

LEGAL COSTS COMMITTEE

ANNUAL REPORT

2015 - 2016

30 August 2016

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 2015 to 30 June 2016.



Clare Thompson
CHAIR

LEGAL COSTS COMMITTEE

The Legal Costs Committee was first established following the proclamation of the *Acts Amendment (Legal Practitioners, Costs and Taxation) Act 1987* on 12 February 1988. Subsequently, the Legal Costs Committee's jurisdiction was reaffirmed by the *Legal Practice Act 2003* and more recently, by Division 9 of Part 10 of the *Legal Profession Act 2008 (Act)*. The Legal Costs Committee is responsible under the Act for making determinations for the remuneration of legal practitioners in respect of the matters specified under Division 5 of Part 10 of the Act, as well as other legislation, in the following areas of legal practice:

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

Before the establishment of the Legal Costs Committee, costs and scales of fees, except for a scale for the Court of Petty Sessions in the period prior to the establishment of the Magistrates Court, and that for Public Notaries, were set by the Judges of the Courts, or by the Under Secretary for Law, as the case required.

Since the proclamation of the *Acts Amendment (Legal Practitioners, Costs and Taxation) Act*, the scope of work undertaken by the Legal Costs Committee has changed in that by virtue of the *Magistrates Court Act 2004* and the *Magistrates Court (Civil Proceedings) Act 2004*, the Local Court and Court of Petty Sessions ceased to exist and were replaced by the Magistrates Court exercising both civil and criminal jurisdiction. Additionally, by virtue of the Act coming into force in 2009, the Family Court of Western Australia and the State Administrative Tribunal were included as additional jurisdictions requiring the Legal Costs Committee's attention.

During the period 1 July 2015 to 30 June 2016, the Legal Costs Committee comprised:

Mr TH Sharp, Consultant, Herbert Smith Freehills, as Chair from 1 July 2015 to 31 December 2015;

Ms CH Thompson, Barrister, Francis Burt Chambers, as a member from 1 July 2015 to 31 December 2015, and as Chair from 1 January 2016;

Ms A Gaffney, Chartered Accountant;

Mr M Cocker, Retired State Public Servant;

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

Mr M Curwood, Barrister, Francis Burt Chambers; and

Mr BW Ashdown, Barrister, John Toohey Chambers from 1 January 2016.

During the course of the financial year Mr Ted Sharp retired as Chair of the Committee. Mr Sharp was first appointed to the Committee in 1996 and has served as Chair for the entire time until his retirement on 31 December 2015. The Committee is deeply indebted to Mr Sharp for his leadership and dedication over this lengthy period and we will miss his considerable knowledge and assistance in the future.

The Committee normally meets on a monthly basis, as its business requires, and in the 2015/2016 financial year, the Committee met on eight occasions.

1. Determinations – 2015/2016 Financial Year

The Legal Costs Committee completed eight reviews resulting in the publication on 24 June 2016 of the determinations listed below.

- (a) *Legal Profession (Supreme Court) (Contentious Business) Determination 2016;*
- (b) *Legal Profession (Supreme Court and District Court) (Criminal Jurisdictions) Determination 2016;*
- (c) *Legal Profession (District Court Appeals) (Contentious Business) Determination 2016;*
- (d) *Legal Profession (Family Court) Determination 2016;*
- (e) *Legal Profession (Magistrates Court) (Civil) Determination 2016;*
- (f) *Legal Profession (Magistrates Court) (Criminal) Determination 2016;*
- (g) *Legal Profession (Official Prosecutions) (Accused's Costs) Determination 2016;*
and
- (h) *Legal Profession (State Administrative Tribunal) Determination 2016.*

Three of these reviews were brought forward from the forthcoming 2017 financial year so as to ensure the substantial structural changes implemented in the 2016 contentious business determinations took effect at the same time, across all areas of contentious business.

2. Determinations anticipated in 2016/2017 Financial Year

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

- (a) *Legal Profession (Solicitors Costs) Determination 2017;*
- (b) *Legal Profession (Non-Contentious Probate Costs) Determination 2017;*
- (c) *Legal Profession (Public Notaries) Determination 2017.*

3. Performance Measures

OUTPUT	2015/16		
	TARGET	ACTUAL	VARIANCE
Quantity	8	8	0
Quality	Not Assessed	Not Assessed	N/A
Timeliness	In accordance with statutory requirements.		
Cost (Average cost per determination)	\$15,380	\$15,394	\$14

4. Accounts and Performance Indicators

The financial statements and performance indicators for the year ended 30 June 2016 are attached.

