

LEGAL COSTS COMMITTEE

ANNUAL REPORT

2017 - 2018

19 September 2018

LEGAL COSTS COMMITTEE ANNUAL REPORT

In accordance with the *Financial Management Act 2006*, I submit to the Honourable John Quigley MLA, Attorney General for the State of Western Australia, for information and presentation to Parliament, the Annual Report of the Legal Costs Committee of Western Australia for the period 1 July 2017 to 30 June 2018.



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. 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. In 2016, Magistrates exercising Family Law jurisdiction was recognised as necessitating a separate determination.

During the period 1 July 2017 to 30 June 2018, the Legal Costs Committee comprised:

Ms CH Thompson, Barrister, Francis Burt Chambers, as Chair;

Ms A Gaffney, Chartered Accountant;

Mr M Cocker, Retired State Public Servant;

Dr J Dudley, Honorary Fellow, Sir Walter Murdoch School of Public Policy and International Affairs;

Mr M Curwood, Barrister, Francis Burt Chambers; and

Mr BW Ashdown, Barrister, John Toohey Chambers.

The Committee normally meets on a monthly basis, as its business requires, and in the 2017/2018 financial year, the Committee met on eight occasions.

1. Determinations – 2017/2018 Financial Year

The Legal Costs Committee completed nine reviews resulting in the publication on 21 June 2018 of the determinations listed below.

- (a) *Legal Profession (Supreme and District Courts) (Contentious Business) Determination 2018;*
- (b) *Legal Profession (Supreme and District Courts) (Criminal Jurisdictions) Determination 2018;*
- (c) *Legal Profession (District Court Appeals) (Contentious Business) Determination 2018;*
- (d) *Legal Profession (Family Court) Determination 2018;*
- (e) *Legal Profession (Magistrates Court) (Civil) Determination 2018;*
- (f) *Legal Profession (Magistrates Court) (Criminal) Determination 2018;*
- (g) *Legal Profession (Magistrates Court) (Family Law) Determination 2018;*
- (h) *Legal Profession (Official Prosecutions) (Accused's Costs) Determination 2018;*
- (i) *Legal Profession (State Administrative Tribunal) Determination 2018; and*

2. Determinations anticipated in 2018/2019 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; and*
- (c) *Legal Profession (Public Notaries) Determination 2017.*

3. Performance Measures

<i>OUTPUT</i>	2017/18		
	<i>TARGET</i>	<i>ACTUAL</i>	<i>VARIANCE</i>
<i>Quantity</i>	9	9	0
<i>Quality</i>	Not Assessed	Not Assessed	N/A
<i>Timeliness</i>	In accordance with statutory requirements.		
<i>Cost</i> (Average cost per determination)	\$14,045	\$13,238	(\$807)

4. Accounts and Performance Indicators

The financial statements and performance indicators for the year ended 30 June 2018 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 Justice.

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 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 assistance of the Chief Justice of Western Australia, various Registrars the Supreme Court, the Chief Judge of the Family Court of Western Australia, 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 in respect of the Committee's reviews and the ongoing work of the Committee.

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 Justice. 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 and support Mr Weir has given over the past year.

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 2018 / 19

In accordance with the *Financial Management Act* 2006 and pursuant to Treasurer's Instructions the budget estimates for the Legal Costs Committee for the 2018/19 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	20,952
Secretarial and Management support	57,505
Total cost of services	128,882
INCOME FROM STATE GOVERNMENT	
Service appropriations (grants from DotAG)	60,000
Resources received free of charges	57,505
Total income from State Government	117,505
SURPLUS / (DEFICIT) FOR THE PERIOD	(11,377)



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

LEGAL COSTS COMMITTEE

Report on the Financial Statements

Opinion

I have audited the financial statements of the Legal Costs Committee which comprise the Statement of Financial Position as at 30 June 2018, 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.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Legal Costs Committee for the year ended 30 June 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Committee in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Committee 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, the *Financial Management Act 2006* 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.

In preparing the financial statements, the Committee is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Committee.

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. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee.
- Conclude on the appropriateness of the Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Legal Costs Committee. The controls exercised by the 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 (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

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 2018.

