

**TABLE COPY**

**LEGAL COSTS COMMITTEE**

**ANNUAL REPORT**

**2018 - 2019**

WESTERN AUSTRALIA  
Laid on the Table of the  
Legislative Assembly

**23 OCT 2019**

This paper should not be  
removed from the Chamber

28 August 2019

## LEGAL COSTS COMMITTEE ANNUAL REPORT

In accordance with the *Financial Management Act* 2006, I submit to the Honourable John Quigley MLC, 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 2018 to 30 June 2019.

A handwritten signature in black ink, appearing to be 'Clare Thompson', written in a cursive style.

Clare Thompson

**CHAIR**

## 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. Subsequently, the Legal Costs 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 Legal Costs 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 areas of legal practice:

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

Before the establishment of the Legal Costs Committee, costs and scales of fees, except for a scale for the Court of Petty Sessions in the period prior to the establishment of the Magistrates Court, and that for 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 *Acts Amendment (Legal Practitioners, Costs and Taxation) Act*, the scope of work undertaken by the Legal Costs Committee has changed 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 ceased to exist and were replaced by the Magistrates Court exercising both civil and criminal jurisdiction. In 2009 the Family Court of Western Australia and the State Administrative Tribunal were included as additional jurisdictions requiring the Legal Costs Committee's attention. In 2016, Magistrates exercising Family Law jurisdiction was recognised as necessitating a separate determination.

During the period 1 July 2018 to 30 June 2019, the Legal Costs Committee comprised:

Ms CH Thompson, Barrister, Francis Burt Chambers, as Chair;

Ms A Gaffney, Chartered Accountant;

Mr M Cocker, Retired State Public Servant;

Dr J Dudley, Honorary Fellow, Sir Walter Murdoch School of Public Policy and International Affairs;

Mr M Curwood, Barrister, Francis Burt Chambers; and

Mr BW Ashdown, Barrister, John Toohey Chambers.

The Committee normally meets on a monthly basis, as its business requires, and in the 2018/2019 financial year, the Committee met on six occasions.

## **1. Determinations – 2018/2019 Financial Year**

The Legal Costs Committee completed three reviews resulting in the publication on 27 June 2019 of the determinations listed below.

- (a) *Legal Profession (Solicitors Costs) Determination 2019;*
- (b) *Legal Profession (Non-Contentious Probate Costs) Determination 2019; and*
- (c) *Legal Profession (Public Notaries) Determination 2019.*

## **2. Determinations anticipated in 2019/2020 Financial Year**

The Legal Costs Committee anticipates that it will complete reviews of the following determinations during the next financial year:

- (a) *Legal Profession (Supreme and District Courts) (Contentious Business) Determination 2018;*
- (b) *Legal Profession (Supreme and District Courts) (Criminal) Determination 2018;*
- (c) *Legal Profession (District Court Appeals) (Contentious Business) Determination 2018;*
- (d) *Legal Profession (Family Court) Determination 2018;*
- (e) *Legal Profession (Magistrates Court) (Civil) Determination 2018;*
- (f) *Legal Profession (Magistrates Court) (Criminal) Determination 2018;*
- (g) *Legal Profession (Magistrates Court) (Family Law) Determination 2018;*
- (h) *Legal Profession (Official Prosecutions) (Accused's Costs) Determination 2018;*  
*and*
- (i) *Legal Profession (State Administrative Tribunal) Determination 2018*

### 3. Performance Measures

<b>OUTPUT</b>	<b>2018/19</b>		
	<b>TARGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>Quantity</b>	3	3	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)	\$42,961	\$38,986	(\$3,975)

### 4. Accounts and Performance Indicators

The financial statements and performance indicators for the year ended 30 June 2019 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 Committee comply with the requirements listed under the *Financial Management Act* 2006 and are provided by the Department of Justice.