5. Report on Operations

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

6. General Comments

To ensure the principle is not overlooked, the Legal Costs Committee again notes that the Effectiveness Indicator and the Efficiency Indicator, if taken in isolation in any given financial year, can give rise to a distorted assessment of the Committee's effectiveness and efficiency. The Committee 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 and various officers of the Magistrates Court, The Law Society of Western Australia, the Western Australian Bar Association, 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 and the ongoing work of the Committee.

This year we also had considerable assistance and input from the Legal Practice Board of WA and the Legal Profession Complaints Committee and I would like to thank them in particular for their helpful input into the substantial structural changes in the various determinations.

7. Executive Assistance

The Legal Costs Committee wishes to record its appreciation of the valuable help and assistance provided during the year by Mr Jay Weir of the Department of the Attorney General. Mr Weir has offered the Committee and myself in particular, great assistance with the administration of the Committee and publication of our notices, reports and determinations.

The Committee wishes to record its appreciation for the service, support and advice Mr Weir has given over the past year.

During the past year the Committee's long-standing secretary, Mr Brian Bennett, retired from his role after many years of providing us with outstanding administrative support. We would like to record our thanks to him and wish him well in his future.

The Legal Costs Committee continues to rely heavily on the willingness of its members to implement all administrative and drafting functions, which are an essential part of ensuring the Committee fulfils its statutory obligations.



Clare Thompson

CHAIR

LEGAL COSTS COMMITTEE
BUDGET ESTIMATES FOR 2016 / 17

In accordance with the *Financial Management Act* 2006 and pursuant to Treasurer's Instructions the budget estimates for the Legal Costs Committee for the 2016/17 financial year, as submitted to the Honourable Attorney General, are as follows:

LEGAL COSTS COMMITTEE	
BUDGETED STATEMENT OF FINANCIAL PERFORMANCE	
COST OF SERVICES	\$
Expenses	
Board members fees & entitlements	50,425
Other expenses	19,104
Secretarial and Management support	58,142
Total cost of services	127,671
INCOME FROM STATE GOVERNMENT	
Service appropriations (grants from DotAG)	60,000
Resources received free of charges	58,142
Total income from State Government	118,142
SURPLUS / (DEFICIT) FOR THE PERIOD	(9,529)



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 2016, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

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 2016 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.

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 for the Audit of the Financial Statements

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements 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.

Report on Controls

I have audited the controls exercised by the Legal Costs Committee during the year ended 30 June 2016.

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.

Opinion

In my opinion, in all material respects, the controls exercised by the Legal Costs Committee are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2016.

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 for the Audit of Controls

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.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Legal Costs Committee for the year ended 30 June 2016.

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

Opinion

In my opinion, in all material respects, the key performance indicators of the Legal Costs Committee are relevant and appropriate to assist users to assess the Committee's performance and fairly represent indicated performance for the year ended 30 June 2016.

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 for the Audit of Key Performance Indicators

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.

Independence

In conducting the above audits, 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 2016 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
31 August 2016

Legal Costs Committee of Western Australia

Disclosures and Legal Compliance

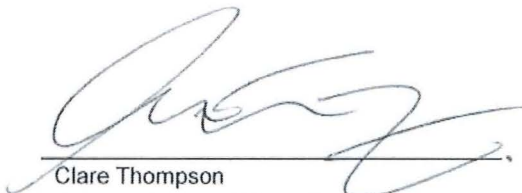
Financial Statements and Notes

Certification of Financial Statements

For the year ended 30 June 2016

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 2016 and the financial position as at 30 June 2016.

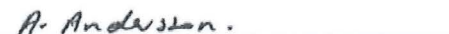
At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.


Clare Thompson
Chair of the Legal Costs Committee

30 August 2016


Angela Gaffney
Member of the Legal Costs Committee

30 August 2016


Alan Andersson
Chief Finance Officer

30 August 2016



Legal Costs Committee of Western Australia
Annual report 2015/2016

Statement of Comprehensive Income
For the year ended 30 June 2016

	Note	2016 \$	2015 \$
COST OF SERVICE			
Expenses			
Board member fees and entitlements	4	49,402	50,425
Other expenses	5	20,971	18,544
Secretarial and management support	6	52,781	55,341
Total cost of services		123,154	124,310
Net cost of services		123,154	124,310
 Income from State Government	 6		
Grants		65,000	65,000
Services received free of charge		52,781	55,341
Total income from State Government		117,781	120,341
 (DEFICIT) / SURPLUS FOR THE PERIOD		 (5,373)	 (3,969)
 TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		 (5,373)	 (3,969)

