

11 September 2009

## **LEGAL COSTS COMMITTEE ANNUAL REPORT**

In accordance with the *Financial Management Act 2006*, I submit to the Honourable Christian Porter BA (Hons) BEC LLB (UWA) MSC (Dist) LSE, MLA, Attorney General for the State of Western Australia, for information and presentation to Parliament, the Annual Report of the Legal Costs Committee of Western Australia for the period 1 July 2008 to 30 June 2009.

Ted Sharp  
**CHAIR**

# **LEGAL COSTS COMMITTEE**

## **ANNUAL REPORT**

**2008 - 2009**

## LEGAL COSTS COMMITTEE

The Legal Costs Committee was first established following the proclamation of the *Acts Amendment (Legal Practitioners, Costs and Taxation) Act 1987* on 12 February 1988 (Initial Act). Subsequently, the Committee's jurisdiction was reaffirmed by the *Legal Practice Act 2003* and more recently, by Division 9 of Part 10 of the *Legal Profession Act 2008* (Act). The Committee is responsible, under the Act for making determinations for the remuneration of legal practitioners in respect of the matters specified under Division 5 of Part 10 of the Act (as well as other legislation) in the following jurisdictions:

- ◆ Non-contentious business carried out by practitioners;
- ◆ Supreme Court;
- ◆ District Court;
- ◆ Magistrates Court;
- ◆ Official Prosecutions (Accused's Costs);
- ◆ Public Notaries;
- ◆ Family Court of Western Australia; and
- ◆ State Administrative Tribunal.

Prior to the establishment of the Legal Costs Committee those fees (except for a scale for the Court of Petty Sessions (until the Magistrates Court was implemented) and Public Notaries) were set by the Judges of the Courts or by the Under Secretary for Law as the case required.

Since the proclamation of the Initial Act, the jurisdiction of the Committee has altered in that by virtue of the *Magistrates Court Act 2004* and the *Magistrates Court (Civil Proceedings) Act 2004*, the Local Court and Court of Petty Sessions have ceased to exist and are now replaced by the Magistrates Court exercising both civil and criminal jurisdiction.

As well, by virtue of the Act, the Family Court of Western Australia and the State Administrative Tribunal were included as additional jurisdictions requiring the Committee's attention.

During the period 1 July 2008 to 30 June 2009 the Committee consisted of:

Mr TH Sharp, Consultant, Freehills Lawyers, as Chair;

Ms A Gaffney, Chartered Accountant;

Ms CH Thompson, Barrister, Francis Burt Chambers;

Mr M Cocker, Retired State Public Servant;

Ms J Dudley, Lecturer in Politics, Murdoch University; and

Mr M Curwood, Legal Practitioner, Curwood & Co (appointed 24 February 2009).

The Committee normally meets on a monthly basis in each financial year. In the 2008/2009 financial year, the Committee met on 10 occasions.

The Committee was able to complete four reviews resulting in the determinations listed in paragraph 1 below.

**1. Determinations - 2008/2009 Financial Year**

- (a) Legal Practitioners (State Administrative Tribunal) Determination 2008;
- (b) Legal Practitioners (Family Court of Western Australia) Determination 2009;
- (c) Legal Practitioners (Official Prosecutions) (Accused's Costs) Determination 2009; and
- (d) Legal Practitioners (Public Notaries) Determination 2009.

**2. Determinations anticipated in 2009/2010 Financial Year**

The Committee anticipates that it will complete reviews and make determinations in respect of the following during the next financial year:

- (a) Legal Practitioners (Solicitors Costs) Determination 2007;
- (b) Legal Practitioners (Solicitors Non-Contentious Probate Costs) Determination 2007;
- (c) Legal Practitioners (Supreme Court) (Contentious Business) Determination 2008;
- (d) Legal Practitioners (District Court Appeals) (Contentious Business) Determination 2008 ;
- (e) Legal Practitioners (Magistrates Court) (Civil Jurisdiction) Determination 2008; and
- (f) Legal Practitioners (Magistrates Court) (Criminal Jurisdiction) Determination 2008.

The Committee also intends to conduct inquiries into the need for specific amendments to, or new scales for, the Supreme and District Court scales of fees in connection with their criminal jurisdictions.

