

LEGAL COSTS COMMITTEE

ANNUAL REPORT

2010 - 2011

24 August 2011

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 2010 to 30 June 2011.

A handwritten signature in dark ink, appearing to read 'Ted Sharp', written in a cursive style.

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 2010 to 30 June 2011 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;

Dr J Dudley, Senior Lecturer in Politics, Murdoch University; and

Mr M Curwood, Legal Practitioner, Curwood & Co.

The Committee normally meets on a monthly basis and in the 2010/2011 financial year, the Committee met on 10 occasions.

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

1. Determinations - 2010/2011 Financial Year

- (a) Legal Practitioners (State Administrative Tribunal) Determination 2010;
- (b) Legal Practitioners (Family Court of Western Australia) Determination 2010;
- (c) Legal Practitioners (Official Prosecutions) (Accused's Costs) Determination 2010;
- (d) Legal Practitioners (Solicitors Costs) Determination 2011; and
- (e) Legal Practitioners (Non Contentious Probate Costs) Determination 2011.

2. Determinations anticipated in 2011/2012 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 (Supreme Court) (Contentious Business) Determination 2010;
- (b) Legal Practitioners (Supreme Court and District Court) (Criminal Jurisdictions) Determination 2010;
- (c) Legal Practitioners (District Court Appeals) (Contentious Business) Determination 2010;
- (d) Legal Practitioners (Magistrates Court) (Civil) Determination 2010;
- (e) Legal Practitioners (Magistrates Court) (Criminal) Determination 2010; and
- (f) Legal Practitioners (Public Notaries) Determination 2009.

3. Performance Measures

OUTPUT	2010/11		
	TARGET	ACTUAL	VARIANCE
Quantity	4	5	1
Quality	Not Assessed	Not Assessed	N/A
Timeliness	In accordance with statutory requirements.		
Cost (Average cost per determination)	\$28,202	\$22,562	\$5,640

4. Accounts and Performance Indicators

The annual accounts and performance indicators for the year ended 30 June 2011 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 continues to work towards establishing as much consistency as possible between the scales of fees of a litigious nature and where possible, in the non-litigious scales also.

For the Financial Year 2010/2011, the Committee's deliberations in respect of the Determinations referred to in 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.

That noted, the Committee is aware that the Courts, legal practitioners, consumers 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.

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 and other organizations including the Family Law Practitioners Association and the Criminal Lawyers Association of WA in respect of the Committee's reviews of the above scales.

Community responses to the Committee's calls for submissions when undertaking its reviews are consistently minimal.

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.

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 2011 / 12

In accordance with the *Financial Management Act 2006* and pursuant to Treasurer's Instructions the budget estimates for the 2011/12 financial year, as submitted to the Honourable Attorney General, are as follows:

LEGAL COSTS COMMITTEE
BUDGETED STATEMENT OF FINANCIAL PERFORMANCE

COST OF SERVICES	\$
Expenses from ordinary activities	
Board members fees	46 050
Superannuation	4 145
Other expenses from ordinary activities	73 600
Total cost of services	123 795
Revenues from ordinary activities	
Grants from State agencies	70 000
Other revenues from ordinary activities	0
Total revenues from ordinary activities	70 000
NET COST OF SERVICES	53 795
REVENUES FROM GOVERNMENT	
Resources received free of charge	52 000
Total revenues from Government	52 000
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS	(1 795)



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

LEGAL COSTS COMMITTEE

Report on the Financial Statements

I have audited the accounts and financial statements of the Legal Costs Committee.

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Committee's Responsibility 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 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.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Committee's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Legal Costs Committee at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Legal Costs Committee

Report on Controls

I have audited the controls exercised by the Legal Costs Committee. The Committee is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Committee based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, 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.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Legal Costs Committee. 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.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, 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 2011.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.