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



Legal Costs Committee of Western Australia
Annual Report 2015/2016

Statement of Financial Position
As at 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	11	36,770	41,585
Receivables	7	5,591	295
Other assets	8	40	40
Total Current Assets		42,401	41,920
TOTAL ASSETS		42,401	41,920
LIABILITIES			
Current Liabilities			
Payables	9	5,854	-
Total Current Liabilities		5,854	-
TOTAL LIABILITIES		5,854	-
NET ASSETS		36,547	41,920
EQUITY			
Contributed equity	10	39,335	39,335
Accumulated surplus / (Deficit)		(2,788)	2,585
TOTAL EQUITY		36,547	41,920

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



Legal Costs Committee of Western Australia
Annual Report 2015/2016

Statement of Changes in Equity
For the year ended 30 June 2016

	Note	Contributed equity \$	Accumulated surplus \$	Total equity \$
Balance at 1 July 2014	10	39,335	6,554	45,889
Total comprehensive income for the period		-	(3,969)	(3,969)
Balance at 30 June 2015		39,335	2,585	41,920
Balance at 1 July 2015		39,335	2,585	41,920
Total comprehensive income for the period		-	(5,373)	(5,373)
Balance at 30 June 2016		39,335	(2,788)	36,547

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

**Legal Costs Committee of Western Australia
Annual Report 2015/2016**

Statement of Cash Flows
For the year ended 30 June 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM STATE GOVERNMENT			
Grant from the Department of the Attorney General		65,000	65,000
Net cash provided by State Government		65,000	65,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to members and suppliers		(69,561)	(75,053)
GST payments on purchases		(1,566)	(1,855)
Receipts			
GST receipts from taxation authority		1,312	2,563
Net cash used in operating activities	11	(69,815)	(74,345)
Net increase in cash and cash equivalents		(4,815)	(9,345)
Cash and cash equivalents at the beginning of the period		41,585	50,930
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11	36,770	41,585

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

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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 2016 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 early adopt an Australian Accounting Standard 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 2016.

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

As there is only one service provided by the Committee, the Schedule of Income and Expense by Service and Schedule of Assets and 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.

(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:

Notes to the Financial Statements

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) Accrued Salaries

Accrued salaries (see Note 9 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to its fair value.

(l) 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.

(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

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.

(l) Services received free of charge or for nominal cost

Services received free of charge or for nominal cost that the Committee would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

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

Notes to the Financial Statements

(m) Comparative figures

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

Note 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 2015 that impact on the Committee.

AASB 2013-9	<i>Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments</i> Part C of this Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Committee has not yet determined the application or the potential impact of AASB 9.
AASB 2014-8	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]</i> This Standard makes amendments to AASB 9 <i>Financial Instruments (December 2009)</i> and AASB 9 <i>Financial Instruments (December 2010)</i> arising from the issuance of AASB 9 <i>Financial Instruments in December 2014</i>. The Committee has not yet determined the application or the potential impact of AASB 9.
AASB 2015-3	<i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i> This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.

Future impact of Australian Accounting Standards not yet operative

The Committee cannot early adopt an Australian Accounting unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI 1101. 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 the following Australian Accounting Standards 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 is currently to 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>. The Committee has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 15	<i>Revenue from Contracts with Customers</i> This Standard establishes the principles that the Committee shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Committee has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 16	<i>Leases</i> This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Committee has not yet determined the application or the potential impact of the Standard.	1 Jan 2019

Notes to the Financial Statements

		Operative for reporting periods beginning on/after
AASB 1057	<i>Application of Australian Accounting Standards</i> This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.	1 Jan 2016
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 and 1038 and Int 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. The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Committee has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2014-1	<i>Amendments to Australian Accounting Standards</i> Part E of this standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Committee to determine the application or potential impact of the standard..	1 Jan 2018
AASB 2014-5	<i>Amendments to Australian Accounting Standards arising from AASB 15</i> This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Committee has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2014-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i> This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Committee has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2015-1	<i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]</i> The amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012-2014 Cycle in September 2014, and editorial corrections. The Committee has not yet determined the application or the potential impact of the Standard.	1 Jan 2016
AASB 2015-2	<i>Amendments to Australian Accounting Standards Australian Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]</i> This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concern expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.	1 Jan 2016

Legal Costs Committee of Western Australia
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Notes to the Financial Statements