### 3. Performance Measures

<b>OUTPUT</b>	<b>2008/09</b>		
	<b>TARGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>Quantity</b>	4	4	0
<b>Quality</b>	Not Assessed	Not Assessed	N/A
<b>Timeliness</b>	In accordance with statutory requirements.		
<b>Cost</b> (Average cost per determination)	\$26 643	\$26 931	\$288

### 4. Accounts and Performance Indicators

The annual accounts and performance indicators for the year ended 30 June 2009 are attached.

### 5. Report on Operations

The Legal Costs Committee does not employ staff nor does it have its own premises. The facilities used by the Legal Costs Committee comply with the requirements listed under the *Financial Management Act 2006* and are provided by either the Department of the Attorney General or the Department of the Premier and Cabinet.

### 6. General Comments

The year 2008/2009 saw the Committee's deliberations in respect of the Determinations referred to in sub-paragraph (c) and (d) of paragraph 1 consist mainly of a consolidatory nature in that no significant issues or developments came to light which required any new methods of review on the Committee's part.

In relation to the Determinations referred to in sub-paragraph (a) and (b) of paragraph 1, the Committee had to act promptly to ensure that scales of fees were in place for these new jurisdictions.

Consequently four reviews and four determinations were completed for the financial year 2008/2009.

I would like to record the Committee's appreciation for the input provided to it by the Chief Justice of the Supreme Court of Western Australia, the President of the State Administrative Tribunal, the Chief Judge of the District Court, the Chief Judge of the

Family Court of Western Australia, the Chief Magistrate, the Law Society of Western Australia, the Western Australian Bar Association, their employees and committees to the reviews of the above scales.

The Committee welcomed the appointment of Mr Curwood as a member after some delay due to the intervening State Election in September 2008.

Finally, I note the Committee's workload can vary in any one year for unforeseen reasons and as a consequence, the performance indicators should always be considered with that in mind.

## **7. Executive Assistance**

The Committee acknowledges the valuable help and assistance provided during the year by Mr Brian Bennett of the Department of the Attorney General. Mr Bennett has offered the Committee, myself in particular, great assistance with the administration of the Committee and publication of our notices, reports and determinations.

I also wish to express the Committee's appreciation for the assistance provided to it by Mr Bennett's colleagues when he has been on leave.

The Committee continues to rely heavily on Mr Bennett and the resources of its Members to implement all necessary administrative and drafting functions it is obliged to carry out.

Ted Sharp  
**CHAIR**

**LEGAL COSTS COMMITTEE**  
**BUDGET ESTIMATES FOR 2009 / 10**

In accordance with the *Financial Management Act 2006* and pursuant to Treasurer's Instructions the budget estimates for the 2009/10 financial year, as submitted to the Honourable Attorney General, are as follows:

**LEGAL COSTS COMMITTEE**  
**BUDGETED STATEMENT OF FINANCIAL PERFORMANCE**

COST OF SERVICES	\$	
<b>Expenses from ordinary activities</b>		
Board members fees	46 050	
Superannuation	4 145	
Other expenses from ordinary activities	58 800	
<b>Total cost of services</b>	<b>108 995</b>	
<b>Revenues from ordinary activities</b>		
Grants from State agencies	65 200	
Other revenues from ordinary activities		0
<b>Total revenues from ordinary activities</b>	<b>65 200</b>	
<b>NET COST OF SERVICES</b>	<b>43 795</b>	
REVENUES FROM GOVERNMENT		
Resources received free of charge	40 000	
<b>Total revenues from Government</b>	<b>40 000</b>	
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS</b>		<b>(3795)</b>

# LEGAL COSTS COMMITTEE

## PERFORMANCE INDICATORS

2008 - 2009

### OUTCOME

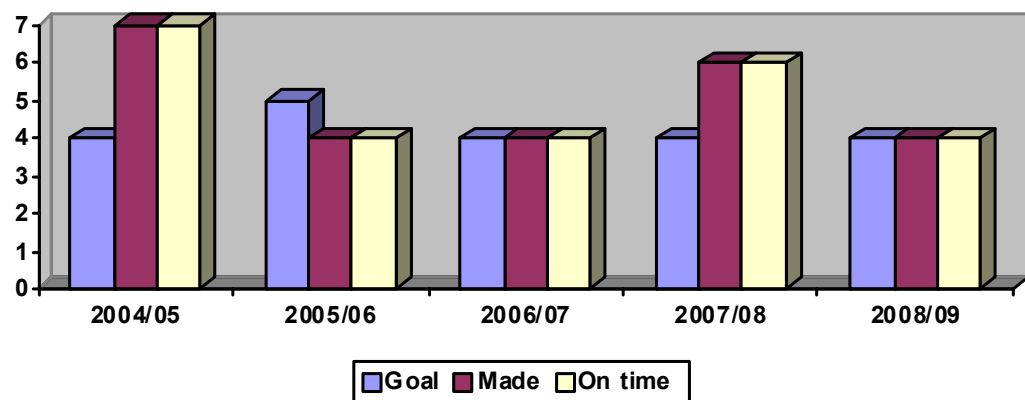
In accordance with Section 276 of the Legal Profession Act 2008, to review each determination in force at least once in the period of two years in the following jurisdictions:

- ◆ Supreme Court
- ◆ District Court (Appeals)
- ◆ Magistrates Courts
- ◆ Non-Contentious Probate Costs
- ◆ Solicitors Costs
- ◆ Official Prosecutions (Accused's Costs)
- ◆ Public Notaries
- ◆ State Administrative Tribunal
- ◆ Family Court of Western Australia

### EFFECTIVENESS INDICATOR

The extent to which Legal Costs Committee determinations are completed in accordance with established deadlines, including the goals set at item 2 of the Annual Report for the year ended 30 June 2008.

**Performance Measure:** The number of Committee determinations made during the year and completed on time.





**The Committee stated its intention to make determinations during the financial year ended 30 June 2009 in respect of:**

- (a) Legal Practitioners (State Administrative Tribunal);
- (b) Legal Practitioners (Family Court of Western Australia);
- (c) Legal Practitioners (Public Notaries); and
- (d) Legal Practitioners (Official Prosecutions) (Accused's Costs) Determination 2006.

The Legal Costs Committee does not employ staff but the administrative function is undertaken at no cost by staff from the Department of the Attorney General. As such, the development of further effectiveness indicators would not be meaningful or relevant.

### **EFFICIENCY INDICATOR**

Efficiency Indicator measures cost per Determination.

- (a) Seven Determinations were made in the 2004/2005 financial year at a cost of \$15,405 per Determination.
- (b) Four Determinations were made in the 2005/2006 financial year at a cost of \$25,557 per Determination.
- (c) Four Determinations were made in the 2006/2007 financial year at a cost of \$26,737 per Determination.
- (d) Six Determinations were made in the 2007/2008 financial year at a cost of \$17,884 per Determination.
- (e) Four Determinations were made in the 2008/2009 financial year at a cost of \$26,931 per Determination.

**LEGAL COSTS COMMITTEE**  
**KEY PERFORMANCE INDICATORS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

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**Certification of Key Performance Indicators**

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Legal Costs Committee's performance, and fairly represent the performance of the Legal Costs Committee for the financial year ended 30 June 2009.

T Sharp  
Accountable Authority  
Date: 11 September 2009



## Auditor General

### **INDEPENDENT AUDIT OPINION**

**To the Parliament of Western Australia**

#### **LEGAL COSTS COMMITTEE FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009**

I have audited the accounts, financial statements, controls and key performance indicators of the Legal Costs Committee.

The financial statements comprise the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### **Committee's Responsibility for the Financial Statements and Key Performance Indicators**

The Committee is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### **Summary of my Role**

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer [www.audit.wa.gov.au/pubs/AuditPracStatement\\_Feb09.pdf](http://www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf).

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

## **Legal Costs Committee**

### **Financial Statements and Key Performance Indicators for the year ended 30 June 2009**

#### **Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Legal Costs Committee at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Committee provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Committee are relevant and appropriate to help users assess the Committee's performance and fairly represent the indicated performance for the year ended 30 June 2009.



COLIN MURPHY  
AUDITOR GENERAL  
17 September 2009

LEGAL COSTS COMMITTEE  
**Income Statement**  
*For the year ended 30 June 2009*

	Note	2009 \$	2008 \$
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Board member fees and entitlements	4	45,029	50,930
Other expenses	5	62,696	56,372
<b>Total cost of services</b>		<b>107,725</b>	<b>107,302</b>
<b>NET COST OF SERVICES</b>		<b>107,725</b>	<b>107,302</b>
<b>INCOME FROM STATE GOVERNMENT</b>			
	6		
Grant from the Department of the Attorney General		65,200	64,500
Resources received free of charge		44,236	40,049
<b>Total income from State Government</b>		<b>109,436</b>	<b>104,549</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>1,711</b>	<b>(2,753)</b>

The Income Statement should be read in conjunction with the accompanying notes.

