

**LEGAL COSTS COMMITTEE**

**ANNUAL REPORT**

**2009 - 2010**

14 September 2010

## LEGAL COSTS COMMITTEE ANNUAL REPORT

In accordance with the *Financial Management Act 2006*, I submit to the Honourable Christian Porter BA (Hons) BEC LLB (UWA) MSC (Dist) LSE, MLA, Attorney General for the State of Western Australia, for information and presentation to Parliament, the Annual Report of the Legal Costs Committee of Western Australia for the period 1 July 2009 to 30 June 2010.



Ted Sharp  
**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 (Initial Act). Subsequently, the Committee's jurisdiction was reaffirmed by the *Legal Practice Act 2003* and more recently, by Division 9 of Part 10 of the *Legal Profession Act 2008* (Act). The Committee is responsible, under the Act for making determinations for the remuneration of legal practitioners in respect of the matters specified under Division 5 of Part 10 of the Act (as well as other legislation) in the following jurisdictions:

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

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

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

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

During the period 1 July 2009 to 30 June 2010 the Committee consisted of:

- Mr TH Sharp, Consultant, Freehills Lawyers, as Chair;
- Ms A Gaffney, Chartered Accountant;
- Ms CH Thompson, Barrister, Francis Burt Chambers;
- Mr M Cocker, Retired State Public Servant;
- Ms J Dudley, Lecturer in Politics, Murdoch University; and
- Mr M Curwood, Legal Practitioner, Curwood & Co.

The Committee normally meets on a monthly basis in each financial year. In the 2009/2010 financial year, the Committee met on 10 occasions.

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

**1. Determinations - 2009/2010 Financial Year**

- (a) Legal Practitioners (Solicitors Costs) Determination 2009;
- (b) Legal Practitioners (Supreme Court and District Court) (Criminal Jurisdictions) Determination 2009;
- (c) Legal Practitioners (Non-Contentious Probate Costs) Determination 2010;
- (d) Legal Practitioners (Supreme Court) (Contentious Business) Determination 2010;
- (e) Legal Practitioners (District Court Appeals) (Contentious Business) Determination 2010 ;
- (f) Legal Practitioners (Magistrates Court) (Civil) Determination 2010;
- (g) Legal Practitioners (Magistrates Court) (Criminal) Determination 2010; and
- (h) Legal Practitioners (Supreme Court and District Court) (Criminal) Determination 2010.

**2. Determinations anticipated in 2010/2011 Financial Year**

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

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

### 3. Performance Measures

<b>OUTPUT</b>	<b>2009/10</b>		
	<b>TARGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>Quantity</b>	6	8	2
<b>Quality</b>	Not Assessed	Not Assessed	N/A
<b>Timeliness</b>	In accordance with statutory requirements.		
<b>Cost</b> (Average cost per determination)	\$19 634	\$14 726	\$4 908

### 4. Accounts and Performance Indicators

The annual accounts and performance indicators for the year ended 30 June 2010 are attached.

### 5. Report on Operations

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

### 6. General Comments

The Committee has been working towards establishing as much consistency as possible between the scales of fees of a litigious nature.

Consequently, a greater number of reviews were conducted in 2009/2010 than might otherwise have been the case.

Except as mentioned below, the Committee's deliberations in respect of the Determinations referred to in of paragraph 1 were mainly of a consolidatory nature in that no significant issues or developments came to light which required any new methods of review on the Committee's part.

The Committee is aware that the Courts, legal practitioners, consumer of legal services and administrators are all conscious of the basis for the calculation of legal costs.

The Committee will, to the extent that its resources allow, continue to consider and if possible implement, alternative methods of cost calculation. The Committee is of the view that any changes from the current methods of calculation should only be adopted after the most relevant research possible.

An example of the Committee's preparedness to consider alternative methods of calculating legal fees can be found in the publication of the Legal Practitioners (Non-Contentious Probate Costs) Report 2010 and the Legal Practitioners (Non-Contentious Probate Costs) Determination 2010 in which the Committee decided to allow for maximum fixed fee charges for certain probate applications, rather than allowing a time cost basis for them.

I would like to record the Committee's appreciation for the input provided to it by the Chief Justice of the Supreme Court of Western Australia, the President of the State Administrative Tribunal, the Chief Judge of the District Court, the Chief Judge of the Family Court of Western Australia, the Chief Magistrate, the Law Society of Western Australia, the Western Australian Bar Association, their employees and committees in respect of the Committee's reviews of the above scales.

