

LEGAL COSTS COMMITTEE

ANNUAL REPORT

2019 - 2020

17 September 2020

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 2019 to 30 June 2020.



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 determinations. In 2016, Magistrates exercising Family Law jurisdiction was recognised as necessitating a separate determination. In 2020, the continued promulgation of a separate determination for costs associated with appeals to the District Court was discontinued.

During the period 1 July 2019 to 30 June 2020, the Legal Costs Committee comprised:

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

Mr BW Ashdown, Barrister, John Toohey Chambers;

Mr M Cocker, Retired State Public Servant;

Mr M Curwood, Barrister, Francis Burt Chambers; and

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

Ms A Gaffney, Chartered Accountant.

| <i>Title</i> | <i>Member Name</i> | <i>Type of remuneration</i> | <i>Period of membership</i> | <i>Term of Appointment / Tenure</i> | <i>Base Salary / Sitting Fees</i> | <i>Gross/actual remuneration for the financial year</i> |
|--------------|--------------------|-----------------------------|-----------------------------|-------------------------------------|-----------------------------------|---|
| Chair | Clare Thompson | Salary | 17 years | 3 years | \$16,808.25 | \$15,350.00 |
| Member | Brendan Ashdown | Salary | 4 years | 3 years | \$6,723.30 | \$6,140.00 |
| Member | Marcus Cocker | Salary | 18 years | 3 years | \$6,723.30 | \$6,140.00 |
| Member | Matthew Curwood | Salary | 11 years | 3 years | \$6,723.30 | \$6,140.00 |
| Member | Janice Dudley | Salary | 15 years | 3 years | \$6,723.30 | \$6,140.00 |
| Member | Angela Gaffney | Salary | 26 years | 3 years | \$6,723.30 | \$6,140.00 |
| Total | | | | | \$50,424.75 | \$46,050.00 |

The Committee normally meets on a monthly basis, as its business requires, and in the 2019/2020 financial year, the Committee met on six occasions, of which three were formal meetings of the Committee and three were informal meetings, as explained below.

As a result of the restrictions imposed arising from the COVID-19 pandemic, the Committee was not able to meet in person in the months of March, April and May 2020. Division 9 of the *Legal Profession Act* 2008 which governs the meeting procedures of the Committee does not permit for electronic meetings, so that the Committee members are required to attend in person to hold a valid meeting. So as to ensure the work of the Committee was undertaken within the required statutory schedule, the Committee met informally by Zoom or teleconference on three occasions in March, April and May 2020.

The Chair and Mr Curwood presented a seminar for members of the Law Society of WA on 13 February 2020 in relation to the reviews being undertaken in the current year.

1. Determinations – 2019/2020 Financial Year

The Legal Costs Committee completed nine reviews resulting in the publication on 18 June 2020 of the eight determinations listed below.

- (a) *Legal Profession (Supreme and District Courts) (Contentious Business) Determination 2020;*
- (b) *Legal Profession (Supreme and District Courts) (Criminal) Determination 2020;*
- (c) *Legal Profession (Family Court) Determination 2020;*
- (d) *Legal Profession (Magistrates Court) (Civil) Determination 2020;*
- (e) *Legal Profession (Magistrates Court) (Criminal) Determination 2020;*
- (f) *Legal Profession (Magistrates Court) (Family Law) Determination 2020;*
- (g) *Legal Profession (Official Prosecutions) (Accused's Costs) Determination 2020;*
and
- (h) *Legal Profession (State Administrative Tribunal) Determination 2020.*

In conducting its reviews in 2020, the Committee determined that it was no longer necessary to have a separate determination for costs incurred in appeals to the District Court of Western Australia, and therefore determined that the *Legal Profession (District Court Appeals) (Contentious Business) Determination 2018* would not be amended, but

its content included in the *Legal Profession (Supreme and District Courts) (Contentious Business) Determination 2020*, thereby reducing the number of contentious business determinations from nine to eight.