LEGAL COSTS COMMITTEE  
**Balance Sheet**  
For the year ended 30 June 2009

	Note	2009 \$	2008 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	42,517	45,803
Receivables	7	1,094	1,258
<b>Total Current Assets</b>		<u>43,611</u>	<u>47,061</u>
<b>TOTAL ASSETS</b>		<u>43,611</u>	<u>47,061</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	8	2,565	7,726
<b>Total Current Liabilities</b>		<u>2,565</u>	<u>7,726</u>
<b>TOTAL LIABILITIES</b>		<u>2,565</u>	<u>7,726</u>
<b>NET ASSETS</b>		<u>41,046</u>	<u>39,335</u>
<b>EQUITY</b>			
Accumulated surplus	9	41,046	39,335
<b>TOTAL EQUITY</b>		<u>41,046</u>	<u>39,335</u>

The Balance Sheet should be read in conjunction with the accompanying notes.

LEGAL COSTS COMMITTEE  
**Statement of Changes in Equity**  
For the year ended 30 June 2009

	Note	2009 \$	2008 \$
<b>Balance of equity at start of period</b>		<u>39,335</u>	<u>42,088</u>
<b>ACCUMULATED SURPLUS</b>	9		
Balance at start of period		39,335	42,088
Surplus/(deficit) or profit/(loss) for the period		<u>1,711</u>	<u>(2,753)</u>
Balance at end of period		<u>41,046</u>	<u>39,335</u>
<b>Balance of equity at end of period</b>		<u>41,046</u>	<u>39,335</u>
Total income and expense for the period <sup>(a)</sup>		<u>1,711</u>	<u>(2,753)</u>

<sup>(a)</sup> The aggregate net amount attributable to each category of equity is: surplus \$1711; (2008:Deficit \$2753).

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## LEGAL COSTS COMMITTEE

**Cash Flow Statement***For the year ended 30 June 2009*

	Note	<b>2009</b> <b>\$</b>	<b>2008</b> <b>\$</b>
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Grant from the Department of the Attorney General		65,200	64,500
<b>Net cash provided by State Government</b>		<b>65,200</b>	<b>64,500</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Payments to members and suppliers		(68,650)	(59,628)
GST payments on purchases		164	(2,448)
<b>Receipts</b>			
GST receipts from taxation authority		-	2,493
<b>Net cash provided by/(used in) operating activities</b>	10	<b>(68,486)</b>	<b>(59,583)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3,286)</b>	<b>4,917</b>
Cash and cash equivalents at the beginning of period		45,803	40,886
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	10	<b>42,517</b>	<b>45,803</b>

The Cash Flow Statement should be read in conjunction with the accompanying notes.



## **1 Australian Equivalents to International Financial Reporting Standards**

### **General**

The Legal Costs Committee's (the "Committee" for the purpose of these notes) financial statements for the year ended 30 June 2009 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Committee has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the Australian Accounting Standards Board (AASB) and formerly the Urgent Issues Group (UIG).

### **Early Adoption of Standards**

The Committee cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Committee for the annual reporting period ended 30 June 2009.

## **2 Summary of Significant Accounting Policies**

### **(a) General statement**

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's instructions to vary the application, disclosure, format and wording.

The Financial Management Act and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

### **(b) Basis of preparation**

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

**(c) Reporting entity**

The reporting entity comprises the Committee and no other related bodies.

**(d) Income**

**Revenue Recognition**

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

*Grants, donations, gifts and other non-reciprocal contributions*

Revenue is recognised at fair value when the Committee obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

**(e) Financial Instruments**

In addition to cash, the Committee has two categories of financial instrument:

- Receivables; and
- Payables

These have been disaggregated into the following classes:

Financial Assets

- Cash and Cash Equivalents
- Receivables

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

**(f) Cash and Cash Equivalents**

For the purpose of the Cash Flow Statement, cash and cash equivalent assets comprise cash on hand.

**(g) Receivables**

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Committee will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

**(h) Payables**

Payables are recognised at the amounts payable when the Committee becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

**(i) Superannuation Expense**

The superannuation expense in the Income Statement relates to a defined contribution plan i.e., employer contributions paid to the West State Superannuation Scheme (WSS).

