

31 August 2005

LEGAL COSTS COMMITTEE ANNUAL REPORT

In accordance with Section 66 of the *Financial Administration and Audit Act 1985* I submit to the Honourable James Andrew McGinty BA B Juris (Hons) LLB JP 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 2004 to 30 June 2005.

Ted Sharp
CHAIR

LEGAL COSTS COMMITTEE

ANNUAL REPORT

2004 - 2005

LEGAL COSTS COMMITTEE

The Legal Costs Committee was established following the proclamation of the *Acts Amendment (Legal Practitioners, Costs and Taxation) Act 1987* on 12 February 1988. The Committee is responsible under the *Legal Practice Act 2003 (the Act)* for making determinations for the remuneration of legal practitioners in respect of the matters specified under Part 13 Divisions 1 and 2 of the Act (as well as other legislation) in the following jurisdictions:

- ◆ Non-contentious business carried out by practitioners
- ◆ Supreme Court
- ◆ District Court
- ◆ Local Court
- ◆ Court of Petty Sessions
- ◆ Workers' Compensation Proceedings
- ◆ Official Prosecutions (Defendants' Costs)
- ◆ Public Notaries

Prior to the establishment of the Legal Costs Committee those fees (except for the newer scales in relation to the Court of Petty Sessions and Public Notaries) were set by the Judges of the Courts or by the Under Secretary for Law as the case required.

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

As well, the Committee anticipated that during the 2004/2005 financial year, its jurisdiction in respect of Workers' Compensation Proceedings would cease. As at the end of the reporting period the subject of this document, the relevant section 163(2) of the Workers' Compensation Reform Act 2004 effecting the change had not been proclaimed.

As a consequence, the Committee may be obliged to carry out a further review and make a determination in respect of the Determination referred to in paragraph 2(e) below, although not originally factored into its program for the next financial year.

During the period 1 July 2004 to 30 June 2005 the Committee consisted of:

Mr TH Sharp, Partner, Consultant, Freehills, Lawyers, as Chair;

Mr MJ McPhee, Principal Solicitor of Mitchell Sillar McPhee, Solicitors, as Deputy Chair;

Ms A Gaffney, Chartered Accountant, RSM Bird Cameron Chartered Accountants;

Ms J Freeman, Industrial Officer, Liquor Hospitality & Miscellaneous Union until February 2005, then Assistant Secretary Unions WA;

Ms CH Thompson, Barrister, Francis Burt Chambers;

Mr M Cocker, Retired State Public Servant.

The Committee normally meets on a monthly basis at least 11 times in each financial year. In the 2004/2005 financial year, the Committee met on 14 occasions.

The Committee was able to complete seven reviews resulting in the Determinations listed in paragraph 1 below.

1. Determinations - 2004/2005 Financial Year

- (a) Legal Practitioners (Public Notaries) Determination 2004.
- (b) Legal Practitioners (Official Prosecutions) (Defendant's Costs) Determination 2004.
- (c) Legal Practitioners (Local Court) (Contentious Business) Determination 2005
- (d) Legal Practitioners (Petty Sessions) (Contentious Business) Determination 2005
- (e) Legal Practitioners (Magistrates Court) (Criminal Jurisdiction) Determination 2005
- (f) Legal Practitioners (Magistrates Court) (Civil Jurisdiction) Determination 2005
- (g) Legal Practitioners (Magistrates Court) (Civil Jurisdiction) Determination (Number 2) 2005

2. Determinations anticipated in 2005/2006 Financial Year

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

- (a) Legal Practitioners (Solicitors Costs) Determination 2003.
- (b) Legal Practitioners (Solicitors Non-Contentious Probate Costs) Determination 2003
- (c) Legal Practitioners (Supreme Court) (Contentious Business) Determination 2004

(d) Legal Practitioners (District Court Appeals) (Contentious Business) Determination 2004

(e) Legal Practitioners (Workers' Compensation)(Conciliation Proceedings, Review Proceedings and Compensation Magistrates Court) Determination 2003.

3. Performance Measures

OUTPUT	2004/05		
	TARGET	ACTUAL	VARIANCE
Quantity	4	7	3
Quality	Not Assessed	Not Assessed	N/A
Timeliness	In accordance with statutory requirements.		
Cost (Average cost per determination)	\$25 548	\$15 405	\$10 143

4. Accounts and Performance Indicators

The annual accounts and performance indicators for the year ended 30 June 2005 are attached.