The Committee's Responsibilities

The Committee is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Legal Costs Committee for the year ended 30 June 2018. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

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 2018.

The 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 internal control as the Committee determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Committee is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory 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 2018 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.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
6 September 2018

Legal Costs Committee

Disclosures and Legal Compliance

Financial Statements

Certification of Financial Statements

For the reporting period ended 30 June 2018

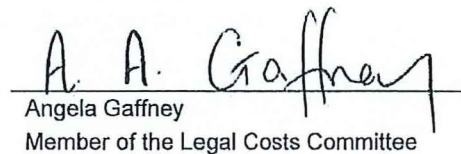
The accompanying financial statements of the Legal Costs Committee have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2018 and the financial position as at 30 June 2018.

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



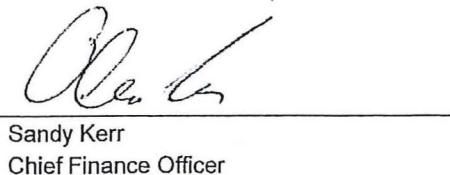
Clare Thompson
Chair of the Legal Costs Committee

31 August 2018



Angela Gaffney
Member of the Legal Costs Committee

31 August 2018



Sandy Kerr
Chief Finance Officer

31 August 2018

Legal Costs Committee

The Committee has pleasure in presenting its audited general purpose financial statements for the financial reporting period ended 30 June 2018 which provides users with the information about the Committee's stewardship of resources entrusted to it. The financial information is presented in the following structure:

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Legal Costs Committee
Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
COST OF SERVICES			
Expenses			
Board members fees and entitlements	3.1	50,425	50,425
Other expenses	3.2	18,586	19,314
Secretarial and management support	4.1	50,129	55,352
Total cost of services		119,140	125,091
Net cost of services		119,140	125,091
 Income from State Government			
Grants	4.1	60,000	60,000
Services received free of charge	4.1	50,129	55,352
Total income from State Government		110,129	115,352
 (DEFICIT) FOR THE PERIOD		(9,011)	(9,739)
 TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD		(9,011)	(9,739)

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



**Legal Costs Committee
Statement of Financial Position**

As at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6.1	17,320	26,613
Receivables	5.1	537	238
Other current assets	5.2	40	40
Total Current Assets		17,897	26,891
TOTAL ASSETS		17,897	26,891
 LIABILITIES			
Current Liabilities			
Payables	5.3	100	83
Total Current Liabilities		100	83
 TOTAL LIABILITIES		100	83
 NET ASSETS		17,797	26,808
 EQUITY	8.7		
Contributed equity		39,335	39,335
Accumulated (deficit)		(21,538)	(12,527)
TOTAL EQUITY		17,797	26,808

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



Legal Costs Committee
Statement of Changes in Equity

For the year ended 30 June 2018

	Note	Contributed equity \$	Accumulated surplus \$	Total equity \$
Balance at 1 July 2016	8.7	39,335	(2,788)	36,547
Total comprehensive (loss) for the period		-	(9,739)	(9,739)
Balance at 30 June 2017		39,335	(12,527)	26,808
Balance at 1 July 2017		39,335	(12,527)	26,808
Total comprehensive (loss) for the period			(9,011)	(9,011)
Balance at 30 June 2018		39,335	(21,538)	17,797

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

Legal Costs Committee **Statement of Cash Flows**

For the year ended 30 June 2018

		2018	2017
	Note	\$	\$
CASH FLOWS FROM STATE GOVERNMENT			
Grant from the Department of Justice		60,000	60,000
Net cash provided by State Government		60,000	60,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to members and suppliers		(68,994)	(75,510)
GST payments on purchases		(1,857)	(1,608)
Receipts			
Receipts from services		8	5,042
GST receipts from taxation authority		1,550	1,919
Net cash used in operating activities	6.1	(69,293)	(70,157)
Net decrease in cash and cash equivalents		(9,293)	(10,157)
Cash and cash equivalents at the beginning of the period		26,613	36,770
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.1	17,320	26,613

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

Legal Costs Committee

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Basis of preparation

The Committee is an independent statutory authority established under the *Legal Profession Act 2008*. The Committee is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The entity is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the agency on 30 August 2018.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- 1) The *Financial Management Act 2006* (FMA)
- 2) The Treasurer's Instructions (**the Instructions or TI**)
- 3) Australian Accounting Standards (AAS) including applicable interpretations
- 4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The FMA and the Instructions take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. 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.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest dollar.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

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.