2. Determinations anticipated in 2020/2021 Financial Year

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

- (a) *Legal Profession (Solicitors Costs) Determination 2019;*
- (b) *Legal Profession (Non-Contentious Probate Costs) Determination 2019;*
- (c) *Legal Profession (Public Notaries) Determination 2019 and;*
- (d) *Legal Profession (Magistrates Court) (Civil) Determination 2020.*

3. Performance Measures

| OUTPUT | 2019/20 | | |
|--|--|--------------|-----------|
| | TARGET | ACTUAL | VARIANCE |
| Quantity | 9 | 8 | 1 |
| Quality | Not Assessed | Not Assessed | N/A |
| Timeliness | In accordance with statutory requirements. | | |
| Cost (Average cost per determination) | \$13,769 | \$15,296 | (\$1,527) |

4. Accounts and Performance Indicators

The financial statements and performance indicators for the year ended 30 June 2020 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, the Chief Judge of the District Court, The Law Society of Western Australia, various other organisations including the Family Law Practitioners Association, the Criminal Lawyers Association, Australian Lawyers Alliance, The Public Trustee and the Insurance Commission of WA, as well as the individual legal practitioners who made submissions to the Committee in the 2020 year, 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 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 Legal Costs Committee continues to rely very heavily on the willingness of its members to undertake the administrative and drafting functions which are an essential part of ensuring the Committee fulfils its statutory obligations.



Clare Thompson

CHAIR

17 September 2020

LEGAL COSTS COMMITTEE
BUDGET ESTIMATES FOR 2020 / 21

In accordance with the *Financial Management Act* 2006 and pursuant to Treasurer's Instructions the budget estimates for the Legal Costs Committee for the 2020/21 financial year, as submitted to the Honourable Attorney General, are as follows:

| LEGAL COSTS COMMITTEE | |
|--|----------------|
| BUDGETED STATEMENT OF FINANCIAL PERFORMANCE | |
| COST OF SERVICES | \$ |
| Expenses | |
| Board members fees & entitlements | 50,425 |
| Other expenses | 17,625 |
| Secretarial and Management support | 54,163 |
| | <hr/> |
| Total cost of services | 122,213 |
| INCOME FROM STATE GOVERNMENT | |
| Service appropriations (grants from DotAG) | 65,000 |
| Resources received free of charges | 54,163 |
| | <hr/> |
| Total income from State Government | 119,163 |
| | <hr/> |
| SURPLUS / (DEFICIT) FOR THE PERIOD | (3,050) |
| | <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 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

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 2020 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 entity'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.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

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 2020.

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 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 non-compliance 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 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicator and key efficiency indicator 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 2020.

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 entity'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 2020 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 contact the entity to confirm the information contained in the 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
22 September 2020

Legal Costs Committee

Disclosures and Legal Compliance

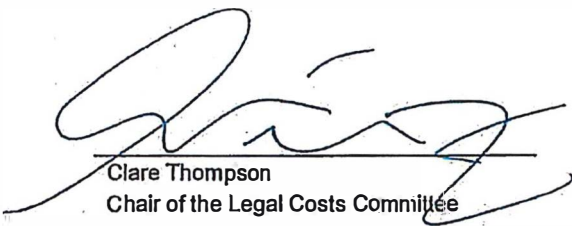
Financial Statements

Certification of Financial Statements

For the reporting period ended 30 June 2020

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 2020 and the financial position as at 30 June 2020.

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

17 September 2020



Angela Gaffney
Member of the Legal Costs Committee

17 September 2020



John Deery
Chief Finance Officer

17 September 2020



Legal Costs Committee

The Committee has pleasure in presenting its audited general purpose financial statements for the financial reporting period ended 30 June 2020, 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 2020

| | Note | 2020 \$ | 2019 \$ |
|--|---------|--------------------|--------------------|
| COST OF SERVICE | | | |
| Expenses | | | |
| Board member fees and entitlements | 2.1 | 50,425 | 50,425 |
| Other expenses | 2.2 | 18,802 | 14,534 |
| Secretarial and management support | 3.1 | 53,145 | 52,000 |
| Total cost of services | | 122,372 | 116,959 |
| Net cost of services | | 122,372 | 116,959 |
| Income from State Government | 3.1 | | |
| Service appropriation | | 65,000 | 60,000 |
| Services received free of charge | | 53,145 | 52,000 |
| Total Income from State Government | | 118,145 | 112,000 |
| DEFICIT FOR THE PERIOD | | (4,227) | (4,959) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | | (4,227) | (4,959) |

