

LEGAL COSTS COMMITTEE

ANNUAL REPORT

2013 - 2014

10 September 2014

LEGAL COSTS COMMITTEE ANNUAL REPORT

In accordance with the *Financial Management Act 2006*, I submit to the Honourable Michael Mischin LLB (Hons), B Juris (Hons) MLC, Attorney General for the State of Western Australia, for information and presentation to Parliament, the Annual Report of the Legal Costs Committee of Western Australia for the period 1 July 2013 to 30 June 2014.

A handwritten signature in black 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.

Before to the establishment of the Legal Costs Committee, costs and scales of fees (except for a scale for the Court of Petty Sessions (prior to the Magistrates Court) 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 2013 to 30 June 2014 the Committee consisted of:

Mr TH Sharp, Consultant, Herbert Smith Freehills, 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, Barrister, Francis Burt Chambers.

The Committee normally meets on a monthly basis and in the 2013/2014 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 – 2013/2014 Financial Year

Legal Profession (Supreme Court) (Contentious Business) Determination 2014;

Legal Profession (Supreme Court and District Court) (Criminal Jurisdictions) Determination 2014;

Legal Profession (District Court Appeals) (Contentious Business) Determination 2014;

Legal Profession (Magistrates Court) (Civil) Determination 2014; and

Legal Profession (Magistrates Court) (Criminal) Determination 2014;

2. Determinations anticipated in 2014/2015 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 2012;*

(b) *Legal Practitioners (Family Court of Western Australia) Determination 2012;*

(c) *Legal Practitioners (Official Prosecutions) (Accused's Costs) Determination 2012;*

(d) *Legal Practitioners (Solicitors Costs) Determination 2013;*

(e) *Legal Practitioners (Non-Contentious Probate Costs) Determination 2013; and*

(f) *Legal Practitioners (Public Notaries) Determination 2013.*

3. Performance Measures

OUTPUT	2013/14		
	TARGET	ACTUAL	VARIANCE
Quantity	5	5	0
Quality	Not Assessed	Not Assessed	N/A
Timeliness	In accordance with statutory requirements.		
Cost (Average cost per determination)	\$24,679	\$23,891	\$ 788

4. Accounts and Performance Indicators

The financial statements and performance indicators for the year ended 30 June 2014 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 the Department of the Attorney General.

6. General Comments

The Committee notes that the Effectiveness Indicator and the Efficiency Indicator, if taken in isolation in any given financial year, can give rise to a distorted assessment of the Committee's effectiveness and efficiency. The Committee therefore respectfully suggests a period of at least three consecutive financial years, over which the relative indicator results are averaged, is likely to produce a more accurate assessment of those outcomes.

I would like to record the Committee's appreciation for the continued interest of the Chief Justice 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 organisations including the Family Law Practitioners Association, the Public Notaries Society of Western Australia Incorporated and the Criminal Lawyers Association of WA in respect of the Committee's reviews of the above scales.

7. Executive Assistance

The Committee wishes to record its appreciation of 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 administrative and drafting functions which are necessary to ensure the Committee fulfils its statutory obligations.

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

Ted Sharp
CHAIR

LEGAL COSTS COMMITTEE
BUDGET ESTIMATES FOR 2014 / 15

In accordance with the *Financial Management Act 2006* and pursuant to Treasurer's Instructions the budget estimates for the 2014/15 financial year, as submitted to the Honourable Attorney General, are as follows:

LEGAL COSTS COMMITTEE
BUDGETED STATEMENT OF FINANCIAL PERFORMANCE

COST OF SERVICES	\$
Expenses	
Board members fees & entitlements	50,195
Other expenses	75,030
Total cost of services	125 225
INCOME FROM STATE GOVERNMENT	
Service appropriations (Grants from DotAG	73,000
Resources received free of charges	52,788
Total income from State Government	125,788
SURPLUS / (DEFICIT) FOR THE PERIOD	563



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 2014, 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 2014 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.

Report on Controls

I have audited the controls exercised by the Legal Costs Committee during the year ended 30 June 2014.