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

Note 2: Committee outputs

This section includes information regarding the nature of funding the Committee receives and how this funding is utilised to achieve the Committee's objectives.

	Notes
Committee objectives	2.1
2.1 Committee objectives	

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.

Services

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.

Legal Costs Committee

NOTES TO THE FINANCIAL STATEMENTS

Note 3: Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the Committee's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Committee in achieving its objectives and the relevant notes are:

	Notes	2018 \$	2017 \$
Board members fees and entitlements	3.1	50,425	50,425
Other expenses	3.2	18,586	19,314

3.1 Board members fees and entitlements

	2018 \$	2017 \$
Board member fees	46,050	46,050
Superannuation - defined contribution plans ^(a)	4,375	4,375
	<u>50,425</u>	<u>50,425</u>

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

Superannuation expense

Superannuation expense is recognised in the profit or loss of the Statement of Comprehensive income and comprises employer contributions paid to the West State Superannuation Scheme, the Government Employees Superannuation Board (GESB), or other Super Guarantee, as set out below:

	2018 \$	2017 \$
West State Superannuation Scheme	2,625	2,625
GESB	583	583
Other Super Guarantee	1,167	1,167
	<u>4,375</u>	<u>4,375</u>

3.2 Other expenses

	2018 \$	2017 \$
Advertising expenses	3,101	6,099
Notice publication expenses	5,287	2,566
Audit Fees	9,800	9,600
Computing services	398	1,049
	<u>18,586</u>	<u>19,314</u>

Legal Costs Committee

NOTES TO THE FINANCIAL STATEMENTS

Note 4: Our funding sources

How we obtain our funding

This section provides additional information about how the Committee obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Committee and the relevant notes are:

	Notes	2018 \$	2017 \$
Income from State Government	4.1	110,129	115,352

4.1 Income from State Government

	2018 \$	2017 \$
Grant from the Department of Justice	60,000	60,000
	<u>60,000</u>	<u>60,000</u>

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

Department of Justice

- secretarial and management support^(b)

Total Income from State Government

50,129	55,352
<u>110,129</u>	<u>115,352</u>

(a) Services 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.

Transfer of assets

Discretionary transfers of assets (including grants) and liabilities between State government agencies are reported under Income from State Government. Transfers of assets and liabilities in relation to a restructure of administrative arrangements are recognised as distribution to owners by the transferor and contribution by owners by the transferee under AASB 1004. Other non-discretionary non-reciprocal transfers of assets and liabilities designated as contributions by owners under TI 955 are also recognised directly to equity.

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.

Legal Costs Committee

NOTES TO THE FINANCIAL STATEMENTS

Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from the Committee's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2018	2017
		\$	\$
Receivables	5.1	537	238
Other assets	5.2	40	40
Payables	5.3	100	83

5.1 Receivables

	2018	2017
	\$	\$
<u>Current</u>		
GST receivable	537	238
Total current receivables	537	238

The Committee does not hold any collateral or other credit enhancements as security for 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.

5.2 Other assets

	2018	2017
	\$	\$
<u>Current</u>		
Prepayments	40	40
Total other assets	40	40

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.3 Payables

	2018	2017
	\$	\$
<u>Current</u>		
Trades and other creditors	100	83
Total current payables	100	83

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.

Legal Costs Committee

NOTES TO THE FINANCIAL STATEMENTS

Note 6: *Financing*

This section sets out the material balances and disclosures associated with the financing and cash flows of the Committee:

	Notes
Reconciliation of cash	6.1

6.1 Cash and cash equivalents

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:

	2018	2017
	\$	\$
Cash and cash equivalents	17,320	26,613
	<u>17,320</u>	<u>26,613</u>

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted 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 changes in value.