### 6. General Comments

To ensure the principle is not overlooked, the Legal Costs Committee again notes that the Effectiveness Indicator and the Efficiency Indicator, if taken in isolation in any given financial year, can give rise to a distorted assessment of the Committee's effectiveness and efficiency. The Committee suggests a period of at least three consecutive financial years, over which the relative indicator results are averaged, is likely to produce a more accurate assessment of those outcomes.

I would like to record the Committee's appreciation for the continued assistance of the Chief Justice of Western Australia, various Registrars, the Supreme Court, the Chief Judge of the Family Court of Western Australia, The Law Society of Western Australia, the Western Australian Bar Association, and other organisations including the Family Law Practitioners Association, the Public Notaries Society of Western Australia Incorporated in respect of the Committee's reviews and the ongoing work of the Committee.

## **7. Executive Assistance**

The Legal Costs Committee wishes to record its appreciation of the valuable help and assistance provided during the year by Mr Jay Weir of the Department of Justice. Mr Weir has offered the Committee and myself in particular, great assistance with the administration of the Committee and publication of our notices, reports and determinations.

The Committee wishes to record its appreciation for the service and support Mr Weir has given over the past year.

The Legal Costs Committee continues to rely heavily on the willingness of its members to implement all administrative and drafting functions, which are an essential part of ensuring the Committee fulfils its statutory obligations.



Clare Thompson

**CHAIR**

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## LEGAL COSTS COMMITTEE

### BUDGET ESTIMATES FOR 2019 / 20

In accordance with the *Financial Management Act* 2006 and pursuant to Treasurer's Instructions the budget estimates for the Legal Costs Committee for the 2019/20 financial year, as submitted to the Honourable Attorney General, are as follows:

## LEGAL COSTS COMMITTEE

### BUDGETED STATEMENT OF FINANCIAL PERFORMANCE

<b>COST OF SERVICES</b>	<b>\$</b>
<b>Expenses</b>	
Board members fees & entitlements	50,425
Other expenses	19,500
Secretarial and Management support	54,000
	<hr/>
<b>Total cost of services</b>	<b>123,925</b>
<b>INCOME FROM STATE GOVERNMENT</b>	
Service appropriations (grants from DotAG)	65,000
Resources received free of charges	54,000
	<hr/>
<b>Total income from State Government</b>	<b>119,000</b>
	<hr/>
<b>SURPLUS / (DEFICIT) FOR THE PERIOD</b>	<b>(4,925)</b>
	<hr/>



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### LEGAL COSTS COMMITTEE

### Report on the Financial Statements

#### **Opinion**

I have audited the financial statements of the Legal Costs Committee which comprise the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and Notes comprising a summary of significant accounting policies.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Legal Costs Committee for the year ended 30 June 2019 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

#### **Basis for Opinion**

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Statements* section of my report. I am independent of the Committee in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Responsibility of the Committee for the Financial Statements**

The Committee is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Committee.

#### **Auditor's Responsibility for the Audit of the Financial Statements**

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



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

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

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

## **Report on Controls**

### ***Opinion***

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Legal Costs Committee. The controls exercised by the Committee are those policies and procedures established by the Committee to ensure 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 (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Legal Costs Committee are sufficiently adequate to 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 during the year ended 30 June 2019.

### ***The Committee's Responsibilities***

The Committee is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

### ***Auditor General's Responsibilities***

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

### ***Limitations of Controls***

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

### **Report on the Key Performance Indicators**

#### ***Opinion***

I have undertaken a reasonable assurance engagement on the key performance indicators of the Legal Costs Committee for the year ended 30 June 2019. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Legal Costs Committee are relevant and appropriate to assist users to assess the Committee's performance and fairly represent indicated performance for the year ended 30 June 2019.