5. Report on Operations

The Legal Costs Committee does not employ staff nor does it have its own premises. The facilities used by the Legal Costs Committee comply with the requirements listed under the *Financial Administration & Audit Act 1985* and are provided by either the Department of Justice or the Department of the Premier and Cabinet.

6. General Comments

The year 2004/2005 was a particularly busy one for the Committee and as is noted above, several more meetings than normal were held.

Seven Reviews and Determinations were completed for this financial year.

Even though only two Reviews and Determinations were completed in 2003/2004, that year, as explained in the Committee's 2003/2004 Report, was still a busy one.

What the contrasting figures demonstrate is that, depending on various circumstances, the Committee's business can be subjected to peaks and troughs and that a year by year assessment of its workload and output and the costs incurred, is not necessarily going to produce an accurate picture. Rather a longer term view needs to be taken over a number of years, at least two.

During the year 2004/2005, the Committee had to consider at short notice and virtually on its own initiative, the changes brought about by the Magistrates Court legislation referred to above.

Once it became apparent to the Committee that the legislation was to be enacted and intended to commence operating on 1 May 2005, the Committee commenced action to create and publish new scales of fees for the civil and criminal jurisdictions of the proposed Magistrates Court.

In addition, it fell to the Committee to ascertain the changes that the legislation was bringing to what was the Local Court jurisdiction and more often than not, the Committee was left to anticipate what might occur as a result of the new legislation.

Even so, the Committee had a statutory obligation to complete a Review and Determination of the *Legal Practitioners (Local Court) (Contentious Business) Determination 2003* and the *Legal Practitioners (Court of Petty Sessions) (Contentious Business) Determination 2003*, despite the pending changes. The Committee could not afford to take the risk that the implementation of the new jurisdictions might be delayed.

As matters turned out, the Committee had to conduct a further and urgent review of its first civil Determination for the Magistrates Court as it became evident that for a number of reasons, whether real or imagined, legal practitioners and as a result, their clients, were in danger of being denied the ability to recover fees legitimately incurred in commencing actions in the Magistrates Court.

As has been stated by the Committee previously, it is concerned to ensure that consumers of legal services are paying fees which represent the current market both as to costs payable by clients to their legal practitioners and party/party costs in a litigious matter so that in the latter case, the gap between what is recoverable from the losing party and the amount the successful party may have agreed to pay its legal practitioner, is not exaggerated by reason of the scales as determined by the Committee, being below the market rates to an unreasonable extent.

Whilst some might argue that to increase the amounts in the scales is for the benefit of legal practitioners, the Committee takes the view that for the reason mentioned in the previous paragraph and to assist the consumer to gain access to legal services, it is appropriate that the legal practitioner be appropriately but fairly remunerated.

Because of the number of Determinations for this financial year, the relatively high cost of each of the Determinations for the previous financial year was not replicated, the calculation being simply a matter of costs divided by the number of

Determinations made in a particular year. This calculation is always susceptible to the variable number of Reviews and Determinations conducted in each financial year as noted above and can present a distorted result.

I would also like to acknowledge the extra commitment made by Members of the Committee this year to ensure all of its deadlines could be met in what at times, were difficult and challenging circumstances.

7. Executive Assistance

The Committee wishes to acknowledge the valuable help and assistance provided during the year by Mr Brian Bennett of Courts and Tribunals who has offered the Committee and myself in particular, great assistance with the administration of the Committee and publication of our Notices, Reports and Determinations.

Lastly, but by no means least on behalf of the Committee, I wish to express the Committee's appreciation for the valuable assistance provided to it by Mr John Lightowlers of the Department of the Premier and Cabinet. Mr Lightowlers attends the Committee's meetings regularly in his own time and provides great assistance to the Committee with his counsel, drafting and knowledge of public sector protocols and legislative processes.

His input was instrumental in the Committee being able to achieve the deadlines it had to meet for the Magistrates Court Determinations this year.