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

	2018	2017
	\$	\$
Net cost of services	(119,140)	(125,091)
<u>Non-cash items</u>		
Resources received free of charge	50,129	55,352
<u>(Increase)/decrease in assets</u>		
Current receivable	8	5,042
Prepayments	-	-
GST receivable	(307)	311
<u>Increase/(decrease) in liabilities</u>		
Current payables	17	(5,771)
Net cash used in operating activities	<u>(69,293)</u>	<u>(70,157)</u>

The mandatory application of AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* imposed disclosure impacts only. The Committee is not exposed to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Legal Costs Committee

NOTES TO THE FINANCIAL STATEMENTS

Note 7: Risks and contingencies

This note sets out the key risk management policies and measurement techniques of the Committee:

	Notes
Financial risk management	7.1
Contingent assets and contingent liabilities	7.2

7.1 Financial risk management

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.

(a) Summary of risks and risk management

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 asset is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at Note 7.1(c) 'Ageing analysis of financial assets' and Note 5.1 'Receivables'.

The Committee does not have any significant credit risks 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 the changes in market prices such as foreign exchange rates and interest rates will affect the Committee's income or the value of its holdings of financial instruments. The Committee does not trade in foreign currency and is not materially exposed to other price risk. 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 rate.

(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:

	2018 \$	2017 \$
<u>Financial Assets</u>		
Cash and cash equivalents	17,320	26,613
	<u>17,320</u>	<u>26,613</u>
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost ^(a)	100	83
	<u>100</u>	<u>83</u>

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

Legal Costs Committee
NOTES TO THE FINANCIAL STATEMENTS

7.1 Financial risk management (continued)

(c) 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 \$	
2018							
Cash and cash equivalents	17,320	17,320	-	-	-	-	-
Receivables ^(a)	-	-	-	-	-	-	-
	17,320	17,320	-	-	-	-	-
2017							
Cash and cash equivalents	26,613	26,613	-	-	-	-	-
Receivables ^(a)	-	-	-	-	-	-	-
	26,613	26,613	-	-	-	-	-

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

(d) Liquidity risk and interest rate exposure

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

Maturity analysis of financial assets and financial liabilities							
	Carrying Amount \$	Non-interest bearing \$	Nominal Amount \$	Up to 1 month \$	1-3 months \$	3 months to 1 year \$	More than 5 years \$
2018							
<u>Financial Assets</u>							
Cash and cash equivalents	17,320	17,320	17,320	17,320	-	-	-
Receivables ^(a)	-	-	-	-	-	-	-
	17,320	17,320	17,320	17,320	-	-	-
<u>Financial Liabilities</u>							
Payables	100	100	100	100	-	-	-
	100	100	100	100	-	-	-
2017							
<u>Financial Assets</u>							
Cash and cash equivalents	26,613	26,613	26,613	26,613	-	-	-
Receivables ^(a)	-	-	-	-	-	-	-
	26,613	26,613	26,613	26,613	-	-	-
<u>Financial Liabilities</u>							
Payables	83	83	83	83	-	-	-
	83	83	83	83	-	-	-

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

7.2 Contingent assets and liabilities

There were no contingent liabilities and contingent assets as at 30 June 2018 (2017: nil).

Legal Costs Committee

NOTES TO THE FINANCIAL STATEMENTS

Note 8: Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	8.1
Future impact of Australian Accounting Standards not yet operative	8.2
Key management personnel	8.3
Related party transactions	8.4
Related bodies	8.5
Affiliated bodies	8.6
Equity	8.7
Remuneration of Auditors	8.8
Supplementary financial information	8.9

8.1 Events occurring after the end of the reporting period

There were no events occurring after the end of the reporting period.