#### ***The Committee's Responsibility for the Key Performance Indicators***

The Committee is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Committee determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Committee is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

### ***Auditor General's Responsibility***

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

**My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators**

This auditor's report relates to the financial statements and key performance indicators of the Legal Costs Committee for the year ended 30 June 2019 included on the Committee's website. The Committee's management is responsible for the integrity of the Committee's website. This audit does not provide assurance on the integrity of the Committee's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



MARK AMBROSE  
SENIOR DIRECTOR FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
5 September 2019

## Legal Costs Committee

### Disclosures and Legal Compliance

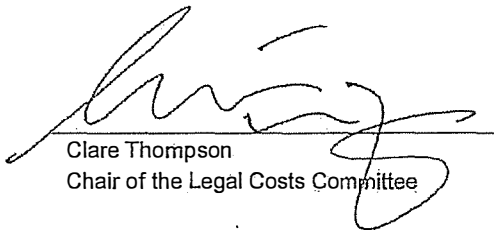
### Financial Statements

### Certification of Financial Statements

For the reporting period ended 30 June 2019

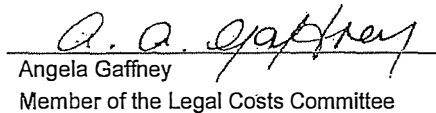
The accompanying financial statements of the Legal Costs Committee have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2019 and the financial position as at 30 June 2019.

At the date of signing we are not aware of any circumstances which would render the particulars included within the financial statements misleading or inaccurate.



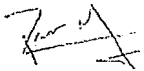
Clare Thompson  
Chair of the Legal Costs Committee

29 August 2019



Angela Gaffney  
Member of the Legal Costs Committee

29 August 2019



Rodolfo Montilva  
A/Chief Finance Officer

29 August 2019



## Legal Costs Committee

The Committee has pleasure in presenting its audited general purpose financial statements for the financial reporting period ended 30 June 2019, which provides users with the information about the Committee's stewardship of resources entrusted to it. The financial information is presented in the following structure:

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**Legal Costs Committee**  
**Statement of Comprehensive Income**

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>COST OF SERVICE</b>			
Expenses			
Board member fees and entitlements	2.1	50,425	50,425
Other expenses	2.2	14,534	18,586
Secretarial and management support	3.1	52,000	50,129
<b>Total cost of services</b>		<b>116,959</b>	<b>119,140</b>
<b>Net cost of services</b>		<b>116,959</b>	<b>119,140</b>
 Income from State Government			
Grants		60,000	60,000
Resources received free of charge		52,000	50,129
<b>Total income from State Government</b>	3.1	<b>112,000</b>	<b>110,129</b>
 <b>DEFICIT FOR THE PERIOD</b>		<b>(4,959)</b>	<b>(9,011)</b>
 <b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(4,959)</b>	<b>(9,011)</b>

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



**Legal Costs Committee  
Statement of Financial Position**

As at 30 June 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5.1	14,881	17,320
Receivables	4.1	406	537
Other assets	4.2	40	40
<b>Total Current Assets</b>		<b>15,327</b>	<b>17,897</b>
<b>TOTAL ASSETS</b>		<b>15,327</b>	<b>17,897</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	4.3	2,489	100
<b>Total Current Liabilities</b>		<b>2,489</b>	<b>100</b>
<b>TOTAL LIABILITIES</b>		<b>2,489</b>	<b>100</b>
<b>NET ASSETS</b>		<b>12,838</b>	<b>17,797</b>
<b>EQUITY</b>			
Contributed equity	7.8	39,335	39,335
Accumulated (deficit)		(26,497)	(21,538)
<b>TOTAL EQUITY</b>		<b>12,838</b>	<b>17,797</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes.