COLIN MURPHY
AUDITOR GENERAL
5 September 2011



Legal Costs Committee of
Western Australia

Disclosures and Legal Compliance

Financial Statements

Certification of Financial Statements

For the year ended 30 June 2011

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 ended 30 June 2011 and the financial position as at 30 June 2011.

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

Mr. Alan Andersson
Chief Finance Officer

30 August 2011

A. A. Gaffney

Ms. Angela Gaffney
Member of Legal Costs Committee

30 August 2011

Ted Sharp

Mr. Ted Sharp
Chairperson of Legal Costs Committee

30 August 2011



LEGAL COSTS COMMITTEE
Statement of Comprehensive Income
For the year ended 30 June 2011

	Note	2011 \$	2010 \$
COST OF SERVICES			
Expenses			
Board member fees and entitlements	4	49,586	49,586
Other expenses	5	63,224	68,221
Total cost of services		112,810	117,807
NET COST OF SERVICES		112,810	117,807
Income from State Government	6		
Service appropriation		67,000	65,500
Resources received free of charge		45,934	45,916
Total income from State Government		112,934	111,416
SURPLUS/(DEFICIT) FOR THE PERIOD		124	(6,391)
OTHER COMPREHENSIVE INCOME			
Gains/(losses) recognised directly in equity		-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		124	(6,391)

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 2011

	Note	2011 \$	2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	11	37,176	33,254
Receivables	7	825	1,361
Other assets	8	40	40
Total Current Assets		38,041	34,655
TOTAL ASSETS		38,041	34,655
LIABILITIES			
Current Liabilities			
Payables	9	3,262	-
Total Current Liabilities		3,262	-
TOTAL LIABILITIES		3,262	-
NET ASSETS		34,779	34,655
EQUITY			
	10		
Contributed equity		39,335	39,335
Accumulated surplus/(deficit)		(4,556)	(4,680)
TOTAL EQUITY		34,779	34,655

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 2011

	Note	Contributed equity \$	Accumulated surplus/ (deficit) \$	Total equity \$
Balance at 1 July 2009	10	<u>39,335</u>	<u>1,711</u>	<u>41,046</u>
Total comprehensive income for the year		<u>-</u>	<u>(6,391)</u>	<u>(6,391)</u>
Transactions with owners in their capacity as owners				
Capital contributions		-	-	-
Other contributions by owners		-	-	-
Distributions to owners		-	-	-
Total		<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2010		<u>39,335</u>	<u>(4,680)</u>	<u>34,655</u>
Balance at 1 July 2010		<u>39,335</u>	<u>(4,680)</u>	<u>34,655</u>
Total comprehensive income for the year		<u>-</u>	<u>124</u>	<u>124</u>
Transactions with owners in their capacity as owners				
Capital contributions		-	-	-
Other contributions by owners		-	-	-
Distributions to owners		-	-	-
Total		<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2011		<u>39,335</u>	<u>(4,556)</u>	<u>34,779</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 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM STATE GOVERNMENT			
Grant from the Department of the Attorney General		67,000	65,500
Net cash provided by State Government		67,000	65,500
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to members and suppliers		(63,614)	(74,496)
GST payments on purchases		(2,005)	(267)
Receipts			
GST receipts from taxation authority		2,541	-
Net cash provided by/(used in) operating activities	11	(63,078)	(74,763)
Net increase/(decrease) in cash and cash equivalents		3,922	(9,263)
Cash and cash equivalents at the beginning of period		33,254	42,517
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	11	37,176	33,254

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 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards 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 adopt an Australian Accounting Standard earlier than the commencement date unless specifically permitted by Treasurer's instructions [TI] 1101 'Application of Australian Accounting Standards and Other Pronouncements'. There has been no early adoption of Australian Accounting Standards that have been issued or amended [but not yet operative] by the Committee for the annual reporting period ended 30 June 2011.

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 TI. Several of these are modified by the TI to vary application, disclosure, format and wording.

The *Financial Management Act* and the TI 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 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.

(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) 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 TI 955 Contributions by Owners made to Wholly Owned Public Sector Entities and have been credited directly to Contributed Equity.