Controls exercised by the Legal Costs Committee are those policies and procedures established by the Committee to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Committee's Responsibility for Controls

The Committee is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Committee complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

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 during the year ended 30 June 2014.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Legal Costs Committee for the year ended 30 June 2014.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Committee's Responsibility for the Key Performance Indicators

The Committee is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Committee determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

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 and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Committee's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

Opinion

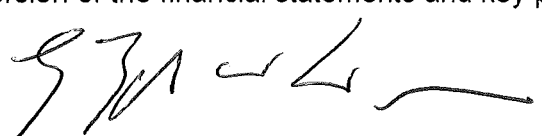
In my opinion, the key performance indicators of the Legal Costs Committee are relevant and appropriate to assist users to assess the Committee's performance and fairly represent indicated performance for the year ended 30 June 2014.

Independence

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

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

This auditor's report relates to the financial statements and key performance indicators of the Legal Costs Committee for the year ended 30 June 2014 included on the Committee's website. The Committee's management is responsible for the integrity of the Committee's website. This audit does not provide assurance on the integrity of the Committee's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



GLEN CLARKE
DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
5 September 2014



Legal Costs Committee of Western Australia

Disclosures and legal compliance

Financial Statements

Certification of Financial Statements

For the year ended 30 June 2014

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 2014 and the financial position as at 30 June 2014.

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.

Ted Sharp
Chairman of the Legal Costs Committee

2 September 2014

Angela Gaffney
Member of the Legal Costs Committee

2 September 2014

Rodolfo Montilva
A/ Chief Finance Officer

2 September 2014



Legal Costs Committee of Western Australia
Annual report 2013/2014

Statement of Comprehensive Income
For the year ended 30 June 2014

	Note	2014 \$	2013 \$
COST OF SERVICES			
Expenses			
Board member fees and entitlements	4	49,686	49,586
Other expenses	5	69,767	69,947
Total cost of services		119,453	119,533
Net cost of services		119,453	119,533
 Income from State Government	6		
Grants		72,000	71,000
Resources received free of charge		52,546	49,441
Total income from State Government		124,546	120,441
 SURPLUS FOR THE PERIOD		5,093	908
 TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,093	908

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



Legal Costs Committee of Western Australia
Annual Report 2013/2014

Statement of Financial Position
For the year 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	11	50,930	39,740
Receivables	7	1,003	1,016
Other assets	8	40	40
Total Current Assets		51,973	40,796
TOTAL ASSETS		51,973	40,796
LIABILITIES			
Current Liabilities			
Payables	9	6,084	-
Total Current Liabilities		6,084	-
TOTAL LIABILITIES		6,084	-
NET ASSETS		45,889	40,796
EQUITY	10		
Contributed equity		39,335	39,335
Accumulated surplus		6,554	1,461
TOTAL EQUITY		45,889	40,796

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



**Legal Costs Committee of Western Australia
Annual Report 2013/2014**

Statement of Changes in Equity
For the year ended 30 June 2014

	Note	Contributed equity \$	Accumulated surplus \$	Total equity \$
Balance at 1 July 2012	10	39,335	553	39,888
Total comprehensive income for the period		-	908	908
Balance at 30 June 2013		39,335	1,461	40,796
Balance at 1 July 2013		39,335	1,461	40,796
Total comprehensive income for the period		-	5,093	5,093
Balance at 30 June 2014		39,335	6,554	45,889

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



**Legal Costs Committee of Western Australia
Annual Report 2013/2014**

Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
CASH FLOWS FROM STATE GOVERNMENT			
Grant from the Department of the Attorney General		72,000	71,000
Net cash provided by State Government		72,000	71,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to members and suppliers		(60,823)	(70,092)
GST payments on purchases		(2,331)	(2,659)
Receipts			
GST receipts from taxation authority		2,344	2,284
Net cash used in operating activities	11	(60,810)	(70,467)
Net increase in cash and cash equivalents		11,190	533
Cash and cash equivalents at the beginning of the period		39,740	39,207
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11	50,930	39,740

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

Note 1	Australian Accounting Standards	7
Note 2	Summary of significant accounting policies.....	7
Note 3	Disclosure of changes in accounting policy and estimates	9
Note 4	Board members fess and entitlements.....	10
Note 5	Other expenses.....	10
Note 6	Income from State Government	11
Note 7	Receivables	11
Note 8	Other assets.....	11
Note 9	Payables	11
Note 10	Equity	12
Note 11	Notes to the Statement of Cash Flows.....	12
Note 12	Explanatory statement	12
Note 13	Financial instruments	13
Note 14	Remuneration of members of the Committee	16
Note 15	Remuneration of auditor.....	16
Note 16	Contingent liabilities and contingent assets	16
Note 17	Events occurring after the end of the financial period	16
Note 18	Related bodies	16
Note 19	Affiliated bodies.....	16
Note 20	Supplementary financial information	16

Notes to the Financial Statements

Note 1 Australian Accounting Standards

General

The Legal Costs Committee's (the "Committee") financial statements for the year ended 30 June 2014 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 instruction 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 2014.