**Legal Costs Committee**  
**Statement of Changes in Equity**

For the year ended 30 June 2019

	Note	Contributed equity \$	Accumulated surplus \$	Total equity \$
Balance at 1 July 2017	7.8	39,335	(12,527)	26,808
Total comprehensive income for the period		-	(9,011)	(9,011)
Balance at 30 June 2018		<u>39,335</u>	<u>(21,538)</u>	<u>17,797</u>
Balance at 1 July 2018		39,335	(21,538)	17,797
Total comprehensive income for the period		-	(4,959)	(4,959)
Balance at 30 June 2019		<u>39,335</u>	<u>(26,497)</u>	<u>12,838</u>

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



# **Legal Costs Committee** **Statement of Cash Flows**

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Grant from the Department of Justice		60,000	60,000
<b>Net cash provided by State Government</b>		<u>60,000</u>	<u>60,000</u>
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Payments to members and suppliers (Inc. GST)		(64,032)	(70,851)
<b>Receipts</b>			
Receipts from services		-	8
GST receipts from taxation authority		1,593	1,550
<b>Net cash used in operating activities</b>		<u>(62,439)</u>	<u>(69,293)</u>
Net decrease in cash and cash equivalents		(2,439)	(9,293)
Cash and cash equivalents at the beginning of the period		17,320	26,613
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5.1	<u>14,881</u>	<u>17,320</u>

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

# Legal Costs Committee

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Basis of preparation

The Legal Costs Committee ('the Committee') is an independent statutory authority established under the *Legal Profession Act 2008*. The Committee is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The entity is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Members of the Committee on 29 August 2019.

### Committee objectives

#### Mission

The Committee's mission is to regularly review scales of legal costs in accordance with its governing legislation and to provide transparency in the manner in which those legal costs are determined.

### Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- 1) The *Financial Management Act 2006* (FMA)
- 2) The Treasurer's Instructions (the Instructions or TI)
- 3) Australian Accounting Standards (AAS) – Reduced Disclosure Requirements
- 4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The FMA and the Instructions take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had 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.

### Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest dollar.

### Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

### Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior, to transfer) before such transfers can be recognised as equity contributions. Capital appropriations are designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and are credited directly to Contributed Equity.

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

## Legal Costs Committee

### NOTES TO THE FINANCIAL STATEMENTS

#### 2. Use of our funding

##### Expenses incurred in the delivery of services

This section provides additional information about how the Committee's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Committee in achieving its objectives and the relevant notes are:

	Notes	2019 \$	2018 \$
Board members fees and entitlements	2.1	50,425	50,425
Other expenses	2.2	14,534	18,586

##### 2.1 Board members fees and entitlements

	2019 \$	2018 \$
Board member fees	46,050	46,050
Superannuation - defined contribution plans <sup>(a)</sup>	4,375	4,375
	<u>50,425</u>	<u>50,425</u>

(a) Defined contribution plans include West State, GESB and other eligible funds.

##### Superannuation expense

Superannuation expense is recognised in the profit or loss of the Statement of Comprehensive income and comprises employer contributions paid to the West State Superannuation Scheme, the Government Employees Superannuation Board (GESB), or other Super Guarantee, as set out below:

	2019	2018 \$
West State Superannuation Scheme	2,625	2,625
GESB	583	583
Other Super Guarantee	1,167	1,167
	<u>4,375</u>	<u>4,375</u>

##### 2.2 Other expenses

	2019 \$	2018 \$
Advertising expenses	1,714	3,101
Notice publication expenses	2,290	5,287
Audit Fees	9,800	9,800
Other expenses	730	398
	<u>14,534</u>	<u>18,586</u>

## Legal Costs Committee

### NOTES TO THE FINANCIAL STATEMENTS

#### 3. Our funding sources

##### How we obtain our funding

This section provides additional information about how the Committee obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Committee and the relevant notes are:

	Notes	2019 \$	2018 \$
Income from State Government	3.1	112,000	110,129

#### 3.1 Income from State Government

	2019 \$	2018 \$
Grant from the Department of Justice	60,000	60,000
	<u>60,000</u>	<u>60,000</u>

Services received free of charge from other state government agencies during the period:

Department of Justice

- Secretarial and management support

Total Income from State Government

52,000	50,129
<u>112,000</u>	<u>110,129</u>

**Transfer of assets:** Discretionary transfers of assets (including grants) and liabilities between State government agencies are reported under Income from State Government. Transfers of assets and liabilities in relation to a restructure of administrative arrangements are recognised as distribution to owners by the transferor and contribution by owners by the transferee under AASB 1004. Other non-discretionary non-reciprocal transfers of assets and liabilities designated as contributions by owners under TI 955 are also recognised directly to equity.