		Operative for reporting periods beginning on/after
AASB 2015-6	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</i>	1 Jul 2016
	The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. The Committee has not yet determined the application of the Standard, though there is no financial impact.	
AASB 2015-8	<i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	1 Jan 2017
	The Standard amends the mandatory effective date of AASB 15 <i>Revenue from Contracts with Customers</i> so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. The Committee has not yet determined the application or the potential impact of AASB 15.	
AASB 2016-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i>	1 Jan 2017
	This Standard amends AASB 107 <i>Statement of Cash Flows (August 2015)</i> to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.	
AASB 2016-3	<i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	1 Jan 2018
	This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Committee has not yet determined the application or the potential impact	

Note 4: Board members fees and entitlements

	2016	2015
	\$	\$
Board member fees	45,116	46,050
Superannuation - defined contribution plans ^(a)	4,286	4,375
	<u>49,402</u>	<u>50,425</u>

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

Note 5: Other expenses

	2016	2015
	\$	\$
Advertising expenses	5,387	3,713
Notice publication expenses	5,322	3,769
Audit fees	9,400	9,225
Other expenses	862	1,837
	<u>20,971</u>	<u>18,544</u>

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Notes to the Financial Statements

Note 6: Income from State Government

	2016	2015
	\$	\$
Grant from the Department of the Attorney General	65,000	65,000
	<u>65,000</u>	<u>65,000</u>

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

Department of the Attorney General

- secretarial and management support:^(b)

	52,781	55,341
Total Income from State Government	<u>117,781</u>	<u>120,341</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.

(b) The Committee has recognised expenses equivalent to this resources received free of charge income.

Note 7: Receivables

	2016	2015
	\$	\$
<u>Current</u>		
Receivable	5,042	-
GST receivable	549	295
Total Current	<u>5,591</u>	<u>295</u>

Note 8: Other assets

	2016	2015
	\$	\$
<u>Current</u>		
Prepayments	40	40
Total Other Assets	<u>40</u>	<u>40</u>

Note 9: Payables

	2016	2015
	\$	\$
<u>Current</u>		
Trades and other creditors	5,854	-
Total current	<u>5,854</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.

	2016	2015
	\$	\$
Contributed equity		
Balance at start of period	39,335	39,335
Balance at end of period	39,335	39,335
Accumulated surplus / (deficit)		
Balance at start of period	2,585	6,554
Result for the period	(5,373)	(3,969)
Balance at end of period	(2,788)	2,585
Total Equity at end of period	36,547	41,920

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:

	2016	2015
	\$	\$
Cash and cash equivalents	36,770	41,585
	36,770	41,585

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

	2016	2015
	\$	\$
Net cost of services	(123,154)	(124,310)
<u>Non-cash items</u>		
Resources received free of charge	52,781	55,341
<u>(Increase)/decrease in assets</u>		
Current receivable	(5,042)	-
GST receivable	(254)	708
<u>Increase/(decrease) in liabilities</u>		
Decrease in current payables	5,854	(6,084)
Net cash used in operating activities	(69,815)	(74,345)

Notes to the Financial Statements

Note 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. 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 12(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:

	2016	2015
	\$	\$
Financial Assets		
Cash and cash equivalents	36,770	41,585
Loans and receivables ^(a)	5,042	-
	<u>41,812</u>	<u>41,585</u>
Financial Liabilities		
Financial liabilities measured at amortised cost ^(a)	5,854	-
	<u>5,854</u>	<u>-</u>

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

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 \$	
2016							
Cash and cash equivalents	36,770	36,770	-	-	-	-	-
Receivables ^(a)	5,042	5,042	-	-	-	-	-
	41,812	41,812	-	-	-	-	-
2015							
Cash and cash equivalents	41,585	41,585	-	-	-	-	-
Receivables ^(a)	-	-	-	-	-	-	-
	41,585	41,585	-	-	-	-	-

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

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 \$
2016							
<u>Financial Assets</u>							
Cash and cash equivalents	36,770	36,770	36,770	-	-	-	-
Receivables ^(a)	5,042	5,042	5,042	-	-	-	-
	41,812	41,812	41,812	-	-	-	-
<u>Financial Liabilities</u>							
Payables	5,854	5,854	5,854	-	-	-	-
	5,854	5,854	5,854	-	-	-	-
2015							
<u>Financial Assets</u>							
Cash and cash equivalents	41,585	41,585	41,585	-	-	-	-
Receivables ^(a)	-	-	-	-	-	-	-
	41,585	41,585	41,585	-	-	-	-
<u>Financial Liabilities</u>							
Payables	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

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

Notes to the Financial Statements

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.