As I have previously noted, the Committee's workload can vary in any one year for unforeseen reasons and as a consequence, the performance indicators should always be considered with that in mind. This past year with an abnormally high level of published Reports and Determinations, albeit for good reason, is a case in point.

#### **7. Executive Assistance**

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

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

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



Ted Sharp  
**CHAIR**

**LEGAL COSTS COMMITTEE**  
**BUDGET ESTIMATES FOR 2010 / 11**

In accordance with the *Financial Management Act 2006* and pursuant to Treasurer's Instructions the budget estimates for the 2010/11 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 from ordinary activities</b>	
Board members fees	46 050
Superannuation	4 145
Other expenses from ordinary activities	72 100
<b>Total cost of services</b>	<b>122 295</b>
<b>Revenues from ordinary activities</b>	
Grants from State agencies	67 000
Other revenues from ordinary activities	0
<b>Total revenues from ordinary activities</b>	<b>67 000</b>
<b>NET COST OF SERVICES</b>	<b>55 295</b>
<b>REVENUES FROM GOVERNMENT</b>	
Resources received free of charge	52 000
<b>Total revenues from Government</b>	<b>52 000</b>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS</b>	<b>(3295)</b>



## Auditor General

### **INDEPENDENT AUDIT OPINION**

**To the Parliament of Western Australia**

### **LEGAL COSTS COMMITTEE FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2010**

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

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

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

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

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

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. This document is available on the OAG website under "How We Audit".

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

**Legal Costs Committee**  
**Financial Statements and Key Performance Indicators for the year ended 30 June 2010**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Legal Costs Committee at 30 June 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions;
- (ii) the controls exercised by the Committee provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Committee are relevant and appropriate to help users assess the Committee's performance and fairly represent the indicated performance for the year ended 30 June 2010.



COLIN MURPHY  
AUDITOR GENERAL  
16 September 2010

LEGAL COSTS COMMITTEE

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**CERTIFICATION OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

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 financial year ending 30 June 2010 and the financial position as at 30 June 2010.

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

*A. Andersson*

Alan Andersson  
Chief Finance Officer

10 September 2010

*T Sharp*

T Sharp  
Accountable Authority

10 September 2010



LEGAL COSTS COMMITTEE  
Statement of Comprehensive Income  
For the year ended 30 June 2010

	Note	2010 \$	2009 \$
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Board member fees and entitlements	4	49,586	45,029
Other expenses	5	68,221	62,696
<b>Total cost of services</b>		<b>117,807</b>	<b>107,725</b>
<b>NET COST OF SERVICES</b>			
		<b>117,807</b>	<b>107,725</b>
<b>INCOME FROM STATE GOVERNMENT</b>			
	6		
Service appropriation		65,500	65,200
Resources received free of charge		45,916	44,236
<b>Total income from State Government</b>		<b>111,416</b>	<b>109,436</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>			
		<b>(6,391)</b>	<b>1,711</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Gains/losses recognised directly in equity		-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>			
		<b>(6,391)</b>	<b>1,711</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 2010**

	Note	2010 \$	2009 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	33,254	42,517
Receivables	7	1,401	1,094
<b>Total Current Assets</b>		<u>34,655</u>	<u>43,611</u>
<b>TOTAL ASSETS</b>		<u>34,655</u>	<u>43,611</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	8	-	2,565
<b>Total Current Liabilities</b>		<u>-</u>	<u>2,565</u>
<b>TOTAL LIABILITIES</b>		<u>-</u>	<u>2,565</u>
<b>NET ASSETS</b>		<u>34,655</u>	<u>41,046</u>
<b>EQUITY</b>			
Accumulated surplus/(deficit)	9	34,655	41,046
<b>TOTAL EQUITY</b>		<u>34,655</u>	<u>41,046</u>

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 2010

	Note	Contributed equity \$	Accumulated surplus/ (deficit) \$	Total equity \$
Balance at 1 July 2008	9	39,335	-	39,335
Total comprehensive income for the year		-	1,711	1,711
Transactions with owners in their capacity as owners				
Capital contributions		-	-	-
Other contributions by owners		-	-	-
Distributions to owners		-	-	-
Total		-	-	-
Balance at 30 June 2009		39,335	1,711	41,046
Balance at 1 July 2009		39,335	1,711	41,046
Total comprehensive income for the year		-	(6,391)	(6,391)
Transactions with owners in their capacity as owners				
Capital contributions		-	-	-
Other contributions by owners		-	-	-
Distributions to owners		-	-	-
Total		-	-	-
Balance at 30 June 2010		39,335	(4,680)	34,655