Note 2 Summary of significant accounting policies

(a) General statement

The Committee is a not-for-profit reporting entity that prepares general purpose financial statements 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 impose legislative provisions governing the preparation of financial statements and take precedence over Australian 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.

Mission

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

Service

The Committees provide a service to review determination.

As there is only one service provided by the Committee, the Schedule of Income and Expense by Service and Schedule of Asset & Liabilities by Service have not been prepared.

(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.

Notes to the Financial Statements

(e) 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 categories 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:

- Loans and receivables;
- 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 and short term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of change in value.

(h) Receivables

Receivables are recognised 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 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.

(j) Superannuation expense

Superannuation expense is recognised in the profit or loss of the Statement of Comprehensive Income and comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation funds. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

(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. Resources received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(l) Comparative figures

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



Notes to the Financial Statements

Note 3 Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Committee has not applied any Australian Accounting Standards effective for annual reporting periods beginning or after 1 July 2013 as they were not applicable to the Committee.

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.

Operative for reporting periods beginning on/after

AASB 9	<i>Financial Instruments</i> This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments. The mandatory application date of this Standard was amended to 1 January 2018 by AASB2014-1 <i>Amendment to Australian Accounting Standards</i>. The Committee has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretation 2, 5, 10, 12, 19 & 127]</i> This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. AASB 2012-6 amended the mandatory application date of this Standard to 1 January 2015. The Committee has not yet determined the application or the potential impact of the Standard.	1 Jan 2015
AASB 1031	<i>Materiality</i> This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality not available in IFRSs and refers to guidance on materiality in other Australian pronouncements. There is no financial impact.	1 Jan 2014
AASB 1055	<i>Budget Reporting</i> This Standard specifies the nature of budgetary disclosures, the circumstances in which they are to be included in the general purpose financial statements of not-for-profit entities within the GGS. The Committee will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.	1 Jul 2014
AASB 2009 -11	<i>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 Int 10 & 12]</i> <i>[modified by AASB 2010-7].</i>	1 Jan 2015

Notes to the Financial Statements

AASB 2012 -3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]* 1 Jan 2014

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

The Model Department does not routinely hold financial assets and financial liabilities that it intends to settle on a net basis, therefore there is no financial impact.

AASB 2014 -1 *Amendments to Australian Accounting Standards* 1 Jul 2014

The Department has not yet determined the application or the potential impact of the Standard. 1 Jan 2015
1 Jan 2016
1 Jan 2018

Note 4 Board members fees and entitlements

	2014	2013
	\$	\$
Board member fees	45,994	45,994
Superannuation - defined contribution plans ^(a)	3,692	3,592
	<u>49,686</u>	<u>49,586</u>

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

Note 5 Other expenses

	2014	2013
	\$	\$
Advertising expenses	3,578	3,841
Resources received free of charge (note 6)	52,546	49,441
Notice publication expenses	3,782	6,825
Other expenses ^(a)	9,861	9,840
	<u>69,767</u>	<u>69,947</u>

(a) Includes audit fee of \$9,000 (2013); \$8,800 (2012).

Legal Costs Committee of Western Australia
Annual report 2013/2014

Notes to the Financial Statements

Note 6 Income from State Government

	2014	2013
	\$	\$
Grant from the Department of the Attorney General	72,000	71,000
	<u>72,000</u>	<u>71,000</u>

Resources received free of charge from other state government agencies during the period:^(a)

Department of the Attorney General

- secretarial and management support

	52,546	49,441
Total Income from State Government	<u>124,546</u>	<u>120,441</u>

(a) Resources received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. The value of the resources received free of charge recognised during the period was calculated based on estimates and information provided by agencies.

Note 7 Receivables

	2014	2013
	\$	\$
<u>Current</u>		
GST receivable	1,003	1,016
Total Current	<u>1,003</u>	<u>1,016</u>

Note 8 Other assets

	2014	2013
	\$	\$
<u>Current</u>		
Prepayments	40	40
Total Current	<u>40</u>	<u>40</u>

Note 9 Payables

	2014	2013
	\$	\$
<u>Current</u>		
Trades and other creditors	6,084	-
Total current	<u>6,084</u>	<u>-</u>



Notes to the Financial Statements

Note 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.