**Services received free of charge or for nominal cost:** Services received free of charge or for nominal cost that the Committee would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position. Services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

## Legal Costs Committee

### NOTES TO THE FINANCIAL STATEMENTS

#### 4. *Other assets and liabilities*

This section sets out those assets and liabilities that arose from the Committee's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2019	2018
		\$	\$
Receivables	4.1	406	537
Other assets	4.2	40	40
Payables	4.3	2,489	100

##### 4.1 Receivables

	2019	2018
	\$	\$
<u>Current</u>		
GST receivable	406	537
Total current receivables	<u>406</u>	<u>537</u>

##### 4.2 Other assets

	2019	2018
	\$	\$
<u>Current</u>		
Prepayments	40	40
Total other assets	<u>40</u>	<u>40</u>

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

##### 4.3 Payables

	2019	2018
	\$	\$
<u>Current</u>		
Trades and other creditors	2,489	100
Total current payables	<u>2,489</u>	<u>100</u>

Payables are recognised 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 settlement is generally within 30 days.

**Legal Costs Committee**  
**NOTES TO THE FINANCIAL STATEMENTS**

**5. *Financing***

This section sets out the material balances and disclosures associated with the financing and cash flows of the Committee:

	Notes
Cash and cash equivalents	5.1

**5.1 Cash and cash equivalents**

**Reconciliation of cash**

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2019	2018
	\$	\$
Cash and cash equivalents	14,881	17,320
	<u>14,881</u>	<u>17,320</u>

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

## Legal Costs Committee

### NOTES TO THE FINANCIAL STATEMENTS

#### 6. *Financial instruments and contingencies*

	Notes
Financial instruments	6.1
Contingent assets and contingent liabilities	6.2

##### 6.1 Financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are:

	2019	2018
	\$	\$
<u>Financial Assets</u>		
Cash and cash equivalents	14,881	17,320
	<u>14,881</u>	<u>17,320</u>
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	2,489	100
	<u>2,489</u>	<u>100</u>

##### 6.2 Contingent assets and liabilities

There were no contingent liabilities and contingent assets as at 30 June 2019 (2018: nil).

## Legal Costs Committee

### NOTES TO THE FINANCIAL STATEMENTS

#### 7. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	7.1
Initial application of Australian Accounting Standards	7.2
Key management personnel	7.3
Related parties	7.4
Related bodies	7.5
Affiliated bodies	7.6
Remuneration of Auditors	7.7
Equity	7.8
Supplementary financial information	7.9

##### 7.1 Events occurring after the end of the reporting period

There were no events occurring after the end of the reporting period.

##### 7.2 Initial application of Australian Accounting Standards

###### AASB 9 Financial instruments

AASB 9 Financial instruments replaces AASB 139 Financial instruments: Recognition and Measurements for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Committee applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies. The Committee did not need to restate any comparative information which would have been required in accordance with AASB 9.7.2.15 as there were no financial instruments which would have continued to be reported under AASB 139. As a result, there were no differences arising from adoption, consequently no effect on accumulated deficit.

The Committee's approach is described below:

###### (a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Committee's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Committee's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a material impact to the Committee.

###### (b) Impairment

The adoption of AASB 9 has fundamentally changed the Committee's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Committee to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. The impairment requirements of AASB 9 did not have a material impact to the Committee.