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 2010*

	Note	2010 \$	2009 \$
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Grant from the Department of the Attorney General		65,500	65,200
<b>Net cash provided by State Government</b>		<b>65,500</b>	<b>65,200</b>
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Payments to members and suppliers		(74,496)	(68,650)
GST payments on purchases		(267)	164
<b>Receipts</b>			
GST receipts from taxation authority		-	-
<b>Net cash provided by/(used in) operating activities</b>	10	<b>(74,763)</b>	<b>(68,486)</b>
Net increase/(decrease) in cash and cash equivalents		(9,263)	(3,286)
Cash and cash equivalents at the beginning of period		42,517	45,803
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	10	<b>33,254</b>	<b>42,517</b>

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



**1 Australian Accounting Standards**

**General**

The Legal Costs Committee's (the "Committee" for the purpose of these notes) financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB). The Committee has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

**Early adoption of standards**

The Committee cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Australian Accounting Standards that have been issued or amended but are not operative have been early adopted by the Committee for the annual reporting period ended 30 June 2010.

**2 Summary of significant accounting policies**

**(a) General statement**

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

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

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

**(b) Basis of preparation**

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

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated. The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

**(c) Reporting entity**

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

**(d) Mission**

The Committee's mission is to assist in keeping legislation up-to-date and relevant to the needs of society.

**(e) Income**

**Revenue Recognition**

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

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

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

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



**(f) Financial instruments**

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

- Receivables; and
- Payables

These have been disaggregated into the following classes:

**Financial Assets**

- Cash and Cash Equivalents
- Receivables

**Financial Liabilities**

- Payables

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

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

**(g) Cash and cash equivalents**

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

**(h) Receivables**

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

**(i) Payables**

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

**(j) Superannuation expense**

The superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, and the GESBS. Note that the employer contribution paid to GESB in respect of the GSS are paid back into the Consolidated Account by the GESB.

The GSS Scheme is a defined benefit scheme for the purposes of employees and whole of government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.

**(k) Resources received free of charge or for nominal cost**

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

**(l) Comparative figures**

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



3 Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Committee has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Committee.

AASB 101

Presentation of Financial Statements (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.

AASB 2007-10

Further Amendments to Australian Accounting Standards arising from AASB 101. This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

AASB 2008-13

Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]. This Standard amends AASB 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. The Legal Cost Committee does not expect any financial impact when the Standard is first applied prospectively.

AASB 2009-2

Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

Future impact of Australian Accounting Standards not yet operative

The Committee cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Committee has not applied early any following Australian Accounting Standards that have been issued that may impact the Committee. Where applicable, the Committee plans to apply these Standards and Interpretations from their application date.

Title	Operative for reporting periods beginning on/after
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AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].

1 January 2013

The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Council does not expect any financial impact when the standard is first applied. The disclosure of categories of financial assets in the notes will change.



LEGAL COSTS COMMITTEE  
Notes to the Financial Statements  
For the year ended 30 June 2010

	2010 \$	2009 \$
<b>4 Board member fees and entitlements</b>		
Board member fees	45,994	41,990
Superannuation (West State)	3,592	3,039
	<u>49,586</u>	<u>45,029</u>
<b>5 Other expenses</b>		
Advertising expenses	8,379	5,937
Resources received free of charge	45,916	44,236
Notice publication expenses	4,993	3,380
Other expenses <sup>a</sup>	8,933	9,143
	<u>68,221</u>	<u>62,696</u>
<sup>a</sup> Includes audit fee of \$8,500 (2010) \$8,200 (2009)		
<b>6 Income from State Government</b>		
Grant from the Department of the Attorney General	65,500	65,200
	<u>65,500</u>	<u>65,200</u>
Resources received free of charge <sup>(a)</sup>		
Determined on the basis of the following estimates provided by agencies:		
Department of the Attorney General		
- financial services	4,197	19,109
- secretarial and management support	41,719	25,127
	<u>45,916</u>	<u>44,236</u>
	<u>111,416</u>	<u>109,436</u>
<p>(a) Where assets or services have been received free of charge or for nominal cost, the Committee recognises revenues equivalent to the fair value of the assets and/or the fair value of those services that can be reliably measured and which would have been purchased if they were not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contribution of assets or services are in the nature of contributions by owners, the Committee makes an adjustment direct to equity.</p>		
<b>7 Receivables</b>		
Prepayments	40	-
GST receivables	1,361	1,094
	<u>1,401</u>	<u>1,094</u>
<b>8 Payables</b>		
Trade and other creditors	-	2,565
	<u>-</u>	<u>2,565</u>