Ted Sharp
CHAIR

LEGAL COSTS COMMITTEE
BUDGET ESTIMATES FOR 2005/06

In accordance with Section 42 of the Financial Administration and Audit Act 1985 and pursuant to Treasurer's Instruction 953 the budget estimates for the 2005/06 financial year, as submitted to the Honourable Attorney General, are as follows:

LEGAL COSTS COMMITTEE BUDGETED STATEMENT OF FINANCIAL PERFORMANCE

COST OF SERVICES	2005/06
Expenses from ordinary activities	
Board members fees	46 050
Superannuation	4 145
Other expenses from ordinary activities	52 900
Total cost of services	103 095
Revenues from ordinary activities	
Grants from State agencies	63 500
Other revenues from ordinary activities	0
Total revenues from ordinary activities	63 500
NET COST OF SERVICES	39 595
REVENUES FROM GOVERNMENT	
Resources received free of charge	35 000
Total revenues from Government	35 000
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS	(4 595)

LEGAL COSTS COMMITTEE
PERFORMANCE INDICATORS
2004-2005

OUTCOME

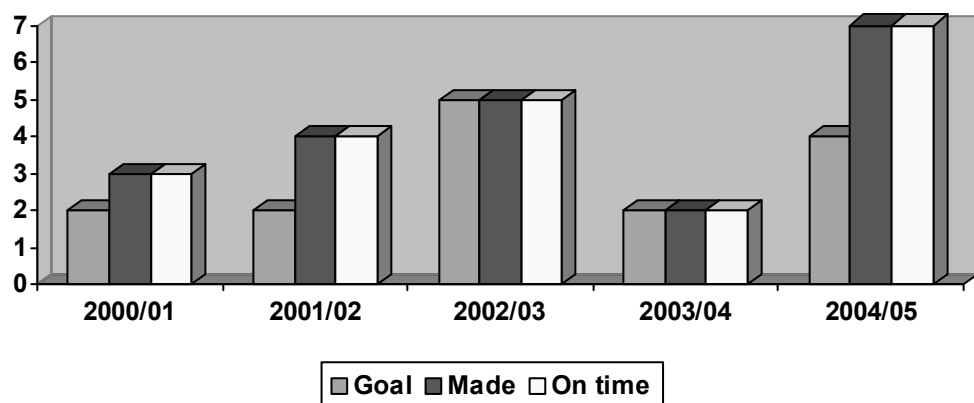
In accordance with Section 211 of the Legal Practice Act 2003, to review each determination in force at least once in the period of two years in the following jurisdictions:

- ◆ Supreme Court
- ◆ District Court (Appeals)
- ◆ Local Court (see comments above)
- ◆ Court of Petty Sessions
- ◆ Workers' Compensation (Conciliation Proceedings, Review Proceedings and Compensation Magistrate's Court) (see comments above)
- ◆ Non-Contentious Probate Costs
- ◆ Solicitors Costs
- ◆ Official Prosecutions (Defendants' Costs)
- ◆ Public Notaries

EFFECTIVENESS INDICATOR

The extent to which Legal Costs Committee determinations are completed in accordance with established deadlines, including the goals set at item 2 of the Annual Report for the year ended 30 June 2004.

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



The Committee stated its intention to make determinations during the financial year ended 30 June 2005 in respect of:

- (a) Legal Practitioners (Official Prosecutions) (Defendants' Costs) Determination 2002;
- (b) Legal Practitioners (Public Notaries) Determination 2002;
- (c) Legal Practitioners (Local Court) (Contentious Business) Determination 2002;
- (d) Legal Practitioners (Petty Sessions) (Contentious Business) Determination 2002;

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

EFFICIENCY INDICATOR

Efficiency Indicator measures cost per Determination.

- (a) Three Determinations were made in the 2000/2001 financial year at a cost of \$30,461 per Determination.
- (b) Four Determinations were made in the 2001/2002 financial year at a cost of \$22,912 per Determination.
- (c) Five Determinations were made in the 2002/2003 financial year at a cost of \$19,694 per Determination.
- (d) Two Determinations were made in the 2003/2004 financial year at a cost of \$45,582 per Determination.
- (e) Seven Determinations were made in the 2004/2005 financial year at a cost of \$15,405 per Determination.

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Legal Costs Committee performance and fairly represent the performance of the Legal Costs Committee for the 2004/2005 financial year.

T Sharp
CHAIR

A Gaffney
MEMBER

Date:

Date:



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

LEGAL COSTS COMMITTEE PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Legal Costs Committee are relevant and appropriate to help users assess the Committee's performance and fairly represent the indicated performance for the year ended 30 June 2005.

Scope

The Committee's Role

The Committee is responsible for developing and maintaining proper records and systems for preparing performance indicators.

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

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
28 October 2005



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

LEGAL COSTS COMMITTEE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion,

- (i) the controls exercised by the Legal Costs Committee provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Committee at 30 June 2005 and its financial performance and cash flows for the year ended on that date.