**(j) Resources Received Free of Charge**

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

**3 Disclosure of changes in accounting policy and estimates**

**Initial application of an Australian Accounting Standard**

The Committee has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2008 that impacted on the Committee:

Review of AAS 27 'Financial Reporting by Local Governments', AAS 29 'Financial Reporting by Government Departments' and AAS 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:

AASB 1004 'Contributions';  
AASB 1050 'Administered Items';  
AASB 1051 'Land Under Roads';  
AASB 1052 'Disaggregated Disclosures';  
AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137] and Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 do not apply to Statutory Authorities. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance, otherwise there is no financial impact.

**Future Impact of Australian Accounting Standards not yet operative**

The Committee cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting

Standards and Other Pronouncements'.

### Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>4 Board Member Fees and Entitlements</b>		
Board member fees	41,990	47,338
Superannuation (West State)	3,039	3,592
	<u>45,029</u>	<u>50,930</u>
<b>5 Other Expenses</b>		
Advertising expenses	5,937	2,878
Resources received free of charge	44,236	40,049
Notice publication expenses	3,380	5,622
Other expenses <sup>a</sup>	9,143	7,823
	<u>62,696</u>	<u>56,372</u>
<sup>a</sup> Includes audit fee of \$7,500 (2009) \$6,800 (2008)		
<b>6 Income from State Government</b>		
Grant from the Department of the Attorney General	65,200	64,500
	65,200	64,500
Resources received free of charge <sup>(a)</sup>		
Determined on the basis of the following estimates provided by agencies:		
Department of the Attorney General		
- financial services	19,109	3,928
- secretarial and management support	25,127	36,121
	<u>44,236</u>	<u>40,049</u>
	<u>109,436</u>	<u>104,549</u>

(a) Where assets or services have been received free of charge or for nominal cost, the Committee recognises revenue (except where the contributions of assets or services are in the nature of contributions by owners in which case the Committee shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>7 Receivables</b>		
GST receivables	1,094	1,258
	<u>1,094</u>	<u>1,258</u>
<b>8 Payables</b>		
Trade and other creditors	2,565	7,726
	<u>2,565</u>	<u>7,726</u>
<b>9 Equity</b>		
Equity represents the residual interest in the net assets of the Committee. The Government holds the equity interest in the Committee on behalf of the community.		
Accumulated surplus		
Balance at start of year	39,335	42,088
Result for the period	1,711	(2,753)
Balance at end of year	<u>41,046</u>	<u>39,335</u>

**10 Notes to the Cash Flow Statement**

Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents	42,517	45,803
	<u>42,517</u>	<u>45,803</u>

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

Net cost of services	(107,725)	(107,302)
Non-cash items:		
Resources received free of charge	44,236	40,049
Increase/(decrease) in liabilities:		
Current payables	(5,161)	7,624
Change in GST receivables	<u>164</u>	<u>46</u>
Net cash provided by/(used in) operating activities	<u>(68,486)</u>	<u>(59,583)</u>

## 11 Explanatory statement

Significant variations between estimates and actual results for income and expense are shown below. Explanations are provided in accordance with TI 945.

Significant variations are considered to be those greater than 5% or \$7,000.

	<b>2009</b>	<b>2008</b>	<b>Variance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Income</b>			
Revenue	-	-	-
<b>Expenses</b>			
Board member fees and entitlements	45,029	50,930	(5,901)
Other expenses	62,696	56,372	6,324
	<u>107,725</u>	<u>107,302</u>	<u>423</u>

### **Significant variances between estimate and actual for 2009 - Total appropriation to deliver services:**

There are no significant variances between the estimates and the actuals for 2008-09.

### **Significant variances between actuals for 2008 and 2009 - Total appropriation to deliver services:**

There are no significant variances between the actuals for 2007-08 and 2008-09.

## 12 Financial Instruments

### (a) Financial Risk Management Objectives and Policies

Financial instruments held by the Committee are cash and cash equivalents, receivables, and payables. The Committee has limited exposure to financial risks. The Committee's overall risk management program focuses on managing the risks identified below.

#### *Credit Risk*

Credit risk arises when there is the possibility of the Committee's receivables defaulting on their contractual obligations resulting in financial loss to the Committee. .

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 12(c) 'Financial Instruments Disclosures' and Note 7 'Receivables'

The credit risk associated with the Committee's financial assets is minimal because the main receivable is the amounts receivable for services. The Committee trades only with recognised, creditworthy third parties. It has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Committee's exposure to bad debts is minimal. At the balance sheet date, there were no significant concentrations of credit risk.