(e) Mission

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

(f) Income

Revenue Recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before 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.

(g) 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.

(h) Cash and cash equivalents

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



(i) 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.

(j) Payables

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.

(k) 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.

(l) 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.

(m) 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 2010 that impacted on the Committee.

2009-5

Further Amendments at Australian Accounting Standards arising from the Annual Improvements Project [AASB,58,101,107,117,118,136 &139].

Under amendments to AASB 117, the classification of land elements of all existing leases has been reassessed to determine whether they are in the nature of operating or finance leases. As leases of land and buildings recognised in the financial statements have not been found to significantly expose the Commission to the risks/rewards attributable to control of land, no changes to accounting estimates have been included in the Financial Statements and Notes to the Financial Statements.

Under amendments to AASB 107, only expenditures that result in a recognised asset are eligible for classification as investing activities in the Statement of Cash Flows. All investing cashflows recognised in the Commission's Statement of Cash Flows relate to increase in recognised assets.



Future impact of Australian Accounting Standards not yet operative

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

Title	Operative for reporting periods beginning on/after
AASB 2009-11	1 January 2013
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].	
The amendment to AASB 7 Financial Instruments: Disclosures requires modification to the disclosure of categories of financial assets. The Committee does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.	
AASB 2009-12	1 January 2011
Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052].	
This Standard introduces a number of terminology changes. There is no financial impact resulting from the application of this revised Standard.	
AASB 1053	1 July 2013
Application of Tiers of Australian Accounting Standards	
This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	
The Standard does not have any financial impact on the Committee. However it may affect disclosures in the financial statements of the Committee if the reduced disclosure requirements apply. Department of Treasury and Finance (DTF) has not yet determined the application or the potential impact of the new Standard for agencies.	



LEGAL COSTS COMMITTEE
Notes to the Financial Statements
For the year ended 30 June 2011

AASB 2010-2

1 July 2013

Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.

The Standard is not expected to have any financial impact on the Committee. However this Standard may reduce some note disclosures in the financial statements of the Committee. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.

AASB 2011-2

1 July 2011

Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project- Reduced Disclosure Requirements [AASB 101 & 1054].

This Amending Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these standards for agencies.

AASB 2010-5

1 January 2011

Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (October 2010).

This Standard introduces a number of terminology changes as well as minor presentation changes to the Notes to the Financial Statements. There is no financial impact resulting from the application of this revised Standard.

AASB 2010-6

1 July 2011

Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7].

This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial

The Standard is not expected to have any financial impact on the Committee. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.



LEGAL COSTS COMMITTEE
Notes to the Financial Statements
For the year ended 30 June 2011

AASB 9

1 January 2013

Financial Instruments

This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.

The Standard was reissued on 6 Dec 2010 and the Committee is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies.

AASB 2010-7

1 January 2013

Amendments to Australian Accounting Standards arising from AASB 9(December 2010)[AASB1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 136, 137, 139, 1023 & 1038 and interpretations 2, 5, 10, 12, 19 & 127]

This Amending Standard makes consequential adjustments to other Standards as a result of issuing AASB 9 Financial Instruments in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.

AASB 1054

1 July 2011

Australian Additional Disclosures

This Standard, in conjunction with AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, removes disclosure requirements from other Standards and incorporates them in a single Stand to achieve convergence between Australian and New Zealand Accounting Standards.

AASB 2011-1

1 July 2011

Amendments to Australian Accounting Standards arising from the Trans-Tasman Coverage Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and interpretations 2, 112 & 113].

This Amending Standard, in conjunction with AASB 1054 Australian Additional Disclosures, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve between Asutralian And New Zealand Accounting Standards.