Scope

The Committee's Role

The Committee is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

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

D D R PEARSON
AUDITOR GENERAL
28 October 2005

LEGAL COSTS COMMITTEE
Income Statement
for the year ended 30 June 2005

	Note	2005 \$	2004 \$
COST OF SERVICES			
Expenses			
Board member fees and entitlements	3	50,195	50,195
Other expenses from ordinary activities	4	<u>57,646</u>	<u>40,960</u>
Total cost of services		<u>107,841</u>	<u>91,155</u>
NET COST OF SERVICES		<u>107,841</u>	<u>91,155</u>
INCOME	5		
Grant from the Department of Justice		63,000	57,000
Resources received free of charge		<u>36,974</u>	<u>34,089</u>
Total income from State Government		<u>99,974</u>	<u>91,089</u>
Change in Net Assets		(7,867)	(66)

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

LEGAL COSTS COMMITTEE

Balance Sheet*as at 30 June 2005*

	Note	2005 \$	2004 \$
Current Assets			
Cash	9(a)	46,084	55,771
Receivables	6	491	157
Total Current Assets		<u>46,575</u>	<u>55,928</u>
Total Assets		<u>46,575</u>	<u>55,928</u>
Current Liabilities			
Payables	7	54	1,540
Total Current Liabilities		<u>54</u>	<u>1,540</u>
Total Liabilities		<u>54</u>	<u>1,540</u>
Equity	8		
Accumulated surplus		<u>46,521</u>	<u>54,388</u>
Total Equity		<u>46,521</u>	<u>54,388</u>
Total Liabilities and Equity		<u>46,575</u>	<u>55,928</u>

The Balance Sheet should be read in conjunction with the accompanying notes.

LEGAL COSTS COMMITTEE

Statement of Changes in Equity*as at 30 June 2005*

	Note	2005 \$000	2004 \$000
Balance of equity at start of period	8	54,388	54,454
ACCUMULATED SURPLUS (RETAINED EARNINGS)			
Balance at start of period		54,388	54,454
Surplus/(deficit) for the period		(7,867)	(66)
Balance at end of period		46,521	54,388
Balance of equity at end of period		46,521	54,388

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

LEGAL COSTS COMMITTEE

Cash Flow Statement*for the year ended 30 June 2005*

	Note	2005 \$	2004 \$
CASH FLOWS FROM STATE GOVERNMENT			
Grant from Department of Justice		63,000	57,000
Net cash provided by State Government		<u>63,000</u>	<u>57,000</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to members and suppliers		(72,353)	(62,458)
GST payments		(2,064)	(674)
Receipts			
GST receipts		1,730	677
Net cash provided by/(used in) operating activities	9(b)	<u>(72,687)</u>	<u>(62,455)</u>
Net decrease in cash held		(9,687)	(5,455)
Cash assets at the beginning of the financial year		<u>55,771</u>	<u>61,226</u>
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	9(a)	<u>46,084</u>	<u>55,771</u>

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

LEGAL COSTS COMMITTEE

**RECONCILIATION OF INCOME STATEMENT UNDER AGAAP TO AEIFRS
AS AT 30 JUNE 2005**

	Note	AGAAP				AEIFRS
		2005	RECLASSIFY	RECLASSIFY	RECLASSIFY	2005
		\$	EMPLOYEE	INTANGIBLES	GAIN/LOSS ON	\$
			BENEFITS		SALE OF ASSETS	
			AASB 119	AASB 138	AASB 116	
COST OF SERVICES						
Expenses						
Board member fees and entitlements		50,195				50,195
Other expenses from ordinary activities		57,646				57,646
Total cost of services		107,841	-	-	-	107,841
NET COST OF SERVICES						
		107,841	-	-	-	107,841
INCOME FROM STATE GOVERNMENT						
Grants from the Department of Justice		63,000				63,000
Resources received free of charge		36,974				36,974
Total income from State Government		99,974	-	-	-	99,974
SURPLUS/DEFICIT FOR THE PERIOD						
		(7,867)	-	-	-	(7,867)