Note 13: 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:

\$	2016	2015
0 - 10,000	6	5
10,001 - 20,000	1	1
	\$	\$
Base remuneration and superannuation	49,402	50,425
Other benefits	-	-
Total remuneration of members of the Committee^(a)	49,402	50,425

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

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

Note 14: Remuneration of auditor

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

	2016	2015
	\$	\$
Auditing the accounts, financial statements and key performance indicators	9,600	9,400

Note 15: Contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets as at 30 June 2016 (2015: nil).

Note 16: 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 17: Related bodies

The Committee had no related bodies during the financial year (2015: nil).

Note 18: Affiliated bodies

The Committee had no affiliated bodies during the financial year (2015: nil).

Note 19: Supplementary financial information

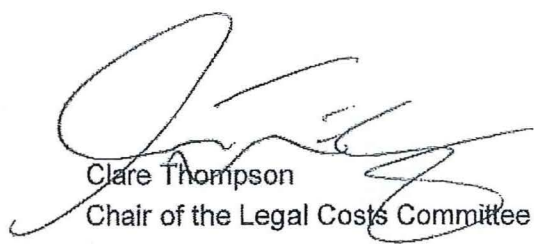
There were no losses of public moneys or other public property through theft or default during the financial year (2015: nil).

There were no write offs of public money or other public property during the financial year (2015: nil).

There were no gifts of public property during the financial year (2015: nil).

LEGAL COSTS COMMITTEE**KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2016****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 2016.



Clare Thompson
Chair of the Legal Costs Committee
30 August 2016



LEGAL COSTS COMMITTEE
PERFORMANCE INDICATORS

2015 - 2016

RELATIONSHIP TO GOVERNMENT GOALS

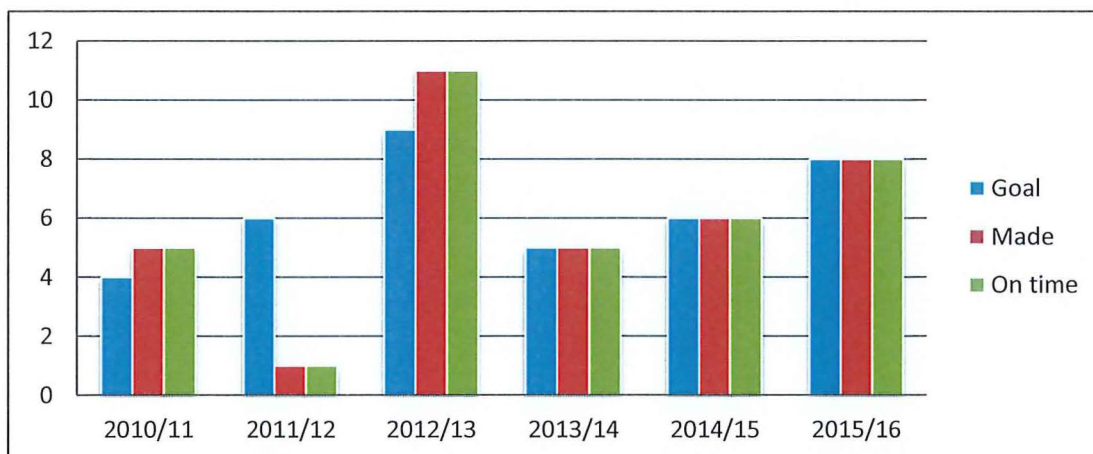
Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's service and desired outcome, and the government goal it contributes to. The key effectiveness indicators 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 <i>Legal Profession Act</i> 2008, to review each determination in force at least once in the period of two years in the following jurisdictions: “ 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 Effectiveness Indicator means 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 2016.

Performance Measure: The number of Determinations made during the year and completed on time.



The Legal Costs Committee stated its intention to make determinations during the financial year ended 30 June 2016 in respect of:

- (a) *Legal Profession (Supreme Court) (Contentious Business) Determination 2016;*
- (b) *Legal Profession (Supreme Court and District Court) (Criminal Jurisdictions) Determination 2016;*
- (c) *Legal Profession (District Court Appeals) (Contentious Business) Determination 2016;*
- (d) *Legal Profession (Family Court) Determination 2016;*
- (e) *Legal Profession (Magistrates Court) (Civil) Determination 2016;*
- (f) *Legal Profession (Magistrates Court) (Criminal) Determination 2016;*
- (g) *Legal Profession (Official Prosecutions) (Accused's Costs) Determination 2016; and*
- (h) *Legal Profession (State Administrative Tribunal) Determination 2016;*

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
2015/16	\$15,380	8	\$15,394	8	\$14	0
2014/15	\$20,871	6	\$20,718	6	(\$153)	0
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

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 2015/16.