LEGAL COSTS COMMITTEE
Notes to the Financial Statements
For the year ended 30 June 2011

	2011	2010
	\$	\$
4 Board members fees and entitlements		
Board member fees	45,994	45,994
Superannuation (West State)	3,592	3,592
	<u>49,586</u>	<u>49,586</u>
5 Other expenses		
Advertising expenses	4,357	8,379
Resources received free of charge (Note 6)	45,934	45,916
Notice publication expenses	3,195	4,993
Other expenses ^(a)	9,738	8,933
	<u>63,224</u>	<u>68,221</u>
^(a) Includes audit fee of \$8,500 (2011); \$8,500 (2010)		
6 Income from State Government		
Grant from the Department of the Attorney General	67,000	65,500
	67,000	65,500
Resources received free of charge ^(a)		
Determined on the basis of the following estimates provided by agencies:		
Department of the Attorney General		
- financial services	-	4,197
- secretarial and management support	45,934	41,719
	45,934	45,916
	<u>112,934</u>	<u>111,416</u>
^(a) Assets or services received free of charge or for nominal cost, are recognised as fair value of services can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.		
7 Receivables		
<u>Current</u>	825	1,361
GST receivables	<u>825</u>	<u>1,361</u>
8 Other assets		
<u>Current</u>	40	40
Prepayments	<u>40</u>	<u>40</u>
9 Payables		
<u>Current</u>		
Trade and other creditors ^(a)	3,262	-
	<u>3,262</u>	<u>-</u>

^(a) There were no trade creditors for the financial year 2009-2010.



LEGAL COSTS COMMITTEE
Notes to the Financial Statements
For the year ended 30 June 2011

	2011	2010
	\$	\$
10 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.		
Contributed equity		
Balance at start of period	39,335	39,335
Result for the period	-	-
Balance at end of period	<u>39,335</u>	<u>39,335</u>
Accumulated surplus/(deficit)		
Balance at start of period	(4,680)	1,711
Result for the period	124	(6,391)
Balance at end of period	<u>(4,556)</u>	<u>(4,680)</u>

11 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:

	37,176	33,254
Cash and cash equivalents	<u>37,176</u>	<u>33,254</u>

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

Net cost of services	(112,810)	(117,807)
<u>Non-cash items:</u>		
Resources received free of charge	45,934	45,916
<u>(Increase)/decrease in Assets:</u>		
Prepayment	-	(40)
<u>Increase/(decrease) in liabilities:</u>		
Current payables	3,262	(2,565)
Change in GST receivables	536	(267)
Net cash provided by/(used in) operating activities	<u>(63,078)</u>	<u>(74,763)</u>



12 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.

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

There are no significant variances between the estimates and the actuals for 2010-11.

Significant variances between actual and prior year actual:

	Actual 2011 \$	Actual 2010 \$	Variance \$
Income			
Revenue	-	-	-
Expenses			
Other expenses	63,224	68,221	(4,997)
	63,224	68,221	(4,997)

Significant variances between actual

The reduction in other expenses is largely due to the reduction in advertising expenses between 2010 and 2011 as the timing of the publication of advertisements and the Committee's advertising policy was changed.



13 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 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.



LEGAL COSTS COMMITTEE
Notes to the Financial Statements
For the year ended 30 June 2011

(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:

	2011 \$	2010 \$
Financial assets		
Cash and cash equivalents	37,176	33,254
Loans and receivables ^(a)	-	-
	<u>37,176</u>	<u>33,254</u>
Financial liabilities		
Financial liabilities measured at amortised cost ^(b)	3,262	-
	<u>3,262</u>	<u>-</u>

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

^(b) There was a financial liability for the financial year 2010-2011 which was an accrual expense.

(c) Financial instruments disclosure

Credit risk and interest rate exposures

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 past 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.