LEGAL COSTS COMMITTEE

**RECONCILIATION OF EQUITY UNDER AGAAP TO AEIFRS
AS AT 30 JUNE 2005**

	Note	AGAAP				AEIFRS
		2005 \$	RECLASSIFY EMPLOYEE BENEFITS AASB 119	RECLASSIFY INTANGIBLES AASB 138	RECLASSIFY GAIN/LOSS ON SALE OF ASSETS AASB 116	2005 \$
Current assets						
Cash		46,084				46,084
Receivables		491				491
Total Current Assets		46,575	-	-	-	46,575
TOTAL ASSETS		46,575	-	-	-	46,575
Current Liabilities						
Payables		54				54
Total Current Liabilities		54	-	-	-	54
Total Liabilities		54	-	-	-	54
Net Assets		46,521	-	-	-	46,521
Equity						
Accumulated surplus		46,521				46,521
Total Equity		46,521	-	-	-	46,521
TOTAL LIABILITIES AND EQUITY		46,575	-	-	-	46,575

LEGAL COSTS COMMITTEE

RECONCILIATION OF EQUITY AT DATE OF TRANSITION TO AEIFRS:1 JULY 2004

	Note	AGAAP		AEIFRS	
		1 July 2004 \$	reclass employee benefits AASB 119	reclass intangibles AASB 138	1 July 2004 \$
Current assets					
Cash		55,771			55,771
Restricted cash		-			-
Receivables		157			157
Amounts receivable for services		-			-
Other current assets		-			-
Total Current Assets		55,928	-	-	55,928
Non-Current Assets					
Amounts receivable for services		-			-
Property, plant, equipment and vehicles		-			-
Intangible assets		-			-
Total Non-Current Assets		-	-	-	-
TOTAL ASSETS		55,928	-	-	55,928
Current Liabilities					
Payables		1,540			1,540
Interest bearing liabilities		-			-
Provisions		-	-		-
Other liabilities		-			-
Total Current Liabilities		1,540	-	-	1,540
Non-Current Liabilities					
Interest bearing liabilities		-			-
Provisions		-	-		-
Total Non-Current Liabilities		-	-	-	-
Total Liabilities		1,540	-	-	1,540
Equity					
Contributed equity		-			-
Reserves		-			-
Accumulated surplus		54,388	-		54,388
Total Equity		54,388	-	-	54,388
Total Liabilities and Equity		55,928	-	-	55,928

LEGAL COSTS COMMITTEE
Notes to the Financial Statements
for the year ended 30 June 2005

1 Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements of the Legal Costs Committee (for the purpose of these notes the "Committee"). Unless otherwise stated, these policies are consistent with those adopted in the previous year.

This is the Legal Costs Committee's first published financial statements prepared under Australian equivalents to international Financial Reporting Standards (AIFRS). AASB 1 'First-time adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. The financial statements of the Department until 30 June 2005 had been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary the application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector together with the need for greater disclosure and also satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect are disclosed in individual notes to these financial statements.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at fair value.

(a) Grants

Grants are recognised as revenue when the Committee obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

(b) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where doubt as to the collection exists.

(c) Payables

Payables, including accruals not yet billed, are recognised when the Committee becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

LEGAL COSTS COMMITTEE
Notes to the Financial Statements
for the year ended 30 June 2005

(d) Superannuation

All Board Members are non-contributory members of the West State Superannuation Scheme, an accumulation fund. The Committee contributes to this accumulation fund in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. This scheme is administered by the Government Employees Superannuation Board (GESB).

The liabilities for the superannuation charges under the West State Superannuation Scheme are extinguished by payment of employer contributions to the GESB.

The superannuation expense is comprised of the employer contributions paid to the West State Superannuation Scheme.

The Committee is funded for employer contributions in respect of the West State Superannuation Scheme. These contributions were paid to the GESB during the year.

(e) Resources Received Free of Charge

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(f) Comparative figures

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

(g) Rounding

Amounts in the financial statements have been rounded to the nearest dollar.

2 First time adoption of Australian equivalents to International Financial Reporting Standards

This is the Department's first published financial statements prepared under Australian Equivalents to International Financial Reporting Standards (AEIFRS). AASB 1 'First-time adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. The financial statements of the Department until 30 June 2005 had been prepared under the previously Australian Generally Accepted Accounting Principles AGAAP).