## Legal Costs Committee

### NOTES TO THE FINANCIAL STATEMENTS

#### 7.3 Key management personnel

The Committee has determined key management personnel to include Cabinet Ministers and members of the Committee. However, the Committee is not obligated to compensate Ministers and therefore disclosures in relation to Minister's compensation may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for members of the Committee for the reporting period are presented within the following bands:

	2019	2018
Compensation Band (\$)		
10,001 – 20,000	1	1
0 – 10,000	5	5
	2019	2018
	\$	\$
Total compensation of members	50,425	50,425

Total compensation includes the superannuation expense incurred by the Committee in respect of its members.

#### 7.4 Related party transactions

The Committee is a wholly owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Committee include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all members and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

#### Material transactions with other related parties

Outside of normal citizen type transactions with the Committee, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

#### 7.5 Related bodies

The Committee had no related bodies during the financial year (2018: nil).

#### 7.6 Affiliated bodies

The Committee had no affiliated bodies during the financial year (2018: nil).

#### 7.7 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for current financial year is as follows:

	2019	2018
	\$	\$
Auditing the accounts, financial statements and key performance indicators	9,947	9,800

## Legal Costs Committee

### NOTES TO THE FINANCIAL STATEMENTS

#### 7.8 Equity

The Government holds the equity interest in the Committee on behalf of the community. Equity represents the residual interest in the net assets of the Committee.

	2019	2018
<b>Contributed equity</b>	\$	\$
Balance at start of period	39,335	39,335
Balance at end of period	<u>39,335</u>	<u>39,335</u>
<b>Accumulated surplus / (deficit)</b>		
Balance at start of period	(21,538)	(12,527)
Result for the period	<u>(4,959)</u>	<u>(9,011)</u>
Balance at end of period	<u>(26,497)</u>	<u>(21,538)</u>
<b>Total Equity at end of period</b>	<u>12,838</u>	<u>17,797</u>

#### 7.9 Supplementary financial information

There were no losses of public moneys or other public property through theft or default during the financial year (2018: nil).

There were no write offs of public money or other public property during the financial year (2018: nil).

There were no gifts of public property during the financial year (2018: nil).

## LEGAL COSTS COMMITTEE

## AUDITED KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2019

Certification of Key Performance Indicators

We hereby certify that the key 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 2019.



Clare Thompson  
Chair of the Legal Costs Committee

29  
8  
19

*A. A. Gaffney* 29.8.2019

Angela Gaffney  
Member of the Legal Costs Committee



**LEGAL COSTS COMMITTEE**  
**KEY PERFORMANCE INDICATORS**

**2018 - 2019**

**RELATIONSHIP TO GOVERNMENT GOALS**

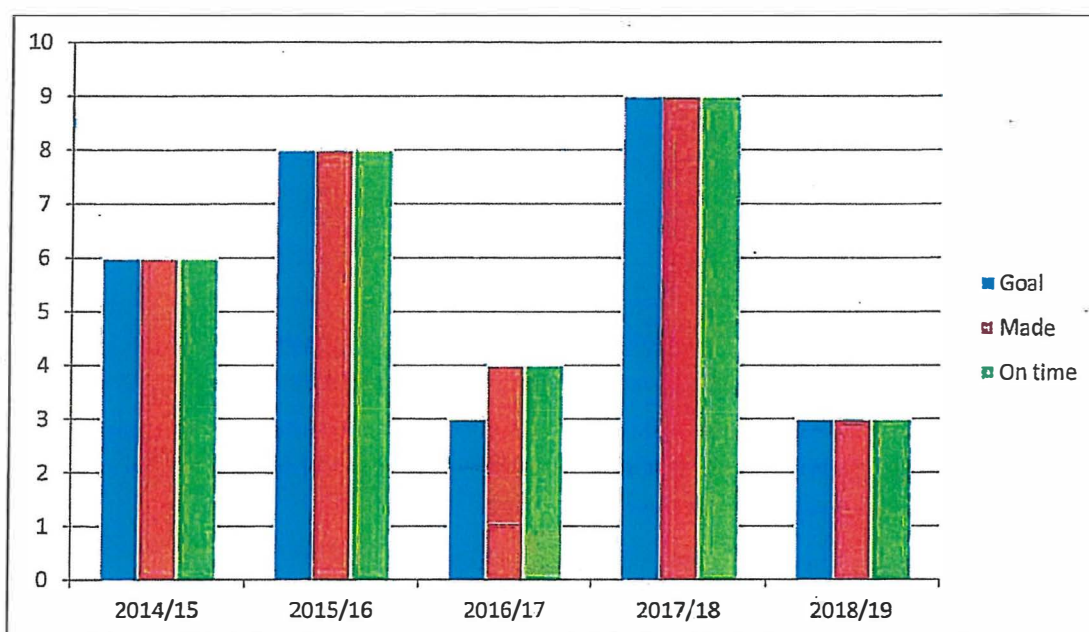
Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's service and desired outcome, and the government goal it contributes to. The key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes. The key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.