	2014	2013
	\$	\$
Contributed equity		
Balance at start of period	39,335	39,335
Balance at end of period	39,335	39,335
 Accumulated surplus		
Balance at start of period	1,461	553
Result for the period	5,093	908
Balance at end of period	6,554	1,461
 Total Equity at end of period	45,889	40,796

Note 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:

	2014	2013
	\$	\$
Cash and cash equivalents	50,930	39,740
	50,930	39,740

Reconciliation of net cost of services to net cash flows used in operating activities

	2014	2013
	\$	\$
Net cost of services	(119,453)	(119,533)
 <u>Non-cash items</u>		
Resources received free of charge	52,546	49,441
 <u>Increase/(decrease) in liabilities</u>		
Increase in current payables	6,084	-
Change in GST in receivables/payables	13	(375)
Net cash used in operating activities	(60,810)	(70,467)

Note 12 Explanatory statement

Significant variations between the estimates and actual results for income and expenses are considered to be those greater than 5% or \$7,000. There were no significant variances.

Notes to the Financial Statements

Note 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. Credit risk also arises from cash and cash equivalents held at banks and financial institutions.

The maximum exposure to credit risk at the 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 13(c) 'Financial instruments disclosures' and Note 7 'Receivables'.

The credit risk associated with the Committee's financial assets is minimal. The Committee does not have any significant credit risk as services are provided only to government agencies. 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 other than in respect of cash and cash equivalents.

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

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Committee income on the value of its holdings of financial instruments. The Committee does not trade in foreign currency and is not materially exposed to other price risks because it does not hold investments in securities or bonds.

The Committee is not exposed to interest rate risk because cash and cash equivalents are non-interest bearing and it has no borrowings therefore neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(b) Categories of financial instruments

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

	2014	2013
	\$	\$
<u>Financial Assets</u>		
Cash and cash equivalents	50,930	39,740
Loans and receivables ^(a)	-	-
	<u>50,930</u>	<u>39,740</u>
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	6,084	-
	<u>6,084</u>	<u>-</u>

Notes to the Financial Statements

c) Financial instruments disclosures

Credit Risk

The following table details the Committee's maximum exposure to credit risk 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 Committee does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

Ageing analysis of financial assets

	Carrying Amount \$	Not past due and not impaired \$	Past due but not impaired				Impaired financial assets \$
			Up to 1 month \$	1-3 months \$	3 months to 1 year \$	More than 5 years \$	
2014							
Cash and cash equivalents	50,930	50,930	-	-	-	-	-
Receivables ^(a)	-	-	-	-	-	-	-
	50,930	50,930	-	-	-	-	-
2013							
Cash and cash equivalents	39,740	39,740	-	-	-	-	-
Receivables ^(a)	-	-	-	-	-	-	-
	39,740	39,740	-	-	-	-	-

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

Notes to the Financial Statements

Liquidity risk

The following table details the contractual maturity analysis of financial assets and financial liabilities.

Maturity analysis of financial assets and financial liabilities							
	Carrying Amount \$	Nominal Amount \$	Up to 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	More than 5 years \$
2014							
<u>Financial Assets</u>							
Cash and cash equivalents	50,930	50,930	50,930	-	-	-	-
Receivables ^(a)	-	-	-	-	-	-	-
	50,930	50,930	50,930	-	-	-	-
<u>Financial Liabilities</u>							
Payables	6,084	6,084	6,084	-	-	-	-
	6,084	6,084	6,084	-	-	-	-
2013							
<u>Financial Assets</u>							
Cash and cash equivalents	39,740	39,740	39,740	-	-	-	-
Receivables ^(a)	-	-	-	-	-	-	-
	39,740	39,740	39,740	-	-	-	-
<u>Financial Liabilities</u>							
Payables	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

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

Fair values

All financial assets and liabilities recognised in the Statement of Financial Position are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Notes to the Financial Statements

Note 14 Remuneration of members of the Committee

The number of members of the Committee, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

\$	2014	2013
0 - 10,000	5	5
10,001 - 20,000	1	1
	\$	\$
Base remuneration and superannuation	49,686	49,586
Other benefits	-	-
Total remuneration of members of the Committee^(a)	49,686	49,586

(a) The total remuneration includes the superannuation expense incurred by the Committee in respect of members of the Committee.

