

# Legal Contribution Trust

Annual Report

30 June 2022

## Statement of Compliance

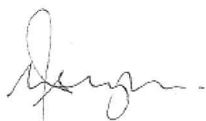
For the 12 months ended 30 June 2022

HON JOHN QUIGLEY MLA

ATTORNEY GENERAL

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Legal Contribution Trust for the reporting period ended 30 June 2022.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006* and section 390 of the *Legal Profession Act 2008*.



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**Michael Ferguson**  
Trustee (Chairperson)

Date: 27/9/2022

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## Overview

### Executive Summary

### Operational Structure

The Legal Contribution Trust is managed by trustees appointed by the Governor and administered by the Law Society of Western Australia.

The trustees meet as required to consider any claims made against the Solicitors Guarantee Fund and to manage the financial and administration operations of the Legal Contribution Trust.

The Law Society of Western Australia performs the financial and administration operations of the Legal Contribution Trust. The Chairman of the Legal Contribution Trust is appointed as the Accountable Officer for the Trust. The General Manager Corporate Services from the Law Society of Western Australia acts as the Chief Finance Officer.

### Enabling Legislation

The Legal Contribution Trust was established in Western Australia by the *Legal Profession Act 2008*.

### Responsible Minister

The Hon. John Quigley, MLA, Attorney General

### Trust Objectives

The *Legal Profession Act 2008*, Section 399(1) states the functions of the Trust to be:

- a) to receive and invest money paid to it under this or any other Act;
- b) to apply money resulting from investments in the manner and for the purposes provided by this Part;
- c) to administer and control the Guarantee Fund;
- d) to exercise and discharge the functions conferred or imposed on it by this or any other Act.

### Organisational Structure

#### Trustees

The trustees holding office during the year under review were:

#### Mr M Ferguson (Chairman)

(appointed by the Law Society of Western Australia)

#### Ms V Butler

(appointed by the Legal Practice Board)

#### Ms C Ferrari

(appointed by the Attorney General)

### Administered Legislation

The trustees assist the Attorney General in the administration of section 399(1) of the *Legal Profession Act 2008*.

## **Other Key Legislation Impacting on the Legal Contribution Trust's Activities**

In the performance of its functions, the Legal Contribution Trust complies with the following relevant written laws:

- *Financial Management Act 2006*;
- *Legal Profession Act 2008*

## **Performance Management Framework**

### **Outcome Based Management Framework**

The target outcome of the Legal Contribution Trust is the application to public purposes of moneys resulting from its operating surplus.

The Act directs that the operating surplus be applied to the Solicitors Guarantee Fund until the Fund reaches its maximum balance (of \$19,100,000) set by the Attorney General. Of additional surplus funds, 50% is applied to the Legal Aid Commission and the remaining 50% to the Law Society of Western Australia, community legal centres and other bodies in such sums as is agreed between the Minister and the Law Society of Western Australia from time to time.

The money applied to the Solicitors Guarantee Fund is held for the purpose of compensating persons who suffer pecuniary loss as the result of stealing or fraudulent conversion of property entrusted to legal practitioners for their benefit.

### **Changes to Outcome Based Management Framework**

The Legal Contribution Trust's Outcome Based Management Framework did not change during 2021-2022.

### **Shared Responsibilities**

The Legal Contribution Trust did not share any responsibilities with other agencies in 2021-2022.

## Agency Performance

### Report on Operations

The surplus for the 12 months to 30 June 2022 was \$236,846.