Government Goal	Desired Outcome	Service
<p>Results-Based Service Delivery:</p> <p>Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.</p>	<p>In accordance with section 276 of the <i>Legal Profession Act</i> 2008, to review each determination in force at least once in the period of two years in the following jurisdictions:</p> <ul style="list-style-type: none"> <li>“ Supreme Court (Contentious Business)</li> <li>“ District Court (Appeals) (Contentious Business)</li> <li>“ Supreme &amp; District Courts (Criminal)</li> <li>“ Magistrates Court (Civil)</li> <li>“ Magistrates Court (Criminal)</li> <li>“ Magistrates Court (Family Law)</li> <li>“ Non-Contentious Probate Costs</li> <li>“ Solicitors Costs</li> <li>“ Official Prosecutions (Accused's Costs)</li> <li>“ Public Notaries</li> <li>“ State Administrative Tribunal</li> <li>“ Family Court of Western Australia</li> </ul>	<p>1. Review of determination</p>

### KEY EFFECTIVENESS INDICATOR

The Key Effectiveness Indicator means the extent to which Legal Costs Committee determinations are completed in accordance with established deadlines.

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



In the 2018/19 year only the three non-contentious determinations were due for review, compared to the nine contentious business determinations which were reviewed in 2017/18. This variation will occur every year because the Committee has for many years adopted the practice of reviewing all contentious determinations concurrently in one year, and all non-contentious determinations concurrently in the next year, so that the rates for similar types of work undertaken by legal practitioners remain comparable regardless of the court in which that work is undertaken.

**The Legal Costs Committee made and completed the following determinations during the financial year ended 30 June 2019:**

- (a) *Legal Profession (Solicitors Costs) Determination 2019;*
- (b) *Legal Profession (Non-Contentious Probate Costs) Determination 2019; and*
- (c) *Legal Profession (Public Notaries) Determination 2019.*

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

### KEY EFFICIENCY INDICATOR

Key Efficiency Indicator measures cost per determination.

#### Cost per Determination

Year	Target		Actual		Variance to target	
	Cost	Number	Cost	Number	Cost	Number
2018/19	\$42,961	3	\$38,986	3	(\$3,975)	0
2017/18	\$14,045	9	\$13,238	9	(\$807)	0
2016/17	\$42,557	3	\$31,273	4	(\$11,284)	1
2015/16	\$15,380	8	\$15,394	8	\$14	0
2014/15	\$20,871	6	\$20,718	6	(\$153)	0

The cost per determination is calculated based on the total cost of services for the Legal Costs Committee in a given year divided by the number of determinations completed in that year.

The cost per determination is lower than the prior year due to significant variance between the number of determinations undertaken in 2017/18 and 2018/19.

There is no significant variance between actual and target for 2018/19.