No member of the Committee are members of the Pension Scheme.

Note 15 Remuneration of auditor

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

	2014	2013
	\$	\$
Auditing the accounts, financial statements and key performance indicators	9,225	9,000

Note 16 Contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets as at 30 June 2014 (2013: nil).

Note 17 Events occurring after the end of the financial period

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

Note 18 Related bodies

The Committee had no related bodies during the financial year (2013: nil).

Note 19 Affiliated bodies

The Committee had no related bodies during the financial year (2013: nil).

Note 20 Supplementary financial information

There were no losses of public moneys or other public property through theft or default during the financial year (2013: nil).

There were no write offs of public money or other public property during the financial year (2013: nil).

There were no gifts of public property during the financial year (2013: nil).



**LEGAL COSTS COMMITTEE
KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2014**

Certification of Key Performance Indicators

I hereby certify that the Key Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the Legal Costs Committee's performance, and fairly represent the performance of the Legal Costs Committee for the financial year ended 30 June 2014.



T Sharp
Chairman of the Legal Costs
Committee
2 September 2014

LEGAL COSTS COMMITTEE

PERFORMANCE INDICATORS

2013 - 2014

RELATIONSHIP TO GOVERNMENT GOALS

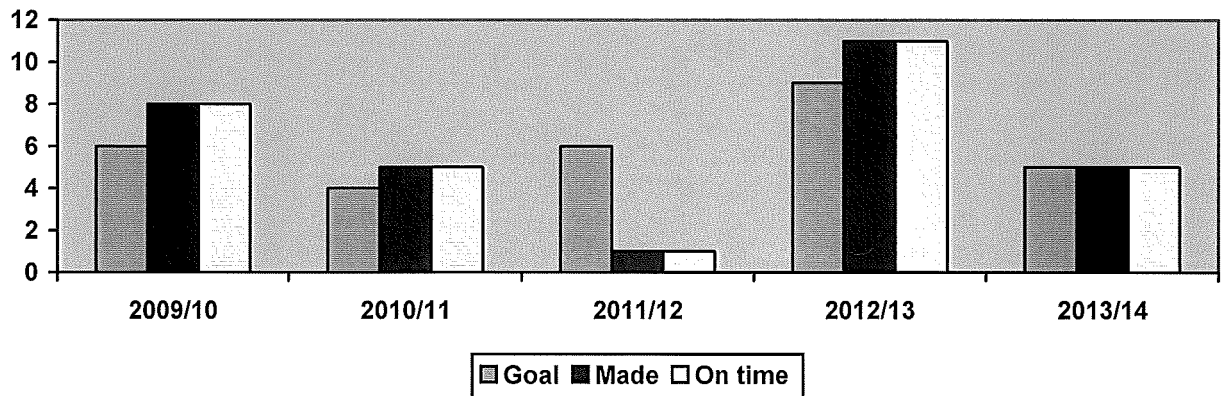
Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's service and desired outcome, and the government goal it contributes to. The key effectiveness indicators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

Government Goal	Desired Outcome	Service
Results-Based Service Delivery: Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.	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	1. Review of determination

EFFECTIVENESS INDICATOR

The extent to which Legal Costs Committee determinations are completed in accordance with established deadlines, including the goals set out at item 2 of the Annual Report for the year ended 30 June 2013.

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 2014 in respect of:

- (a) Legal Profession (Supreme Court) (Contentious Business);
- (b) Legal Profession (Supreme and District Court) (Criminal Jurisdictions);
- (c) Legal Profession (District Court Appeals) (Contentious Business);
- (d) Legal Profession (Magistrates Court) (Civil); and
- (e) Legal Profession (Magistrates Court) (Criminal).

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. Hence, the Legal Costs Committee considers that the development of further effectiveness indicators would not be meaningful or relevant.

EFFICIENCY INDICATOR

Efficiency Indicator measures cost per determination.

Cost per Determination

Year	Target		Actual		Variance to target	
	Cost	Number	Cost	Number	Cost	Number
2013/14	\$24,679	5	\$23,891	5	(\$788)	0
2012/13	\$13,942	9	\$10,867	11	(\$3,075)	2
2011/12	\$20,632	6	\$111,348	1	\$90,716	5
2010/11	\$28,201	4	\$22,562	5	(\$5,640)	1
2009/10	\$19,634	6	\$14,726	8	(\$4,908)	2

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

There is no significant variance between actuals and targets for 2013/14.