows:

- (a) each Constituent Member other than LLFG shall have voting entitlements at general meetings calculated according to its number of members (or in the case of Constituent Members being Representatives of Unincorporated Constituent Bodies, the number of members of the respective Unincorporated Constituent Body), as follows:
 - (i) each Constituent Member with 1,000 or more members shall have three votes;
 - (ii) each Constituent Member with 250 to 999 members (both inclusive) shall have two votes; and
 - (iii) each Small Constituent Member shall have one vote; and
- (b) in the case of LLFG while it is a Member, LLFG shall have three votes.

21.3 A Constituent Member is not entitled to vote at a general meeting if at the date of the meeting the Constituent Member's annual subscription remains unpaid after a period of at least 30 days after written notice from the Secretary-General or the Treasurer of the unpaid amount.

21.4 In the event of any disagreement between Constituent Members as to whether any matter is:

- (a) for the purposes of clause 21.121.1(b), a matter relating to clauses 2.3, 2.4 or 2.5; or

- (b) for the purposes of clause 21.121.1(d), a matter that is directly related to litigation, advocacy or the judiciary

the matter shall be referred to the chairperson of the general meeting who shall decide whether the matter is so related.

21.5 For the purposes of clause 21.1, the Small Constituent Members may exercise their vote as follows:

- (a) only Small Constituent Members present in person, by proxy or Representative and entitled to vote may participate in the exercise of the vote and references in this clause 21.5 to 'Small Constituent Members' must be read accordingly;
- (b) at the time of the vote, the Small Constituent Members must decide how the vote is to be cast;
- (c) If the Small Constituent Members agree by ordinary majority as to how the vote is to be cast, the vote shall be cast by the Small Constituent Members in that manner;
- (d) If the Small Constituent Members are unable to agree by ordinary majority as to how the vote is to be cast, then one of the Small Constituent Members is entitled to cast the vote as it sees fit, with such right to rotate amongst the Small Constituent Members each time it is necessary to be exercised, in a sequence to operate as follows:
 - (i) the sequence will commence with the Small Constituent Member that has the longest period of current membership of the Council amongst the Small Constituent Members and will then operate according to descending length of current membership of the Council; and
 - (ii) if two or more Small Constituent Members have identical periods of current membership of the Council, their order in each sequence will be in descending order of number of members of those Small Constituent Members at that time (or in the case of Small Constituent Members being Representatives of Unincorporated Constituent Members, the number of members of the respective Unincorporated Constituent Body);
- and
- (iii) upon admission as a Member, a Small Constituent Member will be entitled to be included in any sequence of rotation partially completed by the other Small Constituent Members;
- (e) a rotation for the purposes of clause 38.1(f) will be regarded as a rotation for the purposes of clause 21.5(d); and
- (f) a Small Constituent Member exercising the rotating right described in clause 21.5(d) must at that time inform the chairperson of the meeting that the right is being exercised and the exercise of the right by the Small Constituent Member must be recorded in the minutes of the meeting.

22. Casting vote of chairperson

- 22.1** In the event of an equality of votes, the chairperson of a general meeting has a casting vote in addition to the chairperson's deliberative votes (if any) as a Member, proxy or Representative.

23. Objections

- 23.1** An objection to the qualification of a voter may only be raised at the general meeting or adjourned general meeting at which the voter tendered its vote.

- 23.2** An objection must be referred to the chairperson of the general meeting, whose decision, if made in good faith, is final.

23.3 A vote which the chairperson does not disallow because of an objection is valid for all purposes.

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38. Entitlement to vote

38.1 At Directors' meetings, on:

- (a) any resolution in respect of an application for recognition as a Constituent Body;
- (b) any resolution in respect of any matter relating to clauses 2.3, 2.4 or 2.5;
- (c) any matter that is directly related to litigation, advocacy or the judiciary; and
- (d) any election of members of the Executive or any resolution to fill a casual vacancy in the Executive,

voting entitlements are, subject to clause 38.4, as follows:

- (e) each Constituent Appointed Director, except a Constituent Appointed Director appointed by a Small Constituent Member, has one vote;
- (f) the Constituent Appointed Directors appointed by the Small Constituent Members have between them one vote, where:
 - (i) such vote is to be exercised by those Constituent Appointed Directors in a manner corresponding with the manner described in clause 21.5;
 - (ii) for such purpose, references to Small Constituent Members in clause 21.5 are to be read as references to the respective Constituent Appointed Directors appointed by the Small Constituent Members; and
 - (iii) a rotation for the purposes of clause 21.5(d) will be regarded as a rotation for the purposes of this clause 38.1(f); and
- (g) each member of the Executive is not entitled to vote.