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 2020

| | Note | 2020 \$ | 2019 \$ |
|----------------------------------|------|---------------|---------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 5.1 | 18,372 | 14,881 |
| Receivables | 4.1 | 564 | 406 |
| Other assets | 4.2 | 40 | 40 |
| Total Current Assets | | 18,976 | 15,327 |
| TOTAL ASSETS | | 18,976 | 15,327 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 4.3 | 10,365 | 2,489 |
| Total Current Liabilities | | 10,365 | 2,489 |
| TOTAL LIABILITIES | | 10,365 | 2,489 |
| NET ASSETS | | 8,611 | 12,838 |
| EQUITY | | | |
| Contributed equity | 7.8 | 39,335 | 39,335 |
| Accumulated deficit | | (30,724) | (26,497) |
| TOTAL EQUITY | | 8,611 | 12,838 |

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 2020

| | Note | Contributed equity \$ | Accumulated deficit \$ | Total equity \$ |
|---|------|-----------------------------|------------------------------|--------------------|
| Balance at 1 July 2018 | 7.8 | 39,335 | (21,538) | 17,797 |
| Total comprehensive loss for the period | | - | (4,959) | (4,959) |
| Balance at 30 June 2019 | | <u>39,335</u> | <u>(26,497)</u> | <u>12,838</u> |
| Balance at 1 July 2019 | | 39,335 | (26,497) | 12,838 |
| Total comprehensive loss for the period | | - | (4,227) | (4,227) |
| Balance at 30 June 2020 | | <u>39,335</u> | <u>(30,724)</u> | <u>8,611</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 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|---------------|---------------|
| CASH FLOWS FROM STATE GOVERNMENT | | | |
| Service appropriation from the Department of Justice | | 65,000 | 60,000 |
| Net cash provided by State Government | | 65,000 | 60,000 |
| Utilised as follows: | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments | | | |
| Payments to members and suppliers (inc. GST) | | (63,230) | (64,032) |
| Receipts | | | |
| Receipts from services | | - | - |
| GST receipts from taxation authority | | 1,721 | 1,593 |
| Net cash used in operating activities | | 3,491 | (2,439) |
| Net income /(decrease) in cash and cash equivalents | | 3,491 | (2,439) |
| Cash and cash equivalents at the beginning of the period | | 14,881 | 17,320 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 5.1 | 18,372 | 14,881 |

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 17 September 2020.

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 TIs)
- 3) Australian Accounting Standards (AASs) – 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 AASs. Several AASs 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 have been designated as contributions by owners by T1 955 Contributions by Owners made to Wholly Owned Public Sector Entities and have been credited directly to Contributed Equity.

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 | 2020 \$ | 2019 \$ |
|-------------------------------------|-------|------------|------------|
| Board members fees and entitlements | 2.1 | 50,425 | 50,425 |
| Other expenses | 2.2 | 18,802 | 14,534 |

2.1 Board members fees and entitlements

| | 2020 \$ | 2019 \$ |
|--|---------------|---------------|
| Board member fees | 46,050 | 46,050 |
| Superannuation - defined contribution plans ^(a) | 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:

| | 2020 | 2019 |
|----------------------------------|--------------|--------------|
| | | \$ |
| 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

| | 2020 \$ | 2019 \$ |
|-----------------------------|---------------|---------------|
| Advertising expenses | 2,659 | 1,714 |
| Notice publication expenses | 5,405 | 2,290 |
| Audit Fees | 9,947 | 9,800 |
| Other expenses | 791 | 730 |
| | <u>18,802</u> | <u>14,534</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 | 2020 | 2019 |
|------------------------------|-------|---------|---------|
| | | \$ | \$ |
| Income from State Government | 3.1 | 118,145 | 112,000 |

3.1 Income from State Government

| | 2020 | 2019 |
|--|----------------|----------------|
| | \$ | \$ |
| Appropriations received during the period: | | |
| Department of Justice | | |
| - service appropriation | 65,000 | 60,000 |
| | <u>65,000</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 | 53,145 | 52,000 |
| Total Income from State Government | <u>118,145</u> | <u>112,000</u> |

Service Appropriations are recognised as income at the fair value of the consideration received in the period in which the Committee gains control of the appropriated funds. The Committee gains control of the appropriated funds at the time those funds are deposited in the bank account by the Department of Justice.

Service appropriations fund the net cost of service delivered. Appropriations revenue comprises of cash.

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.

The application of AASB 15 and AASB 1058 from 1 July 2019 has had no impact on the treatment of income from State Government.