#### *Liquidity Risk*

Liquidity risk arises when the Committee is unable to meet its financial obligations as they fall due. The Committee is exposed to liquidity risk through its trading in the normal course of business.

The Committee's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, loans and finance leases. The Committee has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

#### *Market Risk*

The Committee is not exposed to interest rate risk because cash and cash equivalents are non-interest bearing and it has no borrowings.

### (b) Categories of Financial Instruments

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	42,517	45,803
Loans and receivables (a)	-	-
	<u>42,517</u>	<u>45,803</u>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	2,565	7,726
	<u>2,565</u>	<u>7,726</u>

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

**(c) Financial Instruments Disclosure**

The following table details the Committee's exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Committee's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown below. The table discloses the ageing of financial assets that are part due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Committee.

The Committee does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Committee does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

**(d) Net fair values**

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes

Where a material difference between the carrying amount and fair value exists in respect of financial assets or liabilities, then the aggregate fair value of the class of financial assets or liabilities should be disclosed. An entity shall disclose the methods and significant assumptions applied in determining fair values of financial assets and financial liabilities separately for significant classes of financial assets and financial liabilities.





**Interest rate exposures and ageing analysis of financial assets (a)**

	Interest rate exposures and ageing analysis of financial assets (a)											
	Weighted average interest rate	Interest rate exposure				Maturity Dates						
Carrying Amount		Variable Interest	Non-interest bearing	Up to 3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Impaired financial assets	
Financial assets	%	\$	\$	\$	\$	\$	\$	\$	\$			
2009												
Cash and Cash Equivalent		42,517		42,517								
Receivables <sup>(a)</sup>		-										
Loans and advances												
Amounts receivable for services												
Total financial assets		42,517	-	42,517	-	-	-	-	-	-		
2008												
Cash and Cash Equivalent		45,803		45,803								
Receivables		1,258		1,258								
Loans and advances		-		-								
Amounts receivable for services												
Total financial assets		47,061	-	47,061	-	-	-	-	-	-		

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable)

**Interest rate exposures and maturity analysis of financial liabilities**

	Interest rate exposure and maturity analysis of financial liabilities											
	Weighted average interest rate	Interest rate exposure				Maturity Dates						Impaired financial assets
		Carrying Amount	Variable Interest	Non-interest bearing	Up to 3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	
	%		\$	\$	\$	\$	\$	\$	\$	\$		
<b>Financial liabilities</b>												
<b>2009</b>												
Payables		2,565		2,565								
Other borrowings				-								
Finance lease liabilities				-								
Total financial liabilities		2,565	-	2,565	-	-	-	-	-	-		
<b>2008</b>												
Payables		7,726		7,726								
Other borrowings				-								
Finance lease liabilities				-								
Total financial liabilities		7,726	-	7,726	-	-	-	-	-	-		

a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable)

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities

LEGAL COSTS COMMITTEE  
**Notes to the Financial Statements**  
For the year ended 30 June 2009

	<u>2009</u> \$	<u>2008</u> \$
<b>13 Remuneration of members of the Accountable Authority</b>		
<u>Remuneration of members of the Accountable Authority</u>		
The number of members of the accountable authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:		
\$		
0 - 10,000	5	5
10,001 - 20,000	1	1
The total remuneration of members of the	<u>\$45,029.00</u>	<u>\$50,930.00</u>

The total remuneration includes the superannuation expense incurred by the Authority in respect of members of the Accountable Authority.

No members of the Accountable Authority are members of the Pension Scheme.

**14 Remuneration of Auditor**

Remuneration payable to the Auditor General in respect to the audit for the current

Auditing the accounts, financial statements and performance indicators	<u>\$8,200.00</u>	<u>\$7,500.00</u>
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**15 Contingent liabilities and contingent assets**

There were no contingent liabilities as at 30 June 2009 (2008: nil).

**16 Events occurring after the balance sheet date**

There were no events occurring after the balance date at the end of the financial year.

**17 Related bodies**

The Committee had no related bodies during the financial year (2008: nil).

**18 Affiliated bodies**

The Committee had no affiliated bodies during the financial year (2008: nil).

**19 Supplementary Financial Information**

There were no losses of public moneys and, public and other property through theft or default during the financial year (2008: nil).

There were no write offs of public moneys or other public property during the financial year (2008: nil).

There were no gifts of public property during the financial year (2008: nil).

There were no events occurring after the balance date at the end of the financial year.