38.2 In respect of all matters other than those specified in clause 38.1, members of the Executive shall each have one vote at Directors' meetings.

38.3 In respect of all matters other than those specified in clause 38.1, Constituent Appointed Directors shall have voting entitlements at Directors' meetings calculated as follows:

- (a) in the case of each Constituent Appointed Director of a Constituent Member other than LLFG, according to the number of members of his or her appointing Constituent Member (or in the case of Constituent Members being Representatives of Unincorporated Constituent Bodies, the number of members of the respective Unincorporated Constituent Body), as follows:
 - (i) each Constituent Appointed Director whose appointing Constituent Member has 1,000 or more members shall have three votes;
 - (ii) each Constituent Appointed Director whose appointing Constituent Member has 250 to 999 members (both inclusive) shall have two votes; and
 - (iii) each Constituent Appointed Director whose appointing Constituent Member is a Small Constituent Member shall have one vote; and
- (b) in the case of a Constituent Appointed Director appointed by LLFG, that Constituent Appointed Director shall have three votes.

38.4 A Constituent Appointed Director is not entitled to vote at a Directors' meeting if at the date of the meeting the annual subscription of his or her appointing Constituent Member remains unpaid after a period of at least 30 days after written notice from the Secretary-General or the Treasurer of the unpaid amount.

38.5 In the event of any disagreement between Directors as to whether any matter is:

(a) for the purposes of clause 38.138.1(b), a matter relating to clauses 2.3, 2.4 or 2.5;

or

(b) for the purposes of clause 38.138.1(c), a matter that is directly related to litigation, advocacy or the judiciary

the matter shall be referred to the chairperson of the Directors' meeting who shall decide whether the matter is so related.

39. Casting vote of chairperson

39.1 In the event of an equality of votes, the chairperson of a Directors' meeting has a casting vote in addition to his or her deliberative vote (if any).

Attachment C

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
Revenue	2(a)	8,550,323	8,240,367
Other income	2(b)	422,455	982,033
Employee benefits expense		(4,087,232)	(3,801,367)
Travel expense		(1,672,212)	(1,348,802)
Conferences and meetings expense		(750,059)	(844,151)
Consultants expense		(352,907)	(252,113)
President's expense		(295,961)	(292,734)
Premises expense		(266,045)	(243,983)
Publications and public affairs expense		(236,215)	(249,967)
Depreciation and amortisation expense	3	(90,773)	(178,187)
Grants and special projects expense		(40,775)	(358,788)
Fixed assets written off	3	(1,841)	(20,126)
Bad debts expense	3	-	(7,327)
Interest paid		(30)	(22)
Other expenses		(814,728)	(777,352)
Profit before income tax		364,000	847,480
Income tax expense	4	-	-
Profit for the year		364,000	847,480
Other comprehensive income not subsequently reclassified to profit or loss			
Decrement on revaluation of non-current assets		-	(165,088)
Other comprehensive income for the year, net of tax		-	(165,088)
Total comprehensive income for the year			
Profit attributable to members of the company		364,000	682,392
Total comprehensive income attributable to members of the company		364,000	682,392

The accompanying notes form part of these financial statements.

Attachment D

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015	2014
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	2,287,384	2,278,444
Held-to-maturity financial assets	6(a)	4,918,313	4,936,228
Trade receivables	7(a)	52,338	168,195
Other receivables	7(b)	57,509	221,839
Prepayments		318,453	401,498
TOTAL CURRENT ASSETS		7,633,997	8,006,204
NON-CURRENT ASSETS			
Held-to-maturity financial assets	6(b)	10,450	20,907
Intangible assets	8	213,126	-
Property, plant and equipment	9	2,028,031	2,078,022
TOTAL NON-CURRENT ASSETS		2,251,607	2,098,929
TOTAL ASSETS		9,885,604	10,105,133
LIABILITIES			
CURRENT LIABILITIES			
Trade payables		276,955	308,826
Other payables	10	819,504	1,351,496
Provisions	11	683,713	689,725
TOTAL CURRENT LIABILITIES		1,780,172	2,350,047
NON-CURRENT LIABILITIES			
Provisions	11	-	13,654
TOTAL NON-CURRENT LIABILITIES		-	13,654
TOTAL LIABILITIES		1,780,172	2,363,701
NET ASSETS		8,105,432	7,741,432
EQUITY			
Reserves	12	4,693,976	4,693,976
Retained earnings		3,411,456	3,047,456
TOTAL EQUITY		8,105,432	7,741,432

The accompanying notes form part of these financial statements.