	2005	2004
	\$	\$
3 Board member fees and entitlements		
Board member fees	46,050	46,050
Superannuation	4,145	4,145
	<u>50,195</u>	<u>50,195</u>
4 Other expenses from ordinary activities		
Advertising	9,466	2,308
Administration	36,974	34,089
Notice Publication	3,943	1,424
Audit Fees (Office of the Auditor General)	6,000	-
Other expenses	1,263	3,139
	<u>57,646</u>	<u>40,960</u>

LEGAL COSTS COMMITTEE
Notes to the Financial Statements
for the year ended 30 June 2005

	2005	2004
	\$	\$
5 Income from State Government		
Grant from Department of Justice	63,000	57,000
Resources received free of charge (I)		
Determined on the basis of the following estimates		
provided by agencies:		
Department of Justice		
Financial Services	3,738	3,182
Secretarial and Management Support	33,236	30,907
	36,974	34,089
	99,974	91,089
charge or for nominal consideration, the Committee		
recognises revenues (except where the contribution of		
assets or services is in the nature of contributions by		
owners, in which case the Committee shall make a direct		
adjustment to equity) equivalent to the fair value of the		
assets and/or the fair value of those services that can be		
reliably determined and which would have been purchased		
if not donated, and those fair values shall be recognised as		
assets or expenses, as applicable.		
6 Receivables		
GST receivable	491	157
	491	157
7 Payables		
Trade and other creditors	54	1,540
	54	1,540
8 Equity		
Accumulated surplus		
Opening balance	54,388	54,454
Change in net assets	(7,867)	(66)
Closing balance	46,521	54,388

LEGAL COSTS COMMITTEE
Notes to the Financial Statements
for the year ended 30 June 2005

	2005 \$	2004 \$
9 Notes to the Statement of Cash Flows		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash	46,084	55,771
(b) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(107,841)	(91,155)
Non-cash items:		
Resources received free of charge	36,974	34,089
Increase / (decrease) in liabilities:		
Payables	(1,486)	(5,392)
Change in GST receivables	(334)	3
Net cash provided by/(used in) operating activities	(72,687)	(62,455)

10 Remuneration of Members of the Accountable Authority

Remuneration of Members of the Accountable Authority

The number of members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits for the financial year fall within the following

\$0 - \$10,000	5	5
\$10,001 - \$20,000	1	1
The total remuneration of the members of the Accountable Authority is:	\$50,195	\$50,195

The superannuation included here represents the superannuation expense incurred by the Committee in respect of members of the Accountable Authority.

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

LEGAL COSTS COMMITTEE
Notes to the Financial Statements
for the year ended 30 June 2005

	2005	2004
	\$	\$
11 Remuneration of Auditor		
Remuneration to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	<u>6,500</u>	<u>\$6,000</u>

12 Financial instruments

(a) Interest rate risk exposure

The Committee does not have any interest bearing accounts and is therefore not subject to any interest rate risk exposure.

(b) Credit risk exposure

All financial assets are unsecured.

Amounts owing by other government agencies are guaranteed, therefore no credit risk exists in respect of those amounts. In respect of other financial assets the carrying amounts represent the Committee's maximum exposure to credit risk.

13 Supplementary financial information

- There were no losses of public moneys or other public property through theft or default during the financial year (2004, nil).
- There were no write offs of public money or other public property during the financial year (2004, nil).
- There were no gifts of public property during the financial year (2004, nil).
- There were no contingent liabilities as at 30 June 2005 (2004, nil).
- There were no events occurring after the balance date at the end of the financial year.
- The Committee had no related bodies during the financial year (2004, nil).
- The Committee had no affiliated bodies during the financial year (2004, nil).

14 Explanatory Statement

(i) Significant variations between estimates and actual results for the financial year

There are no significant variations.

(ii) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year.

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than 10%.

	2005 \$	2004 \$	Variance \$
Expenses			
Other expenses from ordinary activities	57,646	40,960	16,686
Revenues from State Government			
Grant from the Department of Justice	63,000	57,000	6,000

Other expenses from ordinary activities

The variance is largely due to a greater number of reviews being conducted by the Committee in 2005 (7 reviews) compared to 2004 (2 reviews), resulting in higher advertising and publishing costs. The Office of the Auditor General also charged an audit fee (\$6,000) for the first time in 2005.

Grant from the Department of Justice

This variance is due to the additional \$6,000 grant received by the Committee in 2005 to meet the Office of the Auditor General audit fee for the 2004 audit. This fee was charged for the first

15 Impact of Adopting Australian Equivalents to IFRS

The impact of adopting AIFRS including the key differences in accounting policies

Reconciliation of total equity as presented under previous AGAAP to that under AIFRS:

	30 June 2005 \$	1 July 2004 \$
Total equity under previous AGAAP	46,521	54,388
Nil adjustments	-	-
Total equity under AIFRS	46,521	54,388