The Committee had no related bodies during the financial year (2008: nil).

The Committee had no affiliated bodies during the financial year (2008: nil).

Ministry of Justice

Detail Trial  
Year to date asBalance  
of Adj-09Report Date:  
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Currency: AUD  
Business Area Range: 81 to

81

Business Area: 81 Legal Costs Committee

Lookup	Account	Description	Accounting Flexfield	Beginning Balance	Period Activity	Ending Balance
-----	-----	-----	-----	-----	-----	-----
1420	1420	Grant Other	81-01-7400-000-1420-0000	0	-65,200.00	-65,200.00
1500	1500	Resources Received F	81-01-7400-000-1500-0000	0	-44,236.00	-44,236.00
3103	3103	Super Payments West	81-01-7400-000-3103-0000	0	3,039.30	3,039.30
4107	4107	Computing Services	81-01-7400-000-4107-0000	0	1,642.86	1,642.86
4107	4155	Audit Fee (OAG only)	81-01-7400-000-4155-0000	0	7,500.00	7,500.00
4198	4198	Resources Received F	81-01-7400-000-4198-0000	0	44,236.00	44,236.00
4200	4200	Books, Magazines, Ac	81-01-7400-000-4200-0000	0	3,380.29	3,380.29
4300	4300	Advertising and Prom	81-01-7400-000-4300-0000	0	5,937.05	5,937.05
4107	4302	Bank Charges and Cre	81-01-7400-000-4302-0000	0	0.1	0.1
4303	4303	Board Fees	81-01-7400-000-4303-0000	0	41,990.18	41,990.18
4107	4397	Rounding Variations	81-01-7400-000-4397-0000	0	-0.58	-0.58
5100	5100	Bank Account Operati	81-00-0000-000-5100-0000	-58,135.41	-19,193.25	-77,328.66
5100	5110	Bank Account Interco	81-00-0000-000-5110-0000	104,938.73	14,907.27	119,846.00
5100	5111	Intercompany (Receiv	81-00-0000-000-5111-0000	-1,000.00	1,000.00	0
CGST	5900	GST Payables Control	81-00-0000-000-5900-0000	1,257.07	-163.59	1,093.48
DPAY	7100	Accounts Payable	81-00-0000-000-7100-0000	-100	100	0
DPAY	7101	Expense AP Accrual A	81-00-0000-000-7101-0000	0.04	0	0.04
DPAY	7102	AP End of Year Adjus	81-00-0000-000-7102-0000	-7,625.86	5,060.37	-2,565.49
E003	9200	Accumulated (Surplus	81-00-0000-000-9200-0000	-39,334.57	0	-39,334.57
				-----	-----	-----
				0	0	0

LEGAL COSTS COMMITTEE  
**Income Statement**  
*For the year ended 30 June 2009*

	Note	2009 \$	2008 \$
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Board member fees and entitlements	4	45,029	50,930
Other expenses	5	62,696	56,372
<b>Total cost of services</b>		<u>107,725</u>	<u>107,302</u>
<b>NET COST OF SERVICES</b>		<u>107,725</u>	<u>107,302</u>
<b>INCOME FROM STATE GOVERNMENT</b>	6		
Grant from the Department of the Attorney General		65,200	64,500
Resources received free of charge		44,236	40,049
<b>Total income from State Government</b>		<u>109,436</u>	<u>104,549</u>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<u>1,711</u>	<u>(2,753)</u>

The Income Statement should be read in conjunction with the accompanying notes.

LEGAL COSTS COMMITTEE  
**Balance Sheet**  
*For the year ended 30 June 2009*

	Note	<b>2009</b> <b>\$</b>	<b>2008</b> <b>\$</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	42,517	45,803
Receivables	7	1,094	1,258
<b>Total Current Assets</b>		<b>43,611</b>	<b>47,061</b>
<b>TOTAL ASSETS</b>		<b>43,611</b>	<b>47,061</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	8	2,565	7,726
<b>Total Current Liabilities</b>		<b>2,565</b>	<b>7,726</b>
<b>TOTAL LIABILITIES</b>		<b>2,565</b>	<b>7,726</b>
<b>NET ASSETS</b>		<b>41,046</b>	<b>39,335</b>
<b>EQUITY</b>	9		
Accumulated surplus		41,046	39,335
<b>TOTAL EQUITY</b>		<b>41,046</b>	<b>39,335</b>

The Balance Sheet should be read in conjunction with the accompanying notes.