8.2 Future impact of Australian Accounting Standards not yet operative

The Committee cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements* or by an exemption from TI 1101. 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 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's income is principally derived from a grant from the Department of Justice which will be measured under AASB 1058 <i>Income of Not-for-Profit Entities</i> and will be unaffected by this change. The Committee has no 'User charges and fees' or 'Sales' revenues.	1 Jan 2019

Legal Costs Committee

NOTES TO THE FINANCIAL STATEMENTS

8.2 Future impact of Australian Accounting Standards not yet operative (continued)

		Operative for reporting periods beginning on/after
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 currently has no commitments for non-cancellable operating leases.	1 Jan 2019
AASB 1058	<i>Income of Not-for-Profit Entities</i> This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset. The Committee has not yet determined the application or the potential impact of the Standard.	1 Jan 2019
AASB 1059	<i>Service Concession Arrangements: Grantors</i> This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided. The Committee has not identified any public private partnerships within scope of the Standard.	1 Jan 2019
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 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 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

Legal Costs Committee

NOTES TO THE FINANCIAL STATEMENTS

8.2 Future impact of Australian Accounting Standards not yet operative (continued)

		Operative for reporting periods beginning on/after
AASB 2015-8	<i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> This Standard amends the mandatory application date of AASB 15 to 1 January 2018 (instead of 1 January 2017). It also defers the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this Standard.	1 Jan 2018
AASB 2016-3	<i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i> 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.	1 Jan 2018
AASB 2016-7	<i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i> This Standard defers, for not-for-profit entities, the mandatory application date of AASB 15 to 1 January 2019, and the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this standard.	1 Jan 2018
AASB 2016-8	<i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i> This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.	1 Jan 2019

8.3 Key management personnel

Key management personnel include cabinet ministers and members of the Committee. The Committee does not incur expenditures to compensate Ministers and those disclosures may be found in the Annual Report on State Finances.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the Committee for the reporting period are presented within the following bands:

	2018	2017
Compensation Band (\$)		
0 – 10,000	5	5
10,001 – 20,000	1	1
	\$	\$
Short-term employee benefits	46,050	46,050
Post-employment benefits	4,375	4,375
Total compensation of senior officers	50,425	50,425

Total compensation includes the superannuation expense incurred by the Committee in respect of senior officers.

Legal Costs Committee

NOTES TO THE FINANCIAL STATEMENTS

8.4 Related party transactions

The Committee is a wholly owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Committee include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Significant transactions with Government-related entities

In conducting its activities, the Committee is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

- Services received free of charge from Department of Justice (Note 4.1);
- Superannuation payments to GESB (Note 3.1);
- Grant from the Department of Justice (Note 4.1).

Material transactions with other related parties

Outside of normal citizen type transactions with the Committee, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

8.5 Related bodies

The Committee had no related bodies during the financial year (2017: nil).

8.6 Affiliated bodies

The Committee had no affiliated bodies during the financial year (2017: nil).

8.7 Remuneration of auditors

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

	2018	2017
	\$	\$
Auditing the accounts, financial statements, controls, and key performance indicators	9,800	9,700

Legal Costs Committee

NOTES TO THE FINANCIAL STATEMENTS

8.8 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.

	2018	2017
	\$	\$
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	(12,527)	(2,788)
Result for the period	(9,011)	(9,739)
Balance at end of period	(21,538)	(12,527)
Total Equity at end of period	17,797	26,808

8.9 Supplementary financial information

There were no losses of public moneys or other public property through theft or default during the financial year (2017: nil).

There were no write offs of public money or other public property during the financial year (2017: nil).

There were no gifts of public property during the financial year (2017: nil).

LEGAL COSTS COMMITTEE**AUDITED KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2018****Certification of Key Performance Indicators**

We 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 2018.