LEGAL COSTS COMMITTEE  
Notes to the Financial Statements  
For the year ended 30 June 2010

	2010 \$	2009 \$
<b>9 Equity</b>		
Equity represents the residual interest in the net assets of the Committee. The Government holds the equity interest in the Committee on behalf of the community.		
Accumulated surplus / (deficit)		
Balance at start of year	41,046	39,335
Result for the period	<u>(6,391)</u>	<u>1,711</u>
Balance at end of year	<u>34,655</u>	<u>41,046</u>

**10 Notes to the Statement of Cash Flows**

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:

Cash and cash equivalents	33,254	42,517
	<u>33,254</u>	<u>42,517</u>

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

Net cost of services	(117,807)	(107,725)
Non-cash items:		
Resources received free of charge	45,916	44,236
Increase/(decrease) in Assets:		
Prepayment	(40)	
Increase/(decrease) in liabilities:		
Current payables	(2,565)	(5,161)
Change in GST receivables	(267)	164
Net cash provided by/(used in) operating	<u>(74,763)</u>	<u>(68,486)</u>

**11 Explanatory statement**

Significant variations between estimates and actual results for income and expense are shown below.

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

	Actual 2010 \$	Actual 2009 \$	Variance \$
<b>Income</b>			
Revenue	-	-	-
<b>Expenses</b>			
Board member fees and entitlements	49,586	45,029	4,557
Other expenses	<u>68,221</u>	<u>62,696</u>	<u>5,525</u>
	<u>117,807</u>	<u>107,725</u>	<u>10,082</u>

Significant variances between estimated and actual result for the financial year:

There are no significant variances between the estimates and the actuals for 2009-10.

Significant variances between actual and prior year actual:

There are no significant variances between the actuals for 2008-09 and 2009-10.



## 12 Financial instruments

### (a) Financial risk management objectives and policies

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

#### *Credit risk*

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

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

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

#### *Liquidity risk*

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

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

#### *Market risk*

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

### (b) Categories of financial instruments

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

	2010 \$	2009 \$
<b>Financial assets</b>		
Cash and cash equivalents	33,254	42,517
Loans and receivables <sup>(a)</sup>	-	-
	<u>33,254</u>	<u>42,517</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	-	2,565
	<u>-</u>	<u>2,565</u>

(a) The amount of receivables excludes GST recoverable from the Australian Taxation Office (statutory receivable).



**(c) Financial instruments disclosure**

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

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

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

**(d) Net fair values**

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

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



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

	Interest rate exposure						Maturity Dates						Impaired financial assets
	Weighted average interest rate %	Carrying Amount \$	Variable Interest \$	Non-interest bearing \$	Up to 3 months \$	3-12 months \$	1-2 years \$	2-3 years \$	3-4 years \$	4-5 years \$	More than 5 years \$		
<b>Financial assets 2010</b>													
Cash and cash equivalent		33,254		33,254									
Receivables (a)		-											
Loans and advances													
Amounts receivable for services													
<b>Total financial assets</b>		<b>33,254</b>		<b>33,254</b>									
<b>2009</b>													
Cash and cash equivalent		42,517		42,517									
Receivables (a)		-											
Loans and advances		-											
Amounts receivable for services													
<b>Total financial assets</b>		<b>42,517</b>		<b>42,517</b>									

(a) The amount of receivables excludes the GST recoverable from the Australian Taxation Office (statutory receivable).

**Liquidity risk**

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the end of the reporting period. The table includes interest and principal cash flows. An adjustment has been made where material.