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 | 2020 | 2019 |
|--------------|-------|--------|-------|
| | | \$ | \$ |
| Receivables | 4.1 | 564 | 406 |
| Other assets | 4.2 | 40 | 40 |
| Payables | 4.3 | 10,365 | 2,489 |

4.1 Receivables

| | 2020 | 2019 |
|----------------------------------|------------|------------|
| | \$ | \$ |
| <u>Current</u> | | |
| GST receivable | 564 | 406 |
| Total current receivables | 564 | 406 |

4.2 Other assets

| | 2020 | 2019 |
|---------------------------|-----------|-----------|
| | \$ | \$ |
| <u>Current</u> | | |
| Prepayments | 40 | 40 |
| Total other assets | 40 | 40 |

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

| | 2020 | 2019 |
|-------------------------------|---------------|--------------|
| | \$ | \$ |
| <u>Current</u> | | |
| Trades and other creditors | 10,365 | 2,489 |
| Total current payables | 10,365 | 2,489 |

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

Reconciliation of cash

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:

| | 2020 | 2019 |
|---------------------------|---------------|---------------|
| | \$ | \$ |
| Cash and cash equivalents | 18,372 | 14,881 |
| | <u>18,372</u> | <u>14,881</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:

| | 2020 | 2019 |
|--|---------------|---------------|
| | \$ | \$ |
| <u>Financial Assets</u> | | |
| Cash and cash equivalents | 18,372 | 14,881 |
| | <u>18,372</u> | <u>14,881</u> |
| <u>Financial Liabilities</u> | | |
| Financial liabilities measured at amortised cost | 10,365 | 2,489 |
| | <u>10,365</u> | <u>2,489</u> |

6.2 Contingent assets and liabilities

There were no contingent liabilities and contingent assets as at 30 June 2020 (2019: 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 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* for annual reporting periods on or after 1 January 2019. Under the new model, the Committee shall recognise revenue when (or as) the Committee satisfies a performance obligation by transferring a promised good or service to a customer and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers
- Identifying separate performance obligations
- Determining the transaction price of the contract
- Allocating the transaction price to each of the performance obligations
- Recognising revenue when or as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 *Income of Not-for-Profit Entities*. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Committee.

The Committee adopts the modified retrospective approach on transition to AASB 1058. No comparative information is restated under this approach, and the Committee recognises the cumulative effect of initially applying the Standards as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Under this transition method, the Committee elects to not apply the standards retrospectively to non-completed contracts at the date of initial application.

Refer to Note 3.1 for the revenue and income accounting policies adopted from 1 July 2019.

The adoption by the Committee of AASB 1058 as at 1 July 2019 resulted in no adjustments and consequently no impact on the opening balance of accumulated surplus/(deficit) at the date of initial application.

AASB 16 Leases has become mandatory for the current reporting period, but the adoption of this standard has had no impact on the Committee as the Committee has no leases within the scope of AASB 16.

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:

| | 2020 | 2019 |
|---------------------------------------|--------|--------|
| Compensation Band (\$) | | |
| 0 – 10,000 | 5 | 5 |
| 10,001 – 20,000 | 1 | 1 |
| | 2020 | 2019 |
| | \$ | \$ |
| Total compensation of senior officers | 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 (2019: nil).

7.6 Affiliated bodies

The Committee had no affiliated bodies during the financial year (2019: nil).

Legal Costs Committee

NOTES TO THE FINANCIAL STATEMENTS

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:

| | 2020 | 2019 |
|--|-------|-------|
| | \$ | \$ |
| Auditing the accounts, financial statements and key performance indicators | 9,947 | 9,947 |

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.

| | 2020 | 2019 |
|---------------------------------|----------|----------|
| | \$ | \$ |
| Contributed equity | | |
| Balance at start of period | 39,335 | 39,335 |
| Balance at end of period | 39,335 | 39,335 |
| Accumulated surplus / (deficit) | | |
| Balance at start of period | (26,497) | (21,538) |
| Result for the period | (4,227) | (4,959) |
| Balance at end of period | (30,724) | (26,497) |
| Total Equity at end of period | 8,611 | 12,838 |

7.9 Supplementary financial information

There were no losses of public moneys or other public property through theft or default during the financial year (2019: nil).

There were no write offs of public money or other public property during the financial year (2019: nil).

There were no gifts of public property during the financial year (2019: nil).