Clare Thompson
Chair of the Legal Costs Committee
31 August 2018



Angela Gaffney
Member of the Legal Costs Committee
31 August 2018



LEGAL COSTS COMMITTEE
KEY PERFORMANCE INDICATORS

2017 - 2018

RELATIONSHIP TO GOVERNMENT GOALS

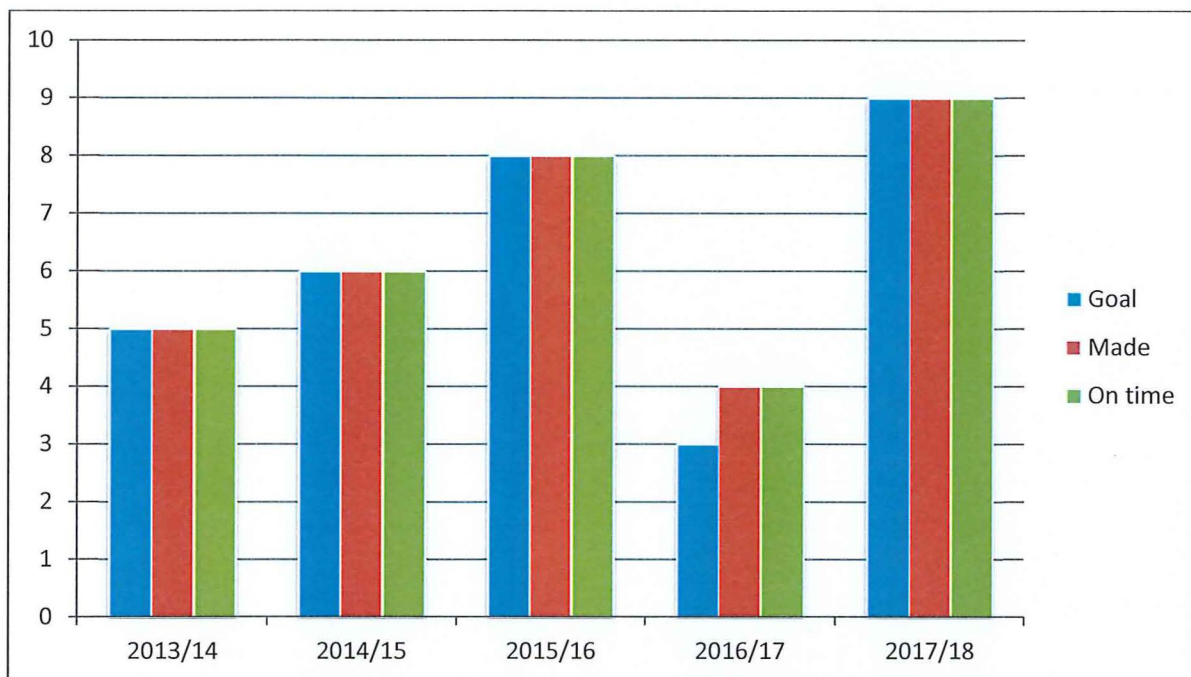
Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's service and desired outcome, and the government goal it contributes to. The key effectiveness indicators 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 & District Courts (Criminal) “ Magistrates Court (Civil) “ Magistrates Court (Criminal) “ Magistrates Court (Family Law) “ 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

KEY EFFECTIVENESS INDICATOR

The Key Effectiveness Indicator means the extent to which Legal Costs Committee determinations are completed in accordance with established deadlines.

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



The Legal Costs Committee made and completed the following determinations during the financial year ended 30 June 2018:

- (a) *Legal Profession (Supreme Court) (Contentious Business) Determination 2018;*
- (b) *Legal Profession (Supreme and District Courts) (Criminal Jurisdictions) Determination 2018;*
- (c) *Legal Profession (District Court Appeals) (Contentious Business) Determination 2018;*
- (d) *Legal Profession (Family Court) Determination 2018;*
- (e) *Legal Profession (Family Law) Determination 2018;*
- (f) *Legal Profession (Magistrates Court) (Civil) Determination 2018;*
- (g) *Legal Profession (Magistrates Court) (Criminal) Determination 2018;*
- (h) *Legal Profession (Official Prosecutions) (Accused's Costs) Determination 2018; and*
- (i) *Legal Profession (State Administrative Tribunal) Determination 2018.*

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

KEY EFFICIENCY INDICATOR

Key Efficiency Indicator measures cost per determination.

Cost per Determination

Year	Target		Actual		Variance to target	
	Cost	Number	Cost	Number	Cost	Number
2017/18	\$14,045	9	\$13,238	9	(\$807)	0
2016/17	\$42,557	3	\$31,273	4	(\$11,284)	1
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

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 actual and target for 2017/18.