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

	Interest rate exposure		Maturity Dates							Impaired financial assets		
	Weighted average interest rate %	Carrying Amount \$	Variable Interest \$	Non-interest bearing \$	Up to 3 months \$	3-12 months \$	1-2 years \$	2-3 years \$	3-4 years \$		4-5 years \$	More than 5 years \$
<b>Financial liabilities</b>												
<b>2010</b>												
Payables		-										
Other borrowings		-										
Finance lease liabilities		-										
<b>Total financial liabilities</b>												
<b>2009</b>												
Payables		2,565										
Other borrowings		-										
Finance lease liabilities		-										
<b>Total financial liabilities</b>		<b>2,565</b>										

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



**LEGAL COSTS COMMITTEE**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2010**

	2010	2009
<b>13 Remuneration of members of the Accountable Authority</b>		
<u>Remuneration of members of the Accountable Authority</u>		
The number of members of the accountable authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:		
\$		
0 - 10,000	4	5
10,001 - 20,000	1	1
The total remuneration of members	<u>\$49,586</u>	<u>\$45,029</u>

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

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

**14 Remuneration of Auditor**

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

Auditing the accounts, financial statements and performance indicators.	\$8,500	\$8,200
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**15 Contingent liabilities and contingent assets**

There were no contingent liabilities as at 30 June 2010 (2009: nil).

**16 Events occurring after the end of the reporting period**

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

**17 Related bodies**

The Committee had no related bodies during the financial year (2009: nil).

**18 Affiliated bodies**

The Committee had no affiliated bodies during the financial year (2009: nil).

**19 Supplementary Financial Information**

There were no losses of public moneys and public and other property through theft or default during the financial year (2009: nil).

There were no write offs of public moneys or other public property during the financial year (2009: nil).

There were no gifts of public property during the financial year (2009: nil).



# LEGAL COSTS COMMITTEE

## PERFORMANCE INDICATORS

2009 - 2010

### OUTCOME

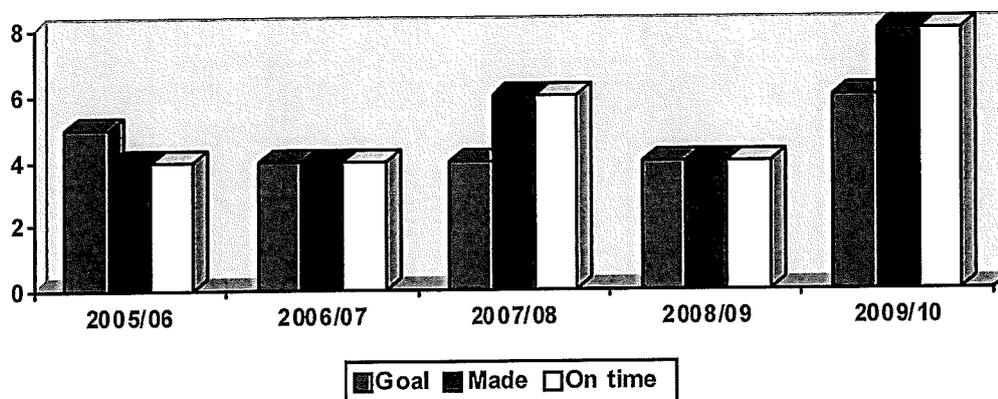
In accordance with Section 276 of the Legal Profession Act 2008, to review each determination in force at least once in the period of two years in the following jurisdictions:

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

### EFFECTIVENESS INDICATOR

The extent to which Legal Costs Committee determinations are completed in accordance with established deadlines, including the goals set at item 2 of the Annual Report for the year ended 30 June 2009.

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



**The Committee stated its intention to make determinations during the financial year ended 30 June 2010 in respect of:**

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

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

### **EFFICIENCY INDICATOR**

Efficiency Indicator measures cost per determination.

- (a) Four determinations were made in the 2005/2006 financial year at a cost of \$25,557 per determination.
- (b) Four determinations were made in the 2006/2007 financial year at a cost of \$26,737 per determination.
- (c) Six determinations were made in the 2007/2008 financial year at a cost of \$17,884 per determination.
- (d) Four determinations were made in the 2008/2009 financial year at a cost of \$26,931 per determination.
- (e) Eight determinations were made in the 2009/2010 financial year at a cost of \$14,726 per determination.

**LEGAL COSTS COMMITTEE**  
**KEY PERFORMANCE INDICATORS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**Certification of Key Performance Indicators**

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Legal Costs Committee's performance, and fairly represent the performance of the Legal Costs Committee for the financial year ended 30 June 2010.



T Sharp  
Accountable Authority  
Date: 10 September 2010



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