	31 Jun 22	30 Jun 21
	\$	\$
<b>Income</b>		
Levies on solicitors' trust accounts	378,708	288,881
Interest on investments	39,286	67,487
Other income	1,130,082	838
Contributions by legal practitioners	43,060	41,871
<b>Total income</b>	<b>1,591,136</b>	<b>399,076</b>
<b>Expenses</b>		
Administration expenses	171,802	175,143
Audit fees - Auditor General	58,667	55,641
Claims	-	654
Legal fees	158,574	126,172
Supervising solicitors	489,384	284,687
Trust account inspector service	475,863	495,642
<b>Total expenses</b>	<b>1,354,290</b>	<b>1,137,940</b>
<b>Surplus for the period</b>	<b>236,846</b>	<b>(738,864)</b>
<b>Total comprehensive income for the period</b>	<b>236,846</b>	<b>(738,864)</b>

The main difference between the two reporting periods is an increase in Total Income predominantly due to a confidential financial settlement to recover funds which were previously paid out to claimants from the Solicitors Guarantee Fund.

### Solicitors Guarantee Fund

The maximum balance of the Solicitors Guarantee Fund was set by the Attorney General at \$19,100,000 in June 2008. Any future increases will be at the discretion of the Attorney General in consultation with the Law Society of Western Australia.

### Key performance indicators

The key performance indicators for the Legal Contribution Trust are contained in the financial statements.

## Significant Issues Impacting the Agency

### Current and emerging issues and trends

The Solicitors Guarantee Fund had made a number of claims payouts in the last few years which reduced its maximum balance below the \$19.1 million. As a result, there has been no surplus available for distribution to public purposes.

The Legal Contribution Trust's major source of income is a 51 % share of the total levies paid by financial institutions on solicitor trust accounts. The majority of the Legal Contribution Trust's other revenue is derived from interest income from the investment of funds held in the Solicitors Guarantee

Fund. These sources of income have been significantly affected by declining interest rates over the period. However increases in the cash rate from May 2022 will improve the amount of levies received in the next financial year.

#### Changes in written law

There were no changes in any written law that affected the Legal Contribution Trust in this financial year. However the introduction of Uniform Law in Western Australia from 1 July 2022 removes the application of the *Financial Management Act 2006* and *Auditor General Act 2006* to the Legal Contribution Trust. As such, this is the final report that will be prepared by the Legal Contribution under section 61 of the *Financial Management Act 2006*.

In future reporting periods, the financial statements of the Legal Contribution Trust will be audited annually by auditors approved by the Attorney General. Copies of the audit report will be provided to the Attorney General, the Law Society of Western Australia and the Legal Practice Board of Western Australia.

#### Estimates for the Legal Contribution Trust for the reporting period ending 30 June 2023

	Estimates for the year ended 30 Jun 23 \$
<b>Income</b>	
Levies on solicitors' trust accounts	385,200
Interest on investments	176,637
Contributions by legal practitioners	45,400
<b>Total income</b>	<b>607,237</b>
<b>Expenses</b>	
Administration expenses	185,470
Audit fees - Auditor General	55,000
External Investigations	165,000
Legal fees	123,500
Supervising solicitors	215,000
Trust account inspector service	-
<b>Total expenses</b>	<b>743,970</b>
<b>(Deficit)/Surplus for the period</b>	<b>(136,733)</b>
<b>Total comprehensive income for the period</b>	<b>(136,733)</b>



Estimates for  
the year ended  
30 Jun 23

	\$
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	15,719,202
Prepayments	3,112
Receivables	35,200
<b>Total current assets</b>	<b>15,757,514</b>
<b>Total assets</b>	<b>15,757,514</b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Payables	3,500
Provisions	21,520
<b>Total current liabilities</b>	<b>25,020</b>
<b>Total liabilities</b>	<b>25,020</b>
<b>Net assets</b>	<b>15,732,494</b>
<b>Equity</b>	
Accumulated surplus	15,732,494
<b>Total equity</b>	<b>15,732,494</b>

Estimates for  
the year  
ended 30  
June 2023  
\$

<b>Cash flows from operating activities</b>	
Levies on solicitors' trust accounts	385,200
Interest received	176,637
Contributions by legal practitioners	45,400
Payments to suppliers	(736,500)
<b>Net cash generated by operating activities</b>	<b>(129,262)</b>
Net (decrease)/increase in cash & cash equivalents	(129,262)
Cash & cash equivalents at the beginning of the period	15,848,464
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>15,719,202</b>