LEGAL COSTS COMMITTEE

AUDITED KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2020

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 2020.



Clare Thompson
Chair of the Legal Costs Committee
17 September 2020



Angela Gaffney
Member of the Legal Costs Committee
17 September 2020



LEGAL COSTS COMMITTEE
KEY PERFORMANCE INDICATORS

2019 - 2020

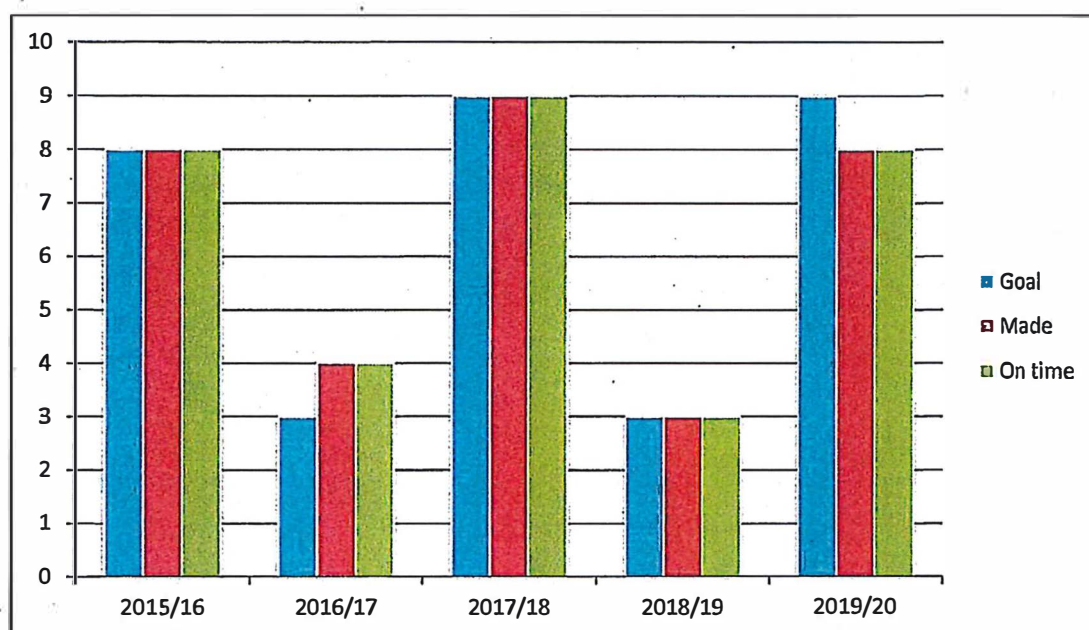
Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's service and desired outcome, and the government goal it contributes to. The key effectiveness indicators 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"> " Supreme and District Courts (Contentious Business) " District Court (Appeals) (Contentious Business) " Supreme & District Courts (Criminal) " Magistrates Court (Civil) " Magistrates Court (Criminal) " Magistrates Court (Family Law) " Probate Costs " Solicitors Costs " Official Prosecutions (Accused's Costs) " Public Notaries " State Administrative Tribunal " Family Court of Western Australia | <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 2019/20 year nine determinations were due for review, compared to the three non-contentious business determinations which were reviewed in 2018/19. 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 2020:

- (a) *Legal Profession (Supreme Court) (Contentious Business) Determination 2020;*
- (b) *Legal Profession (Supreme and District Courts) (Criminal Jurisdictions) Determination 2020;*
- (c) *Legal Profession (Family Court) Determination 2020;*
- (d) *Legal Profession (Family Law) Determination 2020;*
- (e) *Legal Profession (Magistrates Court) (Civil) Determination 2020;*
- (f) *Legal Profession (Magistrates Court) (Criminal) Determination 2020;*
- (g) *Legal Profession (Official Prosecutions) (Accused's Costs) Determination 2020; and*
- (h) *Legal Profession (State Administrative Tribunal) Determination 2020.*

The Legal Costs Committee does not employ staff but the administrative function is undertaken as a service provided free of charge 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 |
| 2019/20 | \$13,769 | 9 | \$15,296 | 8 | (\$1,527) | 0 |
| 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 |

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 previous year due to significant variance between the number of determinations undertaken in 2018/19 and 2019/20.

There is a significant variance between actual and target for 2019/20, brought about by the undertaking of nine reviews resulting in the promulgation of eight determinations.