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

	<u>Interest rate exposure</u>				<u>Maturity Dates</u>							
	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 \$	Impaired financial assets \$
Financial assets												
2011												
Cash and cash equivalent		37,176		37,176								
Receivables ^(a)		-										
Loans and advances												
Amounts receivable for services												
Total financial assets		37,176	-	37,176	-	-	-	-	-	-	-	-
2010												
Cash and cash equivalent		33,254		33,254								
Receivables ^(a)		-		-								
Loans and advances		-		-								
Amounts receivable for services												
Total financial assets		33,254	-	33,254	-	-	-	-	-	-	-	-

(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 \$	
Financial liabilities												
2011												
Payables		3,262		3,262								
Other borrowings				-								
Finance lease liabilities				-								
Total financial liabilities		3,262	-	3,262	-	-	-	-	-	-	-	-
2010												
Payables		-		-								
Other borrowings		-		-								
Finance lease liabilities		-		-								
Total financial liabilities		-	-	-	-	-	-	-	-	-	-	-

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

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.



LEGAL COSTS COMMITTEE
Notes to the Financial Statements
For the year ended 30 June 2011

	2011	2010
14 Remuneration of members of the Accountable Authority		
<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	4
10,001 - 20,000	1	1
The total remuneration of members	<u>\$49,586</u>	<u>\$49,586</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.

15 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.	<u>\$8,500</u>	<u>\$8,500</u>
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16 Contingent liabilities and contingent assets

There were no contingent liabilities as at 30 June 2011 (2010: nil).

17 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.

18 Related bodies

The Committee had no related bodies during the financial year (2010: nil).

19 Affiliated bodies

The Committee had no affiliated bodies during the financial year (2010: nil).

20 Supplementary Financial Information

There were no losses of public moneys and public and other property through theft or default during the financial year (2010: nil).

There were no write offs of public moneys or other public property during the financial year (2010: nil).

There were no gifts of public property during the financial year (2010: nil).





**Legal Costs Committee of
Western Australia**

**KEY PERFORMANCE INDICATORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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 2011.

A handwritten signature in cursive script, appearing to read 'Ted Sharp'.

Mr. Ted Sharp

Chairperson of Legal Costs Committee

30 August 2011



LEGAL COSTS COMMITTEE

PERFORMANCE INDICATORS

2010 - 2011

OUTCOME

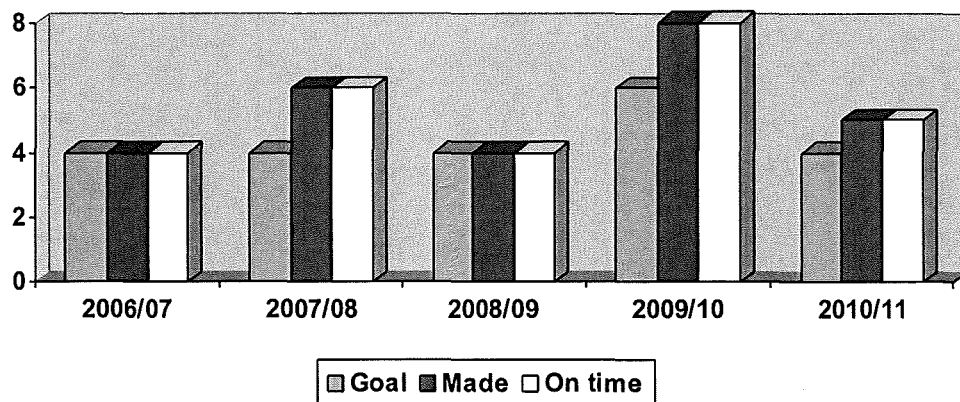
In accordance with Section 276 of the Legal Profession Act 2008, to review each determination in force at least once in the period of two years in the following jurisdictions:

- ◆ 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 2010.

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 2011 in respect of:

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

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 2006/2007 financial year at a cost of \$26,737 per determination.
- (b) Six determinations were made in the 2007/2008 financial year at a cost of \$17,884 per determination.
- (c) Four determinations were made in the 2008/2009 financial year at a cost of \$26,931 per determination.
- (d) Eight determinations were made in the 2009/2010 financial year at a cost of \$14,726 per determination.
- (e) Five determinations were made in the 2010/2011 financial year at a cost of \$22